# Content

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## Company Information / Capital Breakdown

| Number of Shares (Thousand) | Last Fiscal Year 12/31/2022 |
|---|---|
| **Paid-up Capital** | |
| **Common Shares** | 15,527 |
| **Preferred Shares** | 23,044 |
| **Total** | 38,571 |
| **Treasury Shares** | |
| **Common Shares** | 0 |
| **Preferred Shares** | 0 |
| **Total** | 0 |

## Parent Company Financial Statements /

## Statement of Financial Position – Assets

## (R$ thousand)

| Code Account | Description | Last Fiscal Year 12/31/2022 | Second-to-Last Fiscal Year 12/31/2021 | Third-to-Last Fiscal Year 12/31/2020 |
|---|---|---|---|---|
| 1 | Total Assets | 3,105,004 | 2,803,107 | 2,133,733 |
| 1.01 | Current Assets | 302,455 | 210,679 | 208,401 |
| 1.01.01 | Cash and Cash Equivalents | 48,205 | 26,872 | 50,421 |
| 1.01.06 | Taxes Recoverable | 44,331 | 37,879 | 25,888 |
| 1.01.06.01 | Current Taxes Recoverable | 44,331 | 37,879 | 25,888 |
| 1.01.08 | Other Current Assets | 209,919 | 145,928 | 132,092 |
| 1.01.08.03 | Others | 209,919 | 145,928 | 132,092 |
| 1.01.08.03.01 | Dividends Receivable | 209,296 | 145,877 | 132,047 |
| 1.01.08.03.03 | Other receivables | 623 | 51 | 45 |
| 1.02 | Noncurrent Assets | 2,802,549 | 2,592,428 | 1,925,332 |
| 1.02.01 | Long-Term Receivables | 77,660 | 189,462 | 171,651 |
| 1.02.01.02 | Financial Investments at Fair Value through Other Comprehensive Income | 217 | 137,478 | 137,478 |
| 1.02.01.02.02 | Other Securities | 217 | 217 | 217 |
| 1.02.01.02.03 | Marketable Securities | 0 | 137,261 | 137,261 |
| 1.02.01.07 | Deferred Taxes | 0 | 0 | 12,827 |
| 1.02.01.07.01 | Deferred Income Tax and Social Contribution | 0 | 0 | 12,827 |
| 1.02.01.09 | Receivables from Related Parties | 0 | 15,251 | 0 |
| 1.02.01.09.02 | Receivables from Subsidiaries | 0 | 15,251 | 0 |
| 1.02.01.10 | Other Noncurrent Assets | 77,443 | 36,733 | 21,346 |
| 1.02.01.10.03 | Judicial Deposits | 77,402 | 36,733 | 21,346 |
| 1.02.01.10.04 | Other receivables | 41 | 0 | 0 |
| 1.02.02 | CAPEX | 2,720,813 | 2,398,187 | 1,748,723 |
| 1.02.02.01 | Equity Interests | 2,720,813 | 2,398,187 | 1,748,723 |
| 1.02.02.01.01 | Interests in Affiliates | 116,358 | 106,049 | 91,104 |
| 1.02.02.01.02 | Interest in Subsidiaries | 2,468,490 | 2,174,944 | 1,558,988 |
| 1.02.02.01.03 | Interest in Joint Ventures | 135,965 | 117,194 | 98,631 |
| 1.02.03 | Property, Plant & Equipment | 138 | 338 | 14 |
| 1.02.03.01 | Fixed Assets in Operation | 6 | 10 | 14 |
| 1.02.03.02 | Right of Use - Lease | 132 | 328 | 0 |

## Individual Financial Statements / Statement of Financial Position - Assets (R$ thousand)

| Account Code | Account Description | Last Fiscal Year 12/31/2022 | Second-to-Last Fiscal Year 12/31/2021 | Third-to-Last Fiscal Year 12/31/2020 |
|---|---|---|---|---|
| 1.02.04 | Intangible Assets | 3,938 | 4,441 | 4,944 |
| 1.02.04.01 | Intangible Assets | 3,938 | 4,441 | 4,944 |
| 1.02.04.01.01 | Concession Agreement | 3,938 | 4,441 | 4,944 |

## Parent Company Financial Statements /

## Statement of Financial Position – Liabilities

**(R$ thousand)**

| Account Code | Description | Last Fiscal Year 12/31/2022 | Second-to-Last Fiscal Year 12/31/2021 | Third-to-Last Fiscal Year 12/31/2020 |
|---|---|---|---|---|
| 2 | Total Liabilities | 3,105,004 | 2,803,107 | 2,133,733 |
| 2.01 | Current Liabilities | 196,375 | 161,143 | 144,163 |
| 2.01.01 | Social and Labor Obligations | 1,538 | 1,312 | 879 |
| 2.01.01.01 | Social Obligations | 1,538 | 1,312 | 879 |
| 2.01.01.01.01 | Social Charges | 1,538 | 1,312 | 879 |
| 2.01.02 | Suppliers | 900 | 947 | 72 |
| 2.01.02.01 | Domestic Suppliers | 900 | 947 | 72 |
| 2.01.03 | Tax Liabilities | 34,799 | 23,304 | 18,795 |
| 2.01.03.01 | Federal Tax Obligations | 34,705 | 23,130 | 18,665 |
| 2.01.03.01.01 | Income Tax and Social Contribution Payable | 2,863 | 0 | 971 |
| 2.01.03.01.02 | Other Federal Tax Obligations | 22,183 | 10,228 | 6,365 |
| 2.01.03.01.03 | PIS/COFINS | 9,659 | 12,902 | 11,329 |
| 2.01.03.03 | Municipal Tax Obligations | 94 | 174 | 130 |
| 2.01.05 | Other Liabilities | 159,138 | 135,580 | 124,417 |
| 2.01.05.02 | Others | 159,138 | 135,580 | 124,417 |
| 2.01.05.02.01 | Dividends and Interest on Equity Payable | 157,602 | 134,356 | 123,621 |
| 2.01.05.02.04 | Other Current Liabilities | 1,395 | 1,001 | 796 |
| 2.01.05.02.08 | Lease Liabilities | 141 | 223 | 0 |
| 2.02 | Noncurrent Liabilities | 25,453 | 20,595 | 4,928 |
| 2.02.02 | Other Liabilities | 0 | 118 | 0 |
| 2.02.02.02 | Others | 0 | 118 | 0 |
| 2.02.02.02.05 | Lease Liabilities | 0 | 118 | 0 |
| 2.02.04 | Provisions | 25,453 | 20,477 | 4,928 |
| 2.02.04.01 | Tax, Social Security, Labor, and Civil Provisions | 22,095 | 16,994 | 1,445 |
| 2.02.04.01.01 | Tax Provisions | 19,222 | 16,813 | 1,263 |
| 2.02.04.01.03 | Provisions for Employee Benefits | 2,298 | 0 | 0 |
| 2.02.04.01.04 | Civil Provisions | 575 | 181 | 182 |
| 2.02.04.02 | Other Provisions | 3,358 | 3,483 | 3,483 |
| 2.02.04.02.04 | Regulatory Provisions | 3,358 | 3,483 | 3,483 |

## Parent Company Financial Statements /

## Statement of Financial Position – Liabilities

## (R$ thousand)

| Code Account | Description | Last Fiscal Year 12/31/2022 | Second-to-Last Fiscal Year 12/31/2021 | Third-to-Last Fiscal Year 12/31/2020 |
|---|---|---|---|---|
| 2.03 | Shareholders’ Equity | 2,883,176 | 2,621,369 | 1,984,642 |
| 2.03.01 | Paid-up Share Capital | 2,480,000 | 2,480,000 | 1,340,000 |
| 2.03.02 | Capital Reserves | 316 | 316 | 316 |
| 2.03.02.06 | Advance for Future Capital Increase | 316 | 316 | 316 |
| 2.03.04 | Profit Reserves | 1,561,699 | 1,191,329 | 1,911,470 |
| 2.03.04.01 | Legal Reserve | 251,495 | 224,467 | 196,308 |
| 2.03.04.05 | Retained Earnings Reserve | 1,287,330 | 966,862 | 1,715,162 |
| 2.03.04.08 | Additional dividend proposed | 22,874 | 0 | 0 |
| 2.03.06 | Equity Valuation Adjustments | -1,158,839 | -1,050,276 | -1,267,144 |

## Parent Company Financial Statements /

## Income Statement (R$ thousand)

| Code Account | Description | Last Fiscal Year 01/01/2022 to 12/31/2022 | Second-to-Last Fiscal Year 01/01/2021 to 12/31/2021 | Third-to-Last Fiscal Year 01/01/2020 to 12/31/2020 |
|---|---|---|---|---|
| 3.04 | Operating Expenses/Revenues | 549,040 | 582,158 | 515,334 |
| 3.04.02 | General and Administrative Expenses | -27,745 | -23,634 | -19,632 |
| 3.04.05 | Other Operating Expenses | -7,596 | -10,380 | -2,525 |
| 3.04.06 | Equity Pickup | 584,381 | 616,172 | 537,491 |
| 3.05 | Income Before Financial Result and Taxes | 549,040 | 582,158 | 515,334 |
| 3.06 | Financial Result | 2,876 | -6,159 | -5,832 |
| 3.06.01 | Financial Income | 3,353 | -6,016 | -5,751 |
| 3.06.02 | Financial Expenses | -477 | -143 | -81 |
| 3.07 | Earnings Before Taxes on Income | 551,916 | 575,999 | 509,502 |
| 3.08 | Income Tax and Social Contribution | -11,354 | -12,827 | 9,183 |
| 3.08.01 | Current | -11,354 | 0 | -3,644 |
| 3.08.02 | Deferred | 0 | -12,827 | 12,827 |
| 3.09 | Net Income from Continuing Operations | 540,562 | 563,172 | 518,685 |
| 3.11 | Profit/Loss for the Period | 540,562 | 563,172 | 518,685 |
| 3.99 | Earnings per Share - (R$/Share) | | | |
| 3.99.01 | Basic Earnings per Share | | | |
| 3.99.01.01 | Common Shares | 13.2244 | 13.7776 | 12.6892 |
| 3.99.01.02 | Preferred Shares | 14.5469 | 15.1553 | 13.9581 |
| 3.99.02 | Diluted Earnings per Share | | | |
| 3.99.02.01 | Common Shares | 13.2244 | 13.7776 | 12.6892 |
| 3.99.02.02 | Preferred Shares | 14.5469 | 15.1553 | 13.9581 |

## Parent Company Financial Statements / Statement of Comprehensive Income (R$ thousand)

| Code Account | Description | Last Fiscal Year 01/01/2022 to 12/31/2022 | Second-to-Last Fiscal Year 01/01/2021 to 12/31/2021 | Third-to-Last Fiscal Year 01/01/2020 to 12/31/2020 |
|---|---|---|---|---|
| 4.01 | Net Income for the Period | 540,562 | 563,172 | 518,685 |
| 4.02 | Other Comprehensive Income | -107,934 | 217,358 | 188,293 |
| 4.02.01 | Remeasurement of Defined Benefit Plan Obligation, Net of Taxes | 29,327 | 217,358 | 188,293 |
| 4.02.02 | Asset measured at fair value through other comprehensive income | -137,261 | 0 | 0 |
| 4.03 | Comprehensive Income for the Period | 432,628 | 780,530 | 706,978 |

## Parent Company Financial Statements / Statement of Cash Flows -

## Indirect Method (R$ thousand)

| Code Account | Description | Last Fiscal Year 01/01/2022 to 12/31/2022 | Second-to-Last Fiscal Year 01/01/2021 to 12/31/2021 | Third-to-Last Fiscal Year 01/01/2020 to 12/31/2020 |
|---|---|---|---|---|
| 6.01 | Net Cash from Operating Activities | -76,752 | -54,107 | -39,845 |
| 6.01.01 | Cash Generated from Operations | -25,987 | -22,681 | -26,595 |
| 6.01.01.01 | Earnings before Income Tax and Social Contribution | 551,916 | 575,999 | 509,502 |
| 6.01.01.02 | Depreciation and Amortization | 2,220 | 2,194 | 1,975 |
| 6.01.01.03 | Equity Pickup | -584,381 | -616,172 | -537,491 |
| 6.01.01.04 | Interest and Monetary Variations | -138 | -216 | 0 |
| 6.01.01.05 | Income Tax and Social Contribution Paid | 0 | 0 | -971 |
| 6.01.01.06 | Interest Paid | -20 | -35 | 0 |
| 6.01.01.07 | Creation (Reversal) of Provision for Contingent Liabilities | 4,976 | 15,549 | 390 |
| 6.01.01.08 | Allowance/Reversal for Doubtful Accounts | -560 | 0 | 0 |
| 6.01.02 | Variations in Assets and Liabilities | -50,765 | -31,426 | -13,250 |
| 6.01.02.02 | Court Deposits | -40,669 | -15,387 | 1,995 |
| 6.01.02.03 | Taxes Recoverable | -6,452 | -11,991 | -14,983 |
| 6.01.02.05 | Social Security and Labor Obligations | 226 | 433 | 194 |
| 6.01.02.06 | Taxes Payable | -4,164 | -5,555 | -5 |
| 6.01.02.17 | Suppliers | -47 | 875 | -956 |
| 6.01.02.19 | Other Accounts - Assets | -53 | -6 | -17 |
| 6.01.02.20 | Other Accounts - Liabilities | 394 | 205 | 522 |
| 6.02 | Net Cash from Investing Activities | 241,604 | 153,768 | 129,065 |
| 6.02.01 | Interest Received from Loans - Celesc D | 409 | 0 | 0 |
| 6.02.02 | Principal Amount Received from Loan - Celesc D | 15,000 | 0 | 0 |
| 6.02.04 | Dividends and Interest on Equity Received | 226,195 | 168,768 | 129,065 |
| 6.02.05 | Loans to Related Parties | 0 | -15,000 | 0 |
| 6.03 | Net Cash from Financing Activities | -143,519 | -123,210 | -67,250 |
| 6.03.02 | Payment of dividends and interest on equity | -143,270 | -123,004 | -67,250 |
| 6.03.04 | Payment of Lease Liabilities | -249 | -206 | 0 |
| 6.05 | Increase (Decrease) in Cash and Cash Equivalents | 21,333 | -23,549 | 21,970 |
| 6.05.01 | Opening Balance of Cash and Cash Equivalents | 26,872 | 50,421 | 28,451 |
| 6.05.02 | Closing Balance of Cash and Cash Equivalents | 48,205 | 26,872 | 50,421 |

## Individual Financial Statements / Statement of Changes in the Shareholders’ Equity / SCE - January 1, 2022 to December 31, 2022 (R$ thousands)

| Code | Description | Paid-up Share Capital | Capital Reserves, Options Granted, and Treasury Shares | Profit Reserves | Retained Earnings/Accumulated Losses | Other Results Income | Shareholders' equity |
|---|---|---|---|---|---|---|---|
| 5.01 | Opening Balances | 2,480,000 | 316 | 1,191,329 | 0 | -1,050,276 | 2,621,369 |
| 5.03 | Adjusted Opening Balances | 2,480,000 | 316 | 1,191,329 | 0 | -1,050,276 | 2,621,369 |
| 5.04 | Capital Transactions with Members | 0 | 0 | 59 | -170,880 | 0 | -170,821 |
| 5.04.07 | Interest on Equity | 0 | 0 | 0 | -170,880 | 0 | -170,880 |
| 5.04.08 | Reversal of Overdue Dividends | 0 | 0 | 59 | 0 | 0 | 59 |
| 5.05 | Total Comprehensive Income | 0 | 0 | 0 | 541,191 | -108,563 | 432,628 |
| 5.05.01 | Net Income for the Period | 0 | 0 | 0 | 540,562 | 0 | 540,562 |
| 5.05.02 | Other Comprehensive Income | 0 | 0 | 0 | 0 | -137,261 | -137,261 |
| 5.05.02.06 | Adjusted Fair Value of Other Comprehensive Income - Casan | 0 | 0 | 0 | 0 | -137,261 | -137,261 |
| 5.05.03 | Reclassifications to Profit/Loss | 0 | 0 | 0 | 629 | 28,698 | 29,327 |
| 5.05.03.02 | Realization of Attributed Cost | 0 | 0 | 0 | 629 | -629 | 0 |
| 5.05.03.03 | Adjustments to Equity Valuation in Subsidiary | 0 | 0 | 0 | 0 | 29,327 | 29,327 |
| 5.06 | Internal Equity Changes | 0 | 0 | 370,311 | -370,311 | 0 | 0 |
| 5.06.01 | Creation of Reserves | 0 | 0 | 370,311 | -370,311 | 0 | 0 |
| 5.07 | Closing Balances | 2,480,000 | 316 | 1,561,699 | 0 | -1,158,839 | 2,883,176 |

## Individual Financial Statements / Statement of Changes in the Shareholders' Equity / SCE - January 1, 2021 to December 31, 2021 (R$ thousands)

| Code | Description | Paid-up Share Capital | Capital Reserves, Options Granted, and Treasury Shares | Profit Reserves | Retained Earnings/Accumulated Losses | Other Results Income | Shareholders' equity |
|---|---|---|---|---|---|---|---|
| 5.01 | Opening Balances | 1,340,000 | 316 | 1,911,470 | 0 | -1,267,144 | 1,984,642 |
| 5.03 | Adjusted Opening Balances | 1,340,000 | 316 | 1,911,470 | 0 | -1,267,144 | 1,984,642 |
| 5.04 | Capital transactions with members | 0 | 0 | 13 | -143,816 | 0 | -143,803 |
| 5.04.06 | Dividends | 0 | 0 | 0 | -20,074 | 0 | -20,074 |
| 5.04.07 | Interest on Equity | 0 | 0 | 0 | -123,742 | 0 | -123,742 |
| 5.04.08 | Reversal of Overdue Dividends | 0 | 0 | 13 | 0 | 0 | 13 |
| 5.05 | Total Comprehensive Income | 0 | 0 | 0 | 563,662 | 216,868 | 780,530 |
| 5.05.01 | Net Income for the Period | 0 | 0 | 0 | 563,172 | 0 | 563,172 |
| 5.05.03 | Reclassifications to Profit/Loss | 0 | 0 | 0 | 490 | 216,868 | 217,358 |
| 5.05.03.02 | Realization of Attributed Cost | 0 | 0 | 0 | 490 | -490 | 0 |
| 5.05.03.03 | Adjustments to Equity Valuation in Subsidiary | 0 | 0 | 0 | 0 | 217,358 | 217,358 |
| 5.06 | Internal Equity Changes | 1,140,000 | 0 | -720,154 | -419,846 | 0 | 0 |
| 5.06.01 | Creation of Reserves | 0 | 0 | 419,846 | -419,846 | 0 | 0 |
| 5.06.04 | Capital Increase | 1,140,000 | 0 | -1,140,000 | 0 | 0 | 0 |
| 5.07 | Closing Balances | 2,480,000 | 316 | 1,191,329 | 0 | -1,050,276 | 2,621,369 |

# Income Statement - Parent Company / Statement of Changes in Shareholders’ Equity / DMPL - January 1, 2020 to December 31, 2020 (R$ thousand)

| Code | Description | Paid-up Share Capital | Capital Reserves, Options Granted, and Treasury Shares | Profit Reserves | Retained Earnings/Accumulated Losses | Other Comprehensive Income | Shareholders' equity |
|---|---|---|---|---|---|---|---|
| 5.01 | Opening Balances | 1,340,000 | 316 | 1,521,681 | 0 | -1,454,873 | 1,407,124 |
| 5.03 | Adjusted Opening Balances | 1,340,000 | 316 | 1,521,681 | 0 | -1,454,873 | 1,407,124 |
| 5.04 | Capital transactions with members | 0 | 0 | 0 | -129,460 | 0 | -129,460 |
| 5.04.06 | Dividends | 0 | 0 | 0 | -52,042 | 0 | -52,042 |
| 5.04.07 | Interest on Equity | 0 | 0 | 0 | -77,418 | 0 | -77,418 |
| 5.05 | Total Comprehensive Income | 0 | 0 | 0 | 519,249 | 187,729 | 706,978 |
| 5.05.01 | Net Income for the Period | 0 | 0 | 0 | 518,685 | 0 | 518,685 |
| 5.05.03 | Reclassifications to Profit/Loss | 0 | 0 | 0 | 564 | 187,729 | 188,293 |
| 5.05.03.02 | Realization of Attributed Cost | 0 | 0 | 0 | 564 | -564 | 0 |
| 5.05.03.03 | Adjustments to Equity Valuation in Subsidiary | 0 | 0 | 0 | 0 | 188,293 | 188,293 |
| 5.06 | Internal Equity Changes | 0 | 0 | 389,789 | -389,789 | 0 | 0 |
| 5.06.01 | Creation of Reserves | 0 | 0 | 389,789 | -389,789 | 0 | 0 |
| 5.07 | Closing Balances | 1,340,000 | 316 | 1,911,470 | 0 | -1,267,144 | 1,984,642 |

# Parent Company Financial Statements / Value Added

## Statement (R$ thousand)

| Code Account | Description | Last Fiscal Year 01/01/2022 to 12/31/2022 | Second-to-Last Fiscal Year 01/01/2021 to 12/31/2021 | Third-to-Last Fiscal Year 01/01/2020 to 12/31/2020 |
|---|---|---|---|---|
| 7.01 | Recipes | 22,669 | 9,731 | 0 |
| 7.01.02 | Other Revenues | 22,669 | 9,731 | 0 |
| 7.02 | Inputs Acquired from Third Parties | -31,732 | -22,694 | -5,727 |
| 7.02.02 | Materials, Energy, Outsourced Services, and Others | -31,732 | -22,694 | -5,727 |
| 7.03 | Gross Value Added | -9,063 | -12,963 | -5,727 |
| 7.04 | Retentions | -2,220 | -2,194 | -1,975 |
| 7.04.01 | Depreciation, Amortization, and Depletion | -2,220 | -2,194 | -1,975 |
| 7.05 | Net Value Added Produced | -11,283 | -15,157 | -7,702 |
| 7.06 | Value Added Received in Transfer | 609,962 | 623,111 | 543,105 |
| 7.06.01 | Equity Pickup | 584,381 | 616,172 | 537,491 |
| 7.06.02 | Financial Income | 21,576 | 2,613 | 808 |
| 7.06.03 | Others | 4,005 | 4,326 | 4,806 |
| 7.07 | Total Value Added to be Distributed | 598,679 | 607,954 | 535,403 |
| 7.08 | Distribution of Value Added | 598,679 | 607,954 | 535,403 |
| 7.08.01 | Personnel | 18,830 | 16,100 | 12,661 |
| 7.08.01.01 | Direct Compensation | 17,280 | 15,288 | 11,608 |
| 7.08.01.02 | Benefits | 676 | 560 | 385 |
| 7.08.01.03 | Guarantee Fund for Length of Service (FGTS) | 874 | 252 | 668 |
| 7.08.02 | Taxes, Fees, and Contributions | 38,617 | 28,508 | 3,710 |
| 7.08.02.01 | Federal | 37,388 | 28,265 | 3,558 |
| 7.08.02.03 | Municipal | 1,229 | 243 | 152 |
| 7.08.03 | Return on Third-Party Capital | 670 | 174 | 347 |
| 7.08.03.01 | Interest | 477 | 143 | 81 |
| 7.08.03.02 | Rental | 193 | 31 | 266 |
| 7.08.04 | Return on Equity | 540,562 | 563,172 | 518,685 |
| 7.08.04.01 | Interest on Equity | 170,880 | 123,742 | 77,418 |
| 7.08.04.02 | Dividends | 0 | 20,074 | 52,042 |
| 7.08.04.03 | Retained Earnings/Accumulated Losses for the Period | 369,682 | 419,356 | 389,225 |

## Consolidated Financial Statements /

## Statement of Financial Position – Assets (R$ thousand)

| Code Account | Description | Last Fiscal Year 12/31/2022 | Second-to-Last Fiscal Year 12/31/2021 | Third-to-Last Fiscal Year 12/31/2020 |
|---|---|---|---|---|
| 1 | Total Assets | 11,628,067 | 11,958,245 | 10,667,254 |
| 1.01 | Current Assets | 3,678,616 | 3,765,568 | 3,955,299 |
| 1.01.01 | Cash and Cash Equivalents | 940,684 | 844,088 | 1,166,205 |
| 1.01.03 | Accounts Receivable | 1,758,933 | 1,931,011 | 1,918,725 |
| 1.01.03.01 | Trade Receivables | 1,584,123 | 1,697,665 | 1,623,760 |
| 1.01.03.01.01 | Trade Receivables | 1,908,703 | 2,244,793 | 2,141,621 |
| 1.01.03.01.02 | Allowance for doubtful accounts - PECLD | -324,580 | -547,128 | -517,861 |
| 1.01.03.02 | Other Accounts Receivable | 174,810 | 233,346 | 294,965 |
| 1.01.04 | Inventories | 20,019 | 13,556 | 12,313 |
| 1.01.06 | Taxes Recoverable | 699,238 | 572,007 | 591,837 |
| 1.01.06.01 | Current Taxes Recoverable | 699,238 | 572,007 | 591,837 |
| 1.01.08 | Other Current Assets | 259,742 | 404,906 | 266,219 |
| 1.01.08.03 | Others | 259,742 | 404,906 | 266,219 |
| 1.01.08.03.01 | Financial Asset - Indemnification of the Pery Plant Basic Project | 17,536 | 34,115 | 0 |
| 1.01.08.03.02 | Water Shortage Bonus | 1,138 | 102,861 | 0 |
| 1.01.08.03.03 | Dividends Receivable | 20,422 | 14,865 | 14,352 |
| 1.01.08.03.04 | Other receivables | 133,541 | 167,063 | 171,161 |
| 1.01.08.03.06 | Financial Assets – Concession Bonus | 40,019 | 36,771 | 33,674 |
| 1.01.08.03.07 | CDE Funds to Cover CVA | 47,086 | 49,231 | 47,032 |
| 1.02 | Noncurrent Assets | 7,949,451 | 8,192,677 | 6,711,955 |
| 1.02.01 | Long-Term Receivables | 3,143,744 | 3,893,561 | 2,623,539 |
| 1.02.01.02 | Financial Investments at Fair Value through Other Comprehensive Income | 217 | 137,478 | 137,478 |
| 1.02.01.02.02 | Other Securities | 217 | 217 | 217 |
| 1.02.01.02.03 | Negotiable Values and Securities | 0 | 137,261 | 137,261 |
| 1.02.01.04 | Accounts Receivable | 19,273 | 30,245 | 32,454 |
| 1.02.01.04.01 | Trade Receivables | 16,775 | 141,826 | 143,850 |
| 1.02.01.04.02 | Allowance for doubtful accounts - PECLD | 0 | -114,614 | -114,614 |
| 1.02.01.04.03 | Other Accounts Receivable | 2,498 | 3,033 | 3,218 |
| 1.02.01.07 | Deferred Taxes | 709,023 | 708,001 | 884,423 |

## Consolidated Financial Statements / Statement of Financial Position – Assets (R$ thousand)

| Code Account | Description | Last Fiscal Year 12/31/2022 | Second-to-Last Fiscal Year 12/31/2021 | Third-to-Last Fiscal Year 12/31/2020 |
|---|---|---|---|---|
| 1.02.01.07.01 | Deferred Income Tax and Social Contribution | 709,023 | 708,001 | 884,423 |
| 1.02.01.10 | Other Noncurrent Assets | 2,415,231 | 3,017,837 | 1,569,184 |
| 1.02.01.10.03 | Taxes Recoverable | 524,780 | 1,020,876 | 109,904 |
| 1.02.01.10.04 | Judicial Deposits | 359,870 | 329,106 | 291,869 |
| 1.02.01.10.05 | Financial Assets Indemnification - Concession | 1,008,038 | 757,193 | 612,637 |
| 1.02.01.10.06 | Financial Assets - Portion A – CVA | 76,448 | 470,286 | 286,861 |
| 1.02.01.10.07 | Financial Assets – Concession Bonus | 306,791 | 292,578 | 267,913 |
| 1.02.01.10.08 | Advance for Future Capital Increase | 0 | 15,000 | 0 |
| 1.02.01.10.09 | Financial Asset - Indemnification of the Pery Plant Basic Project | 139,304 | 132,798 | 0 |
| 1.02.02 | CAPEX | 363,279 | 311,666 | 268,933 |
| 1.02.02.01 | Equity Interests | 363,279 | 311,666 | 268,933 |
| 1.02.02.01.01 | Interests in Affiliates | 227,314 | 194,472 | 170,302 |
| 1.02.02.01.04 | Interest in Joint Ventures | 135,965 | 117,194 | 98,631 |
| 1.02.03 | Property, Plant & Equipment | 133,865 | 128,813 | 201,427 |
| 1.02.03.01 | Fixed Assets in Operation | 35,945 | 35,991 | 138,404 |
| 1.02.03.02 | Right of Use - Lease | 7,765 | 14,341 | 0 |
| 1.02.03.03 | Construction in Progress | 90,155 | 78,481 | 63,023 |
| 1.02.04 | Intangible Assets | 4,308,563 | 3,858,637 | 3,618,056 |
| 1.02.04.01 | Intangible Assets | 4,308,563 | 3,858,637 | 3,618,056 |
| 1.02.04.01.01 | Concession Agreement | 4,258,464 | 3,806,354 | 3,610,710 |
| 1.02.04.01.02 | Hydrological Risk Renegotiation – GSF | 46,161 | 47,842 | 0 |
| 1.02.04.01.03 | Other Intangible Assets | 3,938 | 4,441 | 7,346 |

## Consolidated Financial Statements / Statement of Financial Position – Liabilities (R$ thousand)

| Code Account | Description | Last Fiscal Year 12/31/2022 | Second-to-Last Fiscal Year 12/31/2021 | Third-to-Last Fiscal Year 12/31/2020 |
|---|---|---|---|---|
| 2 | Total Liabilities | 11,628,067 | 11,958,245 | 10,667,254 |
| 2.01 | Current Liabilities | 3,757,419 | 3,282,108 | 3,522,162 |
| 2.01.01 | Social and Labor Obligations | 227,670 | 214,708 | 211,656 |
| 2.01.01.01 | Social Obligations | 227,670 | 214,708 | 211,656 |
| 2.01.02 | Suppliers | 1,016,513 | 1,088,186 | 1,224,547 |
| 2.01.02.01 | Domestic Suppliers | 1,016,513 | 1,088,186 | 1,224,547 |
| 2.01.03 | Tax Liabilities | 289,797 | 910,696 | 370,858 |
| 2.01.03.01 | Federal Tax Obligations | 118,891 | 58,496 | 94,368 |
| 2.01.03.01.01 | Income Tax and Social Contribution Payable | 30,996 | 2,235 | 15,362 |
| 2.01.03.01.02 | PIS/COFINS | 49,419 | 43,608 | 70,171 |
| 2.01.03.01.03 | Others | 38,476 | 12,653 | 8,835 |
| 2.01.03.02 | State Tax Obligations | 168,346 | 850,543 | 274,512 |
| 2.01.03.03 | Municipal Tax Obligations | 2,560 | 1,657 | 1,978 |
| 2.01.04 | Loans and Financing | 507,699 | 176,554 | 968,493 |
| 2.01.04.01 | Loans and Financing | 297,229 | 23,559 | 865,901 |
| 2.01.04.01.01 | In Domestic Currency | 262,833 | 5,404 | 860,552 |
| 2.01.04.01.02 | In Foreign Currency | 34,396 | 18,155 | 5,349 |
| 2.01.04.02 | Debentures | 210,470 | 152,995 | 102,592 |
| 2.01.05 | Other Liabilities | 1,473,502 | 672,437 | 548,707 |
| 2.01.05.02 | Others | 1,473,502 | 672,437 | 548,707 |
| 2.01.05.02.01 | Dividends and Interest on Equity Payable | 157,602 | 134,356 | 123,621 |
| 2.01.05.02.04 | Regulatory Fees | 56,066 | 295,631 | 177,921 |
| 2.01.05.02.07 | Financial Liability - "Portion A" - CVA | 753,564 | 39,826 | 142,491 |
| 2.01.05.02.08 | Lease Liabilities | 1,579 | 6,216 | 0 |
| 2.01.05.02.09 | Water Shortage Bonus | 1,144 | 102,861 | 0 |
| 2.01.05.02.10 | PIS/COFINS to be Refunded to Consumers | 366,981 | 0 | 0 |
| 2.01.05.02.20 | Other Current Liabilities | 136,566 | 93,547 | 104,674 |
| 2.01.06 | Provisions | 242,238 | 219,527 | 197,901 |
| 2.01.06.01 | Tax, Social Security, Labor, and Civil Provisions | 242,238 | 219,527 | 197,901 |

## Consolidated Financial Statements / Statement of Financial Position – Liabilities (R$ thousand)

| Code Account | Description | Last Fiscal Year 12/31/2022 | Second-to-Last Fiscal Year 12/31/2021 | Third-to-Last Fiscal Year 12/31/2020 |
|---|---|---|---|---|
| 2.01.06.01.03 | Provisions for Employee Benefits | 242,238 | 219,527 | 197,901 |
| 2.02 | Noncurrent Liabilities | 4,987,472 | 6,054,768 | 5,160,450 |
| 2.02.01 | Loans and Financing | 1,941,569 | 1,845,411 | 992,959 |
| 2.02.01.01 | Loans and Financing | 1,545,926 | 1,229,741 | 789,043 |
| 2.02.01.01.01 | In Domestic Currency | 414,003 | 97,818 | 83,870 |
| 2.02.01.01.02 | In Foreign Currency | 1,131,923 | 1,131,923 | 705,173 |
| 2.02.01.02 | Debentures | 395,643 | 615,670 | 203,916 |
| 2.02.02 | Other Liabilities | 897,732 | 1,883,119 | 1,330,797 |
| 2.02.02.02 | Others | 897,732 | 1,883,119 | 1,330,797 |
| 2.02.02.02.03 | Social and Labor Obligations | 50,410 | 50,032 | 60,264 |
| 2.02.02.02.04 | Regulatory Fees | 106,643 | 70,745 | 183,078 |
| 2.02.02.02.05 | Other Noncurrent Liabilities | 0 | 5,250 | 0 |
| 2.02.02.02.09 | PIS/COFINS to be Refunded to Consumers | 733,963 | 1,748,472 | 1,087,455 |
| 2.02.02.02.10 | Lease Liabilities | 6,716 | 8,620 | 0 |
| 2.02.03 | Deferred Taxes | 89,214 | 82,592 | 24,469 |
| 2.02.03.01 | Deferred Income Tax and Social Contribution | 89,214 | 82,592 | 24,469 |
| 2.02.04 | Provisions | 2,058,957 | 2,243,646 | 2,812,225 |
| 2.02.04.01 | Tax, Social Security, Labor, and Civil Provisions | 1,935,507 | 2,040,717 | 2,546,272 |
| 2.02.04.01.01 | Tax Provisions | 30,847 | 26,461 | 19,677 |
| 2.02.04.01.02 | Social Security and Labor Provisions | 45,704 | 43,601 | 45,002 |
| 2.02.04.01.03 | Provisions for Employee Benefits | 1,659,937 | 1,798,736 | 2,319,432 |
| 2.02.04.01.04 | Civil Provisions | 199,019 | 171,919 | 162,161 |
| 2.02.04.02 | Other Provisions | 123,450 | 202,929 | 265,953 |
| 2.02.04.02.04 | Regulatory Provisions | 121,027 | 184,280 | 247,250 |
| 2.02.04.02.05 | Environmental Provisions | 2,423 | 18,649 | 18,703 |
| 2.03 | Consolidated Equity | 2,883,176 | 2,621,369 | 1,984,642 |
| 2.03.01 | Paid-up Share Capital | 2,480,000 | 2,480,000 | 1,340,000 |
| 2.03.02 | Capital Reserves | 316 | 316 | 316 |
| 2.03.02.06 | Advance for Future Capital Increase | 316 | 316 | 316 |

## Consolidated Financial Statements / Statement of Financial Position – Liabilities (R$ thousand)

| Code Account | Description | Last Fiscal Year 12/31/2022 | Second-to-Last Fiscal Year 12/31/2021 | Third-to-Last Fiscal Year 12/31/2020 |
|---|---|---|---|---|
| 2.03.04 | Profit Reserves | 1,561,699 | 1,191,329 | 1,911,470 |
| 2.03.04.01 | Legal Reserve | 251,495 | 224,467 | 196,308 |
| 2.03.04.05 | Retained Earnings Reserve | 1,287,330 | 966,862 | 1,715,162 |
| 2.03.04.08 | Additional dividend proposed | 22,874 | 0 | 0 |
| 2.03.06 | Equity Valuation Adjustments | -1,158,839 | -1,050,276 | -1,267,144 |

# Consolidated Financial Statements / Income

## Statement (R$ thousands)

| Code Account | Description | Last Fiscal Year 01/01/2022 to 12/31/2022 | Second-to-Last Fiscal Year 01/01/2021 to 12/31/2021 | Third-to-Last Fiscal Year 01/01/2020 to 12/31/2020 |
|---|---|---|---|---|
| 3.01 | Revenue from the Sale of Goods and/or Services | 10,082,841 | 11,341,550 | 8,858,700 |
| 3.01.01 | Revenue from Sales and Services | 8,475,008 | 9,489,097 | 7,390,246 |
| 3.01.02 | Construction Revenue - CPC 47 | 1,199,188 | 710,904 | 592,475 |
| 3.01.03 | Revenue Portion A - CVA | 392,960 | 1,121,176 | 869,317 |
| 3.01.04 | Financial Asset Restatement VNR | 15,685 | 20,373 | 6,662 |
| 3.02 | Cost of Goods and/or Services | -8,643,860 | -10,054,509 | -7,654,978 |
| 3.02.01 | Cost of Goods Sold | -6,551,788 | -8,571,837 | -6,318,469 |
| 3.02.02 | Cost of Goods Sold | -13,806 | 1,140 | -12,622 |
| 3.02.03 | Cost of Services | -879,078 | -772,908 | -731,412 |
| 3.02.04 | Construction Cost - CPC 47 | -1,199,188 | -710,904 | -592,475 |
| 3.03 | Gross Profit (Loss) | 1,438,981 | 1,287,041 | 1,203,722 |
| 3.04 | Operating Expenses/Revenues | -636,634 | -489,671 | -522,087 |
| 3.04.01 | Selling Expenses | -211,216 | -222,486 | -147,010 |
| 3.04.02 | General and Administrative Expenses | -565,553 | -353,817 | -413,143 |
| 3.04.04 | Other Operating Income | 60,790 | 13,949 | 0 |
| 3.04.05 | Other Operating Expenses | 0 | 0 | -18,517 |
| 3.04.06 | Equity Pickup | 79,345 | 72,683 | 56,583 |
| 3.05 | Income Before Financial Result and Taxes | 802,347 | 797,370 | 681,635 |
| 3.06 | Financial Result | -82,693 | 24,159 | 43,080 |
| 3.06.01 | Financial Income | 455,591 | 258,065 | 231,087 |
| 3.06.02 | Financial Expenses | -538,284 | -233,906 | -188,007 |
| 3.07 | Earnings Before Taxes on Income | 719,654 | 821,529 | 724,715 |
| 3.08 | Income Tax and Social Contribution | -179,092 | -258,357 | -206,030 |
| 3.08.01 | Current | -188,600 | -135,785 | -178,486 |
| 3.08.02 | Deferred | 9,508 | -122,572 | -27,544 |
| 3.09 | Net Income from Continuing Operations | 540,562 | 563,172 | 518,685 |
| 3.11 | Consolidated Profit/Loss for the Period | 540,562 | 563,172 | 518,685 |
| 3.11.01 | Attributed to the Parent Company’s Shareholders | 540,562 | 563,172 | 518,685 |
| 3,99 | Earnings per Share - (R$/Share) | | | |

## Consolidated Financial Statements / Income

## Statement (R$ thousands)

| Code Account | Description | Last Fiscal Year 01/01/2022 to 12/31/2022 | Second-to-Last Fiscal Year 01/01/2021 to 12/31/2021 | Third-to-Last Fiscal Year 01/01/2020 to 12/31/2020 |
|---|---|---|---|---|
| 3.99.01 | Basic Earnings per Share | | | |
| 3.99.01.01 | Common Shares | 13.2244 | 13.7776 | 12.6892 |
| 3.99.01.02 | Preferred Shares | 14.5469 | 15.1533 | 13.9581 |
| 3.99.02 | Diluted Earnings per Share | | | |
| 3.99.02.01 | Common Shares | 13.2244 | 13.7776 | 12.6892 |
| 3.99.02.02 | Preferred Shares | 14.5469 | 15.1533 | 13.9581 |

## Consolidated Financial Statements / Statement of Comprehensive Income (R$ thousands)

| Code Account | Description | Last Fiscal Year 01/01/2022 to 12/31/2022 | Second-to-Last Fiscal Year 01/01/2021 to 12/31/2021 | Third-to-Last Fiscal Year 01/01/2020 to 12/31/2020 |
|---|---|---|---|---|
| 4.01 | Consolidated Net Income for the Period | 540,562 | 563,172 | 518,685 |
| 4.02 | Other Comprehensive Income | -107,934 | 217,358 | 188,293 |
| 4.02.01 | Remeasurement of Defined Benefit Plan Obligation, Net of Taxes | 29,327 | 217,358 | 188,293 |
| 4.02.02 | Asset measured at fair value through other comprehensive income | -137,261 | 0 | 0 |
| 4.03 | Consolidated Comprehensive Income for the Period | 432,628 | 780,530 | 706,978 |
| 4.03.01 | Attributed to the Parent Company’s Shareholders | 432,628 | 780,530 | 706,978 |

## Consolidated Financial Statements / Statement of Cash Flow - Indirect

## Method (R$ thousand)

| Code Account | Description | Last Fiscal Year 01/01/2022 to 12/31/2022 | Second-to-Last Fiscal Year 01/01/2021 to 12/31/2021 | Third-to-Last Fiscal Year 01/01/2020 to 12/31/2020 |
|---|---|---|---|---|
| 6.01 | Net Cash from Operating Activities | 867,915 | 378,279 | 913,320 |
| 6.01.01 | Cash Generated from Operations | 1,243,869 | 958,861 | 853,299 |
| 6.01.01.01 | Result before Corporate Income Tax and Social Contribution | 719,654 | 821,529 | 724,715 |
| 6.01.01.02 | Depreciation and Amortization | 277,082 | 245,705 | 240,924 |
| 6.01.01.03 | Hydrological Risk Renegotiation – GSF | 0 | -45,879 | 0 |
| 6.01.01.04 | Equity Pickup | -79,345 | -72,683 | -56,583 |
| 6.01.01.05 | Restatement/Interest Return/Concession Bonus | -83,813 | -143,592 | -45,570 |
| 6.01.01.06 | Income Tax and Social Contribution Paid | -10,911 | -168,290 | -172,850 |
| 6.01.01.07 | Interest and Monetary Variations | 524,964 | 280,449 | 172,708 |
| 6.01.01.09 | Interest paid | -304,098 | -117,944 | -84,199 |
| 6.01.01.10 | Asset and Lease Liability Write-offs | -45 | -4 | 0 |
| 6.01.01.11 | Provision for Actuarial Liability | 125,061 | -7,474 | 55,263 |
| 6.01.01.12 | Creation (Reversal) of Provision for Contingent Liabilities | -45,890 | -47,883 | -13,437 |
| 6.01.01.13 | Provision/Reversal for Credit Losses | 516 | 42 | -1,403 |
| 6.01.01.14 | Write-off of Property, Plant & Equipment/Intangible Assets | 61,215 | 172,086 | 46,720 |
| 6.01.01.15 | Financial Assets Adjustment – VNR | -15,685 | -20,373 | -6,662 |
| 6.01.01.17 | Allowance for Doubtful Accounts | 73,126 | 62,231 | -6,491 |
| 6.01.01.18 | Write-off of Indemnifying Financial Assets - Concession | 1,553 | 668 | 164 |
| 6.01.01.20 | PIS/COFINS Credit Right-of-use asset depreciation | 485 | 273 | 0 |
| 6.01.02 | Variations in Assets and Liabilities | -375,954 | -580,582 | 60,021 |
| 6.01.02.01 | Water Shortage Bonus Asset | 101,723 | 0 | 0 |
| 6.01.02.02 | Financial Assets - (CVA, Concession Bonus, Ind. Pery Plant Basic Project) | 871,755 | -567,433 | -576,660 |
| 6.01.02.03 | Accounts Receivable | 120,237 | -70,933 | -453,886 |
| 6.01.02.04 | CDE Subsidy (Decree No. 7,891/2013) | 2,145 | -2,199 | 6,204 |
| 6.01.02.05 | Taxes Recoverable | 368,865 | -891,142 | 459,683 |
| 6.01.02.06 | Judicial Deposits | -30,764 | -37,237 | -120,815 |
| 6.01.02.07 | Inventories | -6,463 | -1,243 | 2,383 |
| 6.01.02.08 | Advance for Future Capital Increase | 15,000 | -15,000 | 10,000 |
| 6.01.02.10 | Other Accounts - Assets | 23,209 | 2,724 | 2,933 |

## Consolidated Financial Statements / Statement of Cash Flow - Indirect

## Method (R$ thousand)

| Code Account | Description | Last Fiscal Year 01/01/2022 to 12/31/2022 | Second-to-Last Fiscal Year 01/01/2021 to 12/31/2021 | Third-to-Last Fiscal Year 01/01/2020 to 12/31/2020 |
|---|---|---|---|---|
| 6.01.02.11 | Water Shortage Bonus Liability | -101,717 | 0 | 0 |
| 6.01.02.13 | PIS/COFINS to be Refunded to Consumers | -778,357 | 579,802 | 0 |
| 6.01.02.14 | Suppliers | -71,673 | -136,361 | 227,822 |
| 6.01.02.15 | Taxes Payable | -802,893 | 562,279 | 149,654 |
| 6.01.02.16 | Social Security and Labor Obligations | 13,340 | -7,180 | 11,586 |
| 6.01.02.17 | Regulatory Fees | -215,462 | -1,794 | -1,553 |
| 6.01.02.18 | Financial Liabilities - CVA | 312,246 | 230,260 | 454,519 |
| 6.01.02.19 | Actuarial Liability | -234,915 | -219,248 | -131,125 |
| 6.01.02.20 | Other Accounts - Liabilities | 37,770 | -5,877 | 19,276 |
| 6.02 | Net Cash from Investing Activities | -1,008,923 | -613,239 | -526,755 |
| 6.02.01 | Additions to PP&E/Intangible Assets | -1,029,630 | -641,208 | -552,758 |
| 6.02.03 | Capital Increase (Decrease) of Investees | -18,712 | -3,333 | -9,875 |
| 6.02.04 | Dividends and Interest on Equity Received | 39,419 | 31,302 | 35,878 |
| 6.03 | Net Cash from Financing Activities | 237,604 | -87,157 | 213,459 |
| 6.03.02 | Payment of dividends and interest on equity | -143,270 | -123,004 | -67,250 |
| 6.03.03 | Payment of Loans and Financing | -64,663 | -931,219 | -423,307 |
| 6.03.04 | Inflow of Loans and Financing | 610,000 | 531,107 | 770,318 |
| 6.03.06 | Debentures Additions | 0 | 545,450 | 35,659 |
| 6.03.07 | Payment of Debentures | -157,981 | -101,962 | -101,961 |
| 6.03.08 | Debenture Settlement Costs | -95 | 0 | 0 |
| 6.03.09 | Payment of Lease Liabilities | -6,387 | -7,529 | 0 |
| 6.05 | Increase (Decrease) in Cash and Cash Equivalents | 96,596 | -322,117 | 600,024 |
| 6.05.01 | Opening Balance of Cash and Cash Equivalents | 844,088 | 1,166,205 | 566,181 |
| 6.05.02 | Closing Balance of Cash and Cash Equivalents | 940,684 | 844,088 | 1,166,205 |

# Income Statement – Consolidated / Statement of Changes in the Shareholders' Equity / DMPL - January 1, 2022 to December 31, 2022 (R$ Thousand)

| Code | Description | Paid-up Share Capital | Capital Reserves, Options Granted, and Treasury Shares | Profit Reserves | Retained Earnings/Accumulated Losses | Other Results Income | Shareholders' equity | Non-Controlling Interest | Shareholders' equity Consolidated |
|---|---|---|---|---|---|---|---|---|---|
| 5.01 | Opening Balances | 2,480,000 | 316 | 1,191,329 | 0 | -1,050,276 | 2,621,369 | 0 | 2,621,369 |
| 5.03 | Adjusted Opening Balances | 2,480,000 | 316 | 1,191,329 | 0 | -1,050,276 | 2,621,369 | 0 | 2,621,369 |
| 5.04 | Capital transactions with members | 0 | 0 | 59 | -170,880 | 0 | -170,821 | 0 | -170,821 |
| 5.04.07 | Interest on Equity | 0 | 0 | 0 | -170,880 | 0 | -170,880 | 0 | -170,880 |
| 5.04.08 | Reversal of Overdue Dividends | 0 | 0 | 59 | 0 | 0 | 59 | 0 | 59 |
| 5.05 | Total Comprehensive Income | 0 | 0 | 0 | 541,191 | -108,563 | 432,628 | 0 | 432,628 |
| 5.05.01 | Net Income for the Period | 0 | 0 | 0 | 540,562 | 0 | 540,562 | 0 | 540,562 |
| 5.05.02 | Other Comprehensive Income | 0 | 0 | 0 | 0 | -137,261 | -137,261 | 0 | -137,261 |
| 5.05.02.01 | Financial Instrument Adjustments | 0 | 0 | 0 | 0 | -137,261 | -137,261 | 0 | -137,261 |
| 5.05.03 | Reclassifications to Profit/Loss | 0 | 0 | 0 | 629 | 28,698 | 29,327 | 0 | 29,327 |
| 5.05.03.02 | Realization of Attributed Cost | 0 | 0 | 0 | 629 | -629 | 0 | 0 | 0 |
| 5.05.03.03 | Adjustments to Equity Valuation in Subsidiary | 0 | 0 | 0 | 0 | 29,327 | 29,327 | 0 | 29,327 |
| 5.06 | Internal Equity Changes | 0 | 0 | 370,311 | -370,311 | 0 | 0 | 0 | 0 |
| 5.06.01 | Creation of Reserves | 0 | 0 | 370,311 | -370,311 | 0 | 0 | 0 | 0 |
| 5.07 | Closing Balances | 2,480,000 | 316 | 1,561,699 | 0 | -1,158,839 | 2,883,176 | 0 | 2,883,176 |

# Income Statement – Consolidated / Statement of Changes in the Shareholders' Equity / DMPL - January 1, 2021 to December 31, 2021 (R$ Thousand)

| Code | Description | Paid-up Share Capital | Capital Reserves, Options Granted, and Treasury Shares | Profit Reserves | Retained Earnings/Accumulated Losses | Other Results Income | Shareholders' equity | Non-Controlling Interest | Shareholders' equity Consolidated |
|---|---|---|---|---|---|---|---|---|---|
| 5.01 | Opening Balances | 1,340,000 | 316 | 1,911,470 | 0 | -1,267,144 | 1,984,642 | 0 | 1,984,642 |
| 5.03 | Adjusted Opening Balances | 1,340,000 | 316 | 1,911,470 | 0 | -1,267,144 | 1,984,642 | 0 | 1,984,642 |
| 5.04 | Capital transactions with members | 0 | 0 | 13 | -143,816 | 0 | -143,803 | 0 | -143,803 |
| 5.04.06 | Dividends | 0 | 0 | 0 | -20,074 | 0 | -20,074 | 0 | -20,074 |
| 5.04.07 | Interest on Equity | 0 | 0 | 0 | -123,742 | 0 | -123,742 | 0 | -123,742 |
| 5.04.08 | Reversal of Overdue Dividends | 0 | 0 | 13 | 0 | 0 | 13 | 0 | 13 |
| 5.05 | Total Comprehensive Income | 0 | 0 | 0 | 563,662 | 216,868 | 780,530 | 0 | 780,530 |
| 5.05.01 | Net Income for the Period | 0 | 0 | 0 | 563,172 | 0 | 563,172 | 0 | 563,172 |
| 5.05.03 | Reclassifications to Profit/Loss | 0 | 0 | 0 | 490 | 216,868 | 217,358 | 0 | 217,358 |
| 5.05.03.02 | Realization of Attributed Cost | 0 | 0 | 0 | 490 | -490 | 0 | 0 | 0 |
| 5.05.03.03 | Adjustments to Equity Valuation in Subsidiary | 0 | 0 | 0 | 0 | 217,358 | 217,358 | 0 | 217,358 |
| 5.06 | Internal Equity Changes | 1,140,000 | 0 | -720,154 | -419,846 | 0 | 0 | 0 | 0 |
| 5.06.01 | Creation of Reserves | 0 | 0 | 419,846 | -419,846 | 0 | 0 | 0 | 0 |
| 5.06.04 | Capital increase | 1,140,000 | 0 | -1,140,000 | 0 | 0 | 0 | 0 | 0 |
| 5.07 | Closing Balances | 2,480,000 | 316 | 1,191,329 | 0 | -1,050,276 | 2,621,369 | 0 | 2,621,369 |

# Income Statement – Consolidated / Statement of Changes in Shareholders' Equity / DMPL - January 1, 2020 to December 31, 2020 (R$ thousand)

| Code | Description | Paid-up Share Capital | Capital Reserves, Options Granted, and Treasury Shares | Profit Reserves | Retained Earnings/Accumulated Losses | Other Comprehensive Income | Shareholders' equity | Non-Controlling Interest | Shareholders' equity Consolidated |
|---|---|---|---|---|---|---|---|---|---|
| 5.01 | Opening Balances | 1,340,000 | 316 | 1,521,681 | 0 | -1,454,873 | 1,407,124 | 0 | 1,407,124 |
| 5.03 | Adjusted Opening Balances | 1,340,000 | 316 | 1,521,681 | 0 | -1,454,873 | 1,407,124 | 0 | 1,407,124 |
| 5.04 | Capital transactions with members | 0 | 0 | 0 | -129,460 | 0 | -129,460 | 0 | -129,460 |
| 5.04.06 | Dividends | 0 | 0 | 0 | -52,042 | 0 | -52,042 | 0 | -52,042 |
| 5.04.07 | Interest on Equity | 0 | 0 | 0 | -77,418 | 0 | -77,418 | 0 | -77,418 |
| 5.05 | Total Comprehensive Income | 0 | 0 | 0 | 519,249 | 187,729 | 706,978 | 0 | 706,978 |
| 5.05.01 | Net Income for the Period | 0 | 0 | 0 | 518,685 | 0 | 518,685 | 0 | 518,685 |
| 5.05.03 | Reclassifications to Profit/Loss | 0 | 0 | 0 | 564 | 187,729 | 188,293 | 0 | 188,293 |
| 5.05.03.02 | Realization of Attributed Cost | 0 | 0 | 0 | 564 | -564 | 0 | 0 | 0 |
| 5.05.03.03 | Adjustments to Equity Valuation in Subsidiary | 0 | 0 | 0 | 0 | 188,293 | 188,293 | 0 | 188,293 |
| 5.06 | Internal Equity Changes | 0 | 0 | 389,789 | -389,789 | 0 | 0 | 0 | 0 |
| 5.06.01 | Creation of Reserves | 0 | 0 | 389,789 | -389,789 | 0 | 0 | 0 | 0 |
| 5.07 | Closing Balances | 1,340,000 | 316 | 1,911,470 | 0 | -1,267,144 | 1,984,642 | 0 | 1,984,642 |

# Consolidated Financial Statements / Value Added

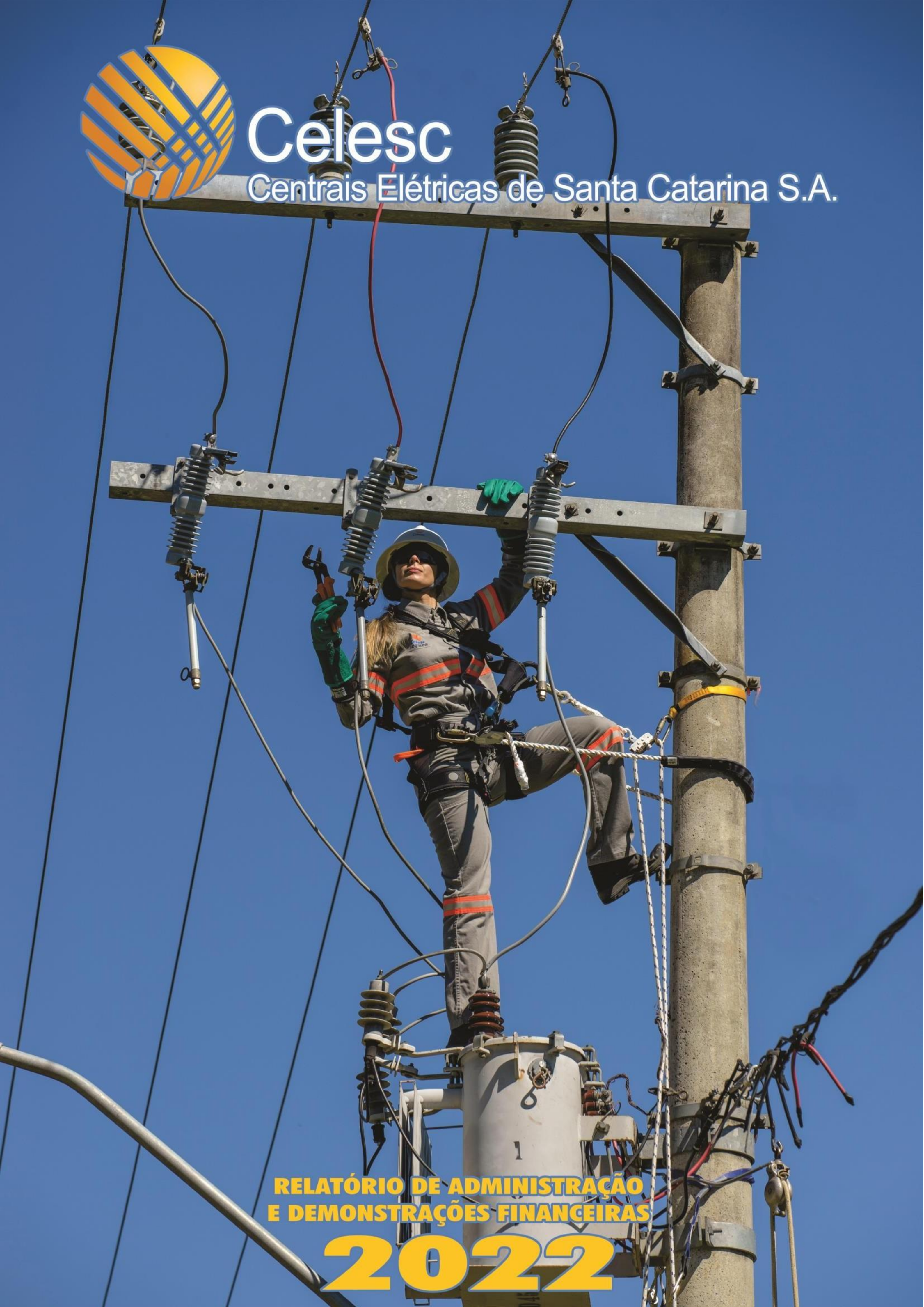
## Statement (R$ thousands)

| Code Account | Description | Last Fiscal Year 01/01/2022 to 12/31/2022 | Second-to-Last Fiscal Year 01/01/2021 to 12/31/2021 | Third-to-Last Fiscal Year 01/01/2020 to 12/31/2020 |
|---|---|---|---|---|
| 7.01 | Recipes | 16,132,504 | 17,028,889 | 13,859,779 |
| 7.01.01 | Sales of Goods, Products and Services | 14,703,574 | 16,137,115 | 13,036,220 |
| 7.01.02 | Other Revenues | 303,427 | 243,101 | 209,100 |
| 7.01.03 | Revenues from Construction of Company Assets | 1,199,188 | 710,904 | 592,475 |
| 7.01.04 | Provision/Reversal of Credits of Doubtful Accounts | -73,685 | -62,231 | 21,984 |
| 7.02 | Inputs Acquired from Third Parties | -9,064,803 | -10,696,525 | -8,042,823 |
| 7.02.01 | Costs of Products, Goods and Services Sold | -7,222,973 | -9,417,467 | -6,926,897 |
| 7.02.02 | Materials, Energy, Outsourced Services, and Others | -642,126 | -568,112 | -524,854 |
| 7.02.03 | Loss/recovery of asset values | -516 | -42 | 1,403 |
| 7.02.04 | Others | -1,199,188 | -710,904 | -592,475 |
| 7.02.04.01 | Revenues from Construction of Company Assets | -1,199,188 | -710,904 | -592,475 |
| 7.03 | Gross Value Added | 7,067,701 | 6,332,364 | 5,816,956 |
| 7.04 | Retentions | -277,565 | -245,980 | -240,924 |
| 7.04.01 | Depreciation, Amortization, and Depletion | -277,565 | -245,980 | -240,924 |
| 7.05 | Net Value Added Produced | 6,790,136 | 6,086,384 | 5,576,032 |
| 7.06 | Value Added Received in Transfer | 580,489 | 360,401 | 310,925 |
| 7.06.01 | Equity Pickup | 79,345 | 72,683 | 56,583 |
| 7.06.02 | Financial Income | 496,633 | 283,096 | 249,273 |
| 7.06.03 | Others | 4,511 | 4,622 | 5,069 |
| 7.07 | Total Value Added to be Distributed | 7,370,625 | 6,446,785 | 5,886,957 |
| 7.08 | Distribution of Value Added | 7,370,625 | 6,446,785 | 5,886,957 |
| 7.08.01 | Personnel | 798,972 | 608,815 | 692,603 |
| 7.08.01.01 | Direct Compensation | 512,494 | 483,661 | 519,893 |
| 7.08.01.02 | Benefits | 253,169 | 98,397 | 147,415 |
| 7.08.01.03 | Guarantee Fund for Length of Service (FGTS) | 33,309 | 26,757 | 25,295 |
| 7.08.02 | Taxes, Fees, and Contributions | 5,490,698 | 5,008,307 | 4,437,875 |
| 7.08.02.01 | Federal | 3,024,270 | 2,319,000 | 2,163,372 |
| 7.08.02.02 | State | 2,461,420 | 2,686,786 | 2,271,958 |
| 7.08.02.03 | Municipal | 5,008 | 2,521 | 2,545 |

# Consolidated Financial Statements / Value Added

## Statement (R$ thousands)

| Code Account | Description | Last Fiscal Year 01/01/2022 to 12/31/2022 | Second-to-Last Fiscal Year 01/01/2021 to 12/31/2021 | Third-to-Last Fiscal Year 01/01/2020 to 12/31/2020 |
|---|---|---|---|---|
| 7.08.03 | Return on Third-Party Capital | 540,393 | 266,491 | 237,794 |
| 7.08.03.01 | Interest | 528,029 | 254,904 | 215,546 |
| 7.08.03.02 | Rental | 12,364 | 11,587 | 22,248 |
| 7.08.04 | Return on Equity | 540,562 | 563,172 | 518,685 |
| 7.08.04.01 | Interest on Equity | 170,880 | 123,742 | 77,418 |
| 7.08.04.02 | Dividends | 0 | 20,074 | 52,042 |
| 7.08.04.03 | Retained Earnings/Accumulated Losses for the Period | 369,682 | 419,356 | 389,225 |



Celesc

Centrais Elétricas de Santa Catarina S.A.

# RELATÓRIO DE ADMINISTRAÇÃO E DEMONSTRAÇÕES FINANCEIRAS 2022

# ANNUAL MANAGEMENT REPORT AND FINANCIAL STATEMENTS

# UNDER IFRS

## CENTRAIS ELÉTRICAS DE SANTA CATARINA S.A. – CELESC

**CORPORATE TAXPAYER'S ID (CNPJ):83.878.892/0001-55 Company Registry (NIRE): 42.3.0001127-4**

**State Registration:250.166.321 CVM Code: 00246-1**

**www.celesc.com.br**

**Avenida Itamarati, 160 – Itacorubi – Florianópolis – SC CEP 88.034-900**

**Fiscal years ended December 31, 2022 and 2021**

# CONTENT

# CEO'S MESSAGE

In a year of post-pandemic recovery, but marked by the occurrence of adverse weather events, such as cyclones, temperatures below the national average in the middle of autumn, heavy rainfall and unseasonable cold after a severe water crisis that hit the country, Celesc overcame challenges and took important steps in building a future in which it reaffirms its vocation and commitment to provide quality electricity for the development and welfare of those who are born and work in (and for) Santa Catarina.

Among the investments made, the structuring works, which guarantee the development of the electrical system in the state, stand out. In this period, 12 substations (SEs) were concluded, expanded and improved, such as the inauguration of the Barra Velha Sertãozinho SE and the Itapema Meia-Praia SE, besides the expansion of the Ituporanga, Joinville I, São Joaquim, Laguna and São José do Cedro SEs, works that had a significant impact on the increase of available energy and reliability of the electric system in their respective areas of operation.

For 2023, new SEs are being built or contracted – in Abelardo Luz, in western Santa Catarina, in Palhoça and in Santo Amaro da Imperatriz, in greater Florianópolis, and in Guaramirim and Joinville, in the north of the state, among other improvements, such as another four existing substations, which are undergoing expansion of their capacity, and three more with expansion in the contracting phase.

In 2022, in relation to the technical targets, Celesc D presented excellent results in the continuity of energy indicators. Considering a rolling twelve-month window, the DEC (Equivalent Duration of Interruption per Consumption Unit) was 8.73 hours, while the FEC (Equivalent Frequency of Interruption of Energy) was 6.03 interruptions, below the stipulations of the National Electric Energy Agency (ANEEL).

In Celesc D's commercial area, the focus was on the improvement of processes in first level customer service, both in person and in digital channels, with emphasis on making available the installment payment of overdue debts by credit card, the new service provision contract for queue/passwords management, with the expansion of video service, and the continuous focus on training for commercial attendants.

In 2022, as a consequence of these and other actions, Celesc D maintained the recognition from the electric sector and from the consumers, receiving the ANEEL's 2021 Quality Award and being consecrated as the best distributor in the South region and as the third best in the whole country among the 33 companies that serve more than 400 thousand consumer units. The award is the result of an opinion poll conducted annually by the regulatory agency and assesses the residential consumer satisfaction index in relation to the services provided, evaluating the quality of the power supply, the service, and the trust in the concessionaires.

Another highlight is also the 1st Olívio Villa Nova Neto Safety Award, a recognition of Celesc's organizational units and partner companies with a differentiated look at the safety area. The award represents a new moment of work safety in the company, whose behavioral guidelines seek Zero Accident as a permanent goal.

In the area of Research and Development (R&D), the Company continues to operate within the guidelines established with its R&D program, developing work in themes such as Electric Mobility, Work Safety, Robotics, Environment, Wind Generation, and Digitalization. In the R&D and Energy Efficiency programs R$37.5 million were invested, with projects recognized by the CIER's 2022 Innovation Award, in the Digitalization and Decarbonization categories, with 3rd place for the Virtual Reality Project, which uses VR technology to train technicians, engineers, and electricians who work in the electric system, and 1st place for the Catarinense Electric Corridor, considered one of the largest in the country, with more than 1,500 kilometers of electrified routes, developed in partnership with CERTI Foundation.

To stimulate and promote the conscious and efficient use of electric energy in different segments of society, Celesc D promotes projects in the area of Energy Efficiency. The 2022 highlight is the start of the "Philanthropic Hospitals 3" Project, which will invest more than R$7.5 million in the modernization of equipment in 7 philanthropic hospitals in Santa Catarina, which will benefit, directly and indirectly, more than 4 million people from Santa Catarina, with the services offered by these institutions.

Also in the scope of energy efficiency, Celesc D continues working on actions to modernize the public lighting system. In all, more than R$15.0 million have already been invested in 19 municipalities. In 2022, projects were initiated in the municipalities of Bocaina do Sul, Campo Belo do Sul, Capão Alto, Painel, Palmeira, Ponte Alta, Rio Rufino, Urubici, and Urupema, all selected through a Public Call.

All these actions, which continue to be improved uninterruptedly, culminated in an important recognition: for the first time in its history, Celesc achieved the Great Place to Work (GPTW) certification, a seal recognized worldwide that strengthens the Company's brand in the market, increases its visibility, and attracts and retains more talent. Great Place to Work supports organizations to obtain better results through a culture of trust, high performance, and innovation. In this way, the company is able to listen to its employees and identify actions that need to be maintained or improved.

In Energy Generation and New Business, Celesc G invested about R$13.8 million in the modernization and expansion of its generation park and contributed R$18.7 million in its subsidiaries.

The technical delivery of the first Solar Photovoltaic Plant of its generating park, the Lages I Solar Power Plant, occurred at the end of last year. The enterprise has an installed capacity of 1,000 kW (kilowatt), and had an investment of approximately R$4.6 million.

Celesc G is already working on new solar plants and expects to deliver, as early as the first half of 2023, another six solar photovoltaic plants in different regions of its concession area, with a total installed capacity of 11,000 kW. In the hydroelectric segment, the reactivation works of the centennial Usina Maruim, a Santa Catarina historical patrimony, located in São José, a R$9 million project, will be developed during this year.

As for the results, in 2022, the Consolidated EBITDA reached a total of R$1.08 billion. Compared to the same period of 2021, R$1.04 billion, this total represents an increase of approximately 3.49%, reflecting the Company's resilience in the face of an adverse scenario, through the good performance of revenues and expenses in the period. The net income was R$540.56 million for the year, compared to R$563.17 million in the previous year, reflecting a small decrease of approximately 4.01% between the periods.

In 2022, R$1.33 billion was invested in expanding and improving the system, operational efficiency, and modernizing management. Of this total, R$1.29 billion was invested by the subsidiary Celesc D and R$32.54 million by the subsidiary Celesc G, with a total increase of 70.56% compared to the volume recorded in 2021, which was R$777.07 million.

Focused on the efficiency of processes and the use of resources, the Company continues to invest in the continuous improvement of customer service, based on social and service quality indicators, promoting the maintenance of the energy supply to the Santa Catarina society and fostering the state's economy, actions that consolidate Celesc as one of the gears that promote the growth of the state's economy.

In order to foster this daily construction, we thank the involvement of all those who perform activities pertinent to Celesc's business, who devote their energy and tirelessly pursue the promotion of better quality of life for the people of Santa Catarina and positive results for the shareholders.

**Tarcísio Estefano Rosa**
Chief Executive Officer

# ANNUAL MANAGEMENT REPORT

## PRESENTATION

Dear Shareholders,

We are pleased to present the Annual Management Report and Financial Statements of Centrais Elétricas de Santa Catarina S.A. - Celesc, for the fiscal year ended December 31, 2022, together with the Statutory Audit Committee's (CAE) Opinion, the Board of Directors' (BD) Statement, and the Independent Auditors' Report.

This Report is primarily intended for the Company's shareholders, but is available for public access on the websites of Celesc, the Comissão de Valores Mobiliários - CVM and B3, and is also published in a reduced form in print media and in full on the Internet page, in a large circulation newspaper in the municipality where the Company's headquarters are located, in accordance with Brazilian legislation.

Also with a view to homogeneous communication with its various audiences, the Company annually publishes its Sustainability Report, developed in accordance with the guidelines of the Global Reporting Initiative - GRI, available on the Investor Relations portal, at: https://ri.celesc.com.br/informacoes-financeiras/relatorios-anuais/.

The Company published its first ESG Report in 2022, available on the Investor Relations portal, at: https://ri.celesc.com.br/relatorio-esg/.

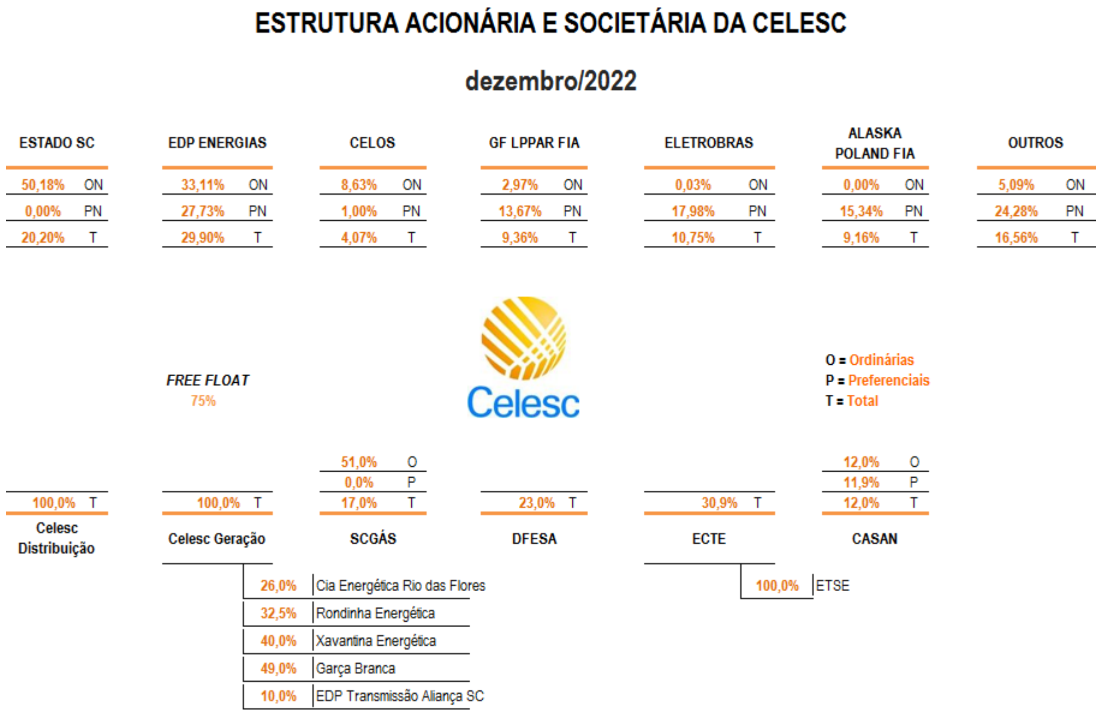
## 1. CELESC GROUP

Centrais Elétricas de Santa Catarina S.A. – Celesc is a company in the Brazilian electricity industry, especially in the power distribution and generation areas. Structured as a holding company in 2006, the Company has two wholly owned subsidiaries: Celesc Geração S.A. – Celesc G and Celesc Distribuição S.A. – Celesc D.

In addition, Celesc has joint stockholding control of Companhia de Gás de Santa Catarina (SCGÁS) and is a partner in the companies Dona Francisca Energética S.A. (DFESA), Empresa Catarinense de Transmissão de Energia S.A. (ECTE), Companhia Catarinense de Água e Saneamento (CASAN) and in the Cubatão Electric Power Plant Project.

Its controlling shareholder is the State of Santa Catarina, holder of 50.18% of the common shares. The remaining common shares are distributed as follows: Energias do Brasil S.A. (EDP) – 33.11%, Fundação Celesc de Seguridade Social (CELOS) – 8.63%, Geração L Par Fundos de Investimentos (Geração L Par Fundos de Investimentos) – 2.97%, Eletrobras – 0.03%, other investors – 5.09%.

Of the Company's total, the State Government holds 20.20%, Energias do Brasil S.A. (EDP) – 29.90%, Fundação Celesc de Seguridade Social (CELOS) – 4.07%, Geração L Par Fundos de Investimentos – 9.36%, Eletrobras – 10.75%, Alaska Poland FIA 9.16% and other investors – 16.56%.



### 1.1. Awards, Certifications and Recognitions

#### 1.1.1. ANEEL Award

The award is the result of an opinion poll conducted annually by ANEEL, measuring the satisfaction index of the residential consumer in relation to the services provided. The quality of the energy supply, customer service, and trust in the utilities are also evaluated. In this edition, 29,817 residential consumers from 104 distributors were surveyed between August and October 2021, in 621 municipalities throughout Brazil. The questions addressed overall consumer satisfaction level, quality of power supply, services provided, customer service, and confidence in the distributor.

#### 1.1.2 ABRADEE Award

Because of the importance attributed to the award, its criteria and indicators are part of the goals of Celesc's 2025-2035 Master Plan and are unfolded in the Performance Agreements, in order to meet the strategic objective of ensuring ethical and sustainable practices, both environmentally and socially.

The ABRADEE Award recognizes the best distributors in the sector, among the 41 concessionaires – state-owned and private – operating in all regions of the country. It encourages cooperation and improvement in the management of member companies by recognizing their efforts in several categories, ranging from Economic-Financial Management and Operational Management to Social Responsibility. Each year, the award incorporates improvements and increases its transparency and credibility, consolidating itself as a benchmark for the quality of services provided by electricity distributors in Brazil.

#### 1.1.3. CIER 2022 Innovation Prize - National and International Stages

For having placed 1st in the National Phase, the Celesc Eletropostos Project qualified for the International Phase of the Award, where it won 3rd place. The award ceremony took place in November 2022, in Asunción – Paraguay.

#### 1.1.4. ABRACONEE Award for Financial Statements

The prize is awarded annually by ABRACONEE to companies that stand out in terms of content, grammatical accuracy, graphic presentation, preparation of Financial Statements, Management Report, Social Balance Sheet and Explanatory Notes.

The dimensions of the indicators were elaborated considering the scope of the financial statements and general financial information, in addition to information related to operational activities, investments in the operation, risks and capital structure, and Environmental, Social and Governance (ESG) aspects.

#### 1.1.5. 500 Biggest in the South Award

The award has been held for 32 years by Amanhã Group with technical support from PricewaterhouseCoopers - PwC.

ANEEL – Agência Nacional de Energia Elétrica

Prêmio ANEEL de Qualidade 2021
Melhor distribuidora da região Sul e como Terceira melhor de todo o País, entre as 33 empresas que atendem mais de 400 mil Ucs

ABRADEE

Prêmio ABRADEE 2022
Terceira melhor distribuidora da região Sul na premiação promovida pela Associação Brasileira de Distribuidores de Energia Elétrica (ABRADEE)

CIER Comitê Brasileiro

Prêmio CIER de Inovação 2022
A Celesc recebeu o 1º ligar na categoria **Descarbonização** com o projeto **Eletropostos Celesc** e o 3º lugar como o **Projeto de Realidade Virtual** para treinamento de eletricistas na categoria Digitalização

AMANHÃ 500 MAIORES DO SUL GRANDES & LÍDERES

Prêmio 500 Maiores do Sul
A Celesc conquistou a 6ª posição entre as 100 maiores empresas de Santa Catarina e o 20º lugar entre as 500 maiores empresas do Sul do Brasil

ABRACONEE Associação Brasileira dos Contadores do Setor de Energia Elétrica

Prêmio ABRACONEE
Dupla premiação pelas melhores divulgações das demonstrações contábeis em 2021:
1º lugar para a Celesc Geração na categoria ¨Empresa de Médio Porte¨e
2º lugar para a Celesc Holding na categoria ¨Holding

**1.1.6. ALESC's Social Responsibility Certification**

The certification, promoted by the State Legislative Assembly - ALESC, in partnership with other institutions, considers requirements such as transparency in institutional relations, commitment to the welfare of the people of Santa Catarina and the environmental preservation of Santa Catarina, and aims to recognize and highlight private and public companies and non-profit organizations that have social responsibility as a management policy.

**1.1.7. FIESC Citizen Company**

The certification of Citizen Company by the New Paths Program is an initiative of the State Coordinator for Childhood and Youth – CEIJ, from the Santa Catarina Court of Justice, together with the Santa Catarina Magistrates Association – AMC, and the Federation of Industries of the State of Santa Catarina – FIESC. The initiative that was awarded was the Young Apprentice Program developed by the Company, which gives young people — mainly residents of nursing homes and/or in socially vulnerable situations — the opportunity to experience their first job and enter the job market.

**1.1.8. Fundação de Apoio ao HEMOSC/CEPON – FAHECE Certification**

The certificate is from the Donor Institution to the projects for Improvements in the Assistance to Prostate Cancer Patients at the Oncologic Research Center (CEPON) and the Renovation of CEPON's Support House. The recognition derives from the possibility given to the company's clients to make donations to the entity, through an agreement via their electric energy bills. In this action, the amounts are passed on in full to CEPON.

**1.1.9. Desterro Award Tribute**

The Desterro Award honored Celesc D for the cultural support given to the 11th Florianópolis Dance Festival, through sponsorship via the Tax Incentive Law.

**1.1.10. Child-Friendly Company**

The ABRINQ Foundation recognized Celesc as a "Child-Friendly Company" because of its commitments to defend the rights of children and adolescents.

**1.1.11. Childhood Brasil**

Another relevant recognition confirmed once again was made by Childhood Brasil, for Celesc's commitment and performance in protecting children and adolescents against sexual exploitation, by means of the "Na Mão Certa" program.

**1.1.12. “Bolshoi Friendly” Company**

Among the recognitions from social, cultural, and sports institutions for its voluntary contribution in several projects, last year Celesc received the title of “Bolshoi Friendly" Company, for its sponsorship, via the Culture Incentive Law, of the Bolshoi Ballet School.

**1.1.13. Guga Kuerten Institute**

The Guga Kuerten Institute, which works in socially vulnerable communities in the Greater Florianópolis area, also paid homage to Celesc and other partners for the sponsorships granted via the Tax Incentive Law, which allow them to develop their projects.

| | |
|---|---|
| Certificação de Responsabilidade Social da ALESC | Reconhecimento como empresa Amiga da Criança pela Abrinq |
| Certificação como Empresa Didadã FIESC | Reconhecimento como empresa "Amiga do Bolchoi" |
| Certificação Empresa Doadora FAHECE | Reconhecimento da Childhood Brasil pelo combate ao abuso e exploração infantil |
| Homenagem do Prêmio Desterro, do Festival de Dança de Florianópolis | Reconhecimento por doações ao instituto Guga Kuerten |

## 1.2. Year Highlights

### 1.2.1. Rural Celesc

In 2022, Celesc D replaced 426 kilometers of bare cables for protected cables in distribution networks, through the Celesc Rural Program, adding up, in the last four years, to a total of R$341.0 million in investments including completed, ongoing and tendered works. Since the beginning of the program, 250,000 rural properties have benefited and 3,500 kilometers of bare cables have been replaced by protected cables. To improve the electrical system and guarantee safety and reliability, 309 single-phase and 39 three-phase reclosers were also installed, consolidating more than four thousand pieces of equipment installed in the Santa Catarina distribution network.

### 1.2.2. Distribution of Interest on Equity (IoE)

In 2022, Celesc's Board of Directors approved the credit of Interest on Equity (JSCP), in the gross amount of R$34.7 million, corresponding to R$0.84 per common share and R$0.93 per preferred share, relative to the 1Q22. In the 2Q22 the amount of R$41.9 million was approved, at the ratio of R$1.02 per common share and R$1.12 per preferred share. The Board of Directors approved the credit of Intermediate Interest on Equity - JSCP, related to the third quarter of 2022, in the gross amount of R$42.0 million, at the rate of R$1.02 per common share and R$1.13 per preferred share.

The Board of Directors approved on December 15, 2022, the credit of Intermediate Interest on Equity - JSCP, related to the fourth quarter of 2022, in the gross amount of R$52.3 million, at the rate of R$1.27 per common share and R$1.40 per preferred share. Holders of shares issued by the Company on December 29, 2022 will be entitled to JSCP, with shares being traded “ex-interest on equity” as of January 2, 2023.

### 1.2.3. Credit card installment plan is an option for customers with overdue invoices

Aiming to expand the payment options for overdue electricity bills and provide more convenience to customers, Celesc D has made available the installment payment of overdue debts by credit card.

### 1.2.4. Start of Commercial Operation – Transmissão Aliança SC (Lot 21)

Also in 2022, the National Electric System Operator (ONS) authorized the start of commercial operation of the facilities of the final stretch of the EDP Transmissão Aliança SC, six months ahead of ANEEL's schedule.

The first stretch of the transmission line and the Siderópolis 2 substation of EDP Transmissão Aliança SC began commercial operation on June 14, 2021, 14 months ahead of ANEEL's schedule.

In February 2022, six months ahead of the regulatory schedule, the remaining stages were completed, corresponding to the stretch between the coast and the Santa Catarina mountains. As a result, the project was fully authorized for commercial operation. With the start of operations, the SPE starts to receive RAP of R$208.0 million, resulting in anticipated revenue of R$143.1 million.

EDP Transmissão Aliança SC, a partnership between EDP and Celesc G, in the proportion of 90% EDP and 10% Celesc G, was constituted after the 1st Stage of Auction No. 05/2016 and holds the transmission concession referring to the Transmission lines LT 525 kV Siderópolis 2 - Abdon Batista; LT 525 kV Abdon Batista - Campos Novos, LT 230 kV Siderópolis 2 - Siderópolis and LT 230 kV Siderópolis 2- Forquilhinha, located in Santa Catarina.

### 1.2.5. Celesc opens the doors of the Bracinho and Piraí Power Plants to the public

In 2022, Celesc G opened the doors of the Bracinho Mill, in Schroeder, and the Piraí Mill, in Joinville, both located in Northern Santa Catarina, to receive the community. The program included health, wellbeing, and ecological awareness actions, as well as cultural activities, ecotourism, and gastronomy. In Schroeder, the Company also held the 1st Family Pedal, in partnership with the City Hall, through the municipality's Tourism Board, while in Joinville non-perishable food items were collected and donated to the Vale da Luz Therapeutic Community, which works with the rehabilitation of alcohol and drug addicts in the city.

The area where the Bracinho Power Plant was built is approximately 4,780 hectares and has great environmental relevance, because it is located in one of the largest continuous forests of Mata Atlântica in the country. The Piraí Power Plant was officially inaugurated in February 1908, and is recognized as the oldest in the State of Santa Catarina. The two plants are fully controlled from Celesc G's Generation Operation Center, which operates in Florianópolis, at the company's headquarters.


Piraí Power Plant

Bracinho Power Plant


Bracinho Power Plant

### *1.2.6.* Great Place to Work Certification

For the first time in its history, Celesc won the Great Place to Work Certification (GPTW), a seal with global recognition, which strengthens the Company's brand in the market and increases its visibility, besides promoting greater talent attraction and retention.

Great Place to Work is a global consulting firm that helps organizations achieve better results through a culture of trust, high performance, and innovation. It certifies and recognizes the best work environments in over one hundred countries in the world in three main categories: large- and medium-sized Brazilian companies and average-sized multinationals.

### 1.2.7. Activation of LD Ratones 138 kV

Aiming to increase reliability of supply and eliminate the risk of load shedding in Florianópolis, in 2022 Celesc D inaugurated two new distribution lines connected to the Substation (SE) Ratones, in the North of the Island: one built with a stretch of approximately 2.74 kilometers long in an overhead circuit, and another, with about 2.09 kilometers, in an isolated and underground circuit. The investment for the execution of the work was of R$68.2 million, already including the infrastructure installed for two new circuits to be installed in the future.

### 1.2.8. Inauguration of the Itapema Meia Praia Substation (SE)

Celesc D has inaugurated the substation (SE) Itapema Meia Praia in Itapema/SC, a municipality in rapid development in one of the most sought after regions by tourists in the entire state. With investments of R$32.6 million, the project benefits 80.6 thousand consumer units and leads to an increase of 40 MVA in energy availability, with the possibility of expanding its capacity to 120 MVA, which is sufficient to support the region’s development for the next 30 years.

### 1.2.9. New fleet for the anti-theft teams

Celesc D performs frequent surveillance operations to combat illegal actions of electricity theft, such as clandestine connections and fraud in energy consumption meters. To assist the technical teams in this work, in a joint action between the Commercial Director and the Director of Finance and Investor Relations, about R$1.4 million was invested in the purchase of 16 pickup trucks equipped to be able to inspect situations with evidence of irregularities.

Acquisition of new vehicles to combat fraud

### *1.2.10.* Service stores with new layout

To bring more comfort to customers and employees, Celesc D is modernizing its service stores in all regions of the state. The work, which includes changing the furniture and standardizing the visual identity, began in 2021 and continued throughout 2022, when the process was completed in more than a hundred establishments. The approximate investment is R$3.0 million. Currently, Celesc has 259 service stores throughout its concession area.


Service Store in Pomerode


Service Store in São Joaquim

### 1.2.11. Energy Efficiency Project approved by ANEEL benefits seven hospitals in Santa Catarina

Also in 2022, the Company had a project aimed at hospitals approved in a public call of the Brazilian Electricity Regulatory Agency (ANEEL). The proposal, which will benefit seven hospitals in Santa Catarina State and aims to promote efficient and rational use of electricity by providing financial savings to the institutions involved.

The actions include the replacement and modernization of old equipment and inefficient lighting systems, air conditioning, and the use of collection systems for the solar heating of water and photovoltaic energy generation. Patients and employees will benefit from well-lit and properly ventilated spaces. In the last 11 years, ANEEL's Energy Efficiency program supported over 90 hospitals in Santa Catarina through Celesc D projects.

### 1.2.12. Digital Transformation Week encourages a new culture at the Company

In the beginning of 2H22, the Company held the Digital Transformation Week, an event that featured lectures and webinars to demonstrate Celesc's initiatives in the digital area and transformative experiences from other companies that can positively impact day-to-day work. At Celesc, digital transformation occurs through the use of technology that facilitates and automates tasks by optimizing corporate processes.

### 1.2.13. Olívio Villa Nova Neto Award recognizes good security practices

Another highly relevant action within the Company was the 1st Olívio Villa Nova Neto Safety Award, a recognition of the organizational units and partner companies of Celesc that had a differentiated look at the Safety area in 2021 and that intends to foster the safety culture at Celesc, representing a new moment of Work Safety in the Company, whose behavioral guidelines, in force since the beginning of 2022, seek Zero Accident as a permanent goal. The event, held at the company's headquarters, recognized professionals who are considered a reference in this area.

## 2. CORPORATE GOVERNANCE

Celesc was the first company to join B3's Level 2 of Corporate Governance. Membership was approved on June 17, 2002, and formalized on June 26 of the same month. The Level 2 listing segment is similar to the Novo Mercado, but with a few exceptions. Listed companies have the right to hold preferred shares (PN). In the event of a sale of control of the company, holders of common and preferred shares are assured the same treatment granted to the controlling shareholder, thus providing for tag along rights of 100% of the price paid for the common shares of the controlling shareholder. Preferred stock still gives shareholders the right to vote in critical situations, such as the approval of company mergers and takeovers and contracts between the controlling shareholder and the company, whenever these decisions are subject to approval at the shareholders' meeting.

### 2.1. Company Management Organization Chart


### 2.1.1. Annual Shareholders’ Meeting

Sovereign body, convened and installed in accordance with the Brazilian Corporation Law and the Company's Bylaws, in effect. It has powers to decide all business related to Celesc's corporate purpose and make the necessary and convenient resolutions for its defense and development, including verifying the actions taken by the administration.

### 2.1.2. Board of Directors

The Board of Directors is the first level of the administrative ladder. The Board has the mission of caring for and valuing the assets as well as maximizing the return on the investments made.

It is formed by 11 members, of whom eight are independent (classified in accordance with the Level 2 Regulation) with a two-year term of office, being six representatives of the majority shareholder, three representatives of the minority shareholders, one representative of the preferred shareholders, and one representative (elected) by the employees.

The following is the formation of the Board of Directors as of December 31, 2022:

| Board of Directors | |
|---|---|
| Majority Shareholder Representative | João Eduardo Noal Berbigier* (Chair) |
| Majority Shareholder Representative | Cleicio Poleto Martins |
| Majority Shareholder Representative | Amir Antônio Martins de Oliveira Jr.* |
| Majority Shareholder Representative | Luiz Alberton* |
| Majority Shareholder Representative | Michelle Silva Wangham* |
| Majority Shareholder Representative | Vanessa Evangelista Rothermel |
| Minority Shareholder Representative | Fábio William Loreti* |
| Minority Shareholder Representative | Luiz Otavio Assis Henriques* |
| Minority Shareholders | Henrique Manuel M. Faria Lima Freire* |
| Preference Shareholders | José Valério Medeiros Júnior* |
| Employee Representatives | Paulo Guilherme de Simas Horn |

* Independent Board members

### 2.1.3. Statutory Audit Committee - CAE

The Statutory Audit Committee (CAE) is a permanent statutory advisory body directly linked to the Company's Board of Directors. Its main attributions are to supervise the activities of the Independent Auditors and the areas of internal control, Internal Auditing, and preparation of Financial Statements.

It consists of five members, being three representatives of the Majority Shareholder, one representative of the Preferred Shareholders, and one representative of the Minority Shareholders.

The following is the formation of the Board of Directors as of December 31, 2022:

| Statutory Audit Committee |
|---|
| Majority Shareholder Representative - Michele Silva Wangham (Coordinator) |
| Major Shareholder Representative - Flávio Lopes Perfeito |
| Majority Shareholder Representative - Nivaldo João dos Santos Minority |
| Shareholder Representative - Carla Renata Baptistão Preferred Shareholder |
| Representative - Manoel José da Cunha Júnior |

### 2.1.4. Fiscal Council

The Fiscal Council's main functions are to analyze the Financial Statements and discuss these results with the Independent Auditors. It consists of five members, being three representatives of the Majority Shareholder, one representative of the Preferred Shareholders, and one representative of the Minority Shareholders.

The table below shows the composition of the Fiscal Council as of December 31, 2022:

| Fiscal Council | |
|---|---|
| Representative of the Majority Shareholder | Vladimir Arthur Fey (Chair)<br>Alternate: Renan Moresco Pirath |
| Representative of the Majority Shareholder | Gabriel Arthur Loeff<br>Alternate: Ricardo de Souza |
| Representative of the Majority Shareholder | Juliano Batalha Chiodelli<br>Alternate: Marcelo José Garcia Costa Filho |
| Representative of the Minority Shareholders | Renan Silva Sobral<br>Alternate: Oswaldo Noce Dalla Torre |
| Representative of the Preferred Shareholders | Paulo Caio Ferraz de Sampaio<br>Alternate: |

### 2.1.5. Executive Board

The Company's Executive Board is made up of eight directorships, with the directors being nominated and approved by the Board of Directors.

As of December 31, 2022, it was composed of the following portfolios: Presidency, Finance and Investor Relations Director, Distribution Director, Commercial Director, Energy Regulation and Management Director, Corporate Management Director, Generation, Transmission and New Business Director, and Planning, Controls and Compliance Director.

| Executive Board | |
|---|---|
| Chief Executive Officer | Cleicio Poleto Martins |
| Director of Finance and Investor Relations | Marcos Antonio Pacheco |
| Director of Generation, Transmission and New Businesses | José Carlos Ferreira |
| Júnior Director of Distribution | Marco Aurélio Gianesini |
| Chief Commercial Officer | Vitor Lopes Guimarães |
| Chief Regulation and Energy Management Officer | Fabio Valentim da Silva |
| Chief Corporate Management Officer | Marcos Penna |
| Chief Planning, Controls and Compliance Officer | Pilar Sabino da Silva |

**2.1.6. Accounting**

The supervision and technical responsibility is the Accounting Department Manager (DPCO), Mrs. Rogéria Rodrigues Machado, CRC/SC - 024.797/O-0.

**2.2. Strategic Guidelines and Value Creation**

The Celesc Group's strategic premises are part of its Master Plan, a broad, long-term plan, currently called Celesc 2025-2035. The Master Plan was restructured in 2019 (based on what was then called Celesc 2030) based on exhaustive scenario studies, stakeholder ambitions, and legal guidelines linked to strategic management, with the aim of indicating the path to be followed by the Company for sustainability and continuous improvement of the services provided to society. Since then, the Plan has undergone three annual reviews, considering the vision of those involved, as well as aspects of the internal and external environment.

In 2020, the Plan was revisited to evaluate the impacts and necessary adjustments, especially in view of the health crisis in COVID-19, and, in 2021, it was revisited again, with emphasis on the water crisis issues.

In 2022, the review was based on the context of the Brazilian electricity sector, including market liberalization, the consequences of Bill 414/2021, which addresses the regulatory and commercial model of the electricity sector with a view to expanding the free market and the growth of distributed generation and intermittent energy sources.

The Master Plan defines the Bases of the Corporate Strategy, Positioning, Strategic Objectives, and the macro-goals until 2027 and the horizon until 2035. The short and medium term goals are reflected in the 5-year Strategic Planning, which also contemplates the detailing of Strategic Initiatives in Projects.

The Corporate Identity, in the last revision process, was maintained in relation to the Company's values and principles, given its relevance and adherence for all.

The strategic map 2023-2027, which defines the strategic objectives that drive the results the company intends to achieve and guides the main indicators and physical, financial, and sustainability targets, was also reviewed, with adjustments made as shown below:


To achieve the objectives and goals established in the annual review of the Master Plan and Strategic Planning, Strategic Initiatives are directed for the next 5 years, as follows: (i) Revenue Recovery and Provisions Management; (ii) Investment Management; (iii) Automation and Digital Transformation; (iv) Selective Investment in New Businesses;
(v) Management by Processes and Goals; (vi) Actuarial Balance; and inclusion of Initiative (vii) Strategic Adaptation.

Based on the strategic initiatives in effect by 2022, in the Company's Master Plan, 15 Strategic Projects were conducted during the year, related to revenue recovery and provision management, investment management, automation and digital transformation, selective investment in new business, management by processes, and actuarial balance.

Among the achievements of the strategic projects in the period, we highlight the modernization of the commercial service with the purpose of improving the customer experience, the implementation of technologies directed to the concept of intelligent networks, the expansion of the business diversification strategy, the advances in the consolidation of a safety culture, besides the adoption of methodologies and agile structures in the scope of the management by processes, aiming at the efficiency of the operations and the reduction of the accident index in the company.

**2.3. Risk Management and Internal Controls**

Celesc and its wholly owned subsidiaries have a governance structure aligned with good corporate practices and related to the Second Line according to the Global Institute of Internal Auditors Three Lines model (IIA), such as Risk Management, Internal Controls and Compliance.

Celesc has a Strategic Risk Management and Internal Control Policy, available for consultation on the Investor Relations Portal (www.celesc.com.br/ri), which guides the Board of Directors, managers and other employees in the prevention and mitigation of risks inherent in the Company's processes and business, pointing out the guidelines to be observed for the execution of the strategic management of Corporate Risks, Financial Reporting Risks and Integrity Risks, defining the responsibilities of the Board of Directors, the Statutory Audit Committee, the Executive Board and others involved.

The Celesc Group's governance structure for controls and risks is organized as follows:

- The Board of Directors, the highest body in the Company's organizational structure and strategic risk management, has as one of its specific responsibilities, to implement and supervise the risk management and internal control systems established for the prevention and mitigation of the main risks to which the company is exposed (Federal Law 13,303/2016 - State Law).

- As an advisory body to the Board of Directors, to integrate the risk management organizational structure, the company has had since 2018, also in compliance with Law 13,303/2016, the Statutory Audit Committee - CAE, with among its duties, to supervise, evaluate and monitor the quality and integrity of internal control mechanisms and monitor the exposure to risks of Celesc and its wholly owned subsidiaries Celesc D and Celesc G.

- As an integral part of the risk management process, the Executive Board has a fundamental role in the identification, evaluation, control, mitigation, monitoring, proposal of limits, development of action plans for risk mitigation, and follow-up on their execution.

The company has a Department of Planning, Controls and Compliance - DPL, which has, among its attributions, the development of strategic risk management and internal control, aiming to ensure the execution of the Celesc Group's long-term strategy. Within the hierarchical structure of this Board, there is the Risk Management and Internal Control Department, which coordinates the risk management and internal control work, applying specific methodologies used worldwide. Among the main actions carried out in 2022, we highlight: the assessment and review of the most critical corporate risks, the review of mapped processes, selected according to the materiality of the Financial Statements, as well as the financial reporting risks and controls therein, in addition to the effectiveness tests of these internal controls. All these works are duly reported to the Executive Board and to CAE.

**2.4. Compliance**

As in previous years, in 2022 the Executive Board reinforced the support of senior management for the Compliance Program by signing the Letter of Commitment, assuming the mission of sponsoring the Compliance actions and practices and contributing to a transparent and legitimate management.

New training courses on the Code of Ethical Conduct and the Compliance Program were also developed and made available to the internal public on an EAD platform, including employees, officers, and board members through learning trails.

The training tracks were planned to promote the idea that integrity goes beyond the fulfillment of duties and obligations, but is a principle that should be pursued by everyone in the Company. We also continued to disseminate the Compliance initiatives to the Company's suppliers through the course "Compliance Training for Celesc Suppliers".

As with the above-mentioned trainings, communication played a key role in effecting a culture of integrity. Several pieces were released monthly in the internal and external means of communication to address issues related to the Company's Compliance Program.

In addition to the aforementioned initiatives and with the intention of strengthening the set of internal guidelines, integrity regulations were created and others were revised. The revision sought to update the concepts and procedures according to Celesc's new Bidding and Contracting Regulations and the various legislative changes on this topic.

Finally, integrity risk management was another important initiative that was continued in the conduct of Celesc's Compliance Program. The monitoring of action plans involves several areas and managers of the Company in the mission to consolidate a culture of integrity. The integrity risk management process is set out in Celesc's Risk Management and Internal Control Policy (http://ri.celesc.com.br/governanca-corporativa/politicas/).

To learn more about the Company's Compliance Program, simply access the Corporate Governance tab of the Investor Relations portal (Available at: http://ri.celesc.com.br/).

**2.5. Personal Data Protection**

Aligned with the values and principles of ethics in the conduct with people and processes, Celesc reinforces its commitment to respect the privacy and protection of its customers' personal data in compliance with the applicable legislation, especially Federal Law 13,709 of August 14, 2018, known as the General Law of Personal Data Protection (LGPD).

As part of this compliance process, actions were taken to improve the Privacy Program and to evolve the established privacy processes, which contributed to increasing maturity in processes involving the handling of personal data.

The year also represented advances in the training area, with the creation of the course on LGPD in a playful and easy-to-understand format, made available as an EAD tool to Celesc's employees and managers.

To learn more, see our Privacy Policy (Available at https://www.celesc.com.br/politica-de-privacidade-celesc).

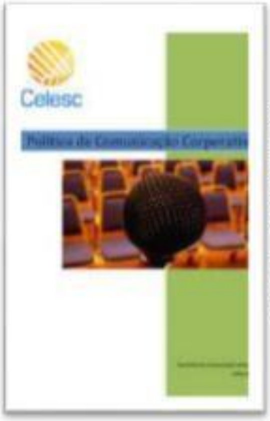
**2.6. Programs, Policies and Code of Ethical Conduct**

**Política de Responsabilidade Socioambiental**
Clareza pela melhoria contínua de nossas atividades empresariais, considerando aspectos econômicos, sociais e ambientais.



**Política Anticorrupção**
Tem o objetivo de registrar e comunicar a todos envolvidos direta ou indiretamente com a Celesc que a Empresa atua de maneira legal, ética, transparente e profissional, além de se constituir em ferramenta de prevenção e orientação.

**Política de Compliance**
Busca estabelecer diretrizes e responsabilidades que devem nortear a atuação das instâncias envolvidas na condução do Programa de Compliance da Celesc, em observância à legislação aplicável, às boas práticas de mercado e às normativas internas da Companhia.


**Política de Comunicação Celesc**
Política de Comunicação Celesc
Descreve as premissas a serem praticadas por todas as diretorias, assistências, gerências e profissionais das áreas de comunicação. Descreve os objetivos, valores, diretrizes, públicos e processos da comunicação.


**Política de Segurança e Saúde do Trabalho**
Sua elaboração está fundamentada no compromisso permanente com a melhoria das condições de trabalho e a minimização dos riscos ocupacionais, visando estabelecer ambiente seguro e saudável para o trabalhador e fortalecer a integração da cultura de segurança às estratégias empresariais.

**Código de Ética**
Fundamentado nos princípios de governança corporativa, transparência da informação e blindagem anticorrupção, também garante uma atuação coerente com os princípios da sustentabilidade.


**Information Disclosure and Share Trading Policy** – Its purpose is to establish the practices of disclosure and use of information, as well as the policy for trading securities issued by the Company.

**Strategic Risk Management and Internal Control Policy** – It points out which guidelines must be observed for the execution of risk management and internal controls and defines the responsibilities of the Board of Directors, the Statutory Audit Committee, and the Executive Board.

**Supplier Relationship Policy** – Its objective is to pass on to commercial partners the rules of conduct adopted by Celesc, recommending that its suppliers extend these criteria to the companies they hire, thus seeking the sustainability of the production chain.

**Business Relationship Policy** – In the relationship with its customers and consumers, Celesc undertakes to obey the principles of legality, impersonality, morality, publicity, efficiency, isonomy, administrative probity and to comply with the guidelines established in its Code of Ethical Conduct.

**Diversity and Inclusion Policy** – Presents guidelines to conduct and eliminate prejudice within the company's environment and in its relationship with the market and stakeholders. It aims to promote respect for differences and the dissemination of a culture of diversity, acting as a development inducer for the construction of a fairer society.

**Strategic Innovation Policy** – Its purpose is to foster the company's culture of innovation, bringing the objectives, principles, guidelines and attributions of responsibilities to make Celesc an innovative company.

**Other Policies** – Spokespersons; Distribution of Dividends; Related-Party Transactions and Indication of Members of the Fiscal Council, Board of Directors, Executive Board and Members of Celesc's General Structure.

**Compliance Program** – Created especially to ensure that all acts and decisions are made in an ethical and safe manner. It seeks to be a support instrument for management and help in making decisions with greater security, aiming to avoid conflicts of interest and threats to the Company's integrity.

## 3. OPERATIONAL PERFORMANCE

### 3.1. Celesc D

#### 3.1.1. System Expansion

The high voltage electrical system under the responsibility of Celesc D has approximately 5,043 kilometers of distribution lines of 138 thousand and 69 thousand Volts, with approximately 329 power transformers and a capacity of 8,246 MVA for a maximum registered demand of 5,658 MVA. In 2022, 12 substations (SEs) were expanded, improved and completed, with two new substations completed, five substations with capacity expansion and improvements in another five. There are also six new SEs under execution, two new ones under contract, four expansions under execution, and three expansions under contract.

Among the highlights of the year is the conclusion of the construction of new substations (SE) in Barra Velha (SE Barra Velha Sertãozinho) and Itapema (SE Itapema Meia-Praia). In addition, the Ituporanga (SE Ituporanga), Joinville (SE Joinville I), São Joaquim (SE São Joaquim), Laguna (SE Laguna) and São José do Cedro (SE São José do Cedro) SEs were also expanded, all with significant impact in increasing the energy available to their respective areas of operation and, especially, in the greater reliability of the electrical system for better service to consumers. The construction of the Abelardo Luz SEs, in western Santa Catarina, São José do Sertão and Santo Amaro da Imperatriz, in the metropolitan region of Florianópolis, Guaramirim/ Industrial subdivision and Joinville/Boa Vista, in the north of the state, among other improvements, is underway.

Besides investing in major expansion works in the system and ensuring the growth of the market, Celesc invests in the improvement of the operation process of this system, with the aim of making recomposition more agile in case of accidents or failures. To this end, resources have been destined especially for new technologies, such as the system's self-healing system, by means of the installation of reclosers, which are pieces of equipment that allow the division of circuits and load reallocation in case of unscheduled occurrences without the need for human intervention, reducing the network's reenergizing time, which becomes real-time, and the number of affected consumer units, significantly increasing the reliability of the service.

In 2022, more than 426 kilometers of rural networks were replaced (single-phase to three-phase and protected cable), 59 structuring works were carried out on feeders, and more than 11,000 works were carried out to expand and improve distribution networks. 308 new single-phase and 39 three-phase reclosers were installed for network automation, as well as 53 voltage regulators and 48 capacitor banks to improve voltage and reduce losses in the electrical system. Also with a preventive focus, R$22.3 million were invested in pruning and clearing vegetation near the power grid.

Still in 2022, there was the incorporation to Celesc D's assets of the Transmission Line between Ilhota and Joinville Esul Substations, as well as two bays of SE Joinville General Motors (JGM) and two bays of SE Joinville SC (JSC), according to ANEEL Order 1,359/2022. By August 2023, there will be the incorporation to Celesc D's assets of the 138 kV Transmission Line between Blumenau and Ilhota substations, following ANEEL order 2,410/2021. The section between Palhoça and Ilhota Esul will also be incorporated, including two substations and two bays.

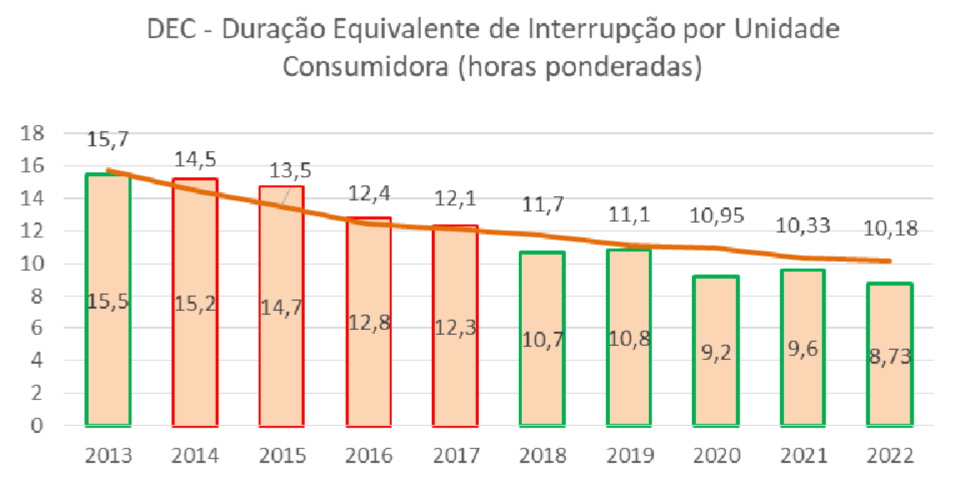
Also in 2022, two distribution lines for Celesc D in 138,000 Volts were inaugurated in September (LD Ratones and Basic Grid Interconnection), connected to SE Ratones (of the energy transmission company ISA CTEEP, winner of the ANEEL auction), located in the North of the Island of Santa Catarina. These lines increased by approximately 23% the installed capacity of the electrical systems that serve the capital and mitigated the risks of load shedding in the service to the Island. The lines were built in a stretch of approximately 2.74 km in an overhead circuit, and another stretch of around 2.09 km in an isolated and underground circuit.

### 3.1.2. System Efficiency Indicators

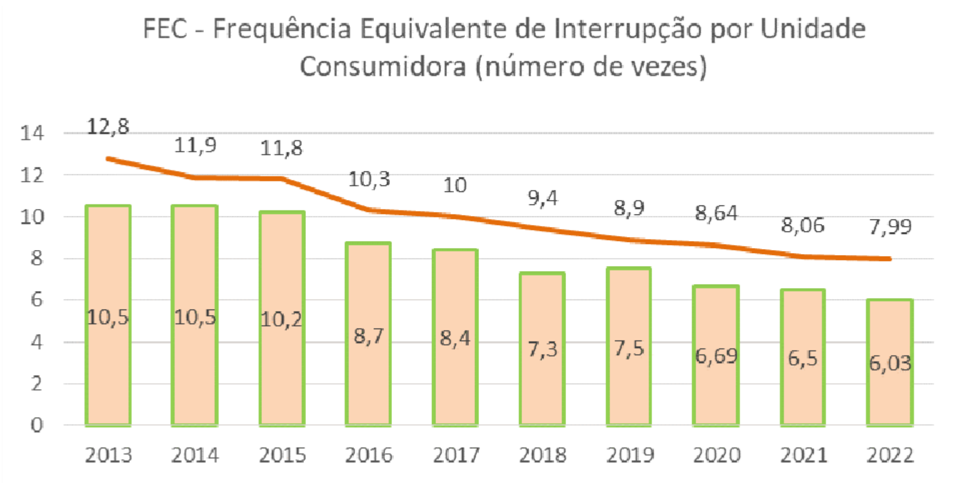
#### 3.1.2.1. EDU and EFU

The Equivalent Duration of Interruption per Consumption Unit (DEC) indicator for Celesc D was 8.73 hours in the year 2022, which is equivalent to 85.7% of the limit established by ANEEL for the regulatory cycle. In the year, the Equivalent Frequency of Interruption per Consumption Unit (FEC) was 6.03 interruptions, which represented 75.5% of the regulatory limit.

The following graphs show the evolution of Celesc D's efficiency indicators over the last ten years:




**----- ANEEL Limit**




**----- ANEEL Limit**

#### 3.1.2.2. EDUi and EFUi

In relation to the indicators Equivalent Duration of Interruption per Consumption Unit caused by occurrence in the internal system, that is, of the distributor itself (EDUi), and Equivalent Frequency of Interruption per Consumption Unit caused by occurrence in the internal system (EFUi), it is important to emphasize that, as of 2022, these values are represented by the same values and goals of EDU and EFU, respectively, as presented in the previous item, with values of 8.73 for EDU and 6.03 for EFU, being below the regulatory limit established.

### 3.1.3. Electricity Distribution

The total billed consumption of electricity in Celesc D's concession area reached 27,197 GWh in 2022, a growth of 1.10% in the total energy distributed (captive + free market). The performance was impacted mainly by the commercial and residential classes, with growth of 6.48% and 3.72%, respectively, yoy.

The number of consumer units served by the Company was 3,317,467 in December 2022, representing an increase of 2.73% in relation to December of the previous year. The continuous migration of consumers to the free market led to the registered consumption of 15,925 GWh in the captive market, an amount 3.42% lower than that registered in 2021. The following table provides more detail:

| Consumption Class | Number of Consumption Units | | | Billed Consumption (GWh) | | |
|---|---|---|---|---|---|---|
| | Dec/22 | Dec/21 | Δ | 2022 | 2021 | Δ |
| **Captive Market** | **3,315,159** | **3,227,276** | **2.72%** | **15,925** | **16,488** | **-3.42%** |
| Residential | 2,616,084 | 2,543,070 | 2.87% | 6,724 | 6,483 | 3.72% |
| Industrial | 132,749 | 125,993 | 5.36% | 2,154 | 2,335 | -7.75% |
| Commercial | 308,832 | 298,426 | 3.49% | 3,216 | 3,122 | 2.99% |
| Rural | 227,342 | 230,663 | -1.44% | 1,037 | 1,121 | -7.50% |
| **Other Classes** | **30,152** | **29,124** | **3.53%** | **2,794** | **3,427** | **-18.47%** |
| Government | 24,943 | 24,221 | 2.98% | 431 | 379 | 13.92% |
| Public Lighting | 1,090 | 961 | 13.42% | 586 | 615 | -4.68% |
| Public Service | 4,100 | 3,933 | 4.25% | 336 | 383 | -12.47% |
| Power Supply | 19 | 9 | 111.11% | 1,441 | 2,050 | -29.71% |
| **Free Consumers** | **1,848** | **1,586** | **16.52%** | **11,258** | **10,401** | **8.27%** |
| Industrial | 909 | 825 | 10.18% | 8,888 | 8,830 | 0.66% |
| Commercial | 867 | 701 | 23.68% | 1,397 | 1,209 | 15.51% |
| Rural | 8 | 9 | -11.11% | 41 | 69 | -40.74% |
| Public Service | 29 | 9 | 222.22% | 65 | 14 | 362.79% |
| Supply | 35 | 42 | -16.67% | 867 | 279 | 214.04% |
| **Total Market** | **3,317,467** | **3,229,298** | **2.73%** | **27,197** | **26,903** | **1.10%** |
| Residential | 2,616,084 | 2,543,070 | 2.87% | 6,724 | 6,483 | 3.72% |
| Industrial | 133,658 | 126,818 | 5.39% | 11,042 | 11,164 | -1.10% |
| Commercial | 309,699 | 299,127 | 3.53% | 4,612 | 4,332 | 6.48% |
| Rural | 227,350 | 230,672 | -1.44% | 1,078 | 1,190 | -9.42% |
| Other Classes | 30,216 | 29,175 | 3.57% | 3,726 | 3,721 | 0.23% |
| Own Consumption | 460 | 436 | 5.50% | 15 | 14 | 5.95% |

### 3.1.4. Losses in Distribution

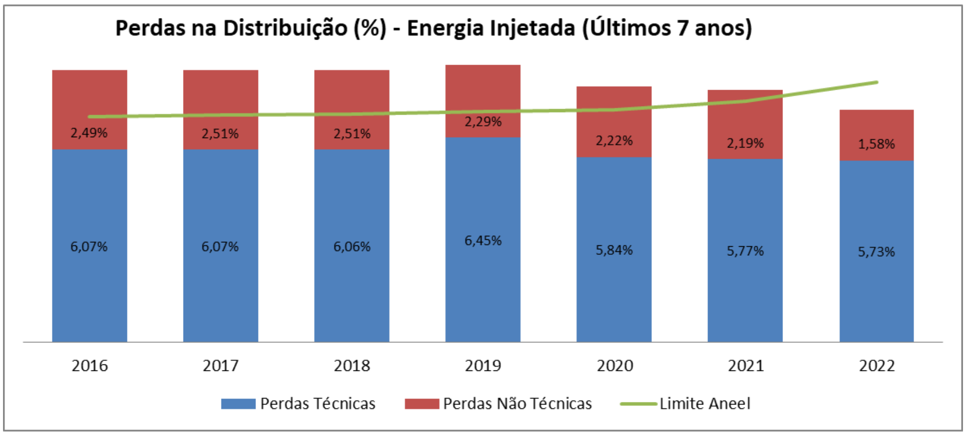
Energy Losses correspond to total losses including technical losses, which consist of electricity dissipated during the power transmission process from the supply to the point of delivery, and non-technical losses, which consist of the difference between global and technical losses. Therefore, this portion of non-technical losses considers energy theft, malfunction of measurement equipment, errors in the billing process, and consumer units without measurement equipment, among others.

For Celesc D's Fifth Periodic Tariff Revision Cycle (5th PTRC), regulatory technical losses were set at 5.81%, calculated on the regulatory TUSD market (billed), while for regulatory non-technical losses the limit was 6.26%, calculated on the billed low voltage market. These new limits established by the 5th PTRC became effective on August 22, 2021.

Energy losses are monitored through the index that calculates the ratio between billed losses and injected (measured) energy in the last 12 months. Based on this methodology, the evolution of the indicator and a comparison with the tariff coverage in recent years is presented.

At the end of 2022, the Consolidated Index of Regulatory Losses over Injected Energy was 8.19%. The company's Total Effective Losses registered a percentage of 7.31%, of which 5.73% were technical losses and 1.58% non-technical losses, below the regulatory limit.

The following chart presents the evolution of distribution losses in Celesc D's concession area.



### 3.1.5. Energy Balance in GWh

The following table shows the evolution of the energy required, distribution losses (technical and non-technical losses), losses in the basic grid and total losses in GWh in the last five years:

| **Energy Required (GWh)** | **2018** | **2019** | **2020** | **2021** | **2022** |
|---|---|---|---|---|---|
| Energy Sales | 15,778 | 16,349 | 16,051 | 16,488 | 15,925 |
| Provision | 14,251 | 14,456 | 14,117 | 14,438 | 14,484 |
| Procurement for Distribution Agents | 1,527 | 1,893 | 1,934 | 2,050 | 1,441 |
| Free Consumers/Distributors/Managers | 8,659 | 9,127 | 9,089 | 10,401 | 11,258 |
| **Market Served** | **24,437** | **25,476** | **25,140** | **26,889** | **27,182** |
| Losses in the Basic Grid | 367 | 389 | 433 | 406 | 381 |
| Losses in Distribution | 2,321 | 2,446 | 2,237 | 2,336 | 2,161 |
| Technical Losses | 1,638 | 1,804 | 1,620 | 1,694 | 1,695 |
| Non-Technical Losses (NTL) | 683 | 642 | 617 | 642 | 467 |
| NTL / Required Energy % | 2.79% | 2.52% | 2.45% | 2.39% | 1.72% |
| **Total Losses (TL)** | **2,688** | **2,835** | **2,670** | **2,742** | **2,543** |
| **TL / Energy Required %** | **11.00%** | **11.13%** | **10.61%** | **10.20%** | **9.35%** |
| **Total** | **27,125** | **28,311** | **27,810** | **29,631** | **29,725** |

### 3.1.6. Electricity Market

In 2022, the load required in Celesc D's concession area was 0.69% higher than that registered in 2021. In the same period, electricity consumption grew 1.10%. The total load served by the concessionaire includes the portions referring to the captive and free market load, self-producers and independent producers connected to the concessionaire's grid, in addition to losses in the electric system. The following table shows the performance of the load in Celesc D's concession area, compared with the South region and the country.

| **Description** | **2022** | **2021** | **Variation** |
|---|---|---|---|
| Brazil Power (GWh)* | 610,025 | 609,135 | 0.15 |
| Brazilian Load (GWh)* | 106,235 | 106,189 | 0.04 |
| Celesc D Load (GWh)** | 29,556 | 29,354 | 0.69 |

**Injected Energy in the Concessionaire's Distribution System

### 3.1.7. Customer Service

Celesc D in 2022 worked with a focus on improving customer service processes, ensuring higher quality and efficiency in the services provided at the first level and in the digital channels. In addition, the modernization of equipment at the service stations provided a new experience to the distributor's customers.

There was an intensification of training for commercial attendants, in which more than 100 new attendants were trained and more than 400 attendants participated in the recycling events, reflecting an increase in the efficiency and greater effectiveness in dealing with the demands of the service, in addition to the standardization and standardization of operational procedures.

As for face-to-face service, the Service Level of Attendance (NSAP) indicator, which reflects the services provided within the regulatory deadline and assesses the performance of customer service in stores and service stations, increased from 95.86% to 97.37%, as a result of the improvements made in operational procedures and the focus on training for all commercial attendants.

As for the digital channels, in the year 2022, the Web Agency channel was the one with the highest consumer demand, with an average of 510,421 interactions per month, a reflection of the greater dissemination of this channel by the distributor. The WhatsApp service channel also brought more agility to the service, with an average of 37,000 interactions from users in the year.

As a result of the actions that accentuated the request for services through digital channels, making them more dynamic and effective, there was a 14.6% increase in requests for electronic forms for title change and new connection services, as a result of the improvements that were implemented in the analysis process.

In telephone service, despite the meteorological events that occurred in the State of Santa Catarina and occurrences that caused a greater demand for the Call Center, the year 2022 closed with indicators above the previous year, with an average of more than 184,000 calls answered per month.

Finally, at the end of 2022, the company that provides the queue/queue management service was changed, and all the equipment in the 259 stores and service stations was replaced, providing more convenience to customers and sales representatives, because, by means of this new contract, the video and scheduling services will be improved and expanded in strategic locations in the distributor.

### 3.1.8. Delinquency Management

Delinquency corresponds to billed revenue not received. ANEEL, through sub-module 2.2 of PRORET – Operating Costs and Regulatory Delinquency -, ANEEL defines the concepts related to Regulatory Delinquency, an amount that has a tariff coverage and considers the sum of billed amounts not received between 49 and 60 months.

The regulatory percentage of unrecoverable revenues for each company is calculated from the moving median of a set of companies, formed by the ten concessionaires situated above and below a ranking of complexity of non-technical losses.

The fight against delinquency in the year 2020 and 2021 was a great challenge to all energy distributors, due to the restrictions imposed by the government as a measure to fight the pandemic, the loss of income by a large part of the population, as well as the impossibility of suspending the supply to delinquent consumers, as determined by ANEEL's Resolution 878/2020.

In 2022, the total return of the collection actions (notice by SMS, notice by e-mail, negativation, protests, suspension of electric power supply, and lawsuits), the change in the posting rules for accounting losses of electric power invoices causing a cleaning of the portfolio and the publication of the ICMS Agreement 179/2021, which provided for the institution of presumed ICMS credit to the power distributors in the State of Santa Catarina that settled the power supply debts of hospitals classified as charities of social assistance, under Law 12,101/2009, contributed significantly to the reduction of the portfolio above 90 days.

To calculate Default, it is necessary to divide it by the Gross Operating Revenue from the Supply of Electricity, Electricity Supply, Availability of Electricity Grid, and Taxed Service, and verify the percentage changes.

Short-term delinquency of up to 90 days (the period in which most collection actions are concentrated) increased by 0.16 percentage points over the previous quarter, and delinquency over 90 days increased by 0.14 percentage points, from 3.17% to 3.31%. The total default, compared to the previous quarter, shows an increase of 0.31 percentage points, approximately 4.95% of the Gross Operational Revenue.

The following table shows the evolution of Celesc D's default:

**Delinquency up to 90 days**

| Classes | 4Q21 | | 1Q22 | | 2Q22 | | 3Q22 | | 4Q22 | | 4Q22 Variation |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | R$ Thousand | % Gross Operating | R$ Thousand | % Gross Operating | R$ Thousand | % Gross Operating | R$ Thousand | % Gross Operating | R$ Thousand | % Gross Operating | |
| Residential | 174,965 | 1.35% | 226,136 | 1.62% | 160,810 | 1.13% | 139,713 | 1.02% | 149,515 | 1.14% | +0.12 p.p. |
| Industrial | 35,124 | 0.27% | 36,430 | 0.26% | 31,124 | 0.22% | 24,935 | 0.18% | 29,481 | 0.22% | +0.04 p.p. |
| Commercial | 55,599 | 0.43% | 69,353 | 0.50% | 49,325 | 0.35% | 52,387 | 0.38% | 45,524 | 0.35% | -0.30 p.p. |
| Rural | 16,308 | 0.13% | 19,968 | 0.14% | 12,626 | 0.09% | 10,514 | 0.08% | 13,232 | 0.10% | +0.02 p.p. |
| Government | 342 | 0.00% | 584 | 0.00% | 690 | 0.00% | 308 | 0.00% | 3,716 | 0.03% | +0.03 p.p. |
| Public Lighting | 3 | 0.00% | 45 | 0.00% | 8 | 0.00% | 69 | 0.00% | 7 | 0.00% | 0.00 p.p. |
| Public Service | 1,316 | 0.01% | 35 | 0.00% | 52 | 0.00% | 43 | 0.00% | 37 | 0.00% | 0.00 p.p. |
| Supplies | 757 | 0.01% | 757 | 0.01% | 1,213 | 0.01% | 929 | 0.01% | 1,355 | 0.01% | 0.00 p.p. |
| Order Use Electricity Grid | 873 | 0.01% | 2,913 | 0.02% | 1,548 | 0.01% | 1,018 | 0.01% | 2,245 | 0.02% | +0.01 p.p. |
| Miscellaneous Credits | 758 | 0.01% | 15,127 | 0.11% | 16,162 | 0.11% | 1,333 | 0.01% | 8,069 | 0.06% | +0.05 p.p. |
| Service Fee | 12,162 | 0.09% | 870 | 0.01% | 988 | 0.01% | 10,927 | 0.08% | 1,029 | 0.01% | -0.07 p.p. |
| Financial Participation | 402 | 0.00% | 561 | 0.00% | 921 | 0.01% | 1,194 | 0.01% | 1,140 | 0.01% | 0.00 p.p. |
| **Total** | **298,609** | **2.31%** | **372,779** | **2.67%** | **275,467** | **1.94%** | **243,370** | **1.78%** | **255,349** | **1.94%** | **+0.16 p.p.** |
| **ROB (Accumulated from the last 12 months) in BRL thousand** | | **12,971,057** | | **13,953,982** | | **14,187,254** | | **13,660,528** | | **13,141,773** | |

**Delinquency over 90 days**

| Classes | 4Q21 | | 1Q22 | | 2Q22 | | 3Q22 | | 4Q22 | | 4Q22 Variation |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | R$ Thousand | % Gross Operating | R$ Thousand | % Gross Operating | R$ Thousand | % Gross Operating | R$ Thousand | % Gross Operating | R$ Thousand | % Gross Operating | |
| Residential | 176,234 | 1.36% | 188,356 | 1.35% | 198,853 | 1.40% | 207,423 | 1.52% | 211,208 | 1.61% | +0.09 p.p. |
| Industrial | 231,778 | 1.79% | 235,143 | 1.69% | 75,564 | 0.53% | 74,803 | 0.55% | 72,113 | 0.55% | 000 p.p. |
| Commercial | 134,788 | 1.04% | 142,119 | 1.02% | 107,012 | 0.75% | 103,605 | 0.76% | 106,683 | 0.81% | +0.05 p.p. |
| Rural | 10,862 | 0.08% | 11,616 | 0.08% | 9,917 | 0.07% | 10,331 | 0.08% | 10,722 | 0.08% | 0.00 p.p. |
| Government | 8,847 | 0.07% | 8,861 | 0.06% | 309 | 0.00% | 301 | 0.00% | 302 | 0.00% | 0.00 p.p. |
| Public Lighting | 18,809 | 0.15% | 16,485 | 0.12% | 3,144 | 0.02% | 1,717 | 0.01% | 1,418 | 0.01% | 0.00 p.p. |
| Public Service | 211 | 0.00% | 183 | 0.00% | 15 | 0.00% | 13 | 0.00% | 24 | 0.00% | 0.00 p.p. |
| Supplies | 2,883 | 0.02% | 2,883 | 0.02% | 35 | 0.00% | 1,248 | 0.01% | 1,248 | 0.01% | 0.00 p.p. |
| Order Use Electricity Grid | 3,523 | 0.03% | 10,536 | 0.08% | 2,233 | 0.02% | 3,848 | 0.03% | 1,445 | 0.01% | +0.01 p.p. |
| Miscellaneous Credits | 1,080 | 0.01% | 31,840 | 0.23% | 24,699 | 0.17% | 933 | 0.01% | 25,430 | 0.19% | +0.18 p.p. |
| Service Fee | 31,736 | 0.24% | 3,761 | 0.03% | 3,799 | 0.03% | 26,207 | 0.19% | 3,899 | 0.03% | -0.16 p.p. |
| Financial Participation | 10,534 | 0.08% | 1,038 | 0.01% | 829 | 0.01% | 2,100 | 0.02% | 902 | 0.01% | -0.01 p.p. |
| **Total** | **631,285** | **4.87%** | **652,821** | **4.69%** | **426,409** | **3.00%** | **432,529** | **3.17%** | **435,394** | **3.31%** | **+0.14 p.p.** |
| **ROB (Accumulated from the last 12 months) in BRL thousand** | | **12,971,057** | | **13,953,982** | | **14,187,254** | | **13,660,528** | | **13,141,773** | |

| Total Delinquency | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Classes | 4Q21 | | 1Q22 | | 2Q22 | | 3Q22 | | 4Q22 | | 4Q22 Variation |
| | R$ Thousand | % Gross Operating | R$ Thousand | % Gross Operating | R$ Thousand | % Gross Operating | R$ Thousand | % Gross Operating | R$ Thousand | % Gross Operating | |
| Residential | 351,199 | 2.71% | 414,492 | 2.97% | 359,663 | 2.54% | 347,136 | 2.54% | 360,723 | 2.74% | +0.20 p.p. |
| Industrial | 266,902 | 2.06% | 271,573 | 1.95% | 106,689 | 0.75% | 99,738 | 0.73% | 101,594 | 0.77% | +0.04 p.p. |
| Commercial | 190,387 | 1.47% | 211,472 | 1.52% | 156,337 | 1.10% | 155,992 | 1.14% | 152,208 | 1.16% | +0.02 p.p. |
| Rural | 27,170 | 0.21% | 31,584 | 0.23% | 22,542 | 0.16% | 20,845 | 0.15% | 23,954 | 0.18% | +0.03 p.p. |
| Government | 9,189 | 0.07% | 9,445 | 0.07% | 999 | 0.01% | 609 | 0.00% | 4,018 | 0.03% | +0.03 p.p. |
| Public Lighting | 18,812 | 0.15% | 16,530 | 0.12% | 3,152 | 0.02% | 1,786 | 0.01% | 1,424 | 0.01% | 0.00 p.p. |
| Public Service | 1,527 | 0.01% | 218 | 0.00% | 67 | 0.00% | 56 | 0.00% | 60 | 0.00% | 0.00 p.p. |
| Supplies | 3,640 | 0.03% | 3,640 | 0.03% | 1,248 | 0.01% | 2,177 | 0.02% | 2,603 | 0.02% | 0.00 p.p. |
| Order Use Electricity Grid | 4,396 | 0.03% | 13,449 | 0.10% | 3,781 | 0.03% | 4,866 | 0.04% | 3,689 | 0.03% | -0.01 p.p. |
| Miscellaneous Credits | 1,838 | 0.01% | 46,967 | 0.34% | 40,863 | 0.29% | 2,266 | 0.02% | 33,500 | 0.25% | +0.23 p.p. |
| Service Fee | 43,898 | 0.34% | 4,631 | 0.03% | 4,786 | 0.03% | 37,134 | 0.27% | 4,928 | 0.04% | -0.23 p.p. |
| Financial Participation | 10,936 | 0.08% | 1,599 | 0.01% | 1,750 | 0.01% | 3,294 | 0.02% | 2,042 | 0.02% | 0.00 p.p. |
| **Total** | **929,894** | **7.17%** | **1,025,600** | **7.37%** | **701,877** | **4.95%** | **675,899** | **4.95%** | **690,742** | **5.26%** | **+0.31 p.p.** |
| **ROB (Accumulated from the last 12 months) in BRL thousand** | | **12,971,057** | | **13,953,982** | | **14,187,254** | | **13,660,528** | | **13,141,773** | |

### 3.1.9. Consumer Connection

The net (opening and closing) balance of opening UCs was 88,142 in the year 2022, totaling 3,316,953* consumers served by Celesc D, excluding supply and own consumption, a number 2.73% higher than in 2021.

The following table shows the evolution of the number of consumer units in the last five years:

| Consumers* | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Residential | 2,335,964 | 2,399,381 | 2,468,904 | 2,543,070 | 2,616,084 |
| Commercial | 271,240 | 280,028 | 287,505 | 299,127 | 309,699 |
| Industrial | 106,825 | 110,887 | 117,264 | 126,818 | 133,658 |
| Rural | 234,759 | 232,393 | 232,645 | 230,672 | 227,350 |
| Government | 23,104 | 23,272 | 23,735 | 24,221 | 24,943 |
| Public 788 | Lighting | 855 | 910 | 961 | 1,090 |
| Public Service | 3,411 | 3,500 | 3,753 | 3,942 | 4,129 |
| **Total** | **2,976,091** | **3,050,316** | **3,134,716** | **3,228,811** | **3,316,953** |
| **Variation** | **2.64%** | **2.49%** | **2.77%** | **3.00%** | **2.73%** |

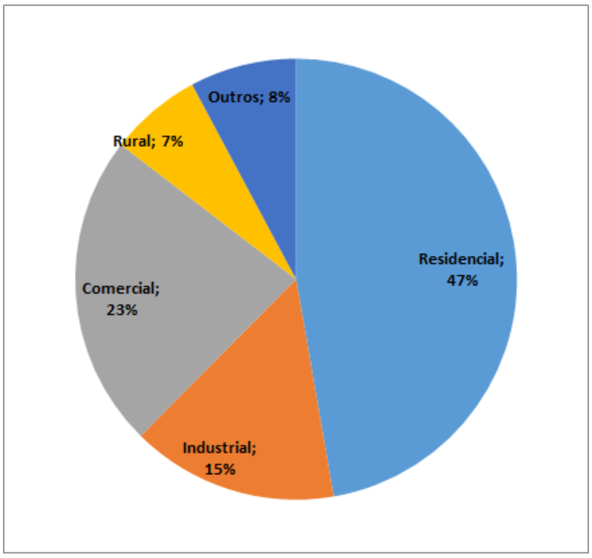
*Does not consider Own Consumption and Supply

### 3.1.10. Revenue

The revenue from the supply of electricity at Celesc D, referring to captive consumers in the year, net of ICMS, amounted to R$8.7 billion, as shown in the following table:

| Consumption Category | 2022 | 2021 | Δ |
|---|---|---|---|
| Residential | 4,123,245 | 3,913,693 | 5% |
| Industrial | 1,321,137 | 1,345,956 | -2% |
| Commercial | 2,006,868 | 1,880,451 | 7% |
| Rural | 590,300 | 592,822 | 0% |
| Other | 680,214 | 653,679 | 4% |
| **Total Captives** | **8,721,763** | **8,386,601** | **4%** |

The following chart shows the participation of the captive consumer classes in relation to the net revenue from ICMS:



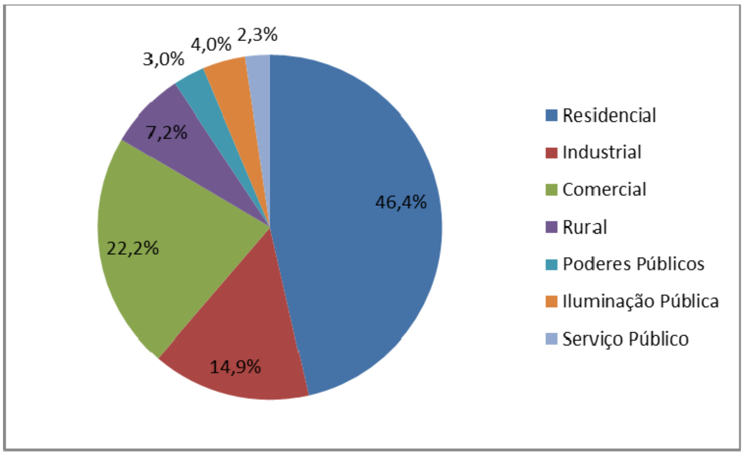

### 3.1.11. Market Performance in GWh in the Concession Area

The following table shows the growth of billed energy in GWh in the last five years:

| Market Served (GWh) | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| **Billed Energy** | **15,778** | **16,349** | **16,051** | **16,488** | 15,925 |
| Provision* | 14,251 | 14,456 | 14,117 | 14,438 | 14,484 |
| Residential | 5,664 | 6,020 | 6,293 | 6,483 | 6,724 |
| Industrial | 2,539 | 2,464 | 2,264 | 2,334 | 2,154 |
| Commercial | 3,191 | 3,323 | 3,031 | 3,122 | 3,216 |
| Rural | 1,407 | 1,174 | 1,160 | 1,121 | 1,037 |
| Government | 442 | 453 | 350 | 379 | 431 |
| Public Lighting | 649 | 656 | 637 | 615 | 586 |
| Public Service | 359 | 366 | 382 | 384 | 336 |
| Procurement for Distribution Agents | 1,527 | 1,893 | 1,934 | 2,050 | 1,441 |
| **Distribution Network Usage** | **8,659** | **9,127** | **9,089** | **10,401** | 11,258 |
| Free Consumers/Distributors/Managers | 8,659 | 9,127 | 9,089 | 10,401 | 11,258 |
| **Total** | **24,437** | **25,476** | **25,140** | **26,889** | **27,182** |
| **Variation** | **2.74%** | **4.25%** | **-1.32%** | **6.96%** | **1.10%** |

*Excluding Own Consumption

The following chart shows the energy billed by consumption class in GWh in 2022.



### 3.1.12. Celesc D in Numbers

| **Customer Service** | **2022** | **2021** | **Variation (%)** |
|---|---|---|---|
| Number of consumers | 3,317,007 | 3,228,862 | 2.73% |
| Number of employees | 3,925 | 3,747 | 4.75% |
| Number of consumers per employee | 845 | 862 | -1.93% |
| Number of locations served | 285 | 285 | 0.00% |
| **Customer Service** | | | **Variation (%)** |
| Number of branches | 16 | 16 | 0.00% |
| Number of service stations | 259 | 259 | 0.00% |
| **Market** | | | **Variation (%)** |
| Concession area (Km²) | 82,747.68 | 82,747.68 | 0.00% |
| Maximum demand (MWh/h) | 5,658.65 | 5,116.10 | 10.60% |
| Direct distribution (GWh) | 27,994.79 | 26,990.68 | 3.72% |
| Average residential consumption (KWh/year) | 2,570.29 | 2,549.34 | 0.82% |
| **Average supply tariffs (R$ per MWh)** | | | **Variation (%)** |
| Residential | 720.69 | 731.46 | -1.47% |
| Industrial | 726.84 | 758.53 | -4.18% |
| Commercial | 744.00 | 778.35 | -4.41% |
| Rural | 665.82 | 697.14 | -4.49% |
| Government | 743.05 | 763.17 | -2.64% |
| Other | 564.47 | 586.94 | -3.83% |
| **EDU and EFU Indicators** | | | **Variation (%)** |
| EDU (hours) | 8.73 | 9.60 | -9.06% |
| EFU (number of interruptions) | 6.03 | 6.50 | -7.23% |
| Number of complaints per 10,000 consumers | 4,500.12 | 3,923.46 | 14.70% |
| **Operational Information** | | | **Variation (%)** |
| Number of substations | 175 | 172 | 1.74% |
| Distribution Lines (Km) | 5,274.24 | 5,026.89 | 4.92% |

## 3.2. Celesc G

### 3.2.1. Hydrological Scenario

In 2022, Celesc G closed the Power Availability Indicator of its Generating Complex in a positive way. In the sum of the maintenance, investment and distributor (energy output to the interconnected system) unavailability indicators, Celesc G closed the year 2022 with stability in availability compared to 2021 (95.35% compared to 95.34%), allowing for greater energy production.

Besides maintaining the high availability of the machines, the generation result for the year was higher than in 2021, due to the improved hydrological conditions in the State of Santa Catarina, resulting in its generators being stopped due to lack of water for less time than in 2021 (12.15% compared to 27.02% in 2021).

| **Operating Performance** | **2022** | **2021** | **Variation** |
|---|---|---|---|
| Maintenance Unavailability: | 4.65% | 4.66% | -0.2% |
| Investment Unavailability: | 16.03% | 7.87% | 103.7% |
| Distributor Unavailability: | 0.66% | 0.66% | 0.0% |
| Water Unavailability: | 12.15% | 27.02% | -55.0% |

The result of the indicators are average values that were weighted by the total Power of the Generating Complex and that the hydroelectric restriction or unavailability due to momentary maintenance in a certain plant does not necessarily apply to the entire Generating Complex at that moment.

The global capacity factor in 2022 represented a variation of 21.26% above that of 2021.

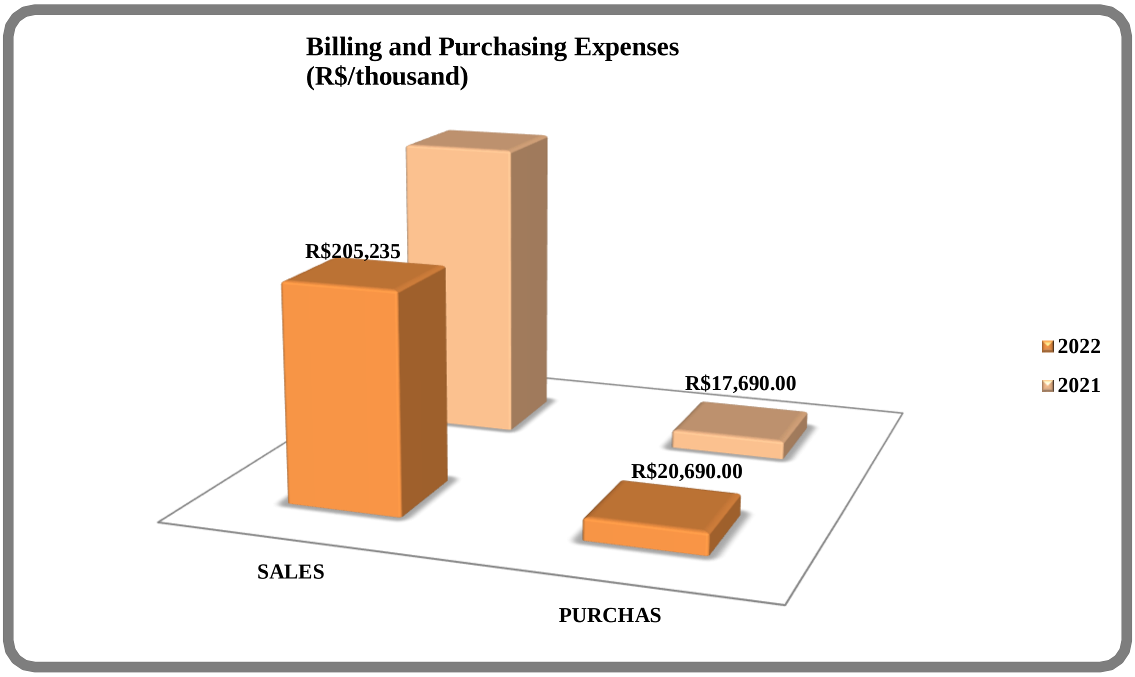
| Energy Production of the Generating Park | | | |
|---|---|---|---|
| Operational performance (GWh) | Acumulated 12 months | | |
| | 2022 | 2021 | Variation (%) |
| Power Plants | 573.08 | 452.36 | 26.69% |
| Palmeiras HPP | 144.24 | 91.24 | 58.09% |
| Bracinho HPP | 69.09 | 66.87 | 3.32% |
| Garcia HPP | 59.27 | 61.03 | -2.88% |
| Cedros HPP | 61.57 | 51.63 | 19.25% |
| Salto Weissbach HPP | 34.92 | 36.43 | -4.14% |
| Pery HPP | 126.32 | 89.84 | 40.61% |
| Celso Ramos SHP | 50.91 | 25.79 | 97.40% |
| Caveiras HGP | 10.59 | 19.23 | -44.93% |
| Ivo Silveira HGP | 5.23 | 1.95 | 168.21% |
| Piraí HGP | 2.9 | 3.62 | -19.89% |
| Rio do Peixe HGP | 3.51 | 3.09 | 13.59% |
| São Lourenço HGP | 2.4 | 1.64 | 46.34% |
| Global Capability Factor | 56.76% | 46.81% | 21.26% |

### 3.2.2. Energy Commercialization

In 2022, Celesc G will register global billing of R$205.2 million, 27.6% less than in 2021, which registered R$283.3 million in billing. A good part of this reduction is due to the indemnification of the assets of PCH Pery, which was included in the tariff in July 2021 (accumulated from 2017 to 2021), but in fiscal year 2022, the revenue from this indemnification covered only the fiscal year itself.

In 2022, R$20.7 million was spent on the purchase of electricity acquired from third parties, an increase of 17% compared to 2021. Such an increase can be credited to the higher volume of energy purchased, which jumped from 151.8 Gwh in 2021, to 153.2 Gwh in 2022.

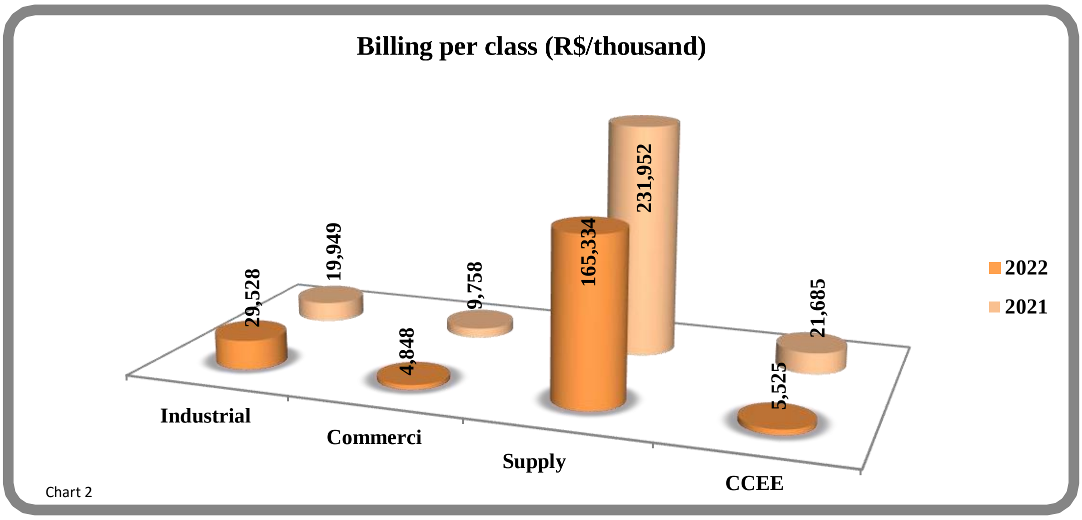
Total billing and power purchase expenses in 2022 and 2021 performed as follows:




The surplus of electric energy, sold in the short term market, through sale contracts with terms of less than six months, resulted in R$5.2 million in 2022 against R$13.0 million in 2021.

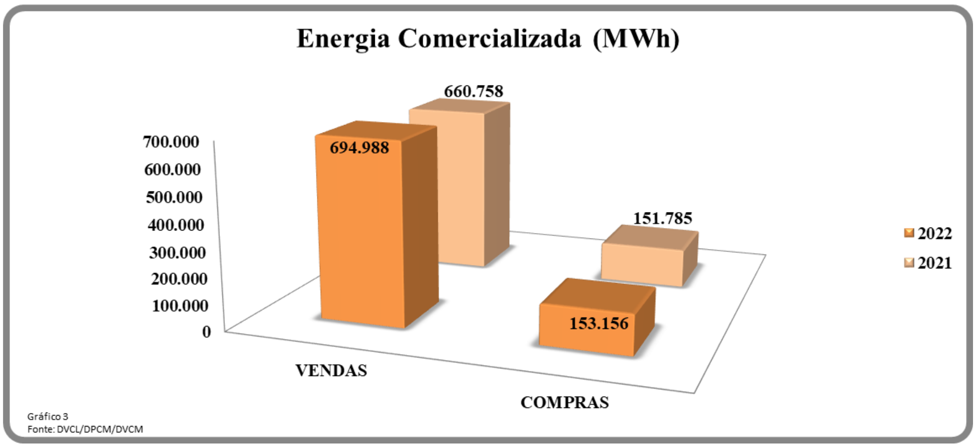
The result in the CCEE Short Term Market was R$1.69 million against R$18.6 million in 2021, including the R$9.6 million related to the judicial injunction granted to Celesc G regarding the GSF.

Revenue by class in 2022 and 2021 showed the following performance:

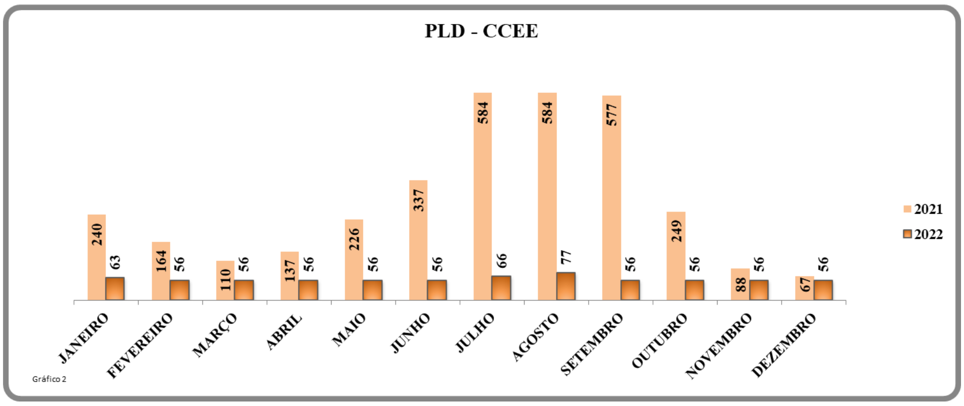



The electric energy sold in 2022 reached the amount of 694,988 MWh, 5.18% more than the 660,758 MWh sold in 2021.

The total amount of energy purchased in 2022 reached 153,156 MWh, lower than the amount purchased in 2021, which was 151,785 MWh.




The average annual PLD (R$58.99/MWh) had a large reduction in 2022 in relation to the previous year (R$280.37/MWh). Among the causes is the more favorable hydrology of recent years, combined with lower-than-expected load growth.




### 3.3. Innovation

In the first PRICE cycle, 207 ideas were received from employees, and in 2021, the process of analyzing them was carried out, and they went through two stages of evaluation. After this evaluation stage, the ideas were put into practice, and of the 23 ideas selected for implementation, three were completed, five are in the implementation phase, and the other 16 are in the approval phase.

In 2022, understanding the importance of the theme, the Executive Board decided to create an organizational structure to deal with innovation, with professionals dedicated full time, and responsible, among other activities, for implementing the PRICE ideas.

Thus, the Innovation Management Committee - CGI and the new structure worked together in 2022 on the mission to continue fostering the internal culture and build an increasingly innovative Celesc. In this sense, they promoted the launch of the "Semeando Inovações" , which is a program that aims to disseminate and recognize initiatives capable of positively impacting the Company.

Furthermore, aiming to promote Open Innovation, the Company hired the LinkLab program from the Associação Catarinense de Tecnologia (ACATE). The purpose of this hiring is to enable the interaction of startups with large companies, in addition to generating interaction with the technology sector through the development of projects, technological challenges, courses, and events, among others.

Maintaining the sense of connection with the innovation ecosystem, the affiliation with the National Association for Research and Development of Innovative Companies (ANPEI), a non-profit entity that stimulates innovation in Brazil and abroad, especially through education, research, and scientific and technological development, was also accomplished. ANPEI has 200 member companies and more than 20 thousand contacts, which will certainly promote and contribute to promote the integration of Celesc to the innovation ecosystem at a national level.

Also, for the first time at Celesc and aiming for better monitoring and assertiveness, as well as to continue to foster the practice and understanding of innovation, innovation indicators were included in the 2023 Management Contract. This activity will certainly contribute to disseminating the culture of innovation at Celesc.

Celesc's first Innovation Week took place between November 21 and 25, 2022. Another big news in the second half of 2022 was the launch of the Innovation Portal in August. The page works as an observatory, concentrating news, events, projects, and information from the innovation ecosystem at home and abroad, and nationally and internationally.

### 3.3.1. Certification

The Integrated Management System (IMS), composed of the integration among the quality (ISO 9001), environmental (ISO 14001), and occupational health and safety (ISO 45001) management systems, covers the operation and maintenance activities of the Garcia Mill, in the city of Angelina/SC, and also of the Generation Operation Center (GOC), in Florianópolis/SC.

Throughout the project, the requirements and the necessary adaptations to the IMS, as well as the improvements and documentation processes, were gathered. The conclusion of the auditing process in order to obtain the IMS certification for the Garcia Mill and GOC should take place in 2023, and then move on to the other plants in the company's own generation park.

### 3.4. Regulatory Environment

The Brazilian energy sector is regulated by the Federal Government, acting through the Ministry of Mines and Energy (MME), which has exclusive authority over the energy sector. The regulatory policy for the sector is defined by ANEEL.

### 3.4.1. Celesc D

#### a) Extension of the Concession

Celesc D signed, on December 9, 2015, the 5th Addendum to the Concession Agreement 56/1999 for the distribution of electricity, effective for 30 years, which states that in the first 5 (five) years there will be targets to be achieved for indicators of technical quality and economic and financial sustainability, which are conditions for confirming the extension of the concession.

The rules that defined the criteria for the renewal and maintenance of the concession were defined by ANEEL in October 2015, when the draft of the 5th Additive Term to the Concession Agreement was released. To avoid forfeiture of the concession, the distributors would need to follow two criteria: the continuity of supply, composed of the EDU and EFU technical indicators, and the economic and financial management of the Company, both with a trajectory of increase in their degrees of requirement.

Besides the continuity and power supply quality indicators, Celesc needs to pay attention to the economic indicators, which evaluate the quality and payment potential of the debt in relation to the EBITDA generated by the Company. The company has calculated its indicators within the regulatory limits and has been showing a positive trajectory over the period.

From the sixth year following the conclusion of the contract, the failure to comply with the quality criteria for three consecutive years, or economic and financial management criteria for two consecutive years, will lead to the opening of the expiration process of the concession. In 2021 (the sixth year of the contractual amendment), Celesc was able to meet all the required targets, thus becoming compliant with the concession contract. In December 2022, ANEEL published Order 3478/2022, recognizing the fulfillment of the continuity technical indicators and the efficiency in relation to the economic-financial management of the Company in the year 2021.

**b) 2021 Periodic Tariff Revision**

ANEEL, through Ratifying Resolution 2,921, of August 17, 2021, approved the result of the Periodic Tariff Review of Celesc D, applied as of August 22, 2021. Said readjustment resulted in an average tariff effect to be perceived by consumers, in the order of 5.65%, being 5.34%, on average, for consumers connected to High Voltage and 5.83%, on average, for consumers connected to Low Voltage.

Sector Charges account for 1.66%, Transmission Costs account for -2.59%, Energy Expenses account for 2.18%, Irrecoverable Revenues account for 0.03%, Distributor Costs account for -0.48%, the Financial Components of the current process account for 3.55% and the effect of withdrawing the Financial Components of the previous ordinary process is 1.28%.

**c) 2022 Annual Tariff Adjustment**

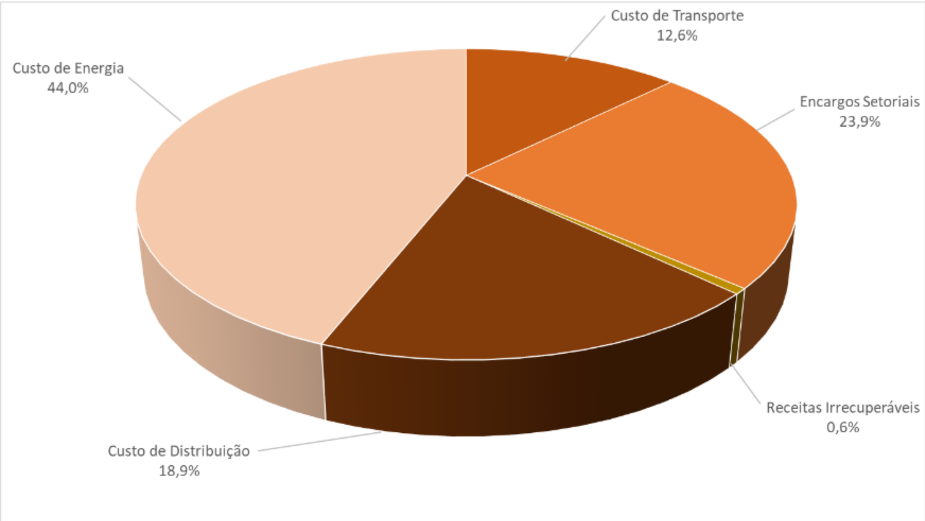
Through Ratifying Resolution 3,094 and Technical Note 161, ANEEL authorized the adjustment to the tariffs to be practiced by Celesc D as of August 22, 2022.

In the Tariff Adjustment, ANEEL considers the costs related to service provision, energy transmission costs, and sector charges. These items are part of Portion A, in which the Company has no management, only passing on the costs already incurred and projected by the Regulatory Agency. Portion B, in turn, reflects the amount available to cover its operations and make necessary investments.

In the 2022 tariff readjustment, the average tariff effect perceived by consumers, of 11.32%, is composed of sector charges (8.23%), transmission costs (3.09%), energy expenses (4.13%), distributors' costs (1.92%), financial items of the current process (-5.62%), and removal of financial items from the previous ordinary process (-0.63%). Portion B (Manageable Costs) accounted for 1.92% of the tariff adjustment. Due to financial items that contributed to reducing the tariff, the effect on consumers was minimized.

As a percentage of Net revenue for the 2022-2023 period, Portion A (non-manageable costs with charges, transmission, and energy) accounted for 81.10%. Portion B (manageable costs) accounts for 18.9%, totaling R$2.15 billion.

The following chart shows the participation of the items of Tranches A and B in the composition of the new Annual Revenue of Celesc D.




**c) Tariff Flags**

On August 31, 2021, the Ministry of Mines and Energy - MME issued Resolution 03/2021. This Resolution established the creation of the Hydric Shortage Tariff Flag in the amount of R$142.00 per MWh, with the objective of giving financial support to the Energy Distributors, so that they could pay the amounts related to the thermal energy dispatches made during critical situations of hydroelectric energy production. This resolution was effective for the period between September 1, 2021 and April 15, 2022.

The definition of the triggering ranges is done according to the Cumulative Distribution Function - FDA method, defined in the Tariff Regulation Procedures manual - PRORET, sub-module 6.8.

The activation of the flags and the monthly amounts of the Centralizing Account of Tariff Flag Resources - CCRBT, transferred to Celesc D, as well as the amounts transferred from Celesc D to CCRBT for the purpose of settling short-term market operations with the Commercialization Chamber of Electric Energy - CCEE, in 2022 were:

| Month | Flag | Transfer from CCRBT to Celesc D (R$/thousand) | to Celesc D (R$/thousand) to CCRBT (R$/thousand) | No of Dispatches ANEEL |
|---|---|---|---|---|
| January | Water Shortage | 7,067 | - | 593/2022 |
| February | Water Shortage | 4,527 | - | 860/2022 |
| March | Water Shortage | - | 52,505 | 1.132/2022 |
| April | Green | - | 18,413 | 1.452/2022 |
| May | Green | 3,824 | - | 1.741/2022 |
| June | Green | 3,716 | - | 2.061/2022 |
| July | Green | 3,400 | - | 2.374/2022 |
| August | Green | 3,141 | - | 2.835/2022 |
| September | Green | 3,371 | - | 3.158/2022 |
| October | Green | 3,117 | - | 3.471/2022 |
| November | Green | 3,453 | - | 3.714/2022 |
| December | Green | 3,899 | - | 251/2023 |

### 3.4.2. Celesc G

#### a) Extension of the UHE Pery Concession

In 2017, the concession of the Pery Plant (Pery HPP) was extended according to Federal Law 12,783, of January 11, 2013, based on the quota system of the energy and capacity physical guarantee, and the Ministry of Mines and Energy -
– MME signed the 4th Amendment to Concession Agreement 006/2013 – ANEEL on July 7, 2017. The concession was extended for another 30 years, ending on July 9, 2047.

As part of the hydrological risk renegotiation, enacted by Law 14,052, of September 8, 2020, UHE Pery received a seven-year extension of the concession to the current term.

However, during the approval of the Annual Revenue Generation (ARG) in 2018, 2019 and 2020, ANEEL opted for readjusting the Improvement Cost of the Generation Asset Management – Improvement of the GAM, without defining the remuneration of investments in unamortized, undepreciated and non-indemnified reversible assets, according to article 15 of Law 12,783/2013, and article 3 of MME Ordinance 257, of July 5, 2017.

In sum, Celesc G had been receiving the full amounts related to the Improvement of the GAM, but on the other hand, it had not been receiving the indemnification amount it was entitled to as a result of the increase in the plant's installed capacity from 4.4 MW to 30 MW in 2013. For this reason, in 2018, Celesc G filed an administrative proceeding.

In 2021, after several negotiations, ANEEL decided to open Public Consultation 21/2021 from April 29 to June 14, 2021, to obtain subsidies and additional information to improve the proposal for the application of Submodule
12.1 of the Tariff Regulation Procedure (PRORET) for the payment of the Improvement of the GAM related to the Pery HPP.

Celesc G presented its view on the indemnification amounts related to the increase in the installed capacity and the additional improvement revenue, whose claims were largely accepted by ANEEL.

During the Public Consultation, the indemnification was considered differently from the Improvement of the GAM, and the provisional WACC of 10.85% p.y. was changed to the definitive WACC of 11.68% p.y., which was approved by Regulatory Resolution 882/2020, as per Celesc G's lawsuit.

ANEEL approved the results of Public Consultation 21/2021 through Order 2,018, of July 6, 2021. According to the document, Celesc G would receive an indemnification with an annualization factor of 0.1217615 to be applied to the annual installment calculation, as addressed in MME Ordinance 257/2017, with inclusion in the AGR of the Pery HPP.

As for the Improvement of the GAM, we considered a regulatory investment of R$19.1 million, with a price index of July 2017 and an annualization factor of 0.0498641, to be applied in the calculation for inclusion in the Pery HPP's Annual Revenue Generation.

Therefore, in the 2021 tariff process, the amount of compensation was included in the RAG (cycle 2021/2022), retroactively, being distributed as follows: Annual Generation Revenue (RAG) from indemnity 2021/2022 - R$53.9 million (R$37.1 million from Indemnity and GAG updated until July 2021 and R$16.6 million from the Tariff Cycle).

According to Technical Note No. 55/2021, of June 28, 2021, issued by ANEEL, the indemnity amount and accumulated depreciation rates of the Generating Units - GU of UHE Pery are summarized in the table below:

| Amount | Indemnifiable UG (R$ thousand) | VNR without JDC* (R$ thousand) | Non - Depreciated | Accumulated Depreciation | Indemnifiable Amount (R$ thousand) Reference date: July 2017 |
|---|---|---|---|---|---|
| GU01-03(**) | 2,880.03 | 30,816.65 | 9.35% | 90.65% | 2,893.28 |
| UG04-05 | 111,091.41 | 125,599.11 | 88.45% | 11.55% | 111,602.44 |
| **Total** | **113,971.44** | **156,415.76** | **72.86%** | **27.14%** | **114,495.72** |

* Interest during the construction period.

** Does not include GU-02, whose assets are fully depreciated and amortized, considering that it started operating in July 1965, as per ANEEL's Official Letter 331/2017, of June 16, 2017.

The amounts mentioned are net of sector charges and PIS/COFINS.

The compensation in the 2022/2023 cycle, through RAG, totaled R$18.6 million.

**b) Generation Scaling Factor Adjustment Factor - GSF**

Since August 2015, Celesc G had a preliminary injunction obliging the CCEE to limit the reduction of physical guarantees of its plants exposed to hydrological risk, based on the GSF's incidence, in the maximum percentage of 5%, forbidding any collection or apportionment arising from the GSF's Adjustment or other related lawsuits.

On August 3, 2021, ANEEL Ratifying Resolution 2,919 was published, which ratifies the extension period of the granting of the hydroelectric plants participating in the MRE, among which, 7 plants of Celesc G. Said decision was ratified in the Authorizing Resolution 11,998/2022.

**c) Celso Ramos SHP**

On July 28, 2021, Celso Ramos SHPP, through Dispatch No. 2,267 of July 27, 2021, received authorization for commercial operation of generating units 03 and 04, referring to the addition of 8.3 MW of installed capacity, totaling 13.92 MW. The total physical guarantee was set at 6.77 MW on average.

With the expansion of the installed capacity, the SHPP received an extension of its concession for 20 years, ending in 2035. With the repactuation of the hydrological risk, as mentioned in the previous topic, the final term of the concession was established in 2039.

On October 6, 2022, the MME issued the Administrative Ruling 1,708/SPE/MME in which the amount of physical guarantee of PCH Celso Ramos was increased to 7.52 MW on average, as a result of a plea submitted by Celesc G to ANEEL, in which it justified the studies referring to the hydrological series used in the energy calculations of the expansion project. ANEEL issued the Dispatch 1,508, of June 9, 2022, accepting the justification.

**d) EDP Transmissão Aliança SC S.A.**

EDP Transmissão Aliança SC, a company formed by EDP – Energias do Brasil, with a 90.00% share, and Celesc G, with a 10.00% share. The implementation of reinforcements and improvements in transmission facilities is provided for in the Concession Agreement 39/2017 and ANEEL.

| | Origin | Destiny | Circuit* | Extension (KM) | Voltage (Kv) |
|---|---|---|---|---|---|
| TRANSMISSION LINES | HE Abdon Batista | SE Campos Novos | CS | 39.8 | 525 |
| | SE Siderópolis 2 | HE Abdon Batista | CD | 209.0 | 525 |
| | SE Biguaçu | SE Siderópolis 2 | CS | 150.5 | 525 |
| | SE Siderópolis 2 | SE Siderópolis | CD | 6.0 | 230 |
| | SE Siderópolis 2 | SE Forquilhinha | CS | 27.8 | 230 |
| **Total** | | | **CS/CD** | **433.1** | **525/230** |
| SUBSTATION | SE 525/230 SIDERÓPOLIS 2 | | - | - | 525/230 |

* CS: Simple circuit / CD: Double Circuit

On January 10, 2019, ANEEL sent EDP Transmissão Aliança SC S.A. Official Letter 011/2019, informing that the 2018 Electric Power Transmission Grant Plan 2018 - POTEE 2018, issued by the Ministry of Mines and Energy - MME, includes the installation of the third 525/230 kV, 3 X 224 MVA single-phase autotransformer in the SE Siderópolis 2, with a need date in December 2022, whose implementation is the responsibility of EDP Transmissão Aliança SC S.A. Through Technical Note 501/2019, ANEEL authorized the implementation of the reinforcement in 2019. Because of this, the SPE decided to expand the scope of the current contract for the construction of the Siderópolis SE (original project), immediately starting the implementation of the reinforcement simultaneously with the SE, minimizing the environmental and land impacts and mitigating the risks of the work performed.

In June 2021, the necessary steps were completed for the energization and integration of the stretches located on the Santa Catarina coast to the National Interconnected System. In this first stage, 180 km of transmission lines with voltage levels of 230 and 525 kV and the important substation Siderópolis 2 with voltage 525/230kV were concluded.

**e) Readjustment of Annual Revenue from Generation - RAG 2021 and 2022**

On July 20, 2021, ANEEL, through Ratifying Resolution 2,902, ratified the RAGs of hydroelectric plants under the quota regime for the 2021/2022 cycle. The new Annual Revenue Generation will be effective from July 1, 2021 to June 30, 2022.

The monthly RAG established for the plants owned by Celesc G are:

| Plants | Annual Revenue (R$) 2021/2022 Cycle | Monthly Revenue (R$) 2021/2022 Cycle |
|---|---:|---:|
| Pery HPP | 61,607,233.15 | 5,133,936.10 |
| Garcia HPP | 11,721,282.46 | 976,773.54 |
| Bracinho HPP | 14,848,877.17 | 1,237,406.43 |
| Cedros HPP | 10,447,006.89 | 870,583.91 |
| Palmeiras HPP | 23,006,407.62 | 1,917,200.64 |
| Salto HPP | 7,541,939.03 | 628,494.92 |

ANEEL, through Ratifying Resolution 3,068, of July 12, 2022, 3.068, approved the Annual Generation Revenues - RAGs of hydroelectric plants under the quota regime for the 2022/2023 cycle, according to Federal Law 12,783/2013. The validity period of the new RAG is from July 1, 2022 to June 30, 2023.

In the RAG to be received by HPP Pery, R$18.6 million refer to the indemnification of the portion of investments in non-depreciated reversible assets.

The RAG established for the plants owned by Celesc G, which must be billed monthly, are:

| Plants | Annual Revenue (R$/thousand) 2022/2023 Cycle | Monthly Revenue (R$/thousand) 2022/2023 Cycle |
|---|---:|---:|
| Pery HPP | 26,615 | 2,218 |
| Garcia HPP | 12,417 | 1,035 |
| Bracinho HPP | 15,547 | 1,296 |
| Cedros HPP | 11,386 | 949 |
| Palmeiras HPP | 24,186 | 2,016 |
| Salto HPP | 8,073 | 673 |

**f) Dam Safety Plan - PSB and Emergency Action Plan - PAE**

The PSB presents the conditions, characteristics and operational rules of each dam. The PAE provides strategies in emergencies.

According to ANEEL Resolution 695/2015, Celesc G had until the end of 2022 to deliver the revisions of the current PSBs and PAEs, drafted in 2017. Because of this, throughout the years 2021 and 2022, the Periodic Safety Review (RPS) was carried out, in which the PSB/PAE were completely revised, with updated hydrological data, new dam break studies, computer simulation of the affected areas, and dissemination of the results to the civil defense agencies involved.

It should be noted that, in 2020, Celesc G hired a company to prepare and issue a dam safety report to corroborate the finding that the dams are in normal operating conditions, showing no significant anomalies that put them at risk.

# 4. ECONOMIC AND FINANCIAL PERFORMANCE

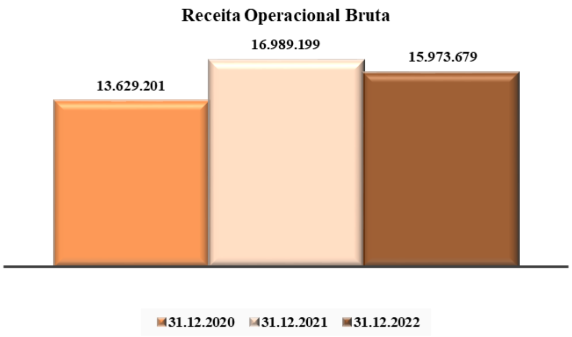
The following table shows the main economic and financial indicators for the year in comparison with the previous year:

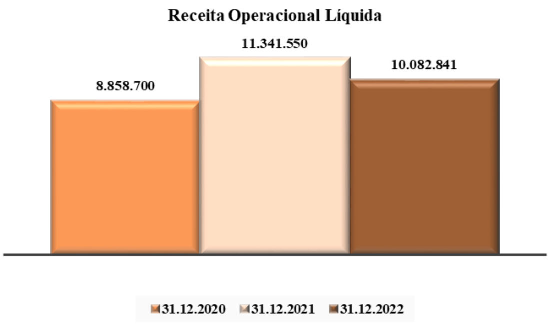
| | | | Consolidated |
|---|---|---|---|
| Economic and Financial Data | December 31 31, 2022 | December 31 December 31 2021 | Variation |
| Gross Operating Income - GOI | 15,973,679 | 16,989,199 | -5.98% |
| Net Operating Income - NOI | 10,082,841 | 11,341,550 | -11.10% |
| Operating Result | 802,347 | 797,370 | 0.62% |
| Adjusted EBITDA | 1,079,945 | 1,043,117 | 3.53% |
| EBITDA | 1,079,429 | 1,043,075 | 3.49% |
| Adjusted EBITDA Margin (EBITDA/NOI) | 10.71% | 9.20% | 1.51 p.p. |
| EBITDA Margin (EBITDA/NOI) | 10.71% | 9.20% | 1.51 p.p. |
| Net Margin (Net Income/NOI) | 5.36% | 4.97% | 0.40 p.p. |
| Financial Result | (82,693) | 24,159 | -442.29% |
| Total Assets | 11,628,067 | 11,958,245 | -2.76% |
| Fixed Assets | 133,865 | 128,813 | 3.92% |
| Shareholders’ Equity | 2,883,176 | 2,621,369 | 9.99% |
| Net Income (Loss) | 540,562 | 563,172 | -4.01% |

### 4.1. Gross Revenue and Net Operating Income

The Gross Operating Revenue (ROB) for the year of 2022, totaled R$16.0 billion, nearly 6% lower than the R$17.0 billion reported in the same period in 2021. Among the factors that led to the decrease we can emphasize the effects of Supplementary Law 194, of June 23, 2022, which limited ICMS rates in the States (this tax is included in electricity billing at the distribution companies). There was also a significant decrease in short-term electricity revenue, due to the drop in the Difference Settlement Price (DSP) at CCEE.

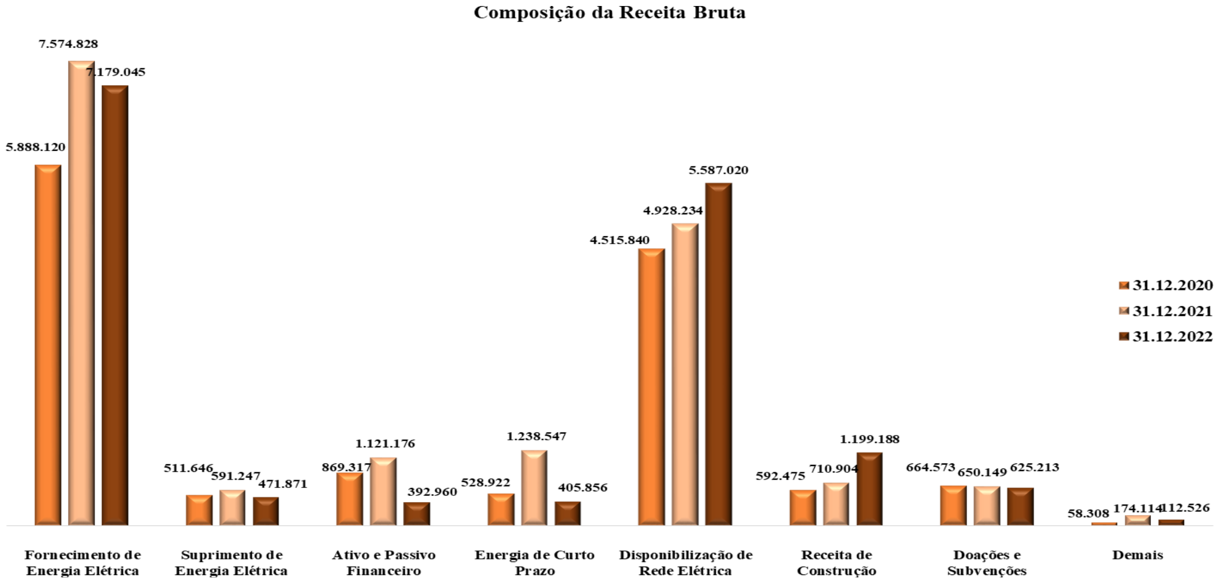
The Net Operational Revenue - NOR presented a reduction of 11.10% in relation to 2021 (R$11.3 billion), closing the year of 2022 at R$10.1 billion. The disproportionality of the reductions between ROB and ROL was due to the nature of the impacted revenue. The effects from the creation of Financial Assets and Liabilities to Portion A (CVA) at Celesc D led to a reduction in ROB in the analyzed periods, without, however, reducing by the same proportion taxes deducted to calculate ROL, given that such revenue is not subject to ICMS. In general, revenue was reduced but the deductions did not follow in the same proportion, leading to poorer performance of ROL compared to ROB. Also as a deduction from the ROB, there is the increase in the CDE quota, according to resolutions published in 2022 by ANEEL.



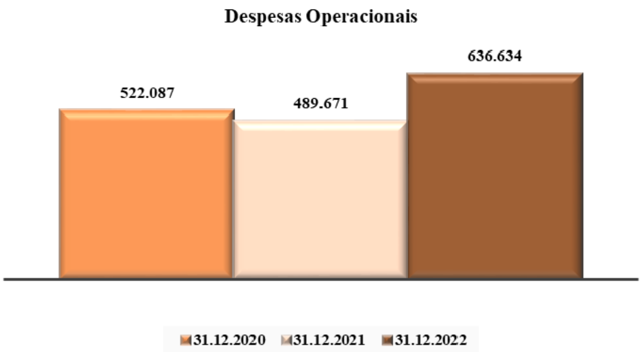

At Celesc D, the poorer performance of ROB was mainly due to the reduction of the positive impacts in the creation of Financial Assets and Liabilities to offset the variation in the costs of portion A (CVA) and the reduction of the ICMS rate, as previously mentioned. The significant increase in revenue from the availability of electricity was mainly due to the application of the average tariff adjustment and higher construction revenue, due to the higher investments made by the Company, which mitigated the reduction but were not sufficient to improve the performance.

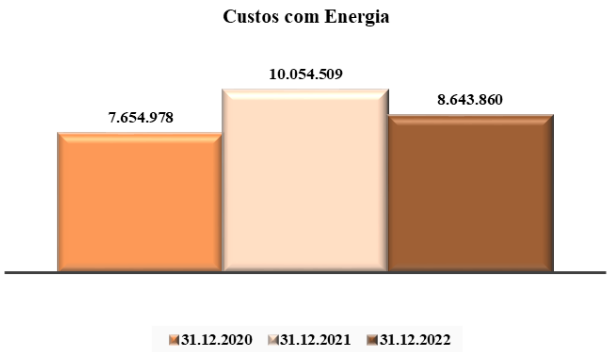
At Celesc G, the most significant effect for the reduction of ROB is related to the recognition of interest and the monetary adjustments of Financial Assets that are recorded in this group. These revenues went from R$143.6 million in 2021 to R$83.8 million in 2022, representing a reduction of 41.6%, approximately. The decrease was because the first-time recognition of the indemnification of the Pery Plant basic project, in August 2021, included the full remuneration and monetary adjustment since the end of the previous concession, in July 2017.




## 4.2. Costs and Expenses

Electricity costs fell by approximately 14.03% YoY in 2022 and 2021, especially the 29.1% downturn in Electricity Purchased for Resale. The reduction is related mainly to the shutdowns of the Thermal Generators, impacting directly on the cost of energy and by the value of the PLD (Settlement Price) in the CCEE being lower than the same period in 2021.




Celesc D's higher YoY operating expenses in 2022 and 2021 were due to the recognition of the actuarial expense, impacted by the rise in the nominal discount rate, which is related to the recognition of current service costs and interest costs on actuarial obligations, as well as the increase of around 4.75% in the company's workforce. Third-party services, especially those related to cleaning and conservation, fuel, surveillance and maintenance of vehicles, notably related to the resumption of activities in the post-pandemic period, also contributed to the increase recorded in the group.

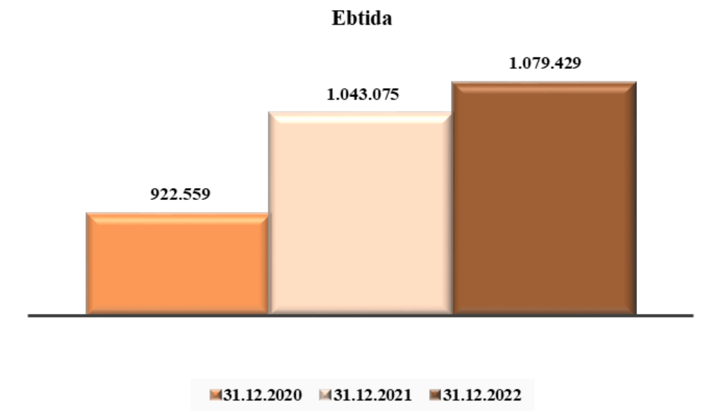
Operating costs and expenses increased by approximately R$21.4 million at Celesc G. The main factor was the reduction in the allowance for doubtful accounts up to the third quarter of 2021, driven by the partial adherence to Law 14,052, of September 8, 2020, which addressed the hydrological risk renegotiation of the plants participating in the Energy Reallocation Mechanism (MRE), except for Hydroelectric Generating Power Plants.

### 4.3. EBITDA

The changes in net income for the year before interest, taxes, financial result and depreciation/amortization - EBITDA is as follows.

| | Consolidated | |
|---|---|---|
| **Reconciliation of EBITDA (R$/thousand)** | **December 31, 2022** | **December 31, 2021** |
| Net Income | 540,562 | 563,172 |
| Current and Deferred Income Tax and Social Contribution | 179,092 | 258,357 |
| Financial Result | 82,693 | (24,159) |
| Depreciation and Amortization | 277,082 | 245,705 |
| **EBITDA** | **1,079,429** | **1,043,075** |
| **Non-recurring effects** | | |
| Impairment Test Provision | 516 | 200 |
| Impairment Test Reversal | - | (158) |
| **(=) EBITDA Adjusted by Non-Recurring Effects** | **1,079,945** | **1,043,117** |

The EBITDA for 2022 was R$1,079.4 million, 3.49% higher than in 2021, which was R$1,043.1 million. The Adjusted EBITDA, which disregards the net effect of the Impairment Test, is 3.53% higher than in 2021.

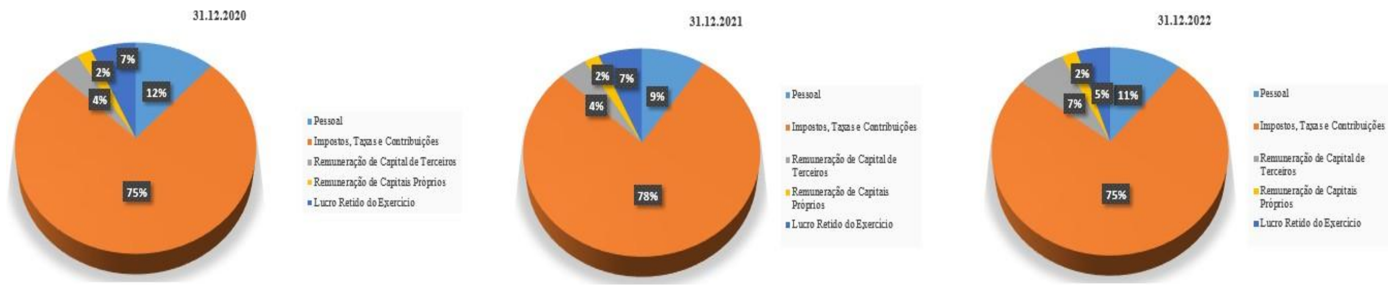



### 4.4. Financial Result

The Financial Result was negative by R$82.7 million in 2022, being lower than the financial result of R$24.2 million recorded in 2021, mainly due to the charges on the debt of Celesc D and Celesc G.

### 4.5. Added Value

The wealth created by the entity and its distribution through Personnel; Taxes, fees and contributions; Remuneration on third-party capital; and Interest on shareholders' equity is as follows.




### 4.6. Economic and Financial Indexes

Some economic and financial indices are shown below.

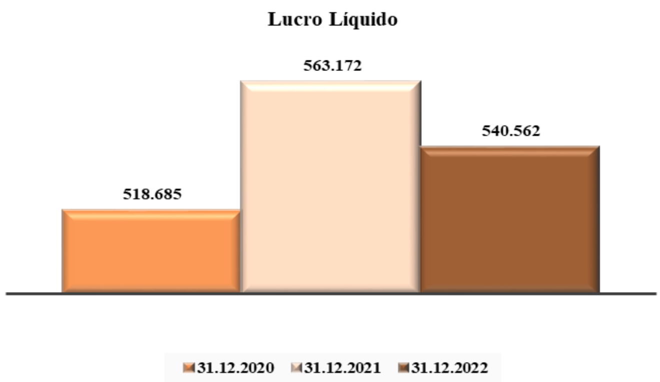
| | | Consolidated | |
|---|---|---|---|
| **Indexes** | **2022** | **2021** | **2020** |
| General Liquidity | 0.78 | 0.82 | 0.76 |
| Current Liquidity | 0.98 | 1.15 | 1.12 |
| Shareholders' Equity Profitability | 19.64% | 24.45% | 30.58% |
| General Indebtedness | 75.21% | 78.08% | 81.40% |

### 4.7. Net Income

Celesc presented, in the year ending December 31, 2022, Net Profit of R$540.6 million, representing a reduction of 4.01% if compared to the year 2021, whose value was R$563.2 million.

The Company presented a significant negative variation in Net Income, due to the results of equity equivalence of its investees, mainly in its subsidiaries.

Celesc G ends the 2022 fiscal year with a lower profit of 31.38%. As said before, the Company had a good result in 2021, coming from the indemnity revenues from the assets that were not fully depreciated from the basic project of the Pery Plant and from the reversal of PECLD on energy sales in the CCEE impacted by the GSF.




### 4.8. Dividend Distribution Policy

The Company and its subsidiaries have a Dividend Distribution Policy, approved by the Board of Directors, in which the Net Profit allocation practices are established, improving the remuneration parameters of its shareholders with maximum transparency, aligned with the best management and market relationship practices.

## 4.9. Investments

| Description | 2022 | | 2021 | | Consolidated Analysis Horizontal |
|---|---|---|---|---|---|
| | R$ thousand | % | R$ thousand | % | |
| **Electricity Distribution** | **1,292,847** | **97.54** | **753,101** | **96.92** | **71.67%** |
| Company Resources | 1,015,798 | - | 622,237 | | - |
| Consumer Financial Share | 277,049 | - | 130,864 | | - |
| **Electricity Generation** | **32,545** | **2.46** | **23,967** | **3.08** | **35.79%** |
| Equity Interests | 18,712 | - | 4,633 | | - |
| Own Generation Park | 13,833 | - | 19,334 | | - |
| **Total** | **1,325,392** | **100.00** | **777,068** | **100.00** | **70.56%** |

### 4.9.1. Celesc D

Of the total invested, the largest portion of R$1,292.8 million was allocated to the expansion and improvement of the system, operational efficiency, and modernization of Celesc D's management. Of this amount, R$1,015.8 million was invested using the Company's funds (R$952.4 in materials and services and R$63.4 in company labor), and R$277.0 million was invested using third-party funds, arising from Consumer Financial Share in Celesc D's works. Consumer Financial Share rules are established in ANEEL Regulatory Resolution 1.000, of December 7, 2021.

### 4.9.2. Celesc G

In 2022, Celesc G's investments totaled R$24.0 million and were earmarked for the expansion, improvement and automation of the plants that make up its own generation park and for investing resources in the companies in which Celesc G has an equity stake. The investments in the park have the objective of expanding the generation capacity, modernizing the plants, reducing the operational costs, giving more reliability to the system's operation, and more security to the physical installations. Together with the SPEs, the investments make the expansion plan of the generation park and the diversification of the business portfolio feasible.

Of the investments made in the company's own generation park in the period from January to December 2022, amounting to R$13.8 million, were disbursed in charges and costs of debentures; assembly and photovoltaic generator 1.0 MW of UFV Lages; in supervision and control panels, voltage regulator, auxiliary services and automation of US Caveiras; in manpower service, maintenance, engineering, and air transport at Piraí Plant; plant automation, grid cleaner, and battery bank at Palmeiras Plant; acquisition of 4×4 double cabin pickups, improvements to the automation system, and identification plates at the Central Administration; electrical executive project, automation, and battery bank at Pery Plant; grid cleaner, civil maintenance service, battery bank, security, and monitoring at Salto Plant; and grid cleaner, battery bank, electrical generator, and mechanical assemblies at Bracinho Plant.

#### 4.9.2.1. Expansion Projects of the Own Fleet Plants

**a) Expansion of Caveiras HGP**

The Caveiras Power Plant, located in the municipality of Lages/SC, has 3.829 MW of installed capacity. In order to expand its installed capacity, in 2019, Celesc G contracted the services to conduct the Hydroelectric Inventory Studies for the Caveiras River, which was forwarded in July 2020 to ANEEL, and was approved on September 28, 2020, through Order 2,752. The study imported the investment of R$203,000.

In 2021, the company contracted the consolidation of the basic project for the expansion, developed by a specialized engineering company, in an investment of R$269,000. This was delivered to the Regulatory Agency in early 2022, and was analyzed and subsequently approved by ANEEL on April 28, 2022, through Order 1,102.

This expansion project includes the deactivation of the generating units 01 and 02, maintenance of the generating units 03 and 04, construction of a new feeder circuit, a new powerhouse, and the installation of two new generating units with power of 3.25 MW each, totaling an expansion of 6.5 MW. The final power of the Caveiras Power Plant will be 9.4MW.

The project is in the process of obtaining environmental licenses from the Environmental Agency of Santa Catarina, IMA-SC, and in the sequence will be able to proceed with the planning and business plan for the implantation of the enterprise.

**b) Salto Weissbach HPP Expansion**

The Salto Weissbach HPP is located in the municipality of Blumenau/SC, on the Itajaí-Açu river, with 6.28 MW of installed power. The expansion project is approved by ANEEL through Order 1,117, dated May 21, 2018. Taking advantage of the same reservoir, the project foresees the construction of a new generation circuit, with a water channel, water intake, and a powerhouse with two new generating units with a power of 11.5 MW each, totaling an increase of 23.0 MW, which added to the power of the four existing units in the current powerhouse, will result in a total power of 29.28 MW.

In the last years, the studies and documents for obtaining the environmental diplomas were processed, and the main goal was reached on June 23, 2022, with the issuing of the Environmental Installation License - LAI 3454/2022 by the Environmental Institute of Santa Catarina - IMA/SC. We are still waiting for the end of the process to issue the water use license, which is regulated by the State Secretariat of Sustainable Economic Development - SDE/SC.

The plant operates under the quota system. Then, the next steps for the authorization for the expansion will be carried out by the Energy Research Company - EPE, which will do the budget evaluation of the enterprise, and by ANEEL, which from the consolidated budget, will define the generation revenue of the expanded plant.

**c) Maruim HGP Reactivation**

The Maruim HGP, owned by Celesc G, located in São José/SC, started operating in 1910, with 600 kW of installed capacity, and, after 62 years of operation, was deactivated in 1972. The powerhouse has an English architecture characteristic of the early 20th century, and was declared a historical, cultural, and natural heritage site in 2005 by the São José Municipal Decree 18,707.

In 2017, Celesc G started the environmental studies to obtain the necessary licenses to enable the reactivation project of the Plant and, in 2018, it promoted the revision and consolidation of the basic project, and this new constructive configuration foresees an installed capacity of 1 MW, using the existing powerhouse and adapting the other civil and electromechanical structures. The energy resulting from the enterprise was sold in the regulated market, through the New Energy Auction 2022/A-4, with a tariff of R$264.99/MWh.

To carry out the project, four different bidding processes were carried out, which were successful during the year 2022. Namely: (1) supervision and execution of environmental programs; (2) supply and installation of turbines, generators, and associated equipment; (3) supply and installation of forced conduit and hydromechanical equipment; and (4) execution of civil works and executive engineering projects that, added together, result in an amount of around R$7.89 million and will be executed during 2023.

**4.9.2.2. Automation Projects of the Generator Park**

**a) Palmeiras HPP Automation**

Started in 2021, the implementation of the new automation system at Palmeiras HPP, as well as other associated improvements, was completed in 2022. The Palmeiras HPP is the second largest of Celesc G's generation park. The investment is around R$4.7 million.

**b) Caveiras HGP Automation**

At the end of 2021, the automation and retrofit project for the Caveiras HGP was also started. The investment is R$3.9 million and was completed in 2022.

**c) Pery HPP Automation**

The Pery HPP consists of two power houses, the first of which was built in 1965. The automation system of this powerhouse had also been in need of replacement, which is why its replacement was contracted. The R$3.6 million project should be concluded in early 2023.

**d) Celso Ramos SHP Automation**

Usina Celso Ramos is made up of two powerhouses, the first of which was also built in 1965. As happened at the Pery HPP, the automation system of this powerhouse had been in need of replacement, which was contracted at the end of 2022 for completion in 2023. The investment is around R$6.0 million.

**4.9.2.3. New Businesses**

**a) Distributed Generation through Solar Farms**

Seeking to diversify its activities in renewable sources, as one of the guidelines of its Master Plan, in 2022, the Company started to operate new businesses in remote distributed generation through solar farms. The company's strategic direction points to the opening of new business models that can increase extra-distribution revenues, including DG, given the segment's growth prospects.

The Distributed Generation Business Plan, approved by the Company in December 2021 and reviewed in late 2022, provides for the implementation of 14.6 MW in photovoltaic solar projects between 2022 and 2023, to be installed in the concession area of the Celesc Group distributor. It is noteworthy that 11 MW are already under implementation, as below:

| Remote UFV GD | Location | Installed Capacity (MW) | Forecast of Entry into Operation | Status |
|---|---|---|---|---|
| UFV Lages I | Lages/SC | 1.00 | Feb.2023 | Under construction |
| UFV Campos Novos | Campos Novos/SC | 1.00 | Apr.2023 | Under construction |
| UFV São José do Cedro | São José do Cedro/SC | 2.00 | Jun.2023 | Service Order Issuance |
| UFV Modelo | Modelo/SC | 2.00 | Jul.2023 | Under hiring |
| UFV Videira | Videira/SC | 1.00 | Dec.2023 | In project |
| UFV Capivari | Capivari de Baixo/SC | 3.00 | Dec.2023 | In project |
| UFV Lages II | Lages/SC | 1.00 | Dec.2023 | In project |
| **Total** | | **11.00** | | |

All the projects are contemplated within the regulatory window provided by Law 14,300/22, which brings the maintenance of the current rules of the energy compensation system until December 31, 2045. This factor makes it possible to achieve greater profitability in the solar farm model practiced by Celesc Geração.

It is also noteworthy that the additional 3.6 MW, approved in the last DG Business Plan review, will be prospected during 2023. This portfolio expansion will also be linked, above all, to the projects fitting into the regulatory window of Law 14,300/22 mentioned above.

#### 4.9.2.4. Partnerships

Investments in SPEs totaled R$18.7 million in 2022, with R$17.6 million invested in EDP Transmissão Aliança and R$1.1 million in Garça Branca Energética S.A.

## 4.10. Economic Environment

### 4.10.1. Financial Market Performance

Celesc continuously follows up and monitors the evolution of the economic situation and the variation of the main indicators such as GDP, inflation, foreign exchange and interest rates and the way these variables influence the electric energy market. The exchange rate, for example, acts directly on the purchase of energy from Itaipu, GDP, and investments in the growth of the energy market. Interest impacts financing and investments (cost of capital), and inflation impacts supplies and PMOO.

The year of 2022 was marked by an improvement in the pandemic picture, making the human and economic consequences less than in previous years.

On the other hand, the main negative point in the international scenario was the outbreak of war in Ukraine in 1Q22, which reinforced the worsening of inflation indicators worldwide. Throughout the year, high and persistent inflation triggered the beginning of monetary tightening cycles in the United States and Europe, with central banks tightening their policies and rising interest rate expectations. Other factors, such as the lockdowns aimed at Covid and the severe crisis in the real estate market in China, have also contributed to the slowdown in the world economy. However, the situation in Brazil was a little different from most countries, because the monetary tightening cycle was started in advance. Thus, the expectations become about when the Central Bank will be able to start reducing the Selic rate.

The Central Bank's Economic Activity Index (IBC-Br), which is considered a preview of the GDP, had a positive result of 4.5% accumulated in 2022, and the Central Bank's projection for domestic activity, already considering the last month of the year, is a growth of 3.1% in 2022. This indicator incorporates information about the level of activity of the three sectors of the economy: industry, commerce, and services.

The Consumer Price Index - IPCA measured by the Brazilian Institute of Geography and Statistics - IBGE, which measures the cost of living for families with an average income of one to forty minimum wages, marked 10.06% in 2022. The General Market Price Index (IGPM), which reflects the evolution of administered and wholesale prices, showed 17.79% as a result of the high exchange rate variation that occurred in the period.

The interest rate measured by the Selic closed the year at 13.75%, as a result of the Central Bank's efforts to contain the advance of inflation. From January to December 2022, in Santa Catarina, the Regional Economic Activity Index of Santa Catarina - IBCr-SC, calculated by the Central Bank of Brazil, registered a growth of 6.4%, a result better than the national average, which advanced 4.6% in the same period.

### 4.10.2. Capital Market Performance

Celesc's updated capital stock, subscribed and paid in on December 31, 2022, is R$2.480 billion, represented by 38,571,591 nominative shares, with no par value, of which 15,527,137 are common shares (40.26%) with voting rights and 23,044,454

preferred shares (59.74%), also nominative, with no voting rights. The Preferred Shares have priority in the receipt of dividends on a minimum 25% non-cumulative basis.

The shareholding structure, in number of shares held by shareholders with more than 5% of any type or class, is as follows:

| Shareholder Base as of December 31, 2022 | | | | | | |
|---|---|---|---|---|---|---|
| **Shareholder** | **Common Stock** | | **Preferred Stock** | | **Total** | |
| | **Amount** | **%** | **Amount** | **%** | **Amount** | **%** |
| Santa Catarina state | 7,791,010 | 50.18 | 191 | 0.00 | 7,791,201 | 20.20 |
| EDP Energias do Brasil S.A. | 5,140,868 | 33.11 | 6,390,720 | 27.73 | 11,531,588 | 29.90 |
| Fundação Celesc de Seguridade Social – CELOS | 1,340,474 | 8.63 | 230,800 | 1.00 | 1,571,274 | 4.07 |
| Geração LPar Fundo de Investimento | 460,600 | 2.97 | 3,149,300 | 13.67 | 3,609,900 | 9.36 |
| Centrais Elétricas Brasileiras – Eletrobras | 4,233 | 0.03 | 4,142,774 | 17.98 | 4,147,007 | 10.75 |
| Alaska Poland FIA | - | - | 3,534,800 | 15.34 | 3,534,800 | 9.16 |
| Other | 789,952 | 5.08 | 5,595,869 | 24.28 | 6,385,821 | 16.56 |
| **Total** | **15,527,137** | **40.26** | **23,044,454** | **59.74** | **38,571,591** | **100.00** |

Foreign investors ended the fourth quarter of 2022 representing 0.59% of Celesc's total capital stock, with a volume of 226,522 shares. The participation of investors by residence is represented in the following table:

| Investors' Equity Interest by Residence | No. of Shares | % |
|---|---|---|
| Foreign Investors | 226,522 | 0.59 |
| National Investors | 38,345,069 | 99.41 |
| **Total** | **38,571,591** | **100.00** |

### 4.10.3. Stock Market Performance

The BOVESPA Index closed 2022 with a positive performance of 4.69%. The Electric Power Sector Index - IEE showed an appreciation of 3.11% in the same period.

Meanwhile, Celesc's Preferred Shares - PN presented a negative performance of 12.22% and the Common Shares - ON also had a negative performance of 9.74%.

The table below shows the final quotations, on December 31, 2022, and the respective percentage variations of Celesc's shares and the main market indicators.

| **Description** | **Closure** | **Variation*** | **Variation*** |
|---|---|---|---|
| | **December 31 2022** | **4th quarter** | **In 12 Months** |
| Celesc Preferred Shares | R$54.59 | -3.21% | -12.22% |
| Celesc Common Shares | R$50.11 | 5.05% | -9.74% |
| IBOVESPA | 109.735 | -0,27% | 4,69% |
| ELECTRICITY INDEX (IEE) | 78,679 | 0.24% | 3.11% |

* Percentage variations with earnings adjustments

The market values of Celesc's shares on December 31, 2022, as shown in the table above, are as follows: R$54.59 for each common share (CLSC3) and R$50.11 for each preferred share (CLSC4).

The shares of the controller, managers and members of the Supervisory Board on December 31, 2022, are represented in the table below:

| **Shareholder** | **Ordinary shares** | | **Preferred shares** | | **Total** | |
|---|---|---|---|---|---|---|
| | **Amount** | **%** | **Amount** | **%** | **Amount** | **%** |
| Parent Company * | 9,229,460 | 59.44 | 234,305 | 1.02 | 9,463,765 | 24.54 |
| Other Shareholders | 6,297,677 | 40.56 | 22,810,149 | 98.98 | 29,107,826 | 75.46 |
| **Total** | **15,527,137** | **100.00** | **23,044,454** | **100.00** | **38,571,591** | **100.00** |

* Santa Catarina State Government, CELOS, CODESC and SCPAR.

## 4.11. Investor Relations

In 2022, Celesc's Investor Relations team maintained the positive agenda of presentations to the capital market by holding public and private meetings with shareholders, investors, market analysts and the specialized press. Meetings were held with analysts and representatives from some of the country's leading investment banks, in addition to three presentations to the Association of Capital Market Investment Analysts and Professionals - APIMEC, held in March, May, and November, by means of videoconferencing.

Celesc's IR website (www.celesc.com.br/ri) makes available for consultation all the documents filed with the regulatory bodies (CVM, B3 and ANEEL), as well as other financial information, earnings releases, operating performance, dividend history, presentations made, agenda and calendar of corporate events, material facts and communications to the market, in addition to sustainability reports in GRI standard, the Company's Social Balance, among other information.

## 5. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Inserted in a very dynamic sector, Celesc's performance is marked by a commitment to quality, continuous improvement and sustainability of all its operations, processes and services provided to society.

### 5.1. Commitment to the Environment

The performance of its subsidiaries, Celesc D and Celesc G, remains committed to the continuous improvement, quality and sustainability of its undertakings, operations, processes and services provided to society.

With regard to the environmental compliance of its undertakings, all substations and distribution lines with voltage equal to or higher than 69 kV go through the rites for obtaining and maintaining (renewing) the pertinent environmental licenses, in close compliance with the environmental legislation in effect. For each new undertaking in the planning stage, environmental studies are prepared, comprising the environmental diagnosis (of the physical, biotic and social environment) of the region where the line and substation will be located, as well as the identification of impacts that may be generated in the project, construction and operation stages, and the respective plans and/or programs to mitigate the negative impacts.

In 2022, all the projects' works had their environmental plans and/or programs implemented and inspected in loco by a hired environmental supervision team, with the objective of guaranteeing compliance with the premises and indicators of the plans/programs and eventual environmental restrictions established in the licensing process.

Aware of global scenarios, the Company has its Climate Change Declaration (2015) and has been preparing the Greenhouse Gas Inventory - GHG, which maps and quantifies the carbon emissions from the activities of Celesc and its subsidiaries Celesc D and Celesc G annually, enabling the preparation of a diagnosis of internal processes (sources and quantities). This diagnosis will be used as a tool for planning and establishing emission reduction and compensation targets in Celesc's Climate Change Management Plan, a document prepared in the year 2021, which will be reviewed during the year 2023, for planning, standardization, and institutionalization of all initiatives related to SDG 13 - Combating Climate Change.

At Celesc, the GHG inventories follow the GHG Protocol methodology and, since 2014, are audited by an external company, obtaining the gold seal in the qualification of the inventories. All inventories are available in the Public Register of Emissions portal.

Also, demonstrating its commitment to the environment and its engagement with the SDGs, Celesc prepared and approved, in 2022, the Conscious Consumption Plan, structured into three specific programs: Sustainable Water Consumption Program, Sustainable Use of Natural Resources Program, and Administrative Waste Recovery Program. The plan established goals for reducing water and material consumption and solid waste management, contemplating a schedule of activities and actions needed to achieve these goals.

### 5.2. Environmental Actions

#### 5.2.1. Celesc D

**a) Solid Waste Management**

In 2022, Celesc D sent for adequate final destination 7,802.8 tons of solid waste, including scrap poles and electric equipment, insulating mineral oil, batteries, used lamps, metal and iron scrap, as well as solids contaminated with mineral oils and other chemical products. The adequate final destination was through recycling or reuse processes (98.7%) and landfill disposal (1.3%).
Celesc has been improving solid waste management initiatives in its activities since the implementation of the National Solid Waste Policy (Law 12.305/2010). In recent years, the company has made significant progress with regard to administrative waste management, especially with the development of the Conscious Consumption Plan and the definition of a specific program for the recovery of administrative waste.

The program for the recovery of administrative waste aims, for the year 2023, to define an indicator and target for "waste reduction" at Celesc's Central Administration building in Florianópolis and to expand the administrative waste management actions to the Regional Offices.

Besides this, Celesc performs the document fragmentation action, based on the guidelines established in the Santa Catarina State Administration Secretary's (SEA) Norms, which deal with the document elimination procedures in the scope of the State Public Power's member agencies. Thus, in 2022, the Company shredded 6,910 kilos of documents, which were donated to the Sul Recicla Association of Recyclable Materials, an entity of low-income collectors located in the Tapera neighborhood, in Florianópolis. The fragmentation aims to eliminate the documents that have already fulfilled their function and no longer have legal or historical value, and serves both the environmental and the social area, doubly benefiting the citizens and the State of Santa Catarina.

**b) Polychlorinated Biphenyl Inventory and Disposal (PCB)**

As planned, in 2022, the last two power transformers contaminated with PCB were removed from operation and sent for environmentally adequate final disposal, namely, located at SE Capinzal and SE Joinville IV, totaling a mass of 106.46 tons of waste. With this, in July 2022, Celesc D concluded the PCB waste management (inventory by census and final destination of the contaminated ones) of the Large Equipment (PGE) that constitute its park.

The table below shows the results of the PCB inventory in EGP:

| EGP Equipment Type (above 2,500L) | Quantity of the Company's Equipment | Number of Analyzed Equipment | Number of Equipment with PCB contents ≥ 50 mg/kg | Total Mass of Equipment with PCB contents ≥ 50 mg/kg |
|---|---|---|---|---|
| Substation power/power transformers | 379 | 379 | 13 | 241,424 |

Regarding Small Equipment (EPP), in April 2022, the MME/MMA Interministerial Ordinance 107 was published, which disciplines the controlled elimination of PCB, approves the PCB Management Manual for electric equipment and implements the PCB National Inventory system. With this, the released Manual validated the use of the statistical method for inventory purposes of the EPPs, and also defined the minimum subpopulations that should make up the sampling.

Thus, based on the recommended instructions, the inventory continued, which reached 72% of Celesc D's EPPs in 2022 and will continue to be executed in 2023, with completion expected by mid 2024, because, during the work of the working group it was identified that for some types of equipment and subpopulations (circuit breakers, switches, reclosers, regulators and underground transformers) it will be necessary to plan carefully for the collection of oil samples (for PCB content analysis purposes), because they are in full operation in the network or substations and there may be the need for partial shutdown of some systems to perform the collections.

As for the environmentally appropriate final disposal of PCB-contaminated EPPs, in 2022, there were 222.2 tons of waste. Finally, considering all the disposed mass, PGE and EPP, we arrive at a total of 325.5 tons in 2022.

**c) Climate Change**

Since 2012, Celesc has been carrying out its GHG Emission Inventories in a complete way, considering the 3 scopes. And from 2014, inventories began to be verified by Verification Bodies (OVV), duly accredited by the National Institute of Metrology, Quality and Technology (Inmetro), thus receiving the Gold Seal of the GHG Protocol Program. All of Celesc's emission inventories can be consulted in the Public Emissions Registry.

In 2022, the inventory of greenhouse gas emissions for the year 2021 was carried out. Celesc's greenhouse gas emissions in 2021 totaled 220,403.622 tons of $CO_2$ equivalent, demonstrating a significant increase compared to the previous year, due to the resumption of activities that were subject to restrictions imposed by the coronavirus pandemic.

Considering the impacts and effects of climate change, such as the increase in the frequency and intensity of extreme events, such as storms, floods, floods, droughts, among others, Celesc is committed to resuming the planning of activities and actions to face the climate issue . In 2021, the Climate Change Management Plan was drawn up with a diagnosis of the actions that are already carried out operationally by the company. In 2022, due to the complete resumption of all activities that still had some type of restriction due to the pandemic, as well as the carrying out of several works to expand the electric power system, an increase in emissions of GHG.

Still with regard to actions to face climate change, considering Celesc G's own generating park, composed 100% of clean source matrix (hydroelectric and solar), Celesc carried out, during the year 2022, a feasibility study to start the issuance of renewable energy certificates (i-recs), both to increase the portfolio of products/services and for self-consumption, that is, to offset own emissions.

Regarding the initiatives developed during 2022, which contribute to the reduction of emissions, the following deserve mention: the Unproductive Travel Reduction Program, which aims to optimize emergency response, helping to reduce Scope 1 emissions; the performance of the Internal Commission for Energy Conservation – CICE, which works to raise awareness among employees to reduce energy consumption, aiming at reducing Scope 2; the Araranguá Project, started in 2021 and completed in 2022, in which 99% of the municipality's consumer units were equipped with smart meters, in addition to replacing 1,300 distribution transformers, with a total investment of around 23 million reais. This pilot project brought gains in several areas of the Company, from the reduction of DEC/FEC indicators, to reductions in GHG emissions in all scopes and, for this reason, it was expanded to cover the municipality of Florianópolis, with a coverage of 267 thousand consumer units and about 6 thousand distribution transformers in the year 2023.

Finally, it is worth mentioning the energy efficiency, R&D and innovation projects, which aim to reduce energy consumption by society and develop new technologies in the area of the electricity sector. As a highlight, the project developed in partnership with the CERTI Foundation for the installation of charging points for electric vehicles and plug-in hybrids in strategic locations along the main highways and within some municipalities of Santa Catarina. This project, together with the expansion of forms of service through digital channels (website, app, whastapp, callcenter, etc.), despite not having a direct result in Celesc's emissions inventory, represent the company's commitment to reduction of emissions, through low carbon offers for society.

This project, together with the expansion of forms of service through digital channels (website, app, whastapp, callcenter, etc.), despite not having a direct result in Celesc's emissions inventory, represent the company's commitment to reduction of emissions, through low carbon offers for society. This result is the result of a gradual evolution that has been taking place in the reporting of climate change management, through a more in-depth, detailed and articulated approach to other strategic and planning documents of the Company, which assertively demonstrated the level of commitment of Celesc in relation to climate risks and actions for adaptation and resilience of the electrical system that are triggered from this perspective.

**d) Environmental Risk Management**

In 2020, Celesc updated the mapping of its main environmental risks. Based on this planning, Celesc D has been acting to reduce or eliminate each of the listed environmental risks. Celesc D has 16 Regional Offices in all regions of the State of Santa Catarina. In 2021, fifteen structures were installed to store transformers removed from the electricity distribution network in eight Regional Offices in the State, aiming at mitigating environmental risks. Continuing and, as planned, in 2022 six more structures were built in six other Celesc D.

In line with its Socio-environmental Responsibility Policy, Celesc works to prevent and mitigate environmental impacts and, in 2022, carried out six services related to incidents involving oil spills. In 100% of the cases, assistance was given quickly, within the contractual limits of service deadlines.

**e) Biodiversity protection**

The Program for the Protection of Birds on the Network (PPAR) aims to harmonize the distribution of electricity and the nesting of birds, such as the Barnail (Furnarius rufus). The PPAR takes place annually and consists of the removal of inactive nests of john-de-drums that are at risk and the subsequent installation of distancing devices, which “inhibit” the construction of nests in the most dangerous points of the distribution networks, avoiding possible accidents.

In 2022, 10,125 nests at risk were removed (compared to 9,023 in 2021) and 28,953 spacers were installed in Celesc D's distribution networks (compared to 18,146 in 2021). The action was carried out between May and August, meeting the requirements of the Environmental Authorization (AuA 3296/2020) issued by IMA/SC.

**5.2.2. Celesc G**

**a) Solid Waste Management**

In 2022, Celesc G sent 57.13 tons of waste to an appropriate final destination, including lubricating oils, cells and batteries, fluorescent and mixed-light lamps, ferrous scrap, contaminated solids, sludge from septic tanks and other recyclables (wood, paper and plastics).

Appropriate final disposal was carried out through recycling processes, disposal in landfills, re-refining and effluent treatment. Celesc G has also already carried out the elimination of insulating mineral oils with a PCB (Ascarel) content greater than 50 parts per million/ppm in the transformers associated with the substations of the plants.

**b) Maintenance of the Estação Ecológica Station**

This conservation unit was established by State Decree nº 22,768/1984, which authorized the creation by Celesc G of this Ecological Station, constituted by the accumulation basin of the Bracinho and Piraí Plants, in the municipalities of Schroeder and Joinville. It covers an area of 4,780 hectares, preserving an important part of the Atlantic Rain Forest present in Serra do Mar.

Celesc G and IMA/SC signed a Memorandum of Intent aimed at creating the Bracinho Conservation Unit (UC), covering the municipalities of Schroeder and Joinville, with the establishment of a technical team from both institutions that coordinates and monitors the processes necessary for the implementation of the UC. In 2022, the land title regularization phase of each land was finalized. At the moment, the company is working on the unification of these properties in order to fit the category of the unit, as well as defining the appropriate management for the area, according to the priority uses.

Additionally, the company evaluates the technical viability of formalizing other protected sites in its own territorial spaces endowed with relevant natural characteristics, in order to provide benefits for the conservation and sustainable use of the biodiversity of these sites. Among these places, the surroundings of the so-called Salto Weissbach, linked to the Salto Plant in Blumenau/SC, are included. In this location, the company's land provides for the in situ conservation of different rheophyte species endemic to the Itajaí-Açu River that are threatened with extinction.

**c) Water Use Grants**

Hydroelectric developments are subject to grants by the Government, which ensures the effective exercise of rights of access to water. Celesc G has the water use permit for all 12 hydroelectric power plants, in addition to preventive grants linked to the expansion projects at the Salto Weissbach Plant and the reactivation of the Maruim Plant.

Also aware of the importance of its participation in the integration of water resources management with environmental management, Celesc G participates and supports the actions developed by the River Basin Committees, linked to the maintenance and improvement of the quality and quantity of water in its hydroelectric projects.

**d) Hydrological Monitoring**

For the purposes of complying with ANA/ANEEL Joint Resolution No. 003, of August 10, 2010, the company maintains 18 telemetric hydrological monitoring stations in operation, distributed in five hydrographic regions in the State of Santa Catarina. These stations also provide redundancy support to the Generation Operations Center, including in situations of critical hydrological events.

**e) Environmental monitoring**

In 2022, Celesc G proceeded with the execution of the conditions for the environmental licensing of the company's generator park through the development of 120 environmental programs, distributed in different themes, such as disposal of liquid effluents and solid waste, monitoring of surface and groundwater, survey and conservation of terrestrial fauna, ichthyofauna and aquatic macroinvertebrates, aquatic macrophytes, hydro-sedimentological, recovery of degraded areas, maintenance of ecological flows, environmental education and social communication.

**f) Land Management**

In 2022, several activities continued to meet the land regularization project, among them: meeting the requirements of the registry offices for areas rectification, tax regularization of properties with the Federal Revenue of Brazil - RFB and the National Institute of Colonization and Agrarian Reform – INCRA, valuation of properties, registration of plant frontiers, topographical and topobathymetric surveys, land inspections and certification of properties with INCRA. Administrative rectifications of the land limits of the Caveiras, Garcia, Maruim, Pirai and Bracinho plants were also finalized, totaling approximately 5,600 hectares of regularized areas with a tax value of R$ 142.0 million.

**g) Flora Conservation**

In November 2022, the company began ex situ conservation actions for endangered endemic rheophyte species of the Itajaí-Açu River present in the area of the Salto Power Plant in Blumenau/SC. The species include the Espinho-cutiá, Pitanga-anã, Arapabaca and the bromeliad Dyckia brevifolia Baker. The actions involve the elaboration of a management plan aiming to promote the conservation and population recovery of these plant species, also including the construction of a nursery for the production of seedlings, maintenance of ex situ collections, formation of minimum viable populations, studies of genetic variability and environmental education activities in the community.

**h) Fauna Conservation**

As a way of subsidizing and protecting the endangered fauna species registered in the surroundings of the Celso Ramos Mill, the company maintains a plan of priority actions, in order to guarantee the maintenance and conservation of the species in these environments. Among the protected species are the Cinnamon-faced Woodpecker, Bay Lion, Margay and Glass Frog.

**i) Restoration of Aquatic Environments**

In the year 2022, Celesc G continued with the approval activities with the environmental agency aiming at the recovery of the aquatic environments inserted in the reservoirs of the Bracinho, Palmeiras, Celso Ramos and Ivo Silveira plants. The activities involve the survey and monitoring of the associated aquatic fauna and flora, as well as the removal of excess sediments to improve the bottom substrate, the complexity of the environments, the quality of the backwaters, the protection of ravines and vegetation cover on the banks of these sites.

**j) Integrated Management System (Quality, Environment and Occupational Safety)**

Finally, in view of the advances identified, the company continued, in 2022, with the implementation of the Integrated Management System at the Garcia Hydroelectric Power Plant, in the municipality of Angelina/SC, comprising the environmental processes (ABNT NBR ISO 14001:2015), quality (ABNT NBR ISO 9001:2015) and occupational health and safety (ISO 45001:2018). Currently, the development of the system is in the external audit phase.

For the other projects, the system is expected to be developed throughout the year 2023.

**5.3. Commitment to Society**

The Company's social commitment is also supported by its Strategic Planning, its Social Responsibility Policy and its various Energy Efficiency programs - EE, Research & Development - R&D and its Declaration of Climate Change, in which it establishes actions to promote sustainability throughout the production chain. The promotion of the efficient use of electricity, the diversification of the energy matrix with renewable sources and the reduction in the emission of greenhouse gases and polluting waste, for example, are among the commitments signed.

In the search for innovations to overcome technological and market challenges in the area of electric energy, Celesc D's R&D Program has predominantly invested in its main focus: the distribution of electric energy. The good performance in the area is the result of a policy aimed at developing projects that seek to add value to corporate businesses, focusing on more operational efficiency and leveraging these projects within the innovation chain of the Electricity Sector.

In 2022, Celesc D invested around R$10.3 million in R&D, aiming at the continuity of projects in the areas of Electric Mobility, Robotics, Substation, Wind Generation, Market, Regulation, Environment, New Materials, among others. Of particular note in the year was the conclusion of the RV Celesc Studio, which uses virtual reality technology to train technical professionals, engineers and electricians to work in the electrical system. This topic is aligned with safety at work and Celesc's commitment to the Zero Accident Program.

Electric mobility has also been highlighted at Celesc D, with the completion of the second stage of the Eletroposto Celesc Project, with 34 vehicle charging stations installed from North to South, via BR 101, and East to West, via BR 282. Still on the subject, it should be mentioned the ConverTE Project, which aims to insert electric vehicles in public bodies through the conversion of combustion vehicles to electric. In this sense, partnerships were formed with the Legislative Assembly of SC and with the Court of Justice in 2022 to encourage the use of these vehicles and, in this way, contribute to the environment and the economy.

In the Energy Efficiency Program - EE, investments were R$27.2 million, in the year 2022, in programs aimed at reducing energy consumption at Celesc D's consumer units, including Public Lighting, hospitals, APAEs, universities, industries, public buildings and also low-income residential consumers. The projects in public lighting systems stand out, an initiative in which the municipalities of Bocaina do Sul, Campo Belo do Sul, Capão Alto, Panel, Palmeira, Ponte Alta, Rio Rufino, Urubici and Urupema participate.

Another project of great value to society is the “Hospitais Filantrópicos 3” project, which started in 2022 and will benefit seven philanthropic hospitals in Santa Catarina. With investments of more than R$7.8 million, the actions will cover the exchange of inefficient equipment for new ones, as well as the installation of photovoltaic generation. Four hospitals managed by the Instituto Santé participate in this initiative, namely: Dionísio Cerqueira, Itapiranga, Guaramirim and São Miguel do Oeste, in addition to Marieta Konder Bornhausen Hospital, in Itajaí and São Camilo Hospital in Imbituba. These projects were selected in the Public Call. Since 2012, Celesc has already benefited 67 hospitals with actions to reduce energy consumption.

Through a public call to finance projects with tax incentives, Celesc D contributed R$954.94 thousand in cultural projects and R$223.24 thousand in sports projects, adding up to an investment of more than R$1.17 million for the development cultural and sporting events in Santa Catarina.

Celesc D closed the year with a transfer of R$478 thousand to the Childhood and Adolescence Fund (FIA) and the Elderly Fund (FEI), totaling around R$239 thousand each. Forwarded directly to the Funds, which are managed by the State Secretariat for Social Development, these resources enable, through the State Councils, numerous support, protection and guidance activities for their target audiences.

The new 2022/2024 cycle of Celesc's Young Apprentice Program started with a 25% increase in the number of vacancies. With 203 young apprentices distributed by sectors of the Company, R$2.36 million were invested in the Program in 2022 alone. With a professional nature, the Program enables the experience of the first job and the insertion in the job market for young people. At Celesc, this opportunity is offered primarily to young people living in nursing homes and/or in situations of social vulnerability. In addition to professional work, young people receive, throughout the cycle, opportunities for professional and personal development through courses and market training. By providing this chance of a first job, Celesc promotes conditions for the development of young people, preparing them for work and highlighting the importance not only of behavioral factors, but of insertion in the corporate environment as a fundamental experience for the beginning of a solid career.

Celesc D held lectures on electricity and safety at schools in Santa Catarina between March and April, with the intention of showing students curiosities about the electrical system, warning about precautions to avoid accidents and encouraging the conscious use of energy. The activities took place in at least 12 cities in the State for an estimated audience of 950 participants and involved the Company's electricians, instructors and technicians. In partnership with the Brazilian Association for Awareness of the Dangers of Electricity – Abracopel, Celesc held the National Drawing, Writing and Video Contest on Safe Electricity in SC schools.

The actions carried out by the Celesc Solidária Program, such as the Campaign “We have many families in need of Our Energy”, an initiative against food insecurity, once again called on the staff to donate non-perishable food in the period between May and June. In total, more than five tons of food were collected. The campaign is a result of Celesc's commitment to the Sustainable Development Goals (SDGs), in particular, Goal 2 – Zero Hunger. Another action of the Program was Christmas Solidarity – a tradition that completed 17 years in 2022, which served more than 500 children in socially vulnerable situations with toys and school kits.

The Diversity and Inclusion Program – D&I is committed to valuing diversity and promoting inclusion, with the aim of boosting human development, in addition to generating engagement, creativity and innovation to the business through actions based on the Diversity and Inclusion Policy, structured with a Committee that acts with the purpose of promoting gender diversity and inclusion in the Company. Since its implementation in 2020, the Program has been developed through a strategic plan with a series of actions that recommend initiatives to support and retain women at Celesc. Of the 33 proposed actions, the following stand out: unconscious bias training for senior leadership, signing of the UN Women's Empowerment Principles (WEPs), training for employees, training multipliers of inclusive culture (Work Group), structured agenda for disclosing D&I topics, disclosing and highlighting inclusive attitudes in the Company, D&I dashboard for managing metrics, continuous performance assessment, reporting channel, paternity leave with follow-up and sharing of positive experiences and campaigns to deconstruct prejudiced phrases.

**5.4. Company Social Responsibility Actions**

Celesc receives recognition from social, cultural and sports institutions for its voluntary contribution to various projects. Among the recognitions, some stand out. From Joinville comes recognition as a “Friend of the Bolshoi” company, for its sponsorship of the Bolshoi Ballet School via the Federal Law for Cultural Incentives. The Guga Kuerten Institute, which operates in socially vulnerable communities in Greater Florianópolis, also paid tribute to Celesc and the Institute's partners for sponsorships via the Tax Incentive Law. From Lar São Vicente de Paulo – IDES, thanks are due for the institution's participation in Solidarity Christmas, considering that the children assisted by the institution participated in the Christmas party and received gifts donated by Celesc employees. Other institutions recognize Celesc for supporting relevant causes: the ABRINQ Foundation recognizes Celesc as a “Child Friendly Company”, for the commitments assumed in the defense of the rights of children and adolescents; Childhood Brasil, through the “Na Mão Certa” program, recognizes Celesc for its commitment and action in the protection of children and adolescents against sexual exploitation.

The Company also received Social Responsibility recognition from the Legislative Assembly of the State of Santa Catarina (Alesc), which identifies the practice of socio-environmental actions and considers requirements such as transparency in institutional relations, commitment to the well-being of Santa Catarina society and environmental preservation of Santa Catarina, aspects valued by Celesc in its programs in this area.

It was also recognized with the certification of Citizen Company by the Novos Caminhos Program, an initiative of the State Coordination of Childhood and Youth (CEIJ), of the Court of Justice of Santa Catarina, together with the Association of Magistrates of Santa Catarina (AMC) and with the Federation das Indústrias do Estado de Santa Catarina (FIESC), whose purpose is to contribute to the construction of the autonomy of adolescents, aged over 14, who are undergoing or have undergone a sheltering measure, aiming to provide them with the perspective of a life with quality and dignity. This work is carried out by the Young Apprentice Program, which allows young people to experience their first job and enter the job market, an opportunity offered primarily to young people living in residential homes and/or in situations of social vulnerability.

The Company was honored for the cultural support given to the 11th Florianópolis Dance Festival & Prize through sponsorship via the Tax Incentive Law. The event receives, annually, hundreds of dance groups from Brazil and South America, which compete for various cash prizes, scholarships and experiences in congresses of high artistic relevance and international notoriety.

Celesc was a finalist in the 1st Friend of the Lion Award, an initiative by the Brazilian Association of Fundraisers (ABCR), a center in Santa Catarina, to recognize those who contribute to fundraising for Childhood and Adolescence funds (FIA) and funds of the Elderly with the allocation of Income Tax.

### 5.5. Commitment to Employees

Promoting safety and being responsible and ethical in dealing with people are among the main corporate values of the Celesc Group. In this sense, several programs and projects are developed in the People Management area, with the aim of making the Celesc of tomorrow better than the Celesc of today. Among such programs, the following stand out: the commitment to the development and motivation of people; promoting inclusion and valuing diversity; promotion of a meritocratic environment and a culture of occupational safety, health and well-being.

The "Way of Being Celesc" is the best representation of this commitment, as it brings together the essential skills expected of our people. Associated with the performance management program, these guides propose to develop the workforce through continuous monitoring of their leaders.


In this sense, the guidelines and decisions taken aim at building a work environment in which people feel happy and committed to delivering results. The tool used to monitor and seek improvements in this area is the Pulse Climate Survey. Through this mechanism, managers have access to continuous and relevant information about their teams, such as: feelings about their leadership, feedback and recognition, and health and well-being. In this survey, the climate is evaluated based on a total of 12 aspects: in addition to those already mentioned, alignment with the company, professional development, justice, ambassadorship, happiness, career, structure, innovation and interpersonal relationships are also monitored.

Still regarding the organizational climate, it is worth noting the excellent score achieved by Celesc in terms of ambassadorship, which demonstrates how proud and engaged employees feel for their work and the company's image. In addition, Celesc's leadership practices were also highlighted at the Pulses Awards 2022, an event designed to share the actions of companies considered a reference in the subject. Practices such as the selection process for managers and the creation of the Business Partner area, an internal people management consultancy focused on developing leadership to align the Company's strategies and the activities of the Departments and Regional Offices, stand out here.

Another item worth mentioning is the sharing of information within the Company, which is largely favored by the existence of several internal communication channels. Through the Intranet (CELNET), every employee also has access to normative instructions, relevant news and company guidelines. The Employee Portal is yet another interaction channel that provides employees with relevant information about their careers and benefits. In addition, the Management Portal, recently launched, was another achievement that aims to connect managers, concentrating important guidance on leadership, feedback and important tools for managers' daily lives. Thus, the transformation of tacit knowledge into explicit knowledge is constantly improved, always aiming to disseminate knowledge and good practices and the breadth of disclosure of facts of interest to the internal public.

The participation of employees in the management of the Company is guaranteed in the Board of Directors and in the Executive Board, with representatives elected by direct vote. Likewise, the Management and Results Committees are set up, which formulate and monitor the Performance Agreements for each area, which are contracts signed with the Executive Board to achieve results. Another highlight is participatory management, with decisions taken after studies in Working Groups – GTs, Commissions and Committees, always relying on multidisciplinary teams.

Celesc encourages and promotes healthy relationships between colleagues and leaders. Respect for people is a priority commitment, which must be maintained in relationships and is documented in the Code of Ethical Conduct, Consequence Policy and Anti-Corruption Policy. To encourage knowledge and adherence to these fundamentals, Celesc promotes specific and mandatory training for all employees.

A good environment to work in is also achieved by offering benefits to people. With that in mind, special licenses (such as an extension of maternity and paternity leave, granted for being a citizen company) and other advantages (such as daycare and nanny aid, postgraduate aid, student aid, food stamps, health and dental) go beyond what is provided for in the Consolidation of Labor Laws - CLT and are essential to cultivate a positive work environment.

The search for valuing the potential of its employees is also materialized through human development actions. The organizational processes, which add value to consumers, are supported by the competence and commitment of the Company's employees. Thus, generating value for the population is one of the guidelines of the Training and Development Policy. Such regulations are managed and improved annually by a highly qualified internal team. Development solutions related to business processes are prioritized by the Policy management area.

In this way, the training of new electricians, the largest number of Celesc D personnel, is planned and carried out by internal instructors, that is, professionals who stand out in their activities and share their knowledge with those who are entering the career. Our way of doing things is our core competence and competitive advantage. In addition to so many other training courses, the Company offers training to improve its workforce, whether in more operational activities, with process updates, or in more strategic areas that need to develop critical skills for the organization.

In recent years, Celesc has relied on partners to develop all of the Company's leaders. These leaders were trained in topics such as feedback, conflict resolution, situational leadership, communication and other trends. Through partnerships, the Team Development Plan was also implemented, which provided workers with moments to develop communication skills, relationships and focus on results.

Thinking about the modernization of processes and the development of our people, Celesc also created the Celesc Ágil Project, whose objective is to train managers and their teams through meetings and workshops, focusing on learning and using Agile Methodologies, a new way of working that optimizes results and improves deliveries, both for internal and external customers.

Celesc believes in the importance of valuing people and promoting a meritocratic environment, which values the efforts of each person and helps reinforce people's boldness to promote changes, make decisions and innovate. Recognition of this commitment by Celesc to its employees was recently attested with the Great Place to Work – GPTW (Best Companies to Work) certification, issued in June 2022.

The research that culminated in the Certification was applied at Celesc from June 1st to 15th, 2022, with the participation of 1,186 employees, and aimed to understand the organizational culture and evaluate management practices, in order to enable the improvement of the our work environment, by pointing out the positive points and those that can be improved.

### 5.6. Workplace Health and Safety

#### 5.6.1. Celesc Safety Actions 2022

The nature and complexity of the business that Celesc performs requires human intervention in the Electric Power System, which entails risks of electrical origin, falls from heights, among others, which end up exposing its workforce to various risks. Several control measures try to mitigate these risks through various actions, among which the following stand out:

- Training carried out with own and third-party teams;
- Development of appropriate working techniques;
- Specific and dedicated security procedures;
- Internal regulations governing processes and procedures;
- Analysis and selection of PPE and EPCs for employees;
- Contractual requirements with its service providers;
- Specific safety actions through the Annual Work Plan (PTA);
- Monitoring of safety indicators with the workforce;
- Critical analysis of events, treatment and validation of actions by the Safety Committees;
- Permanent supervision of teams in the field;
- Promotion of actions to raise the awareness of the workforce on the subject of Safety.


In this context, there is an extremely important component in the set of actions to improve the level of work safety, that is, the correct attitude of workers, which is the result of their behavioral posture. This posture is manifested, for example, by the practice of the correct technique transmitted in the various training courses given by the company, or even by the correct use of the protective equipment provided by Celesc.

#### 5.6.2. Occupational Health and Safety Policy

Celesc is permanently committed to improving working conditions and minimizing occupational risks, with a view to establishing a safe and healthy environment for workers and strengthening the integration of a safety culture into business strategies. This concept is expressed in the Master Plan and unfolded in the Strategic Map, Management Contract, Occupational Health and Safety Policy, Internal Norms and Normative Instructions, in addition to actions and health and safety programs developed in the company.

In Celesc's strategic premises of its Celesc Master Plan (2025-2035), the values, which represent what the company believes in, reinforce the issue of safety, highlighting respect for life, accident prevention and safety as everyone's duty. promotion of good security practices.

From the perspective of Organization and People, the strategic objective of promoting a culture of safety at work, health and well-being stands out. With this objective, it is intended to guarantee a safe work environment, valuing the health and well-being of all employees, in order to generate a feeling of trust in the teams and honor the company's values and principles. In addition, efforts are also made to guarantee all necessary equipment, monitor compliance with safety standards and promote commitment to the topic.

Celesc D's Occupational Health and Safety Policy, which represents Celesc's highest intention regarding this issue, regulates that the practice of occupational safety and health will be considered inherent to any services performed, in which all work must be protected by the essential safety measures, with a view to eliminating dangers and reducing risks. Neither the urgency, nor the importance, nor the alleged unavailability of means or resources, nor any other reasons can be invoked to justify the lack of security.

#### 5.6.2.1. Celesc Segura Program

The Celesc Segura Program covers, among others, the concepts of Safety Diagnosis, Safety Plan, Annual Work Plan (PTA), indicating procedures and responsibilities. In this sense, one of the actions that mobilized the most people was the PTA, which included objectives and goals for all company managers, including Directors, based on proactive actions with their subordinates. As a result, more than 5,000 Safety Dialogues (DDS) by teams, almost 2,000 inspections by managers, around 84 meetings with registered contractors, totaling 9,380 actions registered with the Department of Safety, Health and Well-Being. With regard to the promoted safety dialogues, 41,000 attendance or participation records were reached, placing the safety issue in the employees' routine.

In addition to the Celesc Segura Program, Celesc annually promotes a series of actions aimed at promoting Occupational Health and Safety:

- Internal Week for the Prevention of Accidents at Work (SIPAT) Integrated: promotion of a 5-day event together with the CIPAs (Internal Commissions for the Prevention of Accidents) with the objective of promoting employee awareness on issues related to safety at work and health through lectures, artistic or creative interventions, workshops, training, involving all the company's units simultaneously.
- Occupational Health and Safety Events and Campaigns: campaigns promoted by the company with specific themes, among which it is possible to highlight lectures on mental health, nutritional assistance in partnership with the Federal University of Santa Catarina (UFSC), awareness actions on Collective Protection with vehicle adhesive interventions, awareness action on the importance of Individual Protection Equipment in measurement activities.
- Occupational Safety Seminar: full-day event with presentation of PTA 2023 results, updates on the Cultural Transformation Project, new methodology for analyzing accidents and safety in energy generation.
- Rules that Save Lives: there are ten points of attention in work safety in Celesc's operations. The tool was designed based on the history of accidents that occurred in the company and aims to draw attention to behaviors and attitudes that can prevent accidents and save lives. “It's the way of being Celesc” also in work safety.
- Promotion of the “Safety Circle”: indicates the step by step of Safe Work in the SEP (Electric Power System) in de-energized services. The tool seeks to provide the employee with the performance of the work in a safe way.

Celesc's commitment to protecting the health and safety of its workers, whether its employees or hired workers, is also expressed in its personnel training and development policy. Included in this policy are the elaboration, planning and execution of training and recycling of all Celesc workers with a focus on the prevention of accidents at work.

With regard to the availability of Personal Protective Equipment (PPE) and Collective Protection Equipment (CPE), the Occupational Safety area operates in the technical specification of these materials, which technically details the characteristics and norms/reports that the material must meet, seeking adequate protection. In addition, it operates in the technical evaluation stage of the items being purchased, in identifying problems that may arise during use, in the development of new materials and suppliers and in adapting the items to the emergence and modifications of current laws and regulations.

This process provides materials with a high technical performance standard, both in the specification and in the receiving tests, to ensure their quality. All of this so that employees are provided with adequate equipment for controlled exposure to the risk of each work situation.

In 2022, Celesc began the implementation, through specialized consultancy, of a process of behavioral change and development in safety, acting on Celesc's entire business chain, promoting a diagnosis and measurement of the workforce in its entire staff hierarchical, in order to seek subsidies and promote actions that produce impactful results in the reduction of accidents, generating opportunities for improvement that may be identified in the initial diagnosis and that are focused on addressing systemic issues, transforming the safety culture of the workforce of the Celesc. The Transformation Project

Cultural DuPont Sustainable Solutions (DSS), was introduced to the entire Company workforce in April 2022. Next, an extensive diagnosis was carried out with employees to assess the level of maturity of the Culture in Safety. The results were presented in workshops for the Board of Directors, Managers and Security Professionals during the months of June and July. The first training provided for in the project was also carried out with managers and employees, in addition to the creation and operation of safety committees, which cover each region of the State of Santa Catarina.

The decentralized committees have the purpose of developing security governance. Its main activities involve the monitoring and validation of indicators, the critical analysis of events that have occurred, future planning in safety and deliberations on resources and preventive actions in the area. Coordinated by regional managers, the committees promote improvements and good practices in safety and health at work.

Still within the scope of the Cultural Transformation Project, in the governance pillar, the Program for the Development of Effective Leaders in Safety was started, which involves workshops and individual and collective coaching sessions, reaching 170 managers by the end of 2022. The approach used is recommended by the consultancy DSS, specialized in Safety Management and Occupational Risks and is based on safety management methodologies and theoretical references in neuroscience, behavioral and cognitive science.

In this context, and considering the legal aspects related to compliance with Regulatory Norms (NRs), the Occupational Safety area operates in all sectors, people and organizational processes of the Company, citing as an example specific safety activities (inspections, formulation and monitoring of safety indicators, analysis of accidents and safety deviations, management of CIPAs, issuance of reports, specification of Protective Equipment, compliance with legislation and training); health (occupational exams, assistance, management of absences); and well-being (programs and psychosocial care). It should also be remembered that, in addition to all these activities, there is the performance in relation to contracted companies, under which the Company has joint and several liability and whose main tool, in addition to the analysis and control of legal documents, is monitoring through safety inspections.

Seeking to improve processes, in 2022 Celesc implemented a computerized system for recording and managing safety inspections, compatible with use on mobile devices (Tablets and Smartphones) and also on desktop. In addition to eliminating the use of paper in inspections, the resource streamlines the process and enables the processing of information. The platform also features integration with a dashboard, optimizing the reading and monitoring of situations encountered in the field.

## 5.7. Consolidated Social Balance

| 1 - CALCULATION BASIS | 2022 Value (R$ thousand) | | | 2021 (Restated) Value (R$ thousand) | | |
|---|---|---|---|---|---|---|
| - Net Revenue (NR) | 10,082,841 | | | 11,341,550 | | |
| - Operating Income (OR) | 802,347 | | | 797,370 | | |
| - Gross Payroll (FPB) | 902,702 | | | 692,398 | | |
| **2 - INTERNAL SOCIAL INDICATORS** | Value (R$ thousand) | % over FPB | % over NR | Value (R$ thousand) | % over FPB | % over NR |
| - Food | 65228 | 7.23 | 0.65 | 50,931 | 7.36 | 0.45 |
| - Compulsory Social Charges | 144366 | 15.99 | 1.43 | 117,476 | 16.97 | 1.04 |
| - Private Pension | 30276 | 3.35 | 0.30 | 25,960 | 3.75 | 0.23 |
| - Health | 80278 | 8.89 | 0.80 | 77,366 | 11.17 | 0.68 |
| - Workplace Safety and Health | 7183 | 0.80 | 0.07 | 4,726 | 0.68 | 0.04 |
| - Education | 970 | 0.11 | 0.01 | 712 | 0.10 | 0.01 |
| - Culture | 0 | 0.00 | 0.00 | 0 | 0.00 | 0.00 |
| - Training and Development Professional | 5216 | 0.58 | 0.05 | 6,239 | 0.90 | 0.06 |
| - Daycare or Daycare Assistance | 3272 | 0.36 | 0.03 | 2,414 | 0.35 | 0.02 |
| - Profit Sharing | 47700 | 5.28 | 0.47 | 38,593 | 5.57 | 0.34 |
| - Other | 9951 | 1.10 | 0.10 | 8,154 | 1.18 | 0.07 |
| Total - Internal Social Indicators | **394441** | **43.70** | **3.91** | **332,571** | **48.03** | **2.93** |
| **3 - EXTERNAL SOCIAL INDICATORS** | Value (R$ thousand) | % over OR | % over NR | Value (R$ thousand) | % over OR | % over NR |
| - Education | 3,047 | 0.38 | 0.03 | 4,663 | 0.58 | 0.04 |
| - Culture | 1,018 | 0.13 | 0.01 | 2,624 | 0.33 | 0.02 |
| - Health and Sanitation | 0 | 0.00 | 0.00 | 243 | 0.03 | 0.00 |
| - Sports | 223 | 0.03 | 0.00 | 660 | 0.08 | 0.01 |
| - Combating Hunger and Food Security | 0 | 0.00 | 0.00 | 0 | 0.00 | 0.00 |
| - Other | 477 | 0.06 | 0.00 | 1,320 | 0.17 | 0.01 |
| Total Contributions to Society | **4,766** | **0.59** | **0.05** | **9,510** | **1.19** | **0.08** |
| - Taxes (excluding social charges) | 5,490,698 | 684.33 | 54.46 | 5,008,307 | 628.10 | 44.16 |
| **Total - External Social Indicators** | **5,495,464** | **684.92** | **54.50** | **5,017,817** | **629.30** | **44.24** |
| **4 - INDICADORES AMBIENTAIS** | Value (R$ thousand) | % over OR | % over NR | Value (R$ thousand) | % over OR | % over NR |
| - Investments Related to the Company's Production/Operation | 20,192,495 | 2516.68 | 200.27 | 22,610 | 2.84 | 0.20 |
| - Investments in External Programs and/or Projects | 27,018,121 | 3367.39 | 267.96 | 16,116 | 2.02 | 0.14 |
| **Total Investments in the Environment** | **47,210,616** | **5884.06** | **468.23** | **38,726** | **4.86** | **0.34** |
| - Regarding the establishment of "annual goals" to minimize waste, consumption in general in production/operation and increase efficiency in the use of natural resources, the company: | (x) has no goals ( ) meets 51-75% ( ) meets 0-50% ( ) meets 76-100% | | | (x) has no goals ( ) meets 51-75% ( ) meets 0-50% ( ) meets 76-100% | | |
| **5 - EMPLOYEE INDICATORS** | **2022** | | | **2021** | | |
| - Number of employees at the end of the period | 3,925 | | | 3,747 | | |
| - Number of hires during the period | 425 | | | 571 | | |
| - Number of outsourced employees | 3,933 | | | 2,379 | | |
| - Number of interns | 198 | | | 185 | | |
| - Number of employees over 45 years old | 1,101 | | | 1,143 | | |
| - Number of women working in the company | 937 | | | 849 | | |
| - % of leadership positions held by women | 25.76 | | | 25.33 | | |
| - Number of black people working in the company | 96 | | | 90 | | |
| - % of leadership positions held by black people | 1.75 | | | 1.61 | | |
| - Number of people with disabilities or special needs | 112 | | | 106 | | |
| **6 - RELEVANT INFORMATION REGARDING THE EXERCISE OF CORPORATE CITIZENSHIP** | **2022** | | | **2023 Goals** | | |
| - Ratio between the highest and lowest remuneration in the Company | 38.3 | | | - | | |
| - Total number of accidents at work | 128 | | | 0 | | |
| - The social and environmental projects developed by the company were defined by: | [ ] executive board | [x] executive board and management | [ ] all employees | [ ] executive board | [x] executive board and management | [ ] all employees |
| - The safety and health standards in the work environment were defined by: | [x] executive board and management | [ ] all employees | [ ] all employees + CIPA | [x] executive board and management | [ ] all employees | [ ] all employees + CIPA |
| - Regarding freedom of association, the right to collective bargaining and the internal representation of workers, the company: | [ ] does not get involved | [ ] follows OIT standards | [x] encourages and follows OIT | [ ] does not get involved | [ ] follows OIT standards | [x] will encourage and follow OIT |
| - Private pension includes: | [ ] executive board | [ ] executive board and management | [x] all employees | [ ] executive board | [ ] executive board and management | [x] all employees |
| - Profit sharing includes: | [ ] executive board | [ ] executive board and management | [x] all employees | [ ] executive board | [ ] executive board and management | [x] all employees |
| - In the selection of suppliers, the same ethical standards and social and environmental responsibility adopted by the company: | [ ] are not considered | [x] are suggested | [ ] are required | [ ] are not considered | [ ] are suggested | [x] are required |
| - Regarding the participation of employees in voluntary work programs, the company: | [ ] does not get involved | [ ] supports | [ x ] organizes and encourages | [ ] does not get involved | [ ] supports | [x] will organize and encourage |
| - Total number of complaints and criticisms from consumers: | at the Company 1,575,488 | with Procon 1,213 | at the Court 5,569 | at the Company 67,539 | with Procon 1,689 | at the Court 6,397 |
| - % of complaints and criticisms resolved: | at the Company 77.09% | with Procon 0.00% | at the Court 1.96% | at the Company N/A | with Procon N/A | at the Court 10.94% |
| - Total Added Value to be distributed (in R$ thousand): | **In 2022** | **7,370,625** | | **In 2021** | **6,446,785** | |
| - Added Value Distribution (DVA): | 74.49% government 10.84% employees 7.33% third parties 5.02% retained | | 2.32% shareholders | 77.69% government 9.44% employees 4.13% third parties 6.50% retained | | 2.23% shareholders |

**7 - OTHER INFORMATIONN**

**Corporate Taxpayer's ID (CNPJ):** 83.878.892/0001-55

**STATE:** SC

**Coordination:** Regiane Marlene Dias - Phone: (48) 3231 5520 Email: regianemd@celesc.com.br

**Economic Sector:** Electric Power Public Service

Accountant: Rogéria Rodrigues Machado - Phone: (48) 3231-6151 Email: rogeriarm@celesc.com.br CRC/SC - 024.797/O-0

***"THIS COMPANY DOES NOT USE CHILD LABOR OR SLAVE LABOR, IS NOT INVOLVED IN PROSTITUTION OR SEXUAL EXPLOITATION OF CHILDREN OR ADOLESCENTS AND IS NOT INVOLVED IN CORRUPTION"***

***"OUR COMPANY VALUES AND RESPECTS INTERNAL AND EXTERNAL DIVERSITY"***

## 6. AUDITORES INDEPENDENTES

Pursuant to provisions contained in CVM Resolution No. 162, of July 13, 2022, Celesc informs that the Independent Auditor did not provide any type of service other than those strictly related to the external audit activity.

## 7. ACKNOWLEDGMENTS

We would like to thank the members of Management, the Statutory Audit Committee and the Fiscal Council for their support in debating and addressing issues of greatest interest. Our acknowledgments to the dedication and commitment of the staff, extensively to all others who, directly or indirectly, contributed to the fulfillment of Celesc's mission.

Florianópolis, March 29, 2023.

**Management**

Celesc
Centrais Elétricas de Santa Catarina S.A.

GOVERNO DE SANTA CATARINA

# INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS UNDER IFRS

**According to the accounting practices adopted in Brazil**

## BALANCE SHEET - ASSETS

**Years ended on December 31, 2022 and 2021 (Amounts expressed in R$ thousand)**

| | | Parent Company | | Consolidated | |
|---|---|---|---|---|---|
| **Assets** | **Note** | **2022** | **2021** | **2022** | **2021** |
| **Current** | | **302,455** | **210,679** | **3,678,616** | **3,765,568** |
| Cash and Cash Equivalents | 8 | 48,205 | 26,872 | 940,684 | 844,088 |
| Trade receivables | 9 | - | - | 1,758,933 | 1,931,011 |
| Inventories | 10 | - | - | 20,019 | 13,556 |
| Recoverable taxes | 11 | 44,331 | 37,879 | 699,238 | 572,007 |
| Dividends and Interest on Equity (IoE) | 12.1 | 209,296 | 145,877 | 20,422 | 14,865 |
| Financial Asset - Grant Bonus and Ind. Us. Perry | 13.2 and 14.3 | - | - | 57,555 | 70,886 |
| Subsidy Decree No. 7891/2013 | - | - | - | 47,086 | 49,231 |
| Water Scarcity Bonus | - | - | - | 1,138 | 102,861 |
| Other | 12.2 | 623 | 51 | 133,541 | 167,063 |
| **Noncurrent** | | **2,802,549** | **2,592,428** | **7,949,451** | **8,192,677** |
| **Achievable in the Long Term** | | **77,660** | **189,462** | **3,143,744** | **3,893,561** |
| Marketable Securities | 15 | 217 | 137,478 | 217 | 137,478 |
| Trade receivables | 9 | - | - | 16,775 | 27,212 |
| Affiliates and Subsidiaries | 16 | - | 15,251 | - | - |
| Deferred taxes | 17 | - | - | 709,023 | 708,001 |
| Recoverable taxes | 11 | - | - | 524,780 | 1,020,876 |
| Court Deposits | 27 | 77,402 | 36,733 | 359,870 | 329,106 |
| Indemnifiable Financial Asset - Concession | 14 | - | - | 1,008,038 | 757,193 |
| Financial Asset - Portion A | 13.1 | - | - | 76,448 | 470,286 |
| Financial Asset - Grant Bonus and Ind. Us. Perry | 13.2 and 14.3 | - | - | 446,095 | 425,376 |
| Future Advance Capital Increase | - | - | - | - | 15,000 |
| Other | 12 | 41 | - | 2,498 | 3,033 |
| **Investments** | **18** | **2,720,813** | **2,398,187** | **363,279** | **311,666** |
| **Fixed Assets** | **19** | **138** | **338** | **133,865** | **128,813** |
| **Intangibles** | **20** | **3,938** | **4,441** | **4,308,563** | **3,858,637** |
| **Total Assets** | | **3,105,004** | **2,803,107** | **11,628,067** | **11,958,245** |

**The Notes are an integral part of the Individual and Consolidated Financial Statements**

Celesc
Centrais Elétricas de Santa Catarina S.A.

GOVERNO DE SANTA CATARINA

# BALANCE SHEET - LIABILITIES

**Fiscal years ended December 31, 2022 and 2021**
**(Amounts expressed in R$ Thousand)**

| | | Parent Company | | Consolidated | |
|---|---|---|---|---|---|
| **Liabilities** | **Note** | **2022** | **2021** | **2022** | **2021** |
| **Current** | | **196,375** | **161,143** | **3,757,419** | **3,282,108** |
| Suppliers | 21 | 900 | 947 | 1,016,513 | 1,088,186 |
| Loans and Financing - National Currency | 22 | - | - | 262,833 | 5,404 |
| Loans and Financing - Foreign Currency | 22 | - | - | 34,396 | 18,155 |
| Debentures | 23 | - | - | 210,470 | 152,995 |
| Labor and Social Security Obligations | 24 | 1,538 | 1,312 | 227,670 | 214,708 |
| Taxes to collect | 25 | 34,799 | 23,304 | 289,797 | 910,696 |
| Dividends and IoE Declared | 30 | 157,602 | 134,356 | 157,602 | 134,356 |
| Regulatory Fees | 26 | - | - | 56,066 | 295,631 |
| Lease Liabilities | 19 | 141 | 223 | 1,579 | 6,216 |
| Actuarial Liabilities | 28 | - | - | 242,238 | 219,527 |
| Financial Liabilities - Portion A | 13 | - | - | 753,564 | 39,826 |
| Water Scarcity Bonus | - | - | - | 1,144 | 102,861 |
| PIS/COFINS refundable to Consumers | 29 | - | - | 366,981 | - |
| Other | - | 1,395 | 1,001 | 136,566 | 93,547 |
| **Noncurrent** | | **25,453** | **20,595** | **4,987,472** | **6,054,768** |
| Loans and Financing - National Currency | 22 | - | - | 414,003 | 97,818 |
| Loans and Financing - Foreign Currency | 22 | - | - | 1,131,923 | 1,131,923 |
| Debentures | 23 | - | - | 395,643 | 615,670 |
| Labor and Social Security Obligations | 24 | - | - | 50,410 | 50,032 |
| Deferred taxes | 17 | - | - | 89,214 | 82,592 |
| Regulatory Fees | 26 | - | - | 106,643 | 70,745 |
| Lease Liabilities | 19 | - | 118 | 6,716 | 8,620 |
| Provision for Contingencies | 27 | 25,453 | 20,477 | 399,020 | 444,910 |
| Actuarial Liabilities | 28 | - | - | 1,659,937 | 1,798,736 |
| PIS/COFINS refundable to Consumers | 29 | - | - | 733,963 | 1,748,472 |
| Other | - | - | - | - | 5,250 |
| **Shareholders' Equity** | **30** | **2,883,176** | **2,621,369** | **2,883,176** | **2,621,369** |
| Capital Stock | 30.1 | 2,480,000 | 2,480,000 | 2,480,000 | 2,480,000 |
| Capital Reserves | 30.2 | 316 | 316 | 316 | 316 |
| Profit Reserves | 30.2 | 1,538,825 | 1,191,329 | 1,538,825 | 1,191,329 |
| Equity Valuation Adjustment | 30.7 | (1,158,839) | (1,050,276) | (1,158,839) | (1,050,276) |
| Additional Dividends Available at the ASM | 30.3 | 22,874 | - | 22,874 | - |
| **Total Liabilities** | | **3,105,004** | **2,803,107** | **11,628,067** | **11,958,245** |

**The Notes are an integral part of the Individual and Consolidated Financial Statements**

Celesc
Centrais Elétricas de Santa Catarina S.A.

GOVERNO DE SANTA CATARINA

# INCOME STATEMENTS

**Fiscal years ended December 31, 2022 and 2021**
**(Amounts in R$ Thousand)**

| | | Parent | | Consolidate | |
|---|---|---|---|---|---|
| **Description** | **Note** | **2022** | **2021** | **2022** | **2021** |
| **Net Operating Income - ROL** | **32** | **-** | **-** | **10,082,841** | **11,341,550** |
| Revenue from Sales and Services | | - | - | 8,475,008 | 9,489,097 |
| Construction Revenue - CPC 47 | | - | - | 1,199,188 | 710,904 |
| Financial Asset/(Liability) Revenue (Portion A - CVA) | | - | - | 392,960 | 1,121,176 |
| Updating of Indemnifiable Financial Assets - Concession | | - | - | 15,685 | 20,373 |
| **Costs of Sales/Services Rendered** | **32** | **-** | **-** | **(8,643,860)** | **(10,054,509)** |
| Cost of Goods Sold | | - | - | (6,551,788) | (8,571,837) |
| Cost of Goods Sold | | - | - | (13,806) | 1,140 |
| Cost of Services Provided | | - | - | (879,078) | (772,908) |
| Construction Costs - CPC 47 | | - | - | (1,199,188) | (710,904) |
| **Gross Profit** | | **-** | **-** | **1,438,981** | **1,287,041** |
| **Operating Expenses** | | **549,040** | **582,158** | **(636,634)** | **(489,671)** |
| Selling Expenses | 32 | - | - | (211,216) | (222,486) |
| General and Administrative Expenses | 32 | (27,745) | (23,634) | (565,553) | (353,817) |
| Other Income and Expenses (Net) | 32 | (7,596) | (10,380) | 60,790 | 13,949 |
| Equity Pickup | 18 | 584,381 | 616,172 | 79,345 | 72,683 |
| **Operating Result Before Financial Result** | | **549,040** | **582,158** | **802,347** | **797,370** |
| **Financial Result** | **32** | **2,876** | **(6,159)** | **(82,693)** | **24,159** |
| Financial Income | | 3,353 | (6,016) | 455,591 | 258,065 |
| Financial Expenses | | (477) | (143) | (538,284) | (233,906) |
| **Earnings Before Income Tax and Social Contribution** | | **551,916** | **575,999** | **719,654** | **821,529** |
| **Income Tax (IRPJ) and Social Contribution (CSLL)** | | **(11,354)** | **(12,827)** | **(179,092)** | **(258,357)** |
| Current | | (11,354) | - | (188,600) | (135,785) |
| Deferred | | - | (12,827) | 9,508 | (122,572) |
| **Net Income for the Year** | | **540,562** | **563,172** | **540,562** | **563,172** |
| **Earnings per Share Attributable to the Company's Shareholders During the Year (expressed in R$ per share)** | | | | | |
| **Basic Earnings per Share** | **30** | | | | |
| Registered common shares | | 13.2244 | 13.7776 | | |
| Registered preferred shares | | 14.5469 | 15.1553 | | |
| **Diluted Earnings per Share** | **30** | | | | |
| Registered common shares | | 13.2244 | 13.7776 | | |
| Registered preferred shares | | 14.5469 | 15.1553 | | |

**The Notes are an integral part of the Individual and Consolidated Financial Statements**

# STATEMENTS OF COMPREHENSIVE INCOME

**Fiscal years ended December 31, 2022 and 2021**
**(Amounts in R$ Thousand)**

| | | Parent | | Consolidate | |
|---|---|---|---|---|---|
| **Description** | **Note** | **2022** | **2021** | **2022** | **2021** |
| **Net Income for the Year** | **30** | **540,562** | **563,172** | **540,562** | **563,172** |
| **Other Comprehensive Income that will not be subsequently reclassified to income for the year** | **17.4** | **(107,934)** | **217,358** | **(107,934)** | **217,358** |
| **Remeasurement Obligations Defined Benefit Plans, Net of Taxes** | | 29,327 | 217,358 | 29,327 | 217,358 |
| Fair Value Adjustment - Casan | | (137,261) | - | (137,261) | - |
| **Comprehensive Income for the Year** | | **432,628** | **780,530** | **432,628** | **780,530** |

**The Notes are an integral part of the Individual and Consolidated Financial Statements**

# STATEMENTS OF CHANGES IN EQUITY

## Fiscal years ended December 31, 2022 and 2021

## (Amounts in R$ Thousand)

| Description | Capital Stock | Capital Reserve | Legal Reserve | Profit Retention Reserve | Additional Dividends Available at the ASM | Equity Valuation Adjustment Cost Attributed | Equity Valuation Adjustment Liabilities Actuarial | Accumulated Income | Other Comprehensive Income | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balances as of December 31, 2020** | **1,340,000** | **316** | **196,308** | **1,715,162** | **-** | **14,589** | **(1,281,733)** | **-** | | **1,984,642** |
| **Capital transactions with partners** | | | | | | | | | | |
| Reversal of Prescribed Dividends | - | - | - | 13 | - | - | - | - | - | **13** |
| Dividends (Note 30.3) | - | - | - | - | - | - | - | (20,074) | - | **(123,742)** |
| IoE (Note 30.3) | - | - | - | - | - | - | - | (123,742) | - | **(20,074)** |
| **Total Comprehensive Income** | | | | | | | | | | |
| Net Income for the Year (Note 32) | - | - | - | - | - | - | - | 563,172 | - | **563,172** |
| Realization of Assigned Cost (Note 30.6) | - | - | - | - | - | (490) | - | 490 | - | - |
| Asset Valuation Adjustment (Note 30.6) | - | - | - | - | - | - | 217,358 | - | - | **217,358** |
| **Internal changes of the PL** | | | | | | | | | | |
| Capital Stock Increase | 1,140,000 | - | - | (1,140,000) | - | - | - | - | - | - |
| Reserve creation (30.3) | | - | 28,159 | 391,687 | - | - | - | (419,846) | - | - |
| **Balances as of December 31, 2021** | **2,480,000** | **316** | **224,467** | **966,862** | **-** | **14,099** | **(1,064,375)** | **-** | **-** | **2,621,369** |
| **Capital transactions with partners** | | | | | | | | | | |
| Reversal of Prescribed Dividends | - | - | - | 59 | - | - | - | - | - | **59** |
| **IoE** (Note 30.3) | - | - | - | - | - | - | - | (170,880) | - | **(170,880)** |
| **Total Comprehensive Income** | | | | | | | | | | |
| Net Income for the Year (Note 32) | - | - | - | - | - | - | - | 540,562 | - | **540,562** |
| Fair Value Adjustment Other Earnings Comprehensive (Note 30.6) | - | - | - | - | - | - | - | - | **(137,261)** | **(137,261)** |
| Realization of Assigned Cost (Note 30.6) | - | - | - | - | - | (629) | - | 629 | - | - |
| Asset Valuation Adjustment (Note 30.6) | - | - | - | - | - | - | 29,327 | - | - | **29,327** |
| **Internal changes of the PL** | | | | | | | | | | |
| Reserve creation (30.3) | | - | 27,028 | 320,409 | 22,874 | - | - | (370,311) | - | - |
| **Balances as of December 31, 2022** | **2,480,000** | **316** | **251,495** | **1,287,330** | **22,874** | **13,470** | **(1,035,048)** | **-** | **(137,261)** | **2,883,176** |

**The Notes are an integral part of the Individual and Consolidated Financial Statements**

# CASH FLOW STATEMENTS - INDIREC METHOD

**Fiscal years ended December 31, 2022 and 2021**
**(Amounts expressed in R$ Thousand)**

| | | Parent Company | | Consolidated | |
|---|---|---|---|---|---|
| **Cash Flow from Operating Activities** | **Note** | **2022** | **2021** | **2022** | **2021** |
| **Result before Income Tax and Social Contribution** | | **551,916** | **575,999** | **719,654** | **821,529** |
| **Adjustments to Reconcile the Income for the Year with Resources from Operating Activities** | | **(577,883)** | **(598,645)** | **839,224** | **423,566** |
| Depreciation and Amortization | 19 | 2,220 | 2,194 | 277,082 | 245,705 |
| Write-off of Fixed Assets/Intangibles | 19 | - | - | 61,215 | 172,086 |
| Equity Pickup | 18 | (584,381) | (616,172) | (79,345) | (72,683) |
| Financial Assets Adjustment – VNR | 14 | - | - | (15,685) | (20,373) |
| Write-off of Indemnifying Financial Asset - Concession | 14 | - | - | 1,553 | 668 |
| Hydrological Risk Renegotiation – GSF | 20 | - | - | - | (45,879) |
| Provision/Reversal for Losses of Assets | 19 | - | - | - | 42 |
| Interest and Monetary Variations | | 20 | (216) | 524,964 | 280,449 |
| Creation (Reversal) of Provision for Contingent Liabilities | | 4,976 | 15,549 | (45,890) | (47,883) |
| Constitution (Reversal) of Impairment Recognition | 19 | - | - | 516 | - |
| Actuarial Expenses | 28 | - | - | 125,061 | (7,474) |
| PIS/COFINS Credits Depreciation Right to Use Assets | 19 | - | - | 485 | 273 |
| Write-off of Right of Use Lease Assets and Liabilities | | - | - | (45) | (4) |
| Estimated Losses from Doubtful Accounts | | (560) | - | 73,126 | 62,231 |
| Financial Income - Loans D | 16 | (158) | - | - | - |
| Update / Interest Return / Bonus Grant | 32.1 | - | - | (83,813) | (143,592) |
| **(Increase) Decrease in Assets** | | **(47,174)** | **(27,384)** | **1,465,707** | **(1,582,463)** |
| Accounts Receivable | | - | - | 120,237 | (70,933) |
| Recoverable taxes | | (6,452) | (11,991) | 368,865 | (891,142) |
| Court Deposits | | (40,669) | (15,387) | (30,764) | (37,237) |
| Inventories | | - | - | (6,463) | (1,243) |
| Financial Assets (CVA, Grant Bonus) | | - | - | 871,755 | (567,433) |
| CDE Subsidy (Decree No. 7,891/2013) | | - | - | 2,145 | (2,199) |
| Bonus Assets - Water Shortage | | - | - | 101,723 | - |
| Future Advance Capital Increase | 34.1 | - | - | 15,000 | (15,000) |
| Other Variations in Assets | | (53) | (6) | 23,209 | 2,724 |
| **(Increase) Decrease in Liabilities** | | **(3,591)** | **(4,042)** | **(1,841,661)** | **1,001,881** |
| Suppliers | | (47) | 875 | (71,673) | (136,361) |
| Labor and Social Security Obligations | | 226 | 433 | 13,340 | (7,180) |
| Taxes to collect | | (4,164) | (5,555) | (802,893) | 562,279 |
| Financial Liabilities | | - | - | 312,246 | 230,260 |
| Regulatory Fees | | - | - | (215,462) | (1,794) |
| PIS/COFINS refundable to Consumers | | - | - | (778,357) | 579,802 |
| Actuarial Liabilities | | - | - | (234,915) | (219,248) |
| Liabilities Water Scarcity Bonus | | - | - | (101,717) | - |
| Other Variations in Liabilities | | 394 | 205 | 37,770 | (5,877) |
| **Cash Generated by (Invested in) Activities Operations** | | **(76,732)** | **(54,072)** | **1,182,924** | **664,513** |
| Interest Paid | 23.7 | - | (35) | (304,098) | (117,944) |
| Income Tax and Social Contribution Paid | | (20) | - | (10,911) | (168,290) |
| **Net Cash Generated by (Invested in) Operating Activities** | | **(76,752)** | **(54,107)** | **867,915** | **378,279** |
| **Cash Flows from Investing Activities** | | | | | |
| Additions of Financial Assets/Fixed Assets/Intangibles | | - | - | (1,029,630) | (641,208) |
| Capital Payment/Reduction | 18.2 | - | - | (18,712) | (3,333) |
| Receipt of Principal - D Loans | | 15,000 | - | - | - |
| Interest Received - Celesc D Loans | | 409 | - | - | - |
| Dividends and IoE Received | | 226,195 | 168,768 | 39,419 | 31,302 |
| Loans to Related Parties | | - | (15,000) | - | - |
| **Net Cash Generated by (Invested in) Investment Activities** | | **241,604** | **153,768** | **(1,008,923)** | **(613,239)** |
| **Cash Flows from Financing Activities** | | | | | |
| Payment of Loans and Financing | 23 | - | - | (64,663) | (931,219) |
| Entry of Loans and Financing | 23 | - | - | 610,000 | 531,107 |
| Income from Debentures | 23 | - | - | - | 545,450 |
| Debenture Settlement Costs | 23 | - | - | (95) | - |
| Payment of Debentures | 23 | - | - | (157,981) | (101,962) |
| Payment of Dividend and IoE | 23 | (143,270) | (123,004) | (143,270) | (123,004) |
| Passive Lease Payment | 19 | (249) | (206) | (6,387) | (7,529) |
| Net Cash Generated by (Invested in) Financing Activities | | **(143,519)** | **(123,210)** | **237,604** | **(87,157)** |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | | **21,333** | **(23,549)** | **96,596** | **(322,117)** |
| **Opening Balance of Cash and Cash Equivalents** | 8 | **26,872** | **50,421** | **844,088** | **1,166,205** |
| **Closing Balance of Cash and Cash Equivalents** | 8 | **48,205** | **26,872** | **940,684** | **844,088** |
| **Variation in Cash and Cash Equivalents** | | **21,333** | **(23,549)** | **96,596** | **(322,117)** |

**The Notes are an integral part of the Individual and Consolidated Financial Statements**

# VALUE ADDED STATEMENTS

**Fiscal years ended December 31, 2022 and 2021**
**(Amounts in R$ Thousand)**

| | | Parent Company | | Consolidated | |
|---|---|---|---|---|---|
| **Description** | **Note** | **2022** | **2021 (Restated)** | **2022** | **2021 (Restated)** |
| **Revenues** | | **22,669** | **9,731** | **16,132,504** | **17,028,889** |
| Gross Sales of Products and Services | | - | - | 14,703,574 | 16,137,115 |
| Construction Revenue - CPC 47 | | - | - | 1,199,188 | 710,904 |
| Other Revenues | | 22,669 | 9,731 | 303,427 | 243,101 |
| Estimated Losses on Doubtful Accounts - PECLD | | - | - | (73,685) | (62,231) |
| Inputs Acquired from Third Parties | | **(31,732)** | **(22,694)** | **(9,064,803)** | **(10,696,525)** |
| Cost of Products, Goods and Services Sold | | - | - | (7,222,973) | (9,417,467) |
| Materials, Energy, Third Party Services | | (31,732) | (22,694) | (642,126) | (568,112) |
| Construction Costs - CPC 47 | | - | - | (1,199,188) | (710,904) |
| Losses/Recovery of Assets | | - | - | (516) | (42) |
| **Gross Added Value** | | **(9,063)** | **(12,963)** | **7,067,701** | **6,332,364** |
| Depreciation, Amortization | | (2,220) | (2,194) | (277,565) | (245,980) |
| **Net Added Value Produced** | | **(11,283)** | **(15,157)** | **6,790,136** | **6,086,384** |
| **Value Added Received in Transfer** | | **609,962** | **623,111** | **580,489** | **360,401** |
| Equity Pickup | | 584,381 | 616,172 | 79,345 | 72,683 |
| Financial Income | | 21,576 | 2,613 | 496,633 | 283,096 |
| Other Revenues | | 4,005 | 4,326 | 4,511 | 4,622 |
| **Total Added Value to Distribute** | | **598,679** | **607,954** | **7,370,625** | **6,446,785** |
| **Added Value Distribution** | | | | | |
| **Personnel** | | **(18,830)** | **(16,100)** | **(798,972)** | **(608,815)** |
| Direct Remuneration | | (17,280) | (15,288) | (512,494) | (483,661) |
| Benefits | | (676) | (560) | (253,169) | (98,397) |
| FGTS | | (874) | (252) | (33,309) | (26,757) |
| **Taxes, fees and contributions** | | **(38,617)** | **(28,508)** | **(5,490,698)** | **(5,008,307)** |
| Federal | | (37,388) | (28,265) | (3,024,270) | (2,319,000) |
| State | | - | - | (2,461,420) | (2,686,786) |
| Municipal | | (1,229) | (243) | (5,008) | (2,521) |
| **Third-Party Capital Remuneration** | | **(670)** | **(174)** | **(540,393)** | **(266,491)** |
| Interest | | (477) | (143) | (528,029) | (254,904) |
| Rents | | (193) | (31) | (12,364) | (11,587) |
| **Equity Remuneration** | | **(540,562)** | **(563,172)** | **(540,562)** | **(563,172)** |
| Interest w/o Equity- IoE | | (170,880) | (123,742) | (170,880) | (123,742) |
| Dividends | | - | (20,074) | - | (20,074) |
| **Retained Income for the Year** | | **(369,682)** | **(419,356)** | **(369,682)** | **(419,356)** |
| **Added Value Distributed** | | **(598,679)** | **(607,954)** | **(7,370,625)** | **(6,446,785)** |

**The Notes are an integral part of the Individual and Consolidated Financial Statements**

# NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS UNDER IFRS

**In accordance with accounting practices adopted in Brazil Years ended on December 31, 2022 and 2021**
**(Amounts expressed in thousands of reais, unless otherwise indicated)**

## 1. OPERATIONAL CONTEXT

Centrais Elétricas de Santa Catarina S.A. – Celesc (the "Company" and, together with its wholly-owned subsidiaries, the "Group") is a publicly-held, mixed-capital company founded by State Decree No. 22, on December 9, 1955, headquartered at Avenida Itamarati, nº 160, Itacorubi neighborhood, CEP: 88.034-900, Florianópolis/SC, Brazil.

It was first listed on the Stock Exchange on March 26, 1973 and today its shares are traded on Level 2 of Corporate Governance of B3 S.A. – Brasil, Bolsa, Balcão, in São Paulo.

The majority shareholder is the State of Santa Catarina, holder of 50.18% of the Company's common shares, corresponding to 20.20% of the total capital. The Authorized Capital in its bylaws is R$2.60 billion, with subscribed and paid-in Capital R$2.48 billion, represented by 38,571,591 nominative shares, with no par value, 40.26% of which are common shares entitled to voting and 59.74% of preferred shares, also registered, without voting rights.

The Company, together with its subsidiaries and affiliates, is primarily engaged in the distribution, generation and transmission of electricity. In addition, its jointly-owned subsidiary, Companhia de Gás de Santa Catarina S.A. – SCGÁS, operates in the piped natural gas distribution segment.

In the consolidated balance sheet for the year ended December 31, 2022, the Company presented a calculation of net working capital in the amount of 0.95. This index was below 1.00, mainly because a significant part of the debt reached short-term status and because of the portion of the amount to be refunded to consumers referring to the ICMS withdrawal credit from the PIS and Cofins calculation base, provided for in Law No. 14,385/2022, which was contemplated in the annual tariff adjustment of Celesc Distribuição SA - Celesc D, on August 22, 2022, also transferred from long to short term. In addition, the Itaipu Bonus became part of the short-term financial liability this year, a negative financial component, which aims to ease the annual tariff readjustment of the distributors, is received in cash and will be included in the next process, reducing the value of the required revenue and, consequently, the readjustment index, and the amount received referring to the portion of the sale of Eletrobras intended for tariff reasonableness. Management does not see any risk related to the discontinuity of activities, as the financial impact of R$519.6 million was diluted over the course of the year with the reduction in the tariff on consumers' energy bills.

### 1.1. ESG Report

In 2022, Celesc published its first Report on the ESG theme, an acronym in English that comes from the terms environmental (environmental), social (social) and governance (governance). In this Report, the Company highlighted its main achievements in these areas, presenting: environmental indicators, such as climate change, water, solid waste, mitigation of impacts and biodiversity; social indicators such as diversity, employment, training, occupational health and safety, consumers and community; and governance indicators, among which the independence of the Board of Directors, the number of women on the Board of Directors and, finally, the number of women who held positions on the Executive Board were evaluated. The Company is committed to developing its activities based on ethics and compliance, data privacy and risk management, an act that reinforces the Company's commitment to these aspects.

ESG actions are supported by the Celesc 25-35 Master Plan, a document that defines the Company's long-term strategic planning, specifically with regard to the Strategic Objective of "Ensuring ethical and sustainable practices, environmentally and socially".

In addition, Celesc reinforces its commitment to the principles of sustainability in its values and principles, as well as its corporate policies, its socio-environmental, governance and energy efficiency projects. The Company has not mapped risks related to the topic and has no accounting impact.

### 1.2. Water Scarcity Account

The Water Scarcity Account, regulated by Decree No. 10,939, of January 13, 2022, discusses the measures to deal with the financial impacts on the electricity sector resulting from the situation of water scarcity. The reason for this new operation was the deficit between the collection of the Water Scarcity Flag and the cost of generation, which totaled R$14.0 billion until November 2021. The Decree also authorized the creation and management of the Water Scarcity Account by the Electric Energy Trading Chamber - CCEE, intended to receive funds to cover, in whole or in part, the additional costs arising from the situation of water scarcity for service concessionaires and permit holders. public distribution of electricity, and the deferrals referred to in Paragraph 1-I of art. 13 of Law No. 10,438, of April 26, 2002.

Celesc D adhered to the Term of Acceptance and the Provisions of Decree No. 10,939/2022. In the aforementioned document, Celesc D requested a ceiling on the resources of the first transfer referring to the Incentive Program for Voluntary Consumption Reduction (Bonus), as well as the import of energy authorized by the Chamber of Exceptional Rules for Hydroenergetic Management - CREG for the months of July and August 2021, totaling R$133.6 million. The amounts were received by Celesc D from CCEE on May 9, 2022.

It was also requested full access to the resources that will be made available by the Water Scarcity Account referring to costs related to the Balance of the Centralized Account of Tariff Flag Resources - CCRBT for the April 2022 period and referring to costs related to the Simplified Competitive Procedure - PCS. However, due to the improvement in hydrological conditions, and the recovery of reservoirs throughout the SIN and the fact that the CCRBT account presents a surplus result, in April 2022, the subsequent tranches related to the Water Scarcity Account did not occur.

### 1.3. Consumption Reduction Bonus - Incentive Program for the Voluntary Reduction of Electric Energy Consumption

The Chamber of Exceptional Rules for Hydroenergetic Management - CREG, instituted the Voluntary Consumption Reduction Program and stipulated the value of R$0.50 cents off for each kilowatt-hour (kWh) of energy volume saved within the 10% target to 20%. The comparison was made based on the sum of consumption between September and December 2021, with respect to the same year in 2020.

The calculated value, both for Group A and Group B consumers, was R$102.8 million, effectively perceived in invoices issued from January 2022. Reimbursement to Celesc D was effective on May 9, 2022.

### 1.4. Implementation of Specific Level of Tariff Flags

CREG ordered ANEEL to implement a specific Tariff Flag level, called the Water Scarcity Flag, in the amount of R$142.00/MWh (one hundred and forty-two reais per megawatt-hour), due to the extreme situation that was signaling the precariousness of the SIN reservoirs.

The original validity was from September 2021 to April 2022, with no application to consumers enrolled in the Social Electricity Tariff – TSEE (low income), who follow the current activation methodology.

In an ordinary meeting of the CMSE, it was decided to interrupt the collection of the Water Scarcity Flag, as of April 16, 2022, in line with the provisions of CREG Resolution No. 3/2021.

### 1.5. Itaipu Bonus

ANEEL, through Ratifying Resolution No. 3,093, of August 16, 2022, approved the deferral of payments by distributors to ENBpar regarding the transfer of contracted power from Itaipu, for tariff reasonableness purposes, under the terms of Decree No. 11,027/2022. The amounts were transferred from the Itaipu Electricity Trading Account to the concessionaires to complement the payment of expenses with the transfer of contracted power from Itaipu.

The transferred amounts will be recomposed to the Itaipu Energy Trading Account based on the respective 2024 tariff processes of the concessionaires that received the resource. The monthly quotas will be defined for the twelve months following the respective tariff process of 2024, and must be collected directly from ENBpar by the 10th of the month following the accrual month. The amounts to be recomposed will observe the remuneration at the SELIC Rate for the period.

### 1.6. 2014 Contractual Statement - ANEEL Orders No. 2642/2015 and 2078/2016

Celesc D filed a lawsuit, aiming to challenge ANEEL Dispatch nº 2.078/16 and thus obtain full recognition of contractual exposures as involuntary, at the same time that it requested the granting of an injunction to suspend the application of a tariff reducer of the order of R$256.6 million, expected to be applied together with the approval of the Annual Tariff Review process - RTA, which took place on August 22, 2016.

In 2019, before the 2019 RTA process took place, a decision on the merits was handed down against Celesc D. In view of this decision, Celesc D was left to appeal to discuss the matter in the second instance, in which it awaits a decision on the merits of the judges.

Celesc D requested deferral of the amount in 5 tariff processes, and ANEEL then partially accepted the request and ratified the deferral of the financial effect of the contractual exposure at one fifth of the value in the 2019 tariff adjustment, in the amount of R$65.8 million.

In the 2020 RTA, the same method was adopted considering the request formally made to the Regulatory Agency for deferral in 5 processes and this time with the treatment of the amount of R$68.5 million as a reducer.

In the 2021 RTP, the reduced amount was R$70.2 million. The Agency was left to evaluate the possibility of maintaining the deferral or the full consideration of the remaining amount, and, in the 2022 Annual Tariff Adjustment process, the amount was deferred again, with the fourth installment of a total of five being then considered as one reducing component.

In the 2022 RTA, finally, the amount considered as a financial component was R$76.8 million, bringing a reduction effect of -0.79% to consumers.

The remaining balance on December 31, 2022 is R$81.1 million, monthly restated by the Selic and recorded as a regulatory contingency.

## 2. BUSINESS PROFILE

### 2.1. Wholly Owned Subsidiaries

#### 2.1.1. Celesc Distribuição S.A. – Celesc D

Centrais Elétricas de Santa Catarina S.A. – Celesc signed, on July 22, 1999, Concession Agreement No. 56 for the distribution of electricity, which regulates the exploitation of public electricity distribution services, which was effective until July 7, 2015.

On September 29, 2006, Celesc D, a privately-held corporation, was incorporated, as authorized by State Law No. 13,570/2005. With the unbundling process, in 2006, the distribution activity was transferred to Celesc D.

On December 9, 2015, in a process conducted by the Ministry of Mines and Energy – MME, Celesc D signed the 5th Addendum to Concession Contract No. 56/99, thus extending the concession for another 30 years. The Concession Agreement, as well as the 5th Amendment that extended the concession, are within the scope of ICPC01.

Celesc D is a wholly-owned subsidiary of Centrais Elétricas de Santa Catarina S.A. – Celesc, operates in the electricity distribution segment and serves, in whole or in part, 285 municipalities, accounting for 3,317,467 consumer units. Of the total served, 264 municipalities are included in the distributor's concession contract (263 in Santa Catarina and 1 in Paraná) and 21 municipalities are served on a precarious basis, located in concession areas of other distributors (17 in Santa Catarina and 4 in Paraná). Service on a precarious basis occurs, according to ANEEL regulation, for reasons of technical and economic convenience, arising from the lack of a network of the concessionaire holding the concession. Additionally, Celesc D is responsible for supplying electricity to 4 concessionaires and 20 distribution permit holders, which operate in municipalities in Santa Catarina not served by Celesc D.

#### 2.1.2. Celesc Geração S.A. – Celesc G

On September 29, 2006, Celesc G, a privately held corporation, was incorporated, as authorized by State Law No. 13,570/2005, as a result of the process of unbundling the electricity sector.

Celesc G is a wholly-owned subsidiary of Centrais Elétricas de Santa Catarina – Celesc and operates in the electricity generation and transmission segments, through the operation, maintenance, commercialization and expansion of its own generation park and participation in generation and transmission projects. of energy in partnerships with private investors.

##### 2.1.2.1. Generating Site

As of December 31, 2022, Celesc G has its own generating complex consisting of 12 Plants, of which six Hydroelectric Plants – UHEs, five Hydroelectric Generating Centers – CGHs and one Small Hydroelectric Plant – PCH.

Celesc G holds a minority stake in six more generation projects developed in partnership with private investors, in the form of Special Purpose Entities – SPE, all of which are already in commercial operation.

The total generation capacity of Celesc G in commercial operation is 126.51 MW (not audited), 115.27 MW (not audited) referring to its own park and 11.24 MW (not audited) referring to the generation park established with partners, already proportional to Celesc G's shareholding in these projects.

All the plants in the own generation park and in partnership participate in the Energy Reallocation Mechanism – MRE, a system for sharing hydrological risks in which the participating plants transfer the energy generated in excess to the plants that generated below their physical guarantee.

Celesc G also has a Generation Operations Center – COG, which is responsible for the supervision, monitoring and centralized and remote operation of Celesc G's generating plants. hours a day, seven days a week.

### 2.1.2.2. Own Generator Park – 100% Celesc G

| Plants | Location | Term End of Concession | Guaranteed Power Installed (MW) | Physical(MW) Gua rantee | Physical Guarantee Quotas |
|---|---|---|---|---|---|
| Pery HPP | Curitibanos/SC | 07/07/2054* | 30.00 | 14.08 | 100% |
| Palmeiras HPP | Rio dos Cedros/SC | 06/11/2053* | 24.60 | 16.70 | 70% |
| Bracinho HPP | Schroeder/SC | 06/11/2053* | 15.00 | 8.80 | 70% |
| Garcia HPP | Angelina/SC | 03/01/2053* | 8.92 | 7.10 | 70% |
| Cedros HPP | Rio dos Cedros/SC | 06/11/2053* | 8.40 | 6.75 | 70% |
| Salto Weissbach HPP | Blumenau/SC | 06/11/2053* | 6.28 | 3.99 | 70% |
| Celso Ramos SHP | Faxinal dos Guedes/SC | 05/31/2039* | 13.92 | 6.77 | (***) |
| Caveiras HGP | Lages/SC | (**) | 3.83 | 2.77 | (***) |
| Ivo Silveira HGP | Campos Novos/SC | (**) | 2.60 | 2.03 | (***) |
| Rio do Peixe HGP | Videira/SC | (**) | 0.52 | 0.50 | (***) |
| Piraí HGP | Joinville/SC | (**) | 0.78 | 0.45 | (***) |
| São Lourenço HGP | Mafra/SC | (**) | 0.42 | 0.22 | (***) |
| **Total** | | | **115.27** | **70.16** | |

(*) Plants that adhered to the hydrological risk renegotiation according to REN ANEEL nº 895/2020 and received a 7-year extension to the concession period, except Celso Ramos, which received a 4.2-year extension of the concession.
(**) Plants with capacity lower than 5 MW are exempt from the concession act (Federal Law No. 13.360/2016) (***) Not applicable.

### 2.1.2.3. Generator Park with Minority Interest

| Plants | Location | Final Term of Concession | Capacity Installed (MW) | Guarantee Physical (MW) | Share Celesc G | Equivalent Capacity Inst. (MW) | Equivalent Guarantee Physical (MW) |
|---|---|---|---|---|---|---|---|
| PCH Rondinha* | Passos Maia/SC | 06/09/2041* | 9.60 | 5.48 | 32.5% | 3.12 | 1.78 |
| CGH Prata (CRF)*** | Bandeirante/SC | (**) | 3.00 | 1.68 | 26.07% | 0.78 | 0.44 |
| CGH Belmonte (CRF)*** | Belmonte/SC | (**) | 3.60 | 1.84 | 26.07% | 0.94 | 0.48 |
| CGH Bandeirante (CRF)*** | Bandeirante/SC | (**) | 3.00 | 1.76 | 26.07% | 0.78 | 0.46 |
| PCH Xavantina | Xanxerê/SC | 09/04/2045**** | 6.08 | 3.54 | 40.0% | 2.43 | 1.42 |
| PCH Garça Branca | Anchieta/SC | 07/17/2048**** | 6.50 | 3.44 | 49.0% | 3.19 | 1.69 |
| **Total** | | | **31.78** | **17.74** | | **11.24** | **6.27** |

(*) Extended concession pursuant to Authorizing Resolution No. 13,079/2022 and Law 14,120/2021.
(**) Plants with power equal to or less than 5 MW are exempt from the concession act (Federal Law No. 13,360/2016).
(***) The Rio das Flores Energy Complex – CRF is formed by CGHs Prata, Belmonte and Bandeirante.
(****) Extended concession pursuant to Authorizing Resolution No. 12,318/2022 and Law 14,120/2021.

### 2.1.2.4. Own Generator Park - Expansion Projects

Celesc G has a portfolio of expansion/reactivation projects for its own plants. The table below presents the referred projects and the respective stages of development. As for the physical guarantee (new or incremental), the Company seeks to obtain an average of 50% of the plant's total capacity factor after the expansion/reactivation, a pattern observed for other undertakings in operation with similar characteristics.

| Plants | Location | Final Term of Concession | Guaranteed Power (MW) | Increase of Cap. (MW) | Cap. Final (MW) | Pension. Ent. Operation | Status |
|---|---|---|---|---|---|---|---|
| Salto Weissbach HPP | Blumenau/SC | November 6, 2053 | 6.28 | 23.00 | 29.28 | (**) | EPE/ANEEL Analysis |
| UHE Cedros Stages 1 and 2 | Rio dos Cedros/SC | November 6, 2053 | 8.40 | 4.50 | 12.90 | (**) | Basic Project Review |
| Palmeiras HPP | Rio dos Cedros/SC | November 6, 2053 | 24.60 | 0.75 | 25.35 | (**) | Basic Project Review |
| CGH Maruim | São José/SC | (*) | 0.00 | 1.00 | 1.00 | 2024 | Works in Auction |
| Caveiras HGP | Lages/SC | (*) | 3.83 | 5.57 | 9.40 | (**) | Environmental Licensing |
| **Total** | | | **43.11** | **34.82** | **77.93** | | |

(*) Plants with a capacity of less than 5 MW are exempt from the concession act.
(**) Depends on regulatory, environmental or constructive procedures.

### 2.1.2.5. EDP Transmissão Aliança SC

Celesc G has an equity interest in an electricity transmission project, comprising five sections of 230 and 525kV transmission lines and a 525/230kV substation, as shown in the table below:

| Project | Location | Final Term of Concession | Transformation Power (MVA) | Transmission Lines (km) | Share Celesc G |
|---|---|---|---|---|---|
| EDP – Transmissão Aliança SC | SC | August 11, 2047 | 1,344 | 433 | 10.0% |

According to the Notice to the Market released by Celesc on February 18, 2022, the SPE obtained authorization from the ONS - National System Operator for the commercial operation of the facilities, six months ahead of the regulatory schedule, with a first stage of the project entering into partial operation on June 14, 2021, 14 months in advance compared to the established by ANEEL.

EDP Aliança SC is a partnership between Celesc G (10%) and EDP Energias do Brasil (90%), formed from the success of the Transmission Auction nº 05/2016, held in April 2017.

**2.1.2.6. Generation Scaling Factor Adjustment Factor - GSF**

The Generation Scaling Factor – GSF is an index that expresses the ratio between the sum of all the energy produced by the hydroelectric plants that are part of the Energy Reallocation Mechanism – MRE, and the sum of the physical guarantees of these plants. This factor is applied to the physical guarantee of all the plants participating in the mechanism for the purposes of accounting for operations at the Energy Trading Chamber – CCEE.

Since August 2015, Celesc G held an injunction that determined the CCEE to limit the reduction of the physical guarantees of its plants exposed to hydrological risk, due to the incidence of the GSF.

On September 9, 2020, Law No. 14,052 was published, which established new conditions for the renegotiation of the hydrological risk of electricity generation (GSF), establishing compensation to the hydroelectric plants participating in the MRE that were impacted, by extending the period of grant.

On August 3, 2021, ANEEL Ratifying Resolution No. 2,919 was published, which ratified the extension period for the granting of hydroelectric power plants participating in the MRE, including seven Celesc G plants. As a result of these acts, the Terms were signed Amendments to Concession Agreements 006/20213, 006/2016 and 007/2016.

In summary, Celesc G plants had the following grant extension:

| Plants | Extension Term | Physical Guarantee |
|---|---|---|
| Garcia HPP | 7 years | 70% |
| Bracinho HPP | 7 years | 70% |
| Cedros HPP | 7 years | 70% |
| Palmeiras HPP | 7 years | 70% |
| Salto HPP | 7 years | 70% |
| Pery HPP | 7 years | 100% |
| Celso Ramos SHP | 4 years and 2 months | 100% |

The extension of the concession period by the granting authority was recognized, in 2021, at fair value in the Intangibles group in the amount of R$45.9 million and will be amortized on a straight-line basis until the end of the new concession period of each renegotiated plant.

The Hydroelectric Power Plants (CGHs) Ivo Silveira, São Lourenço, Piraí, Rio do Peixe and Caveiras were not contemplated by Law nº 14.052/2020. So far, ANEEL has not presented any renegotiation proposal for this type of generator and, therefore, Celesc G maintains the existing injunctions.

### 2.2. Other Shares

| Investments | Classification | Description | Recognition |
|---|---|---|---|
| Companhia de Gás de Santa Catarina S.A. – SCGÁS | Joint Subsidiary | A mixed economy company, created on February 25, 1994, holds the concession for the exploitation of natural gas distribution services in 100% of the territory of Santa Catarina and its piped gas distribution concession contract, signed on March 28, 1994, is valid for 50 years (2044). Celesc holds 51% of the common shares and 17% of the company's total share capital. | Equity Pickup |
| Empresa Catarinense de Transmissão de Energia S.A. – ECTE | Affiliate | Constituted in August 2000, with the specific purpose of integrating the electric energy transmission system in the State of Santa Catarina, with the exploitation of electric energy transmission lines in the eastern and coastal regions of Santa Catarina, the company is the concessionaire of the transmission line SE Campos Novos/SC – SE Blumenau/SC C2, with a length of 252.5 km. It is the second enterprise put into operation in the new modality idealized for the new model of the electric sector. ECTE, after winning lot D, of Auction nº 006/2011, constituted, in December/2011, its subsidiary Empresa de Transmissão Serrana S.A. – ETSE, which includes the concession of SE Abdon Batista (525/230 kV) and SE Gaspar (230/138 kV), both in the State of Santa Catarina, and aims to integrate the Electric Power Generation Plants to the SIN, as well as enable access to Celesc's distribution system, in addition to expanding the supply of electricity to the Vale do Itajaí region. The associated company ECTE holds an electricity transmission concession agreement No. 088/2000, dated November 1, 2000, with a 30-year term. For its subsidiary ETSE, the electric energy transmission concession agreement nº 006/2012, of May 10, 2012, has a 30-year term. Celesc holds 30.88% of the company's total share capital. | Equity Pickup |
| Dona Francisca Energética S.A – DFESA | Affiliate | An independent electricity producing concessionaire, DFESA holds an 85% stake in the Dona Francisca Hydroelectric Power Plant, built on the Jacuí River, in Rio Grande do Sul. The plant has an installed capacity of 125 MW and assured energy of 80 MW. The project opened in May 2001. DFESA holds Concession Agreement No. 188/98 dated August 28, 1998. In 2021, the term of the concession increased from 35 to 39 years from the date of signature of the contract. The extension was granted after complying with Law No. 14,052/2020. Celesc holds 23.03% of the company's share capital. | Equity Pickup |
| Companhia Catarinense de Água e Saneamento – Casan | Equity Instrument | A publicly-held mixed economy company, controlled by the Government of the State of Santa Catarina, Casan's function is to coordinate the planning and execute, operate and explore public sewage and drinking water supply services, as well as carry out sanitation works basic, in agreement with municipalities of the State of Santa Catarina. Celesc holds 11.95% of the company's total capital stock. | Fair Value Through Other Comprehensive Income – VJORA. |
| Usina Hidrelétrica Cubatão S.A. | N/A | Specific Purpose Society – SPE, constituted in 1996, for the implementation of the Cubatão Hydroelectric Power Plant, in Joinville/SC. With a history of environmental obstacles, rejection of the request for postponement of the concession period and consequent economic unfeasibility for the development of the project, the enterprise requested ANEEL to amicably terminate Concession Agreement No 04/1996 (ANEEL Process No 48100.003800/1995-89 ). By means of Ordinance No. 310, of July 27, 2018, the Ministry of Mines and Energy - MME decided to extinguish the concession and also recognizes that there are no reversible assets linked to the concession, nor encumbrance of any nature to the Granting Authority or ANEEL . Celesc holds 40% of the share capital of the company, Inepar S.A. 40%, and Statkraft Energias Renováveis S.A. 20%. The investment in said plant is fully provisioned for devaluation of equity interest. The SPE has been dealing with the corporate aspects for its dissolution. | N/A |

## 3. BASIS OF PREPARATION

The bases of preparations applied in these Individual and Consolidated Financial Statements in IFRS and in accordance with the accounting practices adopted in Brazil, are described below:

### 3.1. Compliance Statement

The Individual and Consolidated Financial Statements were prepared and are being presented in accordance with the accounting practices adopted in Brazil, including pronouncements, guidelines and interpretations issued by the Accounting Pronouncements Committee - CPC, approved by the Federal Accounting Council - CFC and the International Standards of Financial Reporting (International Financial Reporting Standards – IFRS, issued by the International Accounting Standards Board – IASB).

The Statement of Added Value – DVA, required by Brazilian corporate law, is presented in its form and content in accordance with the criteria defined in Technical Pronouncement CPC 09 – Statement of Added Value, as supplementary information for IFRS purposes.

Management affirms that all relevant information specific to the Financial Statements, and only them, are being evidenced, and that they correspond to those used by it in its management.

This statement was approved by the Company's Board of Directors on March 28, 2023, as established in article 17 of CVM Resolution No. 105, of May 20, 2022.

### 3.2. Functional Currency and Presentation Currency

The Individual and Consolidated Financial Statements under IFRS are presented in reais, which is the functional currency, and all amounts are rounded to thousands of reais, unless otherwise indicated.

### 3.3. Critical Accounting Estimates and Judgments

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events considered reasonable under the circumstances. By definition, the resulting accounting estimates will rarely equal the related actual results.

Estimates and assumptions may cause relevant adjustments to equity and income values for the coming years, impacting the following measurements:
a) Fair Value of Financial Instruments (Note 5.7);
b) Estimated Losses on Doubtful Accounts - PECLD (Note 9.2);
c) Financial Asset – Grant Bonus (Note 13.2);
d) Financial Asset – Indemnity Basic Project Pery Plant (Note 14.3);
e) Financial Assets/Liabilities Portion A – CVA (Note 13.1);
f) Realization of Deferred IRPJ and CSLL (Note 17.2);
g) Impairment of Non-Financial Assets (Notes 18.4 and 19.2);
h) Depreciation (Note 19.3);
i) Indemnifiable Intangible Assets – Celesc D (Note 20);
j) Intangibles Hydrological Risk Renegotiation – Celesc G (Note 20);
k) Contingencies (Note 27);
l) Actuarial liabilities – CPC 33 (Note 28);
m) Unbilled Revenue – Celesc D (Note 9 and 32.1).

## 4. ACCOUNTING POLICIES

The accounting policies described below have been consistently applied to all years presented in these Individual and Consolidated Financial Statements.

### 4.1. Measurement Basis

The Financial Statements were prepared based on historical cost, with the exception of financial assets measured at Fair Value through Other Comprehensive Income – VJORA and at Fair Value through Income – VJR, recognized in the Balance Sheet.

### 4.2. Accounting Policies, Change of Estimate and Error Rectification

Technical pronouncement CPC 23 (IAS 8), which deals with accounting policies, changes in estimates and correction of errors, establishes that errors may occur in the recording, measurement, presentation or disclosure of elements of the financial statements. It also establishes that the Company must retrospectively correct material errors from previous years in the first set of financial statements, whose authorization for publication occurs after the discovery of such errors, defining as one of the alternatives the reclassification of comparative values for the previous year presented where the error occurred.

#### 4.2.1. Reclassification of Comparative Value Added Statement Figures

The Company continually reviews the form of presentation and disclosure of its statements, aiming at their construction in an adequate manner and in line with the applicable rules in force. In a more careful analysis, specifically for the preparation of the Added Value Statement, based on technical pronouncement CPC 09, inadequate classifications were observed between items, especially in the disclosure of tax credits on inputs purchased from third parties, social charges, among others. Although such inadequacies do not cause changes and damage to the statements of equity and income, it was considered prudent to make corrections to this disclosure and, for comparison purposes, reclassifications were carried out in the corresponding amounts for the year ended December 31, 2021.

The effects of these reclassifications are shown below:

| Description | 12/31/2021 | Restated | 12/31/2021 (Restated) | 12/31/2021 | Restated | 12/31/2021 (Restated) |
|---|---|---|---|---|---|---|
| | | Parent Company | | | Consolidated | |
| Revenues | - | 9,731 | 9,731 | 17,109,496 | (80,607) | 17,028,889 |
| Sales of Goods, Products and Services | - | - | - | 16,257,922 | (120,807) | 16,137,115 |
| Income from Construction of Own Assets | - | - | - | (62,231) | 773,135 | 710,904 |
| Provision/Reversal of Loan Losses | - | - | - | 202,901 | (265,132) | (62,231) |
| Other Revenues | - | 9,731 | 9,731 | 710,904 | (467,803) | 243,101 |
| Inputs Acquired from Third Parties | (14,031) | (8,663) | (22,694) | (9,770,108) | (926,417) | (10,696,525) |
| Costs of Products, Goods and Services Sold | - | - | - | (8,739,062) | (678,405) | (9,417,467) |
| Materials, Energy, Third Party Services and Others | (14,031) | (8,663) | (22,694) | (320,100) | (248,012) | (568,112) |
| Loss and Recovery of Assets | - | - | - | (42) | - | (42) |
| Construction Costs of Own Assets | - | - | - | (710,904) | - | (710,904) |
| Gross Added Value | (14,031) | 1,068 | (12,963) | 7,339,388 | (1,007,024) | 6,332,364 |
| Depreciation, Amortization and Depletion | (2,194) | - | (2,194) | (245,705) | (275) | (245,980) |
| Net Added Value Produced | (16,225) | 1,068 | (15,157) | 7,093,683 | (1,007,299) | 6,086,384 |
| Value Added Received in Transfer | 610,156 | 12,955 | 623,111 | 330,748 | 29,653 | 360,401 |
| Equity Pickup | 616,172 | - | 616,172 | 72,683 | - | 72,683 |
| Financial Income | (6,016) | 8,629 | 2,613 | 258,065 | 25,031 | 283,096 |
| Other | - | 4,326 | 4,326 | - | 4,622 | 4,622 |
| **Total Added Value to Distribute** | **593,931** | **14,023** | **607,954** | **7,424,431** | **(977,646)** | **6,446,785** |

| Description | 12/31/2021 | Restated | 12/31/2021 (Restated) | 12/31/2021 | Restated | 12/31/2021 (Restated) |
|---|---|---|---|---|---|---|
| | | | Parent Company | | | Consolidated |
| **Added Value Distribution** | **(593,931)** | **(14,023)** | **(607,954)** | **(7,424,431)** | **977,646** | **(6,446,785)** |
| Personnel | (17,421) | 1,321 | (16,100) | (701,818) | 93,003 | (608,815) |
| Direct Remuneration | (16,138) | 850 | (15,288) | (565,500) | 81,839 | (483,661) |
| Benefits | (1,031) | 471 | (560) | (109,561) | 11,164 | (98,397) |
| F.G.T.S. | (252) | - | (252) | (26,757) | - | (26,757) |
| Taxes, fees and contributions | (13,164) | (15,344) | (28,508) | (5,913,896) | 905,589 | (5,008,307) |
| Federal | (13,124) | (15,141) | (28,265) | (3,220,117) | 901,117 | (2,319,000) |
| State | (12) | 12 | - | (2,686,083) | (703) | (2,686,786) |
| Municipal | (28) | (215) | (243) | (7,696) | 5,175 | (2,521) |
| **Third-Party Capital Remuneration** | (174) | - | (174) | (245,545) | (20,946) | (266,491) |
| Interest | (143) | - | (143) | (9,649) | (245,255) | (254,904) |
| Rents | (31) | - | (31) | (11,639) | 52 | (11,587) |
| Other | - | - | - | (224,257) | 224,257 | - |
| Monetary and Exchange Variations | - | - | - | (37,778) | 37,778 | - |
| Other Financing Expenses | - | - | - | (186,479) | 186,479 | - |
| Equity Remuneration | (563,172) | - | (563,172) | (563,172) | - | (563,172) |
| Dividends | (20,074) | - | (20,074) | (20,074) | - | (20,074) |
| Interest on Equity | (123,742) | - | (123,742) | (123,742) | - | (123,742) |
| Retained Earnings / Loss for the Year | (419,356) | - | (419,356) | (419,356) | - | (419,356) |

## **4.3.** New Standards and Interpretations

The following amendments to standards have been issued by the IASB, but are not effective for the 2022 financial year. The early adoption of standards, although encouraged by the IASB, is not permitted by the Brazilian Accounting Pronouncements Committee (CPC).

| Rule | Corresponding CPC | Change | Applicability |
|---|---|---|---|
| IFRS 17 | CPC 50 | Insurance contracts. | January 1, 2023 |
| IFRS 10 | CPC 36 | Sale or contribution of assets between an Investor and its affiliate or Joint Venture | Not yet defined by the IASB |
| IAS 1 | CPC 26 | Classification of Liabilities as Current or Noncurrent | January 1, 2023 |
| IAS 1 | CPC 26 | Disclosure of Accounting Policies | January 1, 2023 |
| IAS 8 | CPC 23 | Definition of Accounting Estimates | January 1, 2023 |
| IAS 12 | CPC 32 | Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction | January 1, 2023 |

The Group carried out a pertinent analysis of the matter and did not identify significant impacts on its Financial Statements as a result of the application of the amendments to the standards.

There are no other IFRS standards or IFRIC interpretations, which are not yet effective and which could have a significant impact on the Company's Financial Statements.

### 4.4. Main Accounting Policies

#### 4.4.1. Consolidation Basis

As seguintes políticas contábeis foram aplicadas na elaboração das Demonstrações Financeiras consolidadas.

**a) Main Consolidation Procedures**

The main elimination procedures in consolidation are: balances of asset and liability accounts between consolidated companies, interests of controlled entities in the equity of the parent company; and income and expense balances, as well as unrealized profits, resulting from business between the companies.

**b) Subsidiaries**

Subsidiaries are all entities over which the Group has control. Wholly-owned subsidiaries are consolidated in the Group's Financial Statements.

Consolidation is interrupted from the date on which the Group ceases to have control. Any retained interest in the Company is remeasured at fair value, with the change in carrying amount recognized in profit or loss.

**c) Affiliates and Joint Ventures**

Investments in associates and joint ventures are accounted for using the equity method and are initially recognized at cost. The Group's investment in associates and joint ventures includes goodwill identified on acquisition, net of any accumulated impairment loss.

#### 4.4.2. Presentation of Information by Segments

Information by operating segments is presented consistently with the internal report provided to the Executive Board, which is the Group's main body in making operational and strategic decisions (Note 32).

The measurements used to report segment information are identical to those used in preparing the Group's Financial Statements.

#### 4.4.3. Foreign Currency Conversion

Transactions with foreign currencies are translated into the functional currency using the exchange rates prevailing on the transaction or valuation dates, in which the items are remeasured. Related foreign exchange gains and losses are recognized in financial income.

### 4.5. Financial Instruments

#### 4.5.1. Classification

Financial assets are classified into amortized cost, fair value through profit or loss and fair value through other comprehensive income. This classification is due to the purpose for which the financial assets were acquired. The Company determines the classification of its financial assets upon initial recognition and evaluates them periodically.

**a) Amortized Cost**

This category includes financial assets held to obtain contractual cash flows and their contractual terms originate payment flows of principal and interest only.

**b) Fair Value through Income - VJR**

The Company classifies as VJR investments in infrastructure arising from concession contracts for public generation services subject to indemnification, since the change in the fair value of this asset will be recognized in profit or loss.

**c) Fair Value through Other Comprehensive Income - VJORA**

The standard requires that the financial asset valued at VJORA meets the following criteria: it is maintained within a business model whose objective is achieved both by the receipt of contractual cash flows and by the sale of financial assets and gives rise, on specified dates, to flows of cash that constitute exclusively payments of principal and interest on the principal amount outstanding. Gains and losses are not reclassified to income in the future. Investments to which the equity method does not apply are classified.

**4.5.2. Recognition and Measurement**

Financial assets are initially recognized at fair value plus costs incurred to obtain them. A financial asset shall, after its initial recognition, be measured at: (a) amortized cost; (b) fair value through other comprehensive income; or (c) fair value through profit or loss.

**4.5.3. Clearing of Financial Instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle them on a net basis, or realize the asset and settle the liability simultaneously. (Note 13.1);

**4.5.4. Asset Impairment**

Provisions for losses on financial assets are based on assumptions about default risks and expected loss rates. The Company applies judgment to establish assumptions and select data for the impairment calculation based on the Company's history, existing market conditions and future estimates.

When there is evidence of loss, that is, the recoverable amount is lower than the carrying amount of the asset, the loss will be recognized as an expense in the statement of income, up to the carrying amount of the asset. If, in a subsequent period, the amount of the impairment loss decreases, due to an event occurring after the impairment was recognised, the reversal of the loss is recognized as income in the income statement.

**4.6. Cash and Cash Equivalents**

Includes cash, bank deposits and other highly liquid short-term investments with original maturities of three months or less that are readily convertible into known amounts of cash and that are subject to an insignificant risk of changes in value.

**4.7. Trade receivables**

Accounts receivable from customers correspond to amounts receivable from customers for the supply of billed energy and estimated unbilled energy supplied in the normal course of the Group's activities.

Accounts receivable from customers are recognized at the amount invoiced and deducted from the Estimated Losses on Doubtful Accounts - PECLD, which are recognized when there are significant increases in credit risk since initial recognition, evaluated individually or collectively, considering all reasonable and supportable information, including forward-looking information.

**4.8. Inventories**

Inventories are measured at cost or net realizable value, whichever is lower.

**4.9. Water Scarcity Bonus**

Correspond to amounts receivable, which will be passed on to Consumers who reach the energy consumption reduction target established by the Voluntary Consumption Reduction Program. Measurement is at cost and the consideration for its recognition is recorded in Current Liabilities.

**4.10. Marketable Securities**

The Company invests in securities, also known as temporary investments. The profitability of temporary investments is measured by the dividends received.

**4.11. Current and Deferred Income Tax and Social Contribution**

Income tax and social contribution expenses for the year comprise current and deferred taxes, being recognized in the statement of income and calculated based on enacted or substantially enacted tax laws.

Current income tax and social contribution is presented net, by taxable entity, in liabilities when there are amounts payable, or in assets when the amount paid in advance exceeds the total due on the reporting date.

Deferred income tax and social contribution are recognized using temporary differences arising from differences between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. They are recognized in assets only in proportion to the probability that future taxable profit will be available and against which the temporary differences can be used.

Deferred income tax, assets and liabilities, is presented as net income in the balance sheet, with the legal right and intention to offset it at the time of calculation of current taxes, related to the same entities and tax authorities.

**4.12. Court Deposits**

The Company records in this item amounts deposited to be entitled to the contingency of legal proceedings (tax, labor, civil, regulatory, environmental).

**4.13. Fixed Assets**

Property, plant and equipment comprises mainly reservoirs, dams, pipelines, buildings, machinery and equipment and civil works and Celesc G improvements. They are measured at historical cost, adjusted by deemed cost, less accumulated depreciation and impairment losses. Historical cost includes expenditures directly attributable to the acquisition of the items.

The cost of assets built by Celesc G itself includes: (i) the cost of materials; (ii) any other costs to bring the asset to the location and condition necessary for it to be able to operate; and (iii) borrowing costs on qualifying assets.

Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset only when it is probable that there will be future economic benefits and the cost of the item can be reliably measured. The book value of replaced items or parts will be reversed. In the case of repairs and maintenance, the costs incurred are charged to income for the year, when incurred.

Gains and losses on the sale of a property, plant and equipment item (calculated by the difference between the proceeds from the sale and the book value of the property, plant and equipment) are recognized in Other Operating Income/Expenses in the income statement.

**4.13.1. Depreciation**

For plant assets that have a registration agreement, for those located in the Central Administration and for those for which the concession contracts provide for compensation at the end of the concession, depreciation is determined in accordance with ANEEL Resolution 674/2015.

For assets for which there is no provision for compensation at the end of the concession contract, depreciation is based on the concession period defined in the contract or useful life, whichever is shorter.

**4.14. Intangibles**

Intangibles are measured at acquisition and/or construction cost, including interest capitalized during the construction period, when applicable, for eligible assets, less accumulated amortization calculated on a straight-line basis or for the useful life defined in contracts or, even, for the concession period.

**4.14.1. Concession Contracts**

Rights over infrastructure operated under a concession are accounted for as an intangible asset when the Group has the right to charge for the use of infrastructure assets and users (consumers) are responsible for paying for the services provided by the Group.

The fair value of construction and other work on the infrastructure represents the cost of the intangible asset and is recognized as income when the infrastructure is built, provided that this work generates future economic benefits.

Intangible assets from concession contracts are amortized on a straight-line basis over the period of the contract or the useful life of the asset to which it is linked, whichever is lower.

The special obligations linked to the concession of the public electricity service include payments made with the aim of contributing to the execution of expansion projects necessary to meet requests for energy supply and are recorded in the Financial Statements as a reduction of intangible assets.

#### 4.14.2. Goodwill

Goodwill for expected future profitability (goodwill) is represented by the positive difference between the amount paid or payable and the net amount of the fair value of the acquired entity's assets and liabilities and amortized based on the concession term.

#### 4.14.3. GSF

By extending the concession period of hydroelectric generating plants, since they are not subject to IFRIC 12 (ICPC 01) – Concessions, the granting authority compensates the generators, assigning a non-pecuniary right in the form of an extension of the concession period with a recovery of costs incurred, arising from the non-hydrological risk portions that impact the formation of the GSF from 2013 onwards.

The extension of the concession period by the granting authority follows the criteria indicated by CPC Standard 04 (R1) – Intangible Assets for the recognition of this asset at fair value and will be amortized on a straight-line basis, until the end of the new concession period of each renegotiated plant. The counterpart was accounted for as cost recovery under Cost of Short-Term Electricity.

#### 4.14.4. Software

Acquired software licenses are capitalized and amortized over their estimated useful lives (Note 19). Expenses associated with software maintenance are recognized as expenses as they are incurred.

### 4.15. Non-Financial Asset Impairment

Fixed assets and other non-financial assets, including goodwill, are reviewed annually, seeking to identify evidence of non-recoverable losses, or when events or changes indicate that the carrying amount may not be recoverable.

If there is an impairment loss, it is recognized in income for the amount by which the carrying amount of the asset exceeds its recoverable amount. For valuation purposes, assets are grouped into the smallest group of assets for which there are separately identifiable cash flows (Cash Generating Units – CGUs).

The impairment loss is reversed only to the extent that the asset's carrying amount, net of depreciation or amortization, does not exceed the carrying amount that would have been determined if the impairment had not been recognized.

This procedure does not apply to goodwill based on expected future profitability. In the case of goodwill with an indefinite useful life, the recoverable amount is tested annually.

### 4.16. Financial Asset

Refers to a financial asset as it is an unconditional right to receive compensation directly from the granting authority, resulting from the application of Technical Interpretation ICPC 01 – Concession Agreements and Technical Guidance OCPC 05 – Concession Agreements.

#### 4.16.1. Indemnifiable - Concession

Concession assets refer to credits receivable from the Federal Government, when the Company has an unconditional right to be indemnified at the end of the concession, as provided for in the contract, as indemnities arising from the concession agreements for public services for the distribution and generation of electricity, for investments made in infrastructure and not recovered during the concession period. These financial assets are classified as fair value through profit or loss.

It is important to note that this is not an asset like other comparable assets available on the market, but an asset that is derived from and intrinsically linked to the Company's existing infrastructure, susceptible to variations arising from changes in the regulatory environment and related to infrastructure.

#### 4.16.2. Grant Bonus

As it is a public service concession contract, accounting was based on ICPC 01 - Concession Contracts, being considered as a financial asset, classified as amortized cost, initially estimated based on the respective fair value and subsequently measured at amortized cost calculated by the effective interest rate method, not having an active market, presenting fixed and determinable cash flow.

These amounts were initially accounted for at the time of payment against Cash and Cash Equivalents. The balance is monthly updated by the IRR and monetarily by the IPCA, recorded as a Financial Asset in the Gross Operating Revenue and amortized in billing through the Annual Generation Revenue – RAG.

### 4.16.3. Installment A - CVA

The Financial Asset, included in the Compensation for Variation in Costs account of "Portion A" – CVA, is intended to account for non-manageable costs, as defined by ANEEL, and not yet passed on to the electricity supply tariffs.

Said costs are part of the base of tariff adjustments and are appropriated to income, as the corresponding revenue is billed to consumers as determined in Interministerial Ordinances No. 25 and No. 116, of January 24, 2002 and April 4, 2003 respectively, and complementary provisions of ANEEL. The account balance is updated based on the Selic interest rate.

According to the accounting rule previously described (Note 4.5.3), financial assets and liabilities – Parcel A – CVA, are offset and reported in the balance sheet at net value. This financial asset is classified as amortized cost.

### 4.16.4. Indemnity Basic Project Pery Plant

The provisions of ICPC 01 – Concession Contracts apply, in which the grantor controls or regulates which services the concessionaire must provide with the infrastructure, to whom the services must be provided and their price. Accounting recognition is based on CPC 48 – Financial Instruments, considering that a Financial Asset is when there is an unconditional contractual right to receive cash or another financial asset directly from the granting authority or to whom it delegates this task.

The balance of the financial assets of the concessions is calculated by deducting the monthly amount received through the RAG, adding the monthly interest calculated based on the effective interest rate (TIR) and the monetary restatement based on the IPCA.

### 4.17. Other Current and Non-Current Assets

They are stated at realizable values (assets) and at known or estimated amounts, plus, when applicable, the corresponding charges and monetary variations incurred (liabilities).

### 4.17.1. Subsidy and Transfer of the Energy Development Account - CDE

These amounts were accounted for under Other Receivables, as a contra entry to Gross Operating Revenue under Donations, Contributions and Subsidies Linked to the Service Granted.

### 4.17.2. Tariff Flag Account

These amounts were accounted for under Other Credits Receivable, as a contra entry to Gross Operating Revenue under the heading Donations, Contributions and Subsidies Linked to the Service Granted. (Note 12).

### 4.17.3. Right of Use Asset

Corresponding to the lessee's right to use the leased asset over the lease term. Initial recognition is at cost, discounted to present value, as a contra entry to Lease Liabilities. The asset is depreciated over the period defined in the contract.

### 4.18. Financial Liabilities

Financial liabilities are initially recognized at fair value plus any attributable transaction costs. After initial recognition, they are measured at amortized cost using the effective interest rate method. Its write-off occurs when its contractual obligations are settled, withdrawn or cancelled.

### 4.18.1. Suppliers

Accounts payable to suppliers are obligations to pay for charges for use of the electricity grid, purchase of electricity, materials and services purchased or used in the ordinary course of business. They are initially recognized at fair value and subsequently measured at amortized cost.

### 4.18.2. Loans and Financing

Loans and financing are initially recognized at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts raised, net of transaction costs, and the redemption value is recognized in the income statement during the period in which loans and financing are in progress, using the effective interest rate method.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that will necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset when it is probable that they will result in future economic benefits for the Company, and that such costs can be reliably measured. Other borrowing costs are recognized as an expense in the period in which they are incurred.

**4.18.3. Debentures**

Debentures are recognized at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. After initial recognition, transaction costs and attributable interest, when incurred, are recognized in profit or loss or in construction in progress, in accordance with CPC 20 (R1) – Borrowing Costs.

**4.18.4. Installment A - CVA**

The financial liability, included in the Compensation for Variation in Costs account of "Portion A" – CVA, is intended to account for non-manageable costs, as defined by ANEEL, and not yet passed on to the electricity supply tariffs.

These costs are part of the basis for tariff adjustments and are appropriated to income, as the corresponding revenue is billed to consumers, as determined in Interministerial Ordinances No. 25 and No. 116, of January 24, 2002 and April 4, 2003, respectively, and complementary provisions of ANEEL. The account balance is updated based on the Selic interest rate.

According to the accounting rule previously described (Note 4.5.3), financial assets and liabilities – Parcel A – CVA, are offset and reported in the balance sheet at net value.

**4.18.5. Energy Development Account - CDE**

These amounts were accounted for under Regulatory Fees, linked to the Service Granted.

**4.18.6. Mathematical Reserve to Amortize**

Refers to the debt agreed with the Celesc Social Security Foundation – CELOS related to the change in the Pension Plan (Defined Benefit – BD, to Defined Contribution – CD).

**4.19. Provisions**

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

**4.20. Benefits for Employees and Retirees**

**4.20.1. Obligations with Pension Fund**

Celesc D has in its list of employee benefits pension plans in the Defined Benefit – BD, Variable Contribution – CV and Defined Contribution – CD modalities. The BD and CV plans feature retirement with a lifetime income, defined based on the plan's regulations (BD) or according to the balance in the retirement account and life expectancy (CV).

The liability related to pension plans is the present value of the obligation at the balance sheet date less the value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows, using interest rates consistent with market yields, which are denominated in the currency in which the benefits will be paid and which have close maturities those of the respective pension plan obligation.

Actuarial gains and losses resulting from adjustment for experience and changes in actuarial assumptions are recorded directly in Shareholders' Equity, as other comprehensive income, when they occur.

For defined contribution plans, Celesc D pays contributions to the plan, in accordance with regulatory rules. Once the contributions have been made, Celesc D has no obligations regarding additional payments.

Regular contributions comprise the net periodic costs for the period in which they are due and are therefore included in personnel costs.

### 4.20.2. Profit Sharing

The recognition of this interest is provisioned monthly and, after the end of the year, the amount is restated according to the effective achievement of the goals established between the Company and its employees. The Company recognizes a provision when it is contractually obligated or when there is a previous practice that has generated a non-formalized obligation.

### 4.21. Distribution of Dividends and Interest on Equity

Dividends are recognized in current liabilities at the end of the fiscal year, in the amount of 25% of adjusted net income, approved by the Board of Directors, to be distributed to shareholders. Dividends are recognized in current liabilities at the end of the fiscal year, in the amount of 25% of adjusted net income, approved by the Board of Directors, to be distributed to shareholders.

### 4.22. Other Current and Non-Current Liabilities

They are stated at known or estimated amounts, plus, when applicable, the corresponding charges and monetary variations incurred.

### 4.22.1. Lease Liabilities (CPC 06/IFRS 16)

Liabilities generated as a contra entry to the Right of Use asset, represent the lessee's obligation to pay the installments to the lessor during the lease term, according to their degree of enforceability. Initial recognition is calculated at present value and the finance charge is recognized in profit or loss as a finance expense.

### 4.22.2. PIS/COFINS refundable to Consumers

Recognition of amounts paid in excess of PIS/COFINS due to the inclusion of ICMS in the calculation basis of paid taxes, which will be reimbursed to consumers. The decrease has been occurring in transfers to consumers, as a financial tariff component of a provisional nature, while there are no return mechanisms defined by ANEEL. The amounts were initially recognized at cost and restated based on the SELIC rate. Monthly, the Company updates the amounts using the same index, with a corresponding entry in assets under Taxes Recoverable.

### 4.23. Capital Stock

The Company's Capital Stock updated, subscribed and paid in on December 31, 2022, is R$2,480,000,000.00 and is classified in Shareholders' Equity. Preferred shares have priority in receiving dividends based on 25%, non-cumulative.

### 4.24. Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the supply of billed energy, estimated energy supplied and not billed in the normal course of the Group's activities. It is presented net of taxes, returns, rebates and discounts, as well as after eliminating sales between Group companies.

The Company recognizes revenue when: a) it identifies the contract(s) with a customer; b) identify performance obligations;
c) determine the transaction price, per performance obligation; d) allocate the transaction price to the performance obligations in the contract; e) recognize revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 / CPC 47 establishes a revenue recognition model that considers five stages: (i) identification of the contract with the customer; (ii) identification of the performance obligation defined in the contract; (iii) determination of transaction price; (iv) allocation of transaction price to contract performance obligations; and (v) revenue recognition if and when the Company meets performance obligations.

### 4.24.1. Electric Power Supply

It is intended for the accounting of billed and unbilled revenue corresponding to the supply of electricity, as well as specific adjustments and surcharges.

### 4.24.2. Electric Power Supply

It is intended for the accounting of revenue from the supply of electricity to the reseller, in the Regulated Contracting Environment - ACR and sold in the Free Contracting Environment - ACL, as well as specific adjustments and surcharges.

### 4.24.3. Regulatory/Sector Financial Assets/Liabilities

The electricity tariff is made up of two portions that reflect the composition of your revenue: Portion A (non-manageable costs) and Portion B (manageable costs). Items in the Item Value Variation Compensation Account of "Portion A" – CVA, are variations with energy purchases, sector charges and others, to be included in future tariffs due to tariff readjustments.

Assets and liabilities arising from temporary differences between costs actually incurred and approved are accounted for. When the costs ratified in the tariffs are lower than the costs incurred, the measurement is positive and there is a credit in the revenue arising from a right to receive (sectoral asset). When the costs ratified in the tariffs are lower than the costs incurred, the measurement is positive and there is a credit in the revenue arising from a right to receive (sectoral asset). The presentation in the financial statements is net.

### 4.24.4. Short-Term Energy

Short-term energy is a segment of the Electric Energy Trading Chamber – CCEE where the differences between the amounts of electricity contracted by agents and the amounts of generation and consumption actually verified and attributed to the respective agents are accounted for. The differences determined, positive or negative, are accounted for later financial settlement in the short-term market and valued at the Price of Settlement of Differences – PLD.

### 4.24.5. Electricity Availability

Revenues derived from the availability of the distribution system by the concessionaire itself through its activities are accounted for.

### 4.24.6. Income from the Update of the Indemnifiable Financial Asset - Concession

Refers to the adjustment by the IPCA of the indemnifiable financial asset – electricity distribution concession.

### 4.24.7. Income from Provision of Services

Billed revenues of other natures are accounted for.

### 4.24.8. Taxed Service

It is intended for the accounting of credits, before consumers, arising from the execution of technical and administrative services charged by ANEEL.

### 4.24.9. Construction Revenue

The construction revenue applied by Celesc D has in return the costs related to construction services or improvement of the infrastructure used in the provision of electricity distribution services. The construction margin adopted is established as equal to zero, considering that: (i) the core activity of the company is the distribution of electricity; (ii) all construction revenue is related to the construction of infrastructure to reach its core activity, that is, the distribution of electricity; and (iii) the company outsources the construction of the infrastructure to unrelated parties.

### 4.24.10. Financial Income from the Update of Grant Bonus

As this is a concession contract, the Company recognizes financial income from effective interest, linked to the correction of the portion of the amount paid as grant bonus, within the "Operating Revenue" group.

For each plant there is a specific Internal Rate of Return – IRR, as a result of the value established by the granting authority for the amount paid for the grant bonus and for the amount received for the Return of the Grant Bonification – RBO. The monetary restatement is corrected by the IPCA, as established in the concession agreement.

### 4.24.11. Financial Income from Updating the Indemnity of the UHE Pery Plant

As this is a concession contract, the Company recognizes financial income from effective interest, linked to the correction of the portion of the amount paid as indemnity, from investments made in assets that were not fully depreciated at the end of the concession, within the "Operating Revenue" group. Monetary restatement is corrected by the IPCA and by monthly remuneration interest calculated based on the IRR. The balance is amortized monthly, until the end of the concession period.

### 4.24.12. Donations and Grants

Income from donations and grants are recognized on an accrual basis according to the substance of the applicable contracts and/or agreements. They are recognized in profit or loss when there is certainty that: (is) the entity has complied with all established conditions;

and (b) the grant will be received. Accounting will be the same regardless of whether the grant is received in cash or as a liability reduction.

### 4.24.13. Financial income

Financial income is recognized over time, using the effective interest rate method. Interest is incorporated into accounts receivable, as a contra entry to financial income.

### 4.24.14. Dividend Revenue

Dividend revenue is recognized when the right to receive payment is established.

## 5. RISK MANAGEMENT

The Board of Planning, Controls and Compliance - DPL of the Company develops the strategic management of risks and internal controls, preparing the map of corporate risks, evaluating and monitoring these risks to mitigate them through action plans, thus aiming at the achievement of the Company's long-term strategies.

### 5.1. Financial Risk Class

### 5.1.1. Credit Category

**a) Default**

Risk of compromising economic-financial planning due to non-receipt of billed revenue, due to deficiencies in communication, delivery and billing in relation to customers.

### 5.1.2. Liquidity Category

**a) Third-Part Capital**

Risk of the impossibility or unavailability of obtaining third-party capital from the market or impacts due to the early maturity of debts with the financial market or the untimely and unplanned variation in interest or exchange rates.

**b) Cash Flow**

Risk of low financial liquidity, whether due to low collections, impossibility of funding, default, excessive expenses and/or investments, to fulfill financial commitments and the business strategy.

The amounts disclosed in the table are the undiscounted contracted cash flows as of December 31, 2022.

| | | | | | | | Consolidated |
|---|---|---|---|---|---|---|---|
| Description | Rates % | Less than one month | From one to three months | From three Above months to a year | five years | Between one and five years | Total |
| Accounts Receivable (net of PECLD) | | 1,648,938 | 66,016 | 43,979 | 15,905 | 870 | **1,775,708** |
| Cash and Cash Equivalents | | 940,684 | - | - | - | - | **940,684** |
| Court Deposits | | - | - | - | 359,870 | - | **359,870** |
| CDE subsidy (DecreeNo. 7,891/2013) | | 47,086 | - | - | - | - | **47,086** |
| Financial Asset - CVA | SELIC | - | - | - | 105,012 | - | **105,012** |
| Financial Asset - Bonus Grant | IPCA | 3,516 | 6,948 | 30,225 | 139,715 | 245,526 | **425,930** |
| Financial Asset - Ind. Pery Plant Basic Project | IPCA | 1,538 | 3,040 | 13,252 | 61,822 | 113,347 | **192,999** |
| **Total Assets** | | **2,641,762** | **76,004** | **87,456** | **682,324** | **359,743** | **3,847,289** |
| CDI Bank Loans | CDI + 0.8% to 1.65% p.a. | 29,164 | - | 242,120 | 571,629 | - | **842,913** |
| Energy Development Account - CDE | | 19,472 | - | - | - | - | **19,472** |
| Eletrobras | 5% p.a. | 75 | 146 | 666 | 1,396 | - | **2,283** |
| Finame | From 2.5% to 9.5% p.a. | 249 | 484 | 1,713 | 320 | - | **2,766** |
| Debentures – Celesc D | CDI + 1.9% to 2.6% p.a. | 34,811 | 25,730 | 155,489 | 504,275 | - | **720,305** |
| Debentures – Celesc G | IPCA + 4.3% p.a. | - | 2,872 | - | 28,772 | 27,446 | **59,090** |
| Suppliers | | 739,649 | 274,280 | 2,584 | - | - | **1,016,513** |
| Financial Liabilities - CVA | SELIC | 63,130 | 126,930 | 592,737 | - | - | **782,797** |
| Mathematical Reserve to Amortize | IPCA + 6% p.a. | 20,033 | 19,093 | 91,164 | 162,071 | - | **292,361** |
| BID | CDI + 0.87% to 1.98% p.a. | - | - | 36,093 | 312,068 | 1,720,715 | **2,068,876** |
| **Total Liabilities** | | **906,583** | **449,535** | **1,122,566** | **1,580,531** | **1,748,161** | **5,807,376** |

**c) Actuarial**

Risk of financial losses as a result of Celesc's joint and several liability, as sponsor of its employees' pension fund (CELOS), due to the definition of a wrong premise or actuarial hypothesis, inadequate management, or in disagreement with market practices or even due to unexpected fluctuations of market variables.

**5.2. Operational Risk Class**

**5.2.1. Management Category**

**a) Investments**

Risk of losses due to non-compliance with schedules, insufficient rates of return, unforeseen disbursements and misappropriation of resources.

**5.2.2. Process Category**

**a) Asset Protection**

Risk of compromising the Company's operation(s) arising from the lack of protection mechanisms, claims and/or unauthorized access to equity assets.

**b) Losses**

Risk of revenue reduction due to exceeding, technical and/or non-technical losses, above the limits recognized in the tariff by ANEEL.

**c) Contracting Energy from the Distributor**

Risk of not fully passing on the cost of contracted energy and penalties due to contracting outside regulatory limits.

**5.2.3. Personal Category**

**a) Health and Safety**

Risk of labor liabilities, interdiction of activities and removal or death of workers caused by non-compliance with legal standards, lack of training and lack of adequate protection equipment.

**b) People Management and Development**

Risk of losses due to limitations in the mechanisms for hiring and retaining employees or the inability to promote the development of the Group's professionals, making the available workforce outdated and incapable of meeting the challenges of the strategy.

**5.2.4. Information and Technology Category**

**a) Cybernetics and IT Infrastructure**

Risk of loss or damage arising from unavailability or unauthorized access to critical data and information due to the interruption of critical systems, failures in information security or violation of the General Data Protection Law (LGPD).

**5.3. Compliance Risk Class**

**5.3.1. Regulatory/Legal Category**

**a) Socio-Environmental**

Risk of losses resulting from environmental and social policies and practices, exposing the Company to fines by inspection bodies, failure to obtain licenses and deterioration of its image.

**b) Tariff Revision**

Risk of losses in the remuneration contained in the so-called Parcel B, which represents Celesc D's manageable costs, as well as the risk of losses in the remuneration contained in Parcel A for Irrecoverable Revenues and for losses of electric energy, caused for non-compliance with the regulatory requirements established by ANEEL or for changes in the methodology applied in the tariff review process, resulting in tariffs lower than expected and leading to a reduction in the distributors' margin.

**c) Termination of the Distribution Concession**

Risk of termination of the concession agreement for the exploitation of the public electricity distribution service due to non-compliance with the limits established in the amendment to the distributor's Concession Agreement and in the ANEEL regulations, for the collective indicators of continuity and economic-financial sustainability.

The obligations established until 2021 were fully complied with.

ANEEL Normative Resolution No. 896, published on November 17, 2020, disciplined the parameterization and calculation methodology for the concession indicators, which were established for the years 2021 to 2045. The document is the result of Public Consultation nº 24/2019, which sought to discuss and collect subsidies for the definition of regulations for opening the expiry processes of electricity distribution concession contracts, based on service quality and sustainability requirements. economic-financial.

As of 2020, failure to comply with any of the DECi or FECi limits for one year makes it mandatory for the concessionaire to present a results plan, which must be submitted to prior acceptance by ANEEL and monitored in its execution by the areas of inspection, through periodical reports to be also presented by the concessionaires.

Non-compliance with the DECi or FECi limits for two consecutive years, or for three of the five previous calendar years, calculated separately or jointly, or the efficiency criterion in relation to economic-financial management for one year, obliges the concessionaire to limit the payment of dividends and interest on equity, individually or jointly, at 25% (twenty-five percent) of net income, reduced or increased by the amount allocated to the constitution of the Legal Reserve and the amount allocated to the constitution of the Reserve for Contingencies;

Failure to comply with DECi or FECi, individually or together, for three consecutive years or with the efficiency criterion in relation to economic and financial management for two consecutive years, characterizes the contractual default of the concessionaire and will imply the opening, by ANEEL, of a process administrative punitive measure aimed at applying the penalty of declaration of forfeiture of the concession, pursuant to Normative Resolution No. 846, of June 11, 2019, or supervening rules that may succeed it.

As for the economic-financial management efficiency criterion, this will be measured by calculating the inequality, each calendar year, and will be considered non-compliance when there is non-compliance or when the EBITDA is lower than the QRR. The ratio (Net Debt/EBITDA – QRR) of Celesc D should be between the limits of 10 to 15 times, since now the Selic had delimitation of a floor with 6% and a ceiling with 9%.

In December 2022, ANEEL published Dispatch No. 3478/2022 recognizing compliance with the continuity and efficiency indicators in relation to the management of the year 2021. The distributor was able to meet all the targets, being in compliance with the Concession Agreement.

**d) Electric Sector Regulation**

Risk of administrative sanctions applied by the Regulatory Agency due to the inadequacy of internal processes, loss of value due to changes in legislation that are out of line with the Company's strategic interests, and exposure to government policies defined for the sector, as well as interference from external bodies .

**e) Fraud**

Risk of financial losses, damage to the image, drop in the quality of services and legal sanctions due to occurrences of fraud, internal or external, caused by employees or third parties, due to control failures or collusion.

**f) Lawsuits**

Risk of losses caused by practices or deficiencies that make it difficult or impossible to build defenses.

**5.4. Strategic Risk Class**

**5.4.1. Governance Category**

**a) Image**

Risk of a drop in the Group's reputation level vis-à-vis the main stakeholders.

#### 5.4.2. Strategy Category

**a) Innovation**

Risk of loss of competitive advantage due to the difficulty of developing and/or implementing new technologies, compromising several aspects, such as access to new markets, revenue maximization, acquisition of new knowledge, brand valuation and corporate sustainability.

### 5.5. Sensitivity Analysis

Below is a table showing the sensitivity analysis of financial instruments, which describes the interest rate risks that may generate material effects for the Company, with the most likely scenario (scenario I) according to the assessment carried out by Management, considering a horizon three months, when the next financial information containing such analysis shall be disclosed.

Additionally, two other scenarios are demonstrated, in order to present 25% and 50% deterioration in the considered risk variable, respectively (scenarios II and III). Values are reported in absolute terms and not in relation to the probable scenario presented.

The sensitivity analysis presented considers changes in relation to a certain risk, keeping all other variables constant, associated with other risks, with balances as of December 31, 2022:

| | | | | | | | | Consolidated |
|---|---|---|---|---|---|---|---|---|
| **Assumptions** | **Effects of the Accounts on the Income** | **NE** | **Balance** | **(Scenario I)** | **Increase 25% (Scenario II)** | **Increase 50% (Scenario II)** | **25% reduction (Scenario II)** | **Reduction 50% (Scenario III)** |
| **CDI** | | | | **13.73%** | **17.16%** | **20.60%** | **10.30%** | **6.87%** |
| | Financial investments | 8 | 895,959 | 123,015 | 153,747 | 184,568 | (92,284) | (61,552) |
| | Loans | 22 | (1,838,381) | (252,410) | (315,466) | (378,706) | 189,353 | 126,297 |
| | Debentures | 23 | (563,653) | (77,390) | (96,723) | (116,113) | 58,056 | 38,723 |
| **Selic** | | | | **13.54%** | **16.93%** | **20.31%** | **10.16%** | **6.77%** |
| | CVA - Active | 13.1 | 76,448 | 10,351 | 12,943 | 15,527 | (7,767) | (701) |
| | CVA - Passive | 13.1 | (753,564) | (102,033) | (127,578) | (153,049) | 76,562 | 6,908 |
| **IPCA** | | | | **5.78%** | **7.23%** | **8.67%** | **4.34%** | **2.89%** |
| | Indemnifiable Financial Asset - Concession | 14 | 596,648 | 34,486 | 43,138 | 51,729 | (25,895) | (17,243) |
| | Debentures | 23 | (42,460) | (2,454) | (3,070) | (3,681) | 1,843 | 1,227 |
| | Financial Asset - Grant Bonus | 13.2 | 346,810 | 20,046 | 25,074 | 30,068 | (15,052) | (10,023) |
| | Financial Asset - Ind. Pery Plant Basic Project | 14.3 | 156,840 | 9,065 | 655 | 57 | (6,807) | (4,533) |
| | Mathematical Reserve to Amortize | 28 | (248,978) | (14,391) | (18,001) | (21,586) | 10,806 | 7,195 |

### 5.6. Capital Management

The objectives in managing its capital are to safeguard the Company's ability to continue to offer returns to shareholders and benefits to other stakeholders, in addition to maintaining an ideal capital structure to reduce this cost.

In order to maintain or adjust the capital structure, the Company may review the dividend payment policy, returning capital to shareholders or even issuing new shares or selling assets to reduce, for example, the level of indebtedness.

Consistent with other companies in the industry, the Company monitors capital based on the financial leverage ratio. This ratio corresponds to net debt divided by total capital.

Net debt, in turn, corresponds to total loans and financing, including short- and long-term loans and debentures, less cash and cash equivalents. Total capital is calculated by adding equity and net debt.

The following table presents the Financial Leverage Ratio:

| | | | Consolidated |
|---|---|---|---|
| **Description** | **Note** | **12/31/2022** | **12/31/2021** |
| Loans and Financing - National Currency | 22 | 1,166,319 | 103,222 |
| Loans and Financing - Foreign Currency | 22 | 676,836 | 1,150,078 |
| Debentures | 23 | 606,113 | 768,665 |
| (-) Cash and Cash Equivalents | 8 | (940,684) | (844,088) |
| **Net Debt** | | **1,508,584** | **1,177,877** |
| **Total Shareholders' Equity** | | **2,883,176** | **2,621,369** |
| **Total Capital** | | **4,391,760** | **3,799,246** |
| **Financial Leverage Ratio (%)** | | **34.35%** | **31.00%** |

### 5.7. Fair Value Estimate

Accounts receivable from customers and accounts payable to suppliers at book value, less the impairment loss, are assumed to approximate their fair values.

The fair value of financial liabilities, for disclosure purposes, is estimated by discounting future contractual cash flows at the current market interest rate, which is available to the Company for similar financial instruments.

For financial instruments measured in the balance sheet at fair value, the Company applies CPC 46 - Measurement at Fair Value, which requires disclosure, by level, in the following hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities that the Company may have access to on the measurement date (Level 1);

- Information, other than quoted prices, included in Level 1 that is adopted by the market for the Asset or Liability, either directly, as prices, or indirectly, as derived from prices (Level 2);

- Inputs for assets or liabilities that are not based on data adopted by the market, ie unobservable inputs (Level 3).

The following table presents the Group's assets measured at fair value on December 31, 2022:

| | | | Consolidated |
|---|---|---|---|
| **Description - Level 3** | **Note** | **12/31/2022** | **12/31/2021** |
| **Fair Value through Other Comprehensive Income - VJORA** | | | |
| Marketable Securities | 15 | - | 137,261 |
| Other | | 217 | 217 |
| **Fair Value through Income - VJR** | | | |
| Indemnifiable Asset - Concession | 14 | 1,008,038 | 757,193 |
| **Total Assets** | | **1,008,255** | **894,671** |
| Sector Charges - CDE | 26 | 19,472 | 19,472 |
| **Total Liabilities** | | **19,472** | **19,472** |

Specific valuation techniques used to measure financial instruments at fair value include:

a) Market Approach; b) Cost Approach; c) Revenue Approach; d) Other techniques.

For assets accounted for as Bonds and Securities, valued at VJORA, other techniques were used, such as discounted flow analysis. For the Others account, the technique applied was the cost approach.

For the concession assets, valued at VJR, the measurement was through the cost approach technique. With regard to the current replacement/replacement cost, other techniques were used, such as the discounted flow analysis.

# 6. FINANCIAL INSTRUMENTS BY CATEGORY

The following tables present the financial instruments by category as of December 31, 2022:

Consolidated

| Description | Cost Amortized | Fair Value per Through Profit | Fair Value through Other Results Comprehensive | Total |
|---|---|---|---|---|
| **Assets** | **3,703,446** | **1,008,038** | **217** | **4,711,701** |
| Cash and Cash Equivalents | 940,684 | - | - | 940,684 |
| Trade receivables | 1,775,708 | - | - | 1,775,708 |
| Court Deposits | 359,870 | - | - | 359,870 |
| CDE - Subsidy Decree No. 7,891/2013 | 47,086 | - | - | 47,086 |
| Indemnifiable Financial Asset - Concession | - | 1,008,038 | - | 1,008,038 |
| Financial Asset - CVA | 76,448 | - | - | 76,448 |
| Financial Asset - Grant Bonus | 346,810 | - | - | 346,810 |
| Financial Asset - Indemnity Basic Project Pery Plant | 156,840 | - | - | 156,840 |
| Other | - | - | 217 | 217 |

Consolidated

| Description | Cost Amortized | Fair Value per Through Profit | Fair Value through Other Results Comprehensive | Total |
|---|---|---|---|---|
| **Liabilities** | **4,483,107** | **19,472** | **-** | **4,502,579** |
| Suppliers | 1,016,513 | - | - | 1,016,513 |
| CELOS | 14,784 | - | - | 14,784 |
| Loans - National Currency | 676,836 | - | - | 676,836 |
| Loans - Foreign Currency | 1,166,319 | - | - | 1,166,319 |
| Debentures | 606,113 | - | - | 606,113 |
| Mathematical Reserve to Amortize | 248,978 | - | - | 248,978 |
| Sector Charges - CDE | - | 19,472 | - | 19,472 |

The following tables present the financial instruments by category as of December 31, 2021:

Consolidated

| Description | Cost Amortized | Fair Value per Through Profit | Fair Value through Other Results Comprehensive | Total |
|---|---|---|---|---|
| **Assets** | **4,147,196** | **757,193** | **137,478** | **5,041,867** |
| Cash and Cash Equivalents | 844,088 | - | - | 844,088 |
| Trade receivables | 1,958,223 | - | - | 1,958,223 |
| Court Deposits | 329,106 | - | - | 329,106 |
| CDE - Subsidy Decree No. 7,891/2013 | 49,231 | - | - | 49,231 |
| Marketable Securities | - | - | 137,261 | 137,261 |
| Indemnifiable Financial Asset - Concession | - | 757,193 | - | 757,193 |
| Financial Asset - CVA | 470,286 | - | - | 470,286 |
| Financial Asset - Grant Bonus | 329,349 | - | - | 329,349 |
| Financial Asset - Indemnity Basic Project Pery Plant | 166,913 | - | - | 166,913 |
| Other | - | - | 217 | 217 |

Consolidated

| Description | Cost Amortized | Fair Value per Through Profit | Fair Value through Other Results Comprehensive | Total |
|---|---|---|---|---|
| **Liabilities** | **3,488,851** | **19,472** | **-** | **3,508,323** |
| Suppliers | 1,088,186 | - | - | 1,088,186 |
| CELOS | 5,142 | - | - | 5,142 |
| Loans - National Currency | 103,222 | - | - | 103,222 |
| Loans - Foreign Currency | 1,150,078 | - | - | 1,150,078 |
| Debentures | 768,665 | - | - | 768,665 |
| Mathematical Reserve to Amortize | 333,732 | - | - | 333,732 |
| Sector Charges - CDE | - | 19,472 | - | 19,472 |
| Financial Liabilities - CVA | 39,826 | - | - | 39,826 |

## 7. CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets can be assessed by reference to internal credit limit assignment ratings.

| | | Consolidated |
|---|---|---|
| **Trade receivables** | **12/31/2022** | **12/31/2021** |
| Group 1 – Customers with Collection on Maturity | 906,658 | 978,851 |
| Group 2 - Customers with an average delay between 01 and 90 days | 631,435 | 845,281 |
| Group 3 - Customers with an average delay of over 90 days | 562,195 | 795,833 |
| **Total** | **2,100,288** | **2,619,965** |

All other financial assets that the Company maintains, mainly current accounts and financial investments, are considered of high quality and do not show signs of loss.

## 8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are held for the purpose of meeting short-term commitments and not for other purposes.

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| **Description** | **12/31/2022** | **12/31/2021** | **12/31/2022** | **12/31/2021** |
| Bank and Cash Resources | 5 | 34 | 44,725 | 37,409 |
| Financial investments | 48,200 | 26,838 | 895,959 | 806,679 |
| **Total** | **48,205** | **26,872** | **940,684** | **844,088** |

Financial investments are highly liquid, readily convertible into a known amount of cash, and are not subject to significant risk of changes in value. These securities refer to Bank Deposit Certificates - CDBs, remunerated on average at the rate of 96% of the Interbank Deposit Certificate - CDI.

## 9. TRADE RECEIVABLES

### 9.1. Consumers, Concessionaires and Permissionaires

| | | | | | Consolidated |
|---|---|---|---|---|---|
| **Description** | **Falling Due** | **Overdue Up to 90 days** | **Overdue Over 90 days** | **12/31/2022** | **12/31/2021** |
| **Consumers** | **1,137,361** | **241,512** | **408,855** | **1,787,728** | **2,310,487** |
| Residential | 321,930 | 149,515 | 211,208 | 682,653 | 710,998 |
| Industrial | 74,765 | 29,481 | 78,498 | 182,744 | 504,926 |
| Commerce | 144,525 | 45,524 | 106,683 | 296,732 | 369,224 |
| Rural | 45,974 | 13,232 | 10,722 | 69,928 | 86,643 |
| Government | 36,842 | 3,716 | 302 | 40,860 | 55,457 |
| Public Lighting | 15,888 | 7 | 1,418 | 17,313 | 43,683 |
| Public Service | 15,954 | 37 | 24 | 16,015 | 26,137 |
| Unbilled Supply | 481,483 | - | - | 481,483 | 513,419 |
| Supply to Other Concessionaires | **270,499** | **5,439** | **36,622** | **312,560** | **309,478** |
| Concessionaires and Permissionaires | 237,976 | 3,599 | 2,693 | 244,268 | 243,021 |
| Transactions Under the CCEE | 22,711 | - | - | 22,711 | 1,118 |
| Other Credits | - | 1,840 | 33,929 | 35,769 | 52,493 |
| Unbilled Concessionaires and Permissionaires | 9,812 | - | - | 9,812 | 12,846 |
| **Total** | **1,407,860** | **246,951** | **445,477** | **2,100,288** | **2,619,965** |
| PECLD with Clients | (7,378) | (6,091) | (311,111) | (324,580) | (661,742) |
| **Total Trade Receivables - Net** | **1,400,482** | **240,860** | **134,366** | **1,775,708** | **1,958,223** |
| **Current** | | | | **1,758,933** | **1,931,011** |
| **Noncurrent** | | | | **16,775** | **27,212** |

### 9.2. Estimated Losses on Doubtful Accounts - PECLD

Estimated losses on amounts falling due are recognized due to significant increases in credit risk since initial recognition, assessed individually or collectively, considering all reasonable and sustainable information, including forward-looking information.

Celesc G, in addition to defaults generated by bilateral contracts, is subject to defaults occurring in the electricity market of the national interconnected system, which are managed and accounted for by CCEE, and are apportioned among market agents. The composition, by consumption class, is shown below:

| | | Consolidated |
|---|---|---|
| **Consumers** | **12/31/2022** | **12/31/2021** |
| Residential | 142,191 | 121,104 |
| Industrial | 65,574 | 234,184 |
| Textile (i) | - | 114,614 |
| Commerce, Services and Others | 81,957 | 110,776 |
| Rural | 5,144 | 6,502 |
| Government | 276 | 10,711 |
| Public Lighting | 1,421 | 19,001 |
| Public Service | 23 | 225 |
| Concessionaires and Permissionaires (ii) | 960 | 2,459 |
| Free Consumers | 2,043 | 10,825 |
| Other | 24,991 | 31,341 |
| **Total** | **324,580** | **661,742** |
| **Current** | **324,580** | **547,128** |
| **Noncurrent** | **-** | **114,614** |

Changes are as follows:

| | Consolidated |
|---|---|
| **Description** | **Total** |
| **Balance on 12/31/2020** | **632,475** |
| Provision/Reversal for the Year | 60,671 |
| Write-offs from Accounts Receivable | (31,404) |
| **Balance on 12/31/2021** | **661,742** |
| Provision/Reversal for the Year | 62,278 |
| Write-offs from Accounts Receivable | (399,440) |
| **Balance on 12/31/2022** | **324,580** |

Celesc D, in accordance with CPC 48/IFRS 9, uses the provisions matrix as a practical expedient to estimate its expected credit losses over the next twelve months, having been updated in December 2022. Expected credit losses consider historical experience, adjusting it to better reflect information about current conditions and reasonable and supportable forecasts of future economic conditions, without disregarding market information about credit risk.

To prepare the default matrix, a report extracted and sent monthly to ANEEL was used with the amounts billed and not received. The purpose of the report is to demonstrate the amounts not received (overdue and due) of each billing until the chosen date and to define the stabilization point of the bill's aging curve, the Aging.

Below are the percentages of expected losses segregated by class of consumption, applied in the recognition of receivables:

| **Aging Months** | **General** | **Residential** | **Industrial** | **Comertial** | **Rural** | **Power Governme nt** | **Lighting Public** | **Service Governme nt** |
|---|---|---|---|---|---|---|---|---|
| Falling due | 0.52% | 0.67% | 0.38% | 0.63% | 0.18% | 0.01% | 0.01% | 0.02% |
| 0-3 months | 2.53% | 2.15% | 2.90% | 3.39% | 0.97% | 0.19% | 1.23% | 0.56% |
| 3-6 months | 24.84% | 19.62% | 48.39% | 33.08% | 7.69% | 5.88% | 100.00% | 50.00% |
| 6-12 months | 49.38% | 42.28% | 71.43% | 51.81% | 20.59% | 16.67% | 100.00% | 100.00% |
| 12-18 months | 61.54% | 56.52% | 73.17% | 66.15% | 37.84% | 33.33% | 100.00% | 100.00% |
| 18-24 months | 66.67% | 66.67% | 75.00% | 74.14% | 51.85% | 100.00% | 100.00% | 100.00% |
| 24-36 months | 72.73% | 73.24% | 76.92% | 84.31% | 66.67% | 100.00% | 100.00% | 100.00% |
| 36-48 months | 80.00% | 85.25% | 78.95% | 95.56% | 82.35% | 100.00% | 100.00% | 100.00% |
| 48-60 months | 97.56% | 98.11% | 96.77% | 97.73% | 93.33% | 100.00% | 100.00% | 100.00% |
| +60 months | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

**(i) Estimated Losses on Bad Debts - PECLD with the Textile Sector**

In 2009, Celesc D carried out a debt recovery action plan for companies in the textile sector, including Têxtil Renaux View S.A, Tecelagem Kuehnrich – TEKA and Companhia Industrial Schlösser S.A.

In relation to Têxtil Renaux View S.A., Celesc D's Management, considering the default of the debt related to the installment agreement and due to the remote possibility of receiving it, constituted a provision for the total amount receivable in the amount of R$45.2 million, in 2013.

In 2012, TEKA filed a request for judicial recovery before the Judicial District of Blumenau, Santa Catarina. The recovery plan was approved by the majority of the creditors, although Celesc D voted for its non-approval and thus the company's bankruptcy. Therefore, the probability of receiving said amount is remote in Management's assessment, and Celesc D constituted a provision for the entire installment that TEKA has with Celesc D in the amount of R$55.8 million.

In 2011, Companhia Industrial Schlösser S.A. also entered into judicial recovery, with a provision in 2012 in the amount of R$16.9 million. Celesc D received, in 2017, related to the judicial recovery, the amount of R$3.3 million, which amount was reversed from the provision.

In order to sanitize electricity billing credits and maintain compliance with the matrix of estimated losses with doubtful debts (PECLD) and with the criteria of the current tax legislation (Federal Decree No. 9580/2018 and Normative Instruction of the Federal Revenue Service of Brazil 1700/2017), which regulate the deduction of part of the amounts of losses in the IRPJ and CSLL calculation basis, the Company's Management approved, on June 7, 2022, the new rules for accounting entries for losses related to invoices overdue for more than 5 years, considering remote the possibility of success in the receipt, even having started the collection process through administrative and/or judicial means.

Accounting entries for the recognition of definitive loss of previously provisioned credits must be limited to the write-off of the respective asset against the constituted provision, both in balance sheet accounts, and should not pass through the income statement.

In light of the reduction in PECLD caused by permanent loss entries, Celesc D's default indicators showed a significant improvement.

With the new rule, electricity billing credits accumulated a reduction of R$387.2 million in the year, of which R$114.6 million refer to the entry for losses of receivables from the textile sector.

Finally, it is worth remembering that the accounting entries in question do not imply closure in the collection process.

The following table shows the breakdown of balances by company:

| | **Consolidated** |
|---|---|
| **Description** | **Total** |
| Têxtil Renaux View S.A. | 45,215 |
| Teka Tecelagem Kuehnrich S.A. | 55,795 |
| Companhia Industrial Schlösser S.A | 13,604 |
| **Balance on 12/31/2020** | **114,614** |
| Provision/Reversal for the Year | - |
| Reversal for the Year | - |
| **Balance as of 12/31/2020** | **114,614** |
| Têxtil Renaux View S.A. | 45,215 |
| Teka Tecelagem Kuehnrich S.A. | 55,795 |
| Companhia Industrial Schlösser S.A | 13,604 |
| **Balance as of 12/31/2020** | **114,614** |
| Provision/Reversal for the Year | - |
| Reversal for the Year | - |
| **Balance as of 12/31/2020** | **114,614** |
| Têxtil Renaux View S.A. | 45,215 |
| Teka Tecelagem Kuehnrich S.A. | 55,795 |
| Companhia Industrial Schlösser S.A | 13,604 |
| **Balance as of 12/31/2021** | **114,614** |
| Write-offs from Accounts Receivable | (114,614) |
| **Balance as of 12/31/2021** | **-** |

**(ii) Judicial Decision of the Generation Scaling Factor Adjustment Factor - GSF**

On September 27, 2021, Celesc G communicated to the CCEE the withdrawal of the existing lawsuit for the UHE's Garcia, Bracinho, Cedros, Palmeiras, Salto, Pery and PCH Celso Ramos. The value of the PECLD of these plants was fully reversed until October 2021. Celesc G maintains the injunctions related to the CGH's and awaits an outcome from ANEEL.

The amounts referring to the adjustments in Celesc G of the injunctions related to the CGH's, in the year 2022, regarding the GSF in the reports of the results of the short-term market accounting, issued by the CCEE, were in the amount of R$236.0 thousand. During the year, R$1.1 million was reversed due to its receipt.

On December 31, 2022, the balance of PECLD is R$172.0 thousand, referring to the CGHs, for which Celesc G maintains the lawsuit (Note 2.1.2.6, letter b).

The movement for the year is shown in the table below:

| | Consolidated |
|---|---|
| **Description** | **Total** |
| **Balance on 12/31/2020** | **37,801** |
| Net Provision for the Year | 11,552 |
| Reversal in the Year (Write-off in Accounts Receivable) | (48,354) |
| **Balance on 12/31/2021** | **999** |
| Net Provision for the Year | 236 |
| Write-off in Accounts Receivable | (1,063) |
| **Balance on 12/31/2022** | **172** |

## 10. INVENTORIES

Inventories are composed of materials intended for the maintenance of generation operations and, mainly, energy distribution, in addition to materials for administrative use.

| | | Consolidated |
|---|---|---|
| **Description** | **12/31/2022** | **12/31/2021** |
| Warehouse | 19,963 | 13,500 |
| Other | 56 | 56 |
| **Total** | **20,019** | **13,556** |

## 11. RECOVERABLE TAXES

| | | Parent Company | | Consolidated |
|---|---|---|---|---|
| **Description** | **12/31/2022** | **12/31/2021** | **12/31/2022** | **12/31/2021** |
| PIS/COFINS (Base ICMS Calculation Exclusion) | - | - | 1,100,944 | 1,497,090 |
| IRPJ/CSLL | 44,331 | 37,879 | 64,134 | 46,543 |
| ICMS | - | - | 57,942 | 48,223 |
| PIS/COFINS | - | - | 6 | 5 |
| Other | - | - | 992 | 1,022 |
| **Total** | **44,331** | **37,879** | **1,224,018** | **1,592,883** |
| **Current** | **44,331** | **37,879** | **699,238** | **572,007** |
| **Noncurrent** | **-** | **-** | **524,780** | **1,020,876** |

The balances of IRPJ and CSLL consist mainly of amounts paid in advance and withholding income tax on financial investments and negative balance that will be realized in the normal course of operations, being used to offset federal taxes.

Recoverable ICMS credits recorded in non-current assets arise from acquisitions of property, plant and equipment and can be offset within 48 months.

### 11.1. PIS/COFINS (Exclusion of ICMS from the calculation base)

| | | Parent Company | | Consolidated |
|---|---|---|---|---|
| **Description** | **12/31/2022** | **12/31/2021** | **12/31/2022** | **12/31/2021** |
| PIS/COFINS (Base ICMS Calculation Exclusion) 1st action | - | - | - | 498,392 |
| PIS/COFINS (Exclusion ICMS Calculation Base) 2nd action | - | - | 1,100,944 | 998,698 |
| **Total** | - | - | **1,100,944** | **1,497,090** |
| **Current** | - | - | **609,890** | **498,392** |
| **Noncurrent** | - | - | **491,054** | **998,698** |

On April 1, 2019, Celesc D obtained a final and unappealable decision in a court case filed under No. 5006834- 93.2012.4.04.7200, in which the right to repeat the PIS/Cofins overpayment due to the inclusion of ICMS in the calculation base for these taxes, in the period between April 2007 and December 2014, due to the time limitation given in the decision resulting from the supervening of Federal Law No. 12,973/2014.

The credits were initially recorded in accordance with the Brazilian Federal Revenue Inquiry Solution - RFB No. 13/2018. After the judgment of the Motion for Clarification in Extraordinary Appeal No. 574,706/PR, with general repercussions by the Federal Supreme Court, on May 13, 2021, Celesc D supplemented the value of the registered credit to adapt it to the ICMS exclusion methodology detached from the PIS/Cofins base. The amounts of PIS and Cofins credits related to this first action were fully offset in the 3rd quarter of 2022.

On July 9, 2019, Celesc D filed a second lawsuit, filed under No. 5016157-78.2019.4.04.7200, claiming the return of amounts referring to the period from January 2015 onwards. The action was judged in favor of the lower court, recognizing the concessionaire's right to exclude ICMS from the PIS and Cofins calculation base, as of January 1, 2015, a decision confirmed by the Federal Regional Court of the 4th Region when analyzing the Appeal filed by the Union – National Treasury.

However, as a result of the modulation of the effects of the decision handed down in leading case No. 574,706 - Item 69 - there was, in the court of withdrawal, the limitation of the right to repeat the overpayment, as of March 15, 2017, the date of the judgment on the merits of Extraordinary Appeal No. 574,706 by the Federal Supreme Court. The process became final and unappealable on May 26, 2022, and Celesc D obtained the authorization of the credits by the Federal Revenue Service on December 27, 2022. After internal processing at Celesc D, the process of offsetting the due taxes with the credit enabled will begin.

As a result of future offsets of this balance, Celesc D reclassified the PIS and Cofins credit to current assets based on projections of amounts to be offset in the next twelve months.

## 12. DIVIDENDS/IOE TO RECEIVE AND OTHER ASSETS

### 12.1. Dividends and IoE to Receive

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| **Description** | **12/31/2022** | **12/31/2021** | **12/31/2022** | **12/31/2021** |
| Dividends Celesc G | - | 16,760 | - | - |
| Dividends SCGÁS | 4,374 | 3,939 | 4,374 | 3,939 |
| Dividends ECTE | 8,256 | 6,994 | 8,256 | 6,994 |
| Dividends Casan | - | 161 | - | 161 |
| Dividends DFESA | 909 | 86 | 909 | 86 |
| Dividends EDP Transmissão Aliança | - | - | 1,078 | - |
| IOE Celesc G | 38,724 | 22,619 | - | - |
| IOE Celesc D | 154,806 | 92,687 | - | - |
| IOE SCGÁS | 2,227 | 2,631 | 2,227 | 2,631 |
| IOE EDP Transmissão Aliança | - | - | 3,578 | 1,054 |
| **Total** | **209,296** | **145,877** | **20,422** | **14,865** |
| **Current** | **209,296** | **145,877** | **20,422** | **14,865** |
| **Noncurrent** | **-** | **-** | **-** | **-** |

### 12.2. Other Assets - Current and Noncurrent

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| **Description** | **12/31/2022** | **12/31/2021** | **12/31/2022** | **12/31/2021** |
| ICMS ST (i) | - | - | 35,043 | 57,173 |
| Infrastructure Sharing (ii) | - | - | 44,089 | 29,479 |
| Advance Proinfa (iii) | - | - | 24,578 | 28,591 |
| Sundry Advances (vi) | 177 | 51 | 9,443 | 8,089 |
| Refund Difference CDE (iv) | - | - | 3,424 | 20,765 |
| Low Income Program | - | - | 5,621 | 12,336 |
| Prepaid Expenses (v) | 487 | - | 2,128 | 738 |
| Flag Account | - | - | 3,453 | 6,251 |
| Destined For Sale | - | - | 2,457 | 3,033 |
| Personnel Available | - | - | 794 | 769 |
| Other Credits (vii) | - | - | 5,009 | 2,872 |
| **Total** | **664** | **51** | **136,039** | **170,096** |
| **Current** | **623** | **51** | **133,541** | **167,063** |
| **Noncurrent** | **41** | **-** | **2,498** | **3,033** |

### (i) ICMS Tax Replacement (ST)

Amounts receivable from Free Consumers arising from the collection of taxes on electricity bills linked to Agreement/CONFAZ No. 77, of August 5, 2011.

### (ii) Infrastructure Sharing

Refers to the use of fixing points on Celesc D poles, carried out by third parties, for the provision of telecommunications services of collective interest, such as telephony, internet, cable TV and others.

### (iii) Advance of the Program of Incentive to Alternative Electric Energy Sources - PROINFA

It refers to the advance of the charge regulated by Decree nº 5.025/2004, in Celesc D, which aims to increase the participation of alternative renewable sources in the production of electric energy.

### (iv) CDE Reimbursement Difference

Corresponds to the difference between the amounts granted for tariff discounts to Celesc D's consumer units and the amounts received from CEEE to offset said discounts on tariffs applicable to generators and consumers from incentivized sources, for irrigation and aquaculture services during special hours, public water, sewage and sanitation services, distributors with their own market, the rural class, the rural electrification cooperative subclass and the public irrigation service.

### (v) Prepaid expenses

They correspond to insurance premiums.

### (vi) Sundry advances

The main prepaid expenses are salary advances (R$569 thousand), vacation advances (R$693 thousand) and food stamp advances (R$6.2 million).

### (vii) Other Credits

Correspond mainly to amounts receivable from contractual fines with suppliers and damage caused by third parties to the Company's assets.

## 13. FINANCIAL ASSETS/LIABILITIES

### 13.1. Installment A - CVA

| Description | 12/31/2021 Addition | Write-off | Amortization | Remuneration | Transfers | 12/31/2022 | Balance on Amortization | Balance on Creation | Current | Non-Current |
|---|---|---|---|---|---|---|---|---|---|---|
| **CVA - Active** | **1,693,500** | **456,182** | **(909,497)** | **118,974** | **(460,989)** | **898,170** | **497,986** | **400,184** | **640,273** | **257,897** |
| Energy | 823,056 | (485,376) | (356,975) | 35,927 | 120,765 | 137,397 | 77,827 | 59,570 | 99,007 | 38,390 |
| Energy Cost - Itaipu | 60,794 | (9,593) | (52,609) | 1,408 | - | - | - | - | - | - |
| Proinfa | 16,491 | 88,655 | (52,079) | 6,678 | - | 59,745 | 59,745 | - | 59,745 | - |
| Basic Network Transport | 90,258 | 121,854 | (86,397) | 9,068 | - | 134,783 | 39,155 | 95,628 | 73,156 | 61,627 |
| Energy Transport | 16,725 | 21,662 | (16,704) | 2,024 | - | 23,707 | 12,296 | 11,411 | 16,353 | 7,354 |
| ESS | 578,433 | 166,776 | (93,739) | 28,993 | (609,652) | 70,811 | 60,113 | 10,698 | 63,917 | 6,894 |
| CDE | 40,579 | 397,972 | (187,575) | 26,560 | - | 277,536 | 247,811 | 29,725 | 258,380 | 19,156 |
| Portion A Neutrality | 4,080 | 40,124 | - | 1,677 | - | 45,881 | - | 45,881 | 16,313 | 29,568 |
| Energy Overcontracting | 56,574 | 112,812 | (56,574) | 6,561 | - | 119,373 | - | 119,373 | 42,444 | 76,929 |
| Other | 6,510 | 1,296 | (6,845) | 78 | 27,898 | 28,937 | 1,039 | 27,898 | 10,958 | 17,979 |
| **CVA - Passive** | **(1,263,040)** | **(942,866)** | **1,611,717** | **(75,272)** | **(905,825)** | **(1,575,286)** | **(1,292,140)** | **(283,146)** | **(1,393,837)** | **(181,449)** |
| Energy Acquisition | - | (433,941) | - | (15,793) | 449,734 | - | - | - | - | - |
| Energy Cost - Itaipu | - | (77,046) | 5,398 | (3,054) | - | (74,702) | (9,783) | (64,919) | (32,865) | (41,837) |
| Proinfa | - | (3,575) | - | (225) | - | (3,800) | - | (3,800) | (1,351) | (2,449) |
| Energy Overcontracting | (103,002) | 60,253 | 74,105 | (6,825) | (76,833) | (52,302) | (52,302) | - | (52,302) | - |
| CDE | (29,747) | 29,965 | - | (218) | - | - | - | - | - | - |
| Portion A Neutrality | (65,302) | (23,635) | 73,495 | 591 | - | (14,851) | (14,851) | - | (14,851) | - |
| Tariff Returns | (585,927) | (36,221) | 845,300 | (3,435) | (806,252) | (586,535) | (549,655) | (36,880) | (563,652) | (22,883) |
| Tariff Flags | - | (216) | - | - | - | (216) | - | (216) | (216) | - |
| Other | (479,062) | (458,450) | 613,419 | (46,313) | (472,474) | (842,880) | (665,549) | (177,331) | (728,600) | (114,280) |
| **Balance Assets/(Liabilities)** | **430,460** | **(486,684)** | **702,220** | **43,702** | **(1,366,814)** | **(677,116)** | **(794,154)** | **117,038** | **(753,564)** | **76,448** |

| Description | 12/31/2020 | Addition | Amortization | Remuneration | Transfers | 12/31/2021 | Balance on Amortization | Balance on Creation | Current | Non-Current |
|---|---|---|---|---|---|---|---|---|---|---|
| **CVA - Active** | **1,177,150** | **1,288,161** | **(816,152)** | **47,416** | **(3,075)** | **1,693,500** | **601,061** | **1,092,439** | **989,484** | **704,016** |
| Energy | 596,827 | 511,220 | (313,591) | 29,528 | (928) | 823,056 | 304,700 | 518,356 | 489,004 | 334,052 |
| Energy Cost - Itaipu | 175,062 | 44,672 | (160,562) | 1,622 | - | 60,794 | 51,467 | 9,327 | 54,783 | 6,011 |
| Proinfa | | -25,253 | (9,301) | 539 | - | 16,491 | 16,491 | | -16,491 | - |
| Basic Network Transport | 91,284 | 57,277 | (61,187) | 2,884 | - | 90,258 | 61,938 | 28,320 | 72,007 | 18,251 |
| Energy Transport | 15,889 | 12,082 | (11,690) | 444 | - | 16,725 | 9,251 | 7,474 | 11,908 | 4,817 |
| ESS | 64,690 | 538,354 | (30,337) | 7,873 | (2,147) | 578,433 | 53,790 | 524,643 | 240,330 | 338,103 |
| CDE | 82,429 | 54,667 | (99,117) | 2,600 | - | 40,579 | 40,579 | | -40,579 | - |
| Portion A Neutrality | 23,551 | 3,907 | (23,551) | 173 | - | 4,080 | - | 4,080 | 1,451 | 2,629 |
| Energy Overcontracting | 92,692 | 40,197 | (75,851) | (464) | - | 56,574 | 56,574 | | -56,574 | - |
| Other | | 34,726,532 | (30,965) | 2,217 | - | 6,510 | 6,271 | 239 | 6,357 | 153 |
| **CVA - Passive** | **(1,032,780)** | **(621,149)** | **1,270,316** | **(17,288)** | **(862,139)** | **(1,263,040)** | **(898,811)** | **(364,229)** | **(1,029,310)** | **(233,730)** |
| Energy Cost - Itaipu | | -12 | - | (12) | - | - | - | - | - | - |
| Proinfa | (14,402) | - | 14,569 | (167) | - | - | - | - | - | - |
| Energy Transport – Itaipu | | -38 | - | (38) | - | - | - | - | - | - |
| Energy Overcontracting | (44,170) | (56,235) | 69,135 | (1,519) | (70,213) | (103,002) | (45,248) | (57,754) | (65,783) | (37,219) |
| ESS | (127,017) | - | 128,487 | (1,470) | - | - | - | - | - | - |
| CDE | - | (29,530) | - | (217) | - | (29,747) | - | (29,747) | (10,577) | (19,170) |
| Portion A Neutrality | (25,855) | (78,240) | 36,029 | 2,764 | - | (65,302) | (65,302) | - | (65,302) | - |
| Tariff Returns | (93,077) | (17,081) | 320,703 | (1,471) | (795,001) | (585,927) | (542,042) | (43,885) | (558,640) | (27,287) |
| Other | (728,259) | (440,113) | 701,393 | (15,158) | 3,075 | (479,062) | (246,219) | (232,843) | (329,008) | (150,054) |
| **Balance Assets/(Liabilities)** | **144,370** | **667,012** | **454,164** | **30,128** | **(865,214)** | **430,460** | **(297,750)** | **728,210** | **(39,826)** | **470,286** |

| | | Consolidated |
|---|---|---|
| **Description** | **12/31/2022** | **12/31/2021** |
| 2021 CVA – From 08/23/2020 to 08/22/2021 | - | 538,216 |
| 2022 CVA– From 08/23/2021 to 08/22/2022 | 487,164 | 1,058,373 |
| 2022 CVA – From 08/23/2022 to 08/22/2023 | 138,313 | - |
| **Total – CVA** | **625,477** | **1,596,589** |
| Other Items – From 08/23/2020 to 08/22/2021 | - | (835,966) |
| Other Items – From 08/23/2021 to 08/22/2022 | (1,281,318) | (330,163) |
| Other Items - From 08/23/2022 to 08/22/2023 | (21,275) | - |
| **Total – Other Items – CVA** | **(1,302,593)** | **(1,166,129)** |
| **Total** | **(677,116)** | **430,460** |

### 13.2. Financial Asset - Grant Bonus

In 2016, Celesc G paid R$228.6 million as a Granting Bonus – BO referring to the new concessions of Usinas Garcia, Bracinho, Palmeiras, Cedros and Salto. The return of this amount is included in the RAG of these plants and will be refunded by consumers over 30 years with annual adjustment by the IPCA, as defined by ANEEL.
The balance of the financial asset for each of the plants is calculated by the amount paid for the Grant Bonus Return – RBO, through the RAG; for the monthly interest calculated based on the Effective Interest Rate – IRR; and monetary restatement using the IPCA.

| | | | | | | Consolidated |
|---|---|---|---|---|---|---|
| **Description** | **Garcia Plant** | **Garcia Plant** | **Cedros Plant** | **Salto Plant** | **Palmeiras Plant** | **Total** |
| **Balance on 12/31/2020** | **43,944** | **63,048** | **48,139** | **29,048** | **117,408** | **301,587** |
| **Current** | | | | | | **33,674** |
| **Noncurrent** | | | | | | **267,913** |
| Monetary Restatement | 4,139 | 5,939 | 4,541 | 2,721 | 11,119 | 28,459 |
| Interest | 5,400 | 7,857 | 5,799 | 4,060 | 12,709 | 35,825 |
| Amortization/Write-off | (5,497) | (7,937) | (5,890) | (4,040) | (13,158) | (36,522) |
| **Balance on 12/31/2021** | **47,986** | **68,907** | **52,589** | **31,789** | **128,078** | **329,349** |
| Monetary Restatement | 2,718 | 3,904 | 2,980 | 1,798 | 7,265 | 18,665 |
| Interest | 5,883 | 8,569 | 6,321 | 4,436 | 13,831 | 39,040 |
| Amortization/Write-off | (6,057) | (8,746) | (6,490) | (4,452) | (14,499) | (40,244) |
| **Balance on 12/31/2022** | **50,530** | **72,634** | **55,400** | **33,571** | **134,675** | **346,810** |
| **Current** | | | | | | **40,019** |
| **Noncurrent** | | | | | | **306,791** |

## 14. INDEMNIFIABLE FINANCIAL ASSET - CONCESSION

| | | Consolidated |
|---|---|---|
| **Description** | **12/31/2022** | **12/31/2021** |
| **Concession Asset - Energy Distribution** | **1,005,617** | **754,772** |
| In service | 596,648 | 393,021 |
| Ongoing | 408,969 | 361,751 |
| **Concession Asset - Energy Generation** | **159,261** | **169,334** |
| Indemnifiable Asset | 2,421 | 2,421 |
| Indemnifiable Asset - Project Pery Plant | 156,840 | 166,913 |
| **Total** | **1,164,878** | **924,106** |
| **Current** | **17,536** | **34,115** |
| **Noncurrent** | **1,147,342** | **889,991** |

### 14.1. Indemnifiable Financial Asset - Energy Distribution

Due to the extension of the 5th Addendum to the Concession Agreement No. 56/1999, Celesc D divided its assets linked to the concession into intangible assets and indemnifiable assets.

Based on Technical Interpretation ICPC 01 – Concession Agreements, the portion of the infrastructure that will be used during the concession was recorded in Intangible Assets, consisting of electricity distribution assets, net of special obligations (consumer interest).

| | Consolidated |
|---|---|
| **Description** | **Total** |
| **Balance on 12/31/2020** | **610,216** |
| (+) New Investments | 83,745 |
| (+) Change in Fixed Assets in Progress – AIC | 41,106 |
| (+) Update Indemnifiable Financial Asset – Concession (i) | 20,373 |
| (-) Redemption | (668) |
| **Balance on 12/31/2021** | **754,772** |
| (+) New Investments | 189,495 |
| (+) Change in Fixed Assets in Progress – AIC | 47,218 |
| (+) Update Indemnifiable Financial Asset – Concession (i) | 15,685 |
| (-) Redemption | (1,553) |
| **Balance on 12/31/2022** | **1,005,617** |

(i) IPCA

### 14.2. Indemnifiable Financial Asset - Energy Generation

Celesc G requested from the granting authority at the end of the concessions of Usinas Bracinho, Cedros, Salto and Palmeiras, as compensation, according to criteria and procedures for calculation established by Normative Resolution - REN nº 596, of December 19, 2013, the investments carried out in infrastructure and not depreciated during the concession period, as it has an unconditional right to be indemnified, as provided for in the contract.

More recently, at the conclusion of Public Hearing No. 3 of 2019, ANEEL published, on July 22, 2021, REN No. 942, amending REN No. 596/2013. Aiming to comply with the provisions of the regulation then established, Celesc G reinforced the claim for compensation. In addition, an appraiser accredited by ANEEL was hired to prepare an appraisal report on the assets to be indemnified. The report was filed, and awaits the inspection stage, aiming at the recognition of the value, whose fixed asset balances are presented in the following table:

| | | Consolidated |
|---|---|---|
| **Plants** | **12/31/2022** | **12/31/2021** |
| Bracinho HPP | 85 | 85 |
| Cedros HPP | 195 | 195 |
| Salto HPP | 1,906 | 1,906 |
| Palmeiras HPP | 235 | 235 |
| **Total** | **2,421** | **2,421** |

### 14.3. Financial Asset - Project Pery Plant

| | Consolidated |
|---|---|
| **Description** | **Pery Plant** |
| **Balance on 12/31/2020** | **-** |
| Entry | 114,496 |
| Monetary Restatement | 20,122 |
| Interest | 59,186 |
| Amortization/Write-off | (26,891) |
| **Balance on 12/31/2021** | **166,913** |
| Monetary Restatement | 8,445 |
| Interest | 17,663 |
| Amortization/Write-off | (36,181) |
| **Balance on 12/31/2022** | **156,840** |

As of July 1, 2021, Celesc G started to receive retroactive compensation to July 1, 2018, through RAG.

The balance of R$156.8 million existing on December 31, 2022, refers to the amount recognized as compensation for the Basic Project of the Pery Plant in the amount of R$114.5 million, approved by Dispatch No. July 2021, issued by ANEEL, restated by the IPCA and by monthly interest calculated based on the IRR.

The balance is amortized on a monthly basis, until the end of the concession period, which will occur in July 2047, according to amounts ratified annually in the RAG, and for the 2022/2023 cycle, R$18.6 million refer to compensation. Accounting recognition is based on CPC 48 – Financial Instruments.

## 15. MARKETABLE SECURITIES

Temporary investments, which are classified in non-current assets, are measured at fair value and their balances are shown below:

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| **Description** | **12/31/2022** | **12/31/2021** | **12/31/2022** | **12/31/2021** |
| Casan Shares | - | 137,261 | - | 137,261 |
| Other Investments | 217 | 217 | 217 | 217 |
| **Current** | **-** | **-** | **-** | **-** |
| **Noncurrent** | **217** | **137,478** | **217** | **137,478** |

### 15.1. Companhia Catarinense de Águas e Saneamento – Casan

On December 31, 2022, the Company owned 56,713,251 Common Shares – ON, and 56,778,178 Preferred Shares – PN, representing 11.95% of Casan's capital stock.

As it does not have significant influence on this company, Celesc measured the fair value of its shareholding as a temporary investment, adopting the discounted cash flow method for the annual valuation of this investment, with the historical cost of acquisition being the amount of R$110.7 million.

In order to calculate the valuation, projections of revenue, costs and expenses were made, by municipality, up to the expiration date of each service provision agreement. As there is uncertainty related to whether or not to renew these contracts and, if renewed, under what conditions they would be, the premise of optimizing observable data to determine fair value was followed, disregarding the perpetuity of cash flows.

The assessment refers to the Company individually, considering a normal operation, according to the same parameters observed on the base date of the calculation and adjusted to the network expansion plan, disclosed by Casan to the market, on March 15, 2022, and built based on the Technical Certification Opinion of the Foundation for Research and Development of Administration, Accounting and Economics - Fundace, which aims to achieve the goals of universalization of water supply and sanitary sewage established in Federal Laws No. 11.445, of January 5, 2007, and No. 14,026, of July 15, 2020.

In order to obtain revenue and cost assumptions, the information extracted, by municipality, from the National Sanitation Information System – SNIS, was compared with the information obtained from Casan's audited Financial Statements and Quarterly Reports.

The tariff adjustments, in the period from 2023 to 2065, the last year of the concession, were considered according to the monthly expectation of the IPCA, published by Bacen, accumulated in the 12 months prior to the month of June of each year. For the year 2022, an adjustment of 16.01% was considered, applied in July of that year, by municipality, on the average tariffs practiced in 2021.

For the discount rate, the nominal WACC of 11.54% per year was considered, taking into account the expiration of each municipality's permit contracts. The after-tax cost of debt was 10.52% per annum and the cost of equity was 11.89% per annum.

There was a reduction in Casan's share capital from 14.19% to 12.97%, as the Company did not accept the proposed payment of dividends for capital increase. The Company evaluated the assumptions and reduced the fair value through other comprehensive income by R$6.6 million in the second quarter of 2022.

A new reduction took place in 2022, with the Company now owning 11.95% of Casan's Capital Stock, on December 31, 2022. Calculations carried out by an external consultancy and, considering the assumptions for evaluating the fair value of this investment, reduced this amount by another R$130.6 million. As a result, the value of this asset, on December 31, 2022, became zero and its adjustment was recognized as a debit in shareholders' equity in the equity valuation adjustment subgroup.

The composition of the balances of this investment is shown below:

| | Parent Company | Consolidated |
|---|---|---|
| **Casan Shares** | **Total** | **Total** |
| **Balance on 12/31/2020** | **137,261** | **137,261** |
| Book Value | 137,261 | 137,261 |
| Fair Value | - | - |
| **Balance on 12/31/2021** | **137,261** | **137,261** |
| Book Value | 137,261 | 137,261 |
| Fair Value | (137,261) | (137,261) |
| **Balance on 12/31/2022** | **-** | **-** |

## 16. RELATED PARTIES

The Company has a policy for transactions with related parties and the balances included in assets and liabilities, current and non-current, are shown in the table below:

| Description | Parent Company | | | | Consolidated | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Active | | | Passive | Active | | | Passive | |
| | Accounts Receivable of Customers | Other Credits | Dividends and IoE to Payable | Other Debits | Trade receivables | Recoverable Taxes | Taxes to collect | Dividends and IoE to Payable | Other Debits |
| **Santa Catarina State Government** | | | | | | | | | |
| Declared Dividends and IoE | - | - | 23,586 | - | - | - | - | 23,586 | - |
| ICMS | - | - | - | - | - | 48,223 | 850,543 | - | - |
| Energy Billing | - | - | - | - | 9,908 | - | - | - | - |
| Personnel Available | - | - | - | - | 256 | - | - | - | - |
| **CELOS** | | | | | | | | | |
| Social Security Contribution, Health Insurance and Other | - | - | - | - | - | - | - | - | 5,142 |
| **DFESA** | | | | | | | | | |
| Energy Purchase | - | - | - | - | - | - | - | - | 1,356 |
| **Celesc G** | | | | | | | | | |
| Dividends and IoE | 39,379 | - | - | - | - | - | - | - | - |
| **Celesc D** | | | | | | | | | |
| Agreement Collection Rate | - | - | - | 35 | - | - | - | - | - |
| Personnel Available | - | - | - | 762 | - | - | - | - | - |
| Dividends and IoE | 92,687 | - | - | - | - | - | - | - | - |
| Celesc D Loans | - | 15,251 | - | - | - | - | - | - | - |
| **Balance on 12/31/2021** | **132,066** | **15,251** | **23,586** | **797** | **10,164** | **48,223** | **850,543** | **23,586** | **6,498** |
| **Santa Catarina State Government** | | | | | | | | | |
| Declared Dividends and IoE | - | - | 32,571 | - | - | - | - | 32,571 | - |
| ICMS | - | - | - | - | - | 57,942 | 168,346 | - | - |
| Energy Billing | - | - | - | - | 8,831 | - | - | - | - |
| Personnel Available | - | - | - | - | 256 | - | - | - | - |
| **CELOS** | | | | | | | | | |
| Social Security Contribution, Health Insurance and Other | - | - | - | 83 | - | - | - | - | 14,867 |
| **DFESA** | | | | | | | | | |
| Energy Purchase | - | - | - | - | - | - | - | - | 1,356 |
| **Celesc G** | | | | | | | | | |
| Dividends and IoE | 38,724 | - | - | - | - | - | - | - | - |
| **Celesc D** | | | | | | | | | |
| Agreement Collection Rate | - | - | - | 102 | - | - | - | - | - |
| Personnel Available | - | - | - | 838 | - | - | - | - | - |
| Dividends and IoE | 154,806 | - | - | - | - | - | - | - | - |
| **Balance on 12/31/2022** | **193,530** | **-** | **32,571** | **1,023** | **9,087** | **57,942** | **168,346** | **32,571** | **16,223** |

| Description | Parent Company | | Consolidated | | | |
|---|---|---|---|---|---|---|
| | Other Expenses | Income Taxes | Financia | Sales Revenue | Financial Expenses | Cost Resale Conventional |
| **Santa Catarina State Government** | | | | | | |
| ICMS | - | - | (2,686,005) | - | - | - |
| Selling Revenue | - | - | - | 85,297 | - | - |
| **CELOS** | | | | | | |
| Mathematics Reservation Update | - | - | - | - | (56,981) | - |
| **DFESA** | | | | | | |
| Energy Purchase | - | - | - | - | - | 14,627 |
| **Celesc D** | | | | | | |
| Agreement Collection Rate | (746) | | | | | |
| Personnel Available | (7,595) | - | - | - | - | - |
| Celesc D Loans | - | 251 | - | - | - | - |
| **Balance on 12/31/2021** | **(8,341)** | **251** | **(2,686,005)** | **85,297** | **(56,981)** | **14,627** |
| **Santa Catarina State Government:** | | | | | | |
| ICMS | - | - | (2,460,260) | - | - | - |
| Selling Revenue | - | - | - | 99,305 | - | - |
| **CELOS** | | | | | | |
| Mathematics Reservation Update | - | - | - | - | (38,202) | - |
| **DFESA** | | | | | | |
| Energy Purchase | - | - | - | - | - | 14,487 |
| **Celesc D** | | | | | | |
| Agreement Collection Rate | (1,805) | - | - | - | - | - |
| Personnel Available | (9,012) | - | - | - | - | - |
| Celesc D Loans | - | 158 | - | - | - | - |
| **Balance on 12/31/2022** | **(10,817)** | **158** | **(2,460,260)** | **99,305** | **(38,202)** | **14,487** |

The remuneration of management (Board of Directors – CA, Fiscal Council – CF, Statutory Audit Committee – CAE and Executive Board) is shown below:

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| **Description** | **12/31/2022** | **12/31/2021** | **12/31/2022** | **12/31/2021** |
| Fees | 5,987 | 5,666 | 5,987 | 5,666 |
| Profit Sharing | 1,752 | 1,241 | 1,752 | 1,241 |
| Social Charges | 1,717 | 1,493 | 1,717 | 1,493 |
| Other | 1,111 | 1,020 | 1,111 | 1,020 |
| **Total** | **10,567** | **9,420** | **10,567** | **9,420** |

## 17. INCOME WITH CORPORATE INCOME TAX – IRPJ AND SOCIAL CONTRIBUTION ON NET INCOME – CSLL

### 17.1. Breakdown of Net Deferred IRPJ and CSLL

Deferred IRPJ and CSLL, assets and liabilities, were calculated based on the following rules:

CPC 25 – Provisions, Contingent Liabilities and Contingent Assets. Provision for contingencies of lawsuits; ICPC 10 – Interpretation on the initial application to fixed assets;
CPC 01 (R1) – Impairment of assets on the provision for losses on property, plant and equipment; CPC 33 (R1) – Employee benefits;
CPC 27 – Fixed Assets. Adjustment to the fair value of property, plant and equipment, resulting from the first adoption of Technical Pronouncement CPC 39 – Financial instruments in the recognition and measurement of the New Replacement Value – VNR;
CPC 39 – Financial instruments. The deferred taxes calculated on the Grant Bonification were calculated in accordance with the Normative Instruction of the Federal Revenue of Brazil - RFB No. 1,700, of March 14, 2017;
CPC 48 – Financial Instruments referring to the values of the Financial Asset related to the compensation of the Pery Plant; CPC 04 (R1) – Intangible Assets referring to the renegotiation values of the GSF hydrological risk;
CPC 06 –Leases. Expenses arising from lease agreements. The following table

presents the balances of the deferred IRPJ and CSLL accounts:

| **Description** | **12/31/2022** | **12/31/2021** |
|---|---|---|
| Assets | 709,023 | 708,001 |
| Liabilities | (89,214) | (82,592) |
| **Net Deferred Tax** | **619,809** | **625,409** |

| | | | | | | **Consolidated** |
|---|---|---|---|---|---|---|
| Temporary Differences | Deferred Assets | | Deferred Liabilities | | Net Deferred | |
| | **12/31/2022** | **12/31/2021** | **12/31/2022** | **12/31/2021** | **12/31/2022** | **12/31/2021** |
| Provision for Contingencies | 134,256 | 151,551 | - | - | 134,256 | 151,551 |
| Provision for Losses on Assets | 18,510 | 65,335 | - | - | 18,510 | 65,335 |
| Post-Employment Benefits | 596,621 | 608,501 | - | - | 596,621 | 608,501 |
| Lease - CPC 06 | 176 | 164 | - | - | 176 | 164 |
| Attributed Cost | - | - | 6,939 | 7,263 | (6,939) | (7,263) |
| IR and CS Deferred on Tax Losses | 72,278 | - | - | - | 72,278 | - |
| Effects ICPC 01 - Concession Agreements | - | - | 47,681 | 49,800 | (47,681) | (49,800) |
| Effects CPC 39 - Financial Instruments | - | - | 58,749 | 61,361 | (58,749) | (61,361) |
| Grant Bonus | - | - | 54,139 | 46,174 | (54,139) | (46,174) |
| Pery Plant Financial Asset | - | - | 19,123 | 19,940 | (19,123) | (19,940) |
| Hydrological Risk Renegotiation – GSF | - | - | 14,938 | 15,467 | (14,938) | (15,467) |
| Other Provisions | - | - | 463 | 137 | (463) | (137) |
| **Total** | **821,841** | **825,551** | **202,032** | **200,142** | **619,809** | **625,409** |

### 17.2. Realization of Deferred Assets

The taxable basis of IRPJ and CSLL arises not only from the profit generated, but from the existence of non-taxable income, non-deductible expenses, tax incentives and other variables, with no immediate correlation between the Company's net income and the result of income tax and contribution Social. Thus, the expected use of tax credits should not be taken as the only indication of the Company's future results.

The realization of deferred taxes is based on budget projections approved by the Company's Board of Directors, with the objective of defining and presenting necessary actions to meet regulatory demands in order to also converge to the fulfillment of the concession contract.

The Company's Management considers that the deferred assets arising from temporary differences will be realized, in proportion to the final resolution of the contingencies and the events to which they refer, when they will be offset against taxable income.

Deferred taxes on the actuarial liability for employee benefits are being realized through the payment of contributions.

The remaining balance of the process of initial recognition of the contractual exposure of 2014 by the regulatory body, in the amount of R$81.1 million, restated until December 31, 2022, is in lawsuit with the Federal Court and had its IRPJ and CSLL amounts deferred until a final decision is rendered on the ongoing process. In August 2019, ANEEL, through Ratifying Resolution No. 2,593, ratified the deferral of the financial effect of the contractual exposure of 2014, reflected in five subsequent annual tariff processes. Thus, the tariff adjustments for 2019, 2020, 2021 and 2022 had financial realization in the amount of R$65.7 million, R$68.5 million, R$70.2 million and R$76.8 million, respectively, and the consequent realization of deferred IRPJ and CSLL on this basis.

Realization estimates for the balance of total assets on December 31, 2022 are:

| | | Consolidated |
|---|---|---|
| **Year** | **12/31/2022** | **12/31/2021** |
| 2023 | 117,194 | 127,618 |
| 2024 | 115,770 | 84,222 |
| 2025 | 34,687 | 81,416 |
| 2026 | 25,606 | 40,029 |
| Above 2027 | 528,584 | 492,266 |
| **Total** | **821,841** | **825,551** |

### 17.3. Conciliation IRPJ and CSLL Recognized in Shareholders' Equity

Changes in deemed cost and IRPJ and CSLL amounts, recognized directly in shareholders' equity, are shown below:

| | Consolidated |
|---|---|
| **Description** | **Total** |
| **Balance on 12/31/2020** | **25,665** |
| **(-) Write-off of Attributed Cost** | (742) |
| (+) Taxes (IRPJ/CSLL) | 253 |
| **Balance on 12/31/2021** | **25,176** |
| **(-) Write-off of Attributed Cost** | (953) |
| (+) Taxes (IRPJ/CSLL) | 324 |
| **Balance on 12/31/2022** | **24,547** |

### 17.4. Conciliation IRPJ and CSLL Recognized in Other Comprehensive Income

The changes in actuarial liabilities and fair value of CASAN with the amounts of IRPJ and CSLL, recognized directly in other comprehensive income, is shown below:

| | Consolidated |
|---|---|
| **Description** | **Total** |
| **Balance on 12/31/2020** | **1,281,733** |
| (+) Addition of Actuarial Liabilities | (329,330) |
| (-) Taxes (IRPJ/CSLL) | 111,972 |
| **Balance on 12/31/2021** | **1,064,375** |
| (+) Addition of Actuarial Liabilities | (44,435) |
| (+) CASAN Fair value | 137,261 |
| (-) Taxes (IRPJ/CSLL) | 15,108 |
| **Balance on 12/31/2022** | **1,172,309** |

The non-accounting and disclosure of deferred IRPJ and CSLL related to the fair value of CASAN in Celesc H occurs due to the lack of expectation of future taxable income against which tax credits can be used in the coming years, according to the criteria provided for in CPC 32 - Taxes about profit. However, the Company will continue to annually reassess the expected generation of future taxable income, so that, at the appropriate time, it can record the amounts of deferred IRPJ and CSLL.

### 17.5. Conciliation of Current and Deferred IRPJ and CSLL

The reconciliation of IRPJ and CSLL expenses, at the nominal and effective rate, is shown below:

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| **Description** | **12/31/2022** | **12/31/2021** | **12/31/2022** | **12/31/2021** |
| **Profit/(Loss) before IRPJ and CSLL** | **551,916** | **575,999** | **719,654** | **821,529** |
| Combined Nominal Rate of IRPJ and CSLL | 34% | 34% | 34% | 34% |
| **Income Tax (IRPJ) and Social Contribution (CSLL)** | **(187,651)** | **(195,840)** | **(244,682)** | **(279,320)** |
| **Permanent Additions and Exclusions** | | | | |
| Equity Pickup | 198,690 | 209,498 | 26,977 | 24,712 |
| Tax Benefit | - | - | (730) | (1,739) |
| Tax Incentive | - | - | 2,737 | 7,224 |
| Interest on Equity | (20,302) | (5,102) | 56,100 | 40,599 |
| Non-deductible Provisions | (2,361) | (650) | (2,361) | (658) |
| Non-deductible Fines | - | - | (5,818) | (7,706) |
| IRPJ/CSLL w/o Tax Loss Not Recognized | 4,876 | (21,855) | 4,876 | (21,855) |
| Management Participation | (373) | (351) | (427) | (396) |
| Law 11,196/05 (*Lei do Bem*) | - | - | 1,046 | - |
| Non-Technical Losses | - | - | - | (9,972) |
| Other Additions (Exclusions) | (4,233) | 1,473 | (16,810) | (9,246) |
| **Total Current and Deferred IRPJ and CSLL** | **(11,354)** | **(12,827)** | **(179,092)** | **(258,357)** |
| Current | (11,354) | - | (188,600) | (135,785) |
| Deferred | - | (12,827) | 9,508 | (122,572) |
| **Effective Rate** | **2.06%** | **2.23%** | **24.89%** | **31.45%** |

### 17.6. Uncertainty about IRPJ and CSLL treatment

#### 17.6.1. Tax action procedure no. 0900100-2018-00117-1

On September 24, 2018, the Special Secretariat of the Federal Revenue of Brazil – SERFB initiated a tax action procedure under 0900100-2018-00117-1. This procedure resulted, on January 8, 2019, in the issuance of the assessment notice No. 10980.727742/2018-81 in the amount of R$306.8 million. The aforementioned notice of infraction is related to the calculation of the actual profit and the CSLL calculation base, thus attributing to the concessionaire:

a) undue adjustments attributed to the Compensation Account for Variation of Values of Portion A Items – CVA;

b) non-compliance with the remaining term of the concession contract for the purposes of the determinations provided for in article 69 of Federal Law No. 12,973/2014.

After analyzing the Administration, it was found that the amounts determined by the tax entity are dissociated from tax rules, doctrine and judicial decisions in similar cases. Management, supported by the position of its legal advisors, understands that the procedures adopted will probably be accepted in decisions of higher courts of last resort (probability of acceptance >50%), for their total value and, for this reason, did not record any liability of IRPJ/CSLL in relation to these actions.

In 2020, the Administrative Council of Tax Appeals – CARF, in judgment of the Voluntary Appeal filed by the Company, partially granted the request, in order to cancel the requirements related to the adjustments (additions) referred to in art. 69 of Law 12,973/2014, and the application of isolated fines for failure to collect estimates, maintaining the requirement to tax positive adjustments related to the CVA on an accrual basis. As a result, it is estimated that granting the appeal resulted in a reduction of the contingency to R$154 million. The taxpayer filed a motion for clarification of the decision, which is awaiting judgment by the CARF.

## 18. INVESTMENTS IN SUBSIDIARIES, JOINTLY SUBSIDIARIES AND AFFILIATES

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| **Description** | **12/31/2022** | **12/31/2021** | **12/31/2022** | **12/31/2021** |
| **Subsidiaries** | **2,468,490** | **2,174,944** | **-** | **-** |
| Celesc D | 1,716,726 | 1,483,521 | - | - |
| Celesc G | 751,764 | 691,423 | - | - |
| **Joint Ventures** | **135,965** | **117,194** | **135,965** | **117,194** |
| SCGÁS | 135,965 | 117,194 | 135,965 | 117,194 |
| **Affiliates** | **116,358** | **106,049** | **227,314** | **194,472** |
| ECTE | 88,313 | 78,988 | 88,313 | 78,988 |
| DFESA | 28,045 | 27,061 | 28,045 | 27,061 |
| SPEs | - | - | 110,956 | 88,423 |
| **Total** | **2,720,813** | **2,398,187** | **363,279** | **311,666** |

## 18.1. Investment Information

Parent Company

| Description | Shares of Company Common | Share of Company Capital Social | Share of Company Capital Voting | Assets Current | Assets Non Current | Liabilities Current | Liabilities Non Current | Equity Net | Revenues | Profit |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance on 12/31/2021** | | | | | | | | | | |
| Celesc D | 630,000 | 100.00% | 100.00% | 4,540,682 | 7,440,911 | 4,259,895 | 6,238,177 | 1,483,521 | 11,087,657 | 385,205 |
| Celesc G | 43,209 | 100.00% | 100.00% | 158,629 | 771,987 | 91,917 | 147,276 | 691,423 | 261,763 | 165,808 |
| ECTE | 13,001 | 30.88% | 30.88% | 89,315 | 536,447 | 79,337 | 290,673 | 255,752 | 102,289 | 90,581 |
| SCGÁS | 1,827 | 17.00% | 51.00% | 240,380 | 610,859 | 270,048 | 83,972 | 497,219 | 1,658,113 | 162,728 |
| DFESA | 153,381 | 23.03% | 23.03% | 13,569 | 166,855 | 19,938 | 42,987 | 117,499 | 66,797 | 37,231 |
| **Balance on 12/31/2022** | | | | | | | | | | |
| Celesc D | 630,000 | 100.00% | 100.00% | 3,432,655 | 6,881,685 | 3,765,969 | 4,831,645 | 1,716,726 | 9,908,754 | 403,099 |
| Celesc G | 43,209 | 100.00% | 100.00% | 140,062 | 815,408 | 73,332 | 130,374 | 751,764 | 183,022 | 113,774 |
| ECTE | 13,001 | 30.88% | 30.88% | 114,041 | 584,334 | 60,762 | 351,671 | 285,942 | 72,276 | 106,921 |
| SCGÁS | 1,827 | 17.00% | 51.00% | 422,334 | 618,331 | 290,833 | 133,562 | 616,270 | 2,579,155 | 169,638 |
| DFESA | 153,381 | 23.03% | 23.03% | 10,149 | 165,266 | 22,374 | 31,266 | 121,776 | 66,786 | 24,522 |

Consolidated

| Description | Shares of Company Common | Share of Company Capital Social | Share of Company Capital Voting | Assets Current | Assets Non Current | Liabilities Current | Liabilities Non Current | Equity Net | Income | Profit or Loss |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance on 12/31/2021** | | | | | | | | | | |
| ECTE | 13,001 | 30.88% | 30.88% | 89,315 | 536,447 | 79,337 | 290,673 | 255,752 | 102,289 | 90,581 |
| SCGÁS | 1,827 | 17.00% | 51.00% | 240,380 | 610,859 | 270,048 | 83,972 | 497,219 | 1,658,113 | 162,728 |
| DFESA | 153,381 | 23.03% | 23.03% | 13,569 | 166,855 | 19,938 | 42,987 | 117,499 | 66,797 | 37,231 |
| Rondinha Energética S.A. | 13,332 | 32.50% | 32.50% | 5,434 | 44,528 | 3,575 | 2,700 | 43,687 | 11,314 | 2,665 |
| Cia Energética Rio das Flores S.A. | 8,035 | 26.07% | 26.07% | 13,979 | 53,490 | 25,180 | 4,988 | 37,301 | 15,235 | (11,961) |
| Xavantina Energética S.A. | 271 | 40.00% | 40.00% | 3,308 | 33,327 | 3,324 | 6,690 | 26,621 | 10,799 | 1,096 |
| Garça Branca Energética S.A. | 24,669 | 49.00% | 49.00% | 1,547 | 58,510 | 3,742 | 18,603 | 37,712 | 4,986 | (1,037) |
| EDP Transmissão Aliança SC | 16,450 | 10.00% | 10.00% | 90,066 | 2,187,484 | 65,261 | 1,847,240 | 365,049 | 560,540 | 88,464 |
| **Balance on 12/31/2022** | | | | | | | | | | |
| ECTE | 13,001 | 30.88% | 30.88% | 114,041 | 584,334 | 60,762 | 351,671 | 285,942 | 72,276 | 106,921 |
| SCGÁS | 1,827 | 17.00% | 51.00% | 422,334 | 618,331 | 290,833 | 133,562 | 616,270 | 2,579,155 | 169,638 |
| DFESA | 153,381 | 23.03% | 23.03% | 10,149 | 165,266 | 22,374 | 31,266 | 121,776 | 66,786 | 24,522 |
| Rondinha Energética S.A. | 13,332 | 32.50% | 32.50% | 2,598 | 43,138 | 2,651 | 650 | 42,435 | 8,289 | 1,270 |
| Cia Energética Rio das Flores S.A. | 8,035 | 26.07% | 26.07% | 18,548 | 52,927 | 27,120 | 4,141 | 40,214 | 17,772 | 12,739 |
| Xavantina Energética S.A. | 271 | 40.00% | 40.00% | 3,301 | 31,703 | 3,406 | 4,058 | 27,540 | 11,984 | 1,767 |
| Garça Branca Energética S.A. | 24,669 | 49.00% | 49.00% | 1,289 | 57,276 | 4,008 | 15,164 | 39,393 | 5,149 | (353) |
| EDP Transmissão Aliança SC | 16,450 | 10.00% | 10.00% | 313,215 | 2,209,251 | 124,123 | 1,806,912 | 591,431 | 319,381 | 72,259 |

## 18.2. Changes in Investments

Parent Company

| Description | Celesc D | Celesc G | ECTE | SCGÁS (i) | DFESA | Total |
|---|---|---|---|---|---|---|
| **Investments** | **990,001** | **568,987** | **62,955** | **64,496** | **28,149** | **1,714,588** |
| **Goodwill** | **-** | **-** | **-** | **34,135** | **-** | **34-135** |
| **Balance on 12/31/2020** | **990,001** | **568,987** | **62,955** | **98,631** | **28,149** | **1,748,723** |
| Dividends and IoE Credited | (109,043) | (43,372) | (12,888) | (7,633) | (9,662) | (182,598) |
| Amortization Right to Use Concession | - | - | - | (1,468) | - | (1,468) |
| Equity Pickup | 385,205 | 165,808 | 28,921 | 27,664 | 8,574 | 616,172 |
| Equity Valuation Adjustment in Subsidiary | 217,358 | - | - | - | - | 217,358 |
| **Investments** | **1,483,521** | **691,423** | **78,988** | **84,527** | **27,061** | **2,365,520** |
| **Goodwill** | **-** | **-** | **-** | **32,667** | **-** | **32,667** |
| **Balance on 12/31/2021** | **1,483,521** | **691,423** | **78,988** | **117,194** | **27,061** | **2,398,187** |
| Dividends and IoE Credited | (199,221) | (53,433) | (23,698) | (8,599) | (4,663) | (289,614) |
| Amortization Right to Use Concession | - | - | - | (1,468) | - | (1,468) |
| Equity Pickup | 403,099 | 113,774 | 33,023 | 28,838 | 5,647 | 584,381 |
| Equity Valuation Adjustment in Subsidiary | 29,327 | - | - | - | - | 29,327 |
| **Investments** | **1,716,726** | **751,764** | **88,313** | **104,766** | **28,045** | **2,689,614** |
| **Goodwill** | **-** | **-** | **-** | **31,199** | **-** | **31,199** |
| **Balance on 12/31/2022** | **1,716,726** | **751,764** | **88,313** | **135,965** | **28,045** | **2,720,813** |

| | | | | | Consolidated |
|---|---|---|---|---|---|
| **Description** | **ECTE** | **SCGÁS (i)** | **DFESA** | **SPEs (ii)** | **Total** |
| **Investments** | **62,955** | **64,496** | **28,149** | **78,916** | **235,984** |
| **Goodwill** | **-** | **34,135** | **-** | **282** | **34,417** |
| **Balance on 12/31/2020** | **62,955** | **98,631** | **28,149** | **79,198** | **268,933** |
| Payments | - | - | - | 4,633 | 4,633 |
| Dividends and Interest on Equity - IoE Credited | (12,888) | (7,633) | (9,662) | (1,632) | (31,815) |
| Amortization Right to Use Concession | - | (1,468) | - | - | (1,468) |
| Equity Pickup | 28,921 | 27,664 | 8,574 | 7,524 | 72,683 |
| Other Adjustments | - | - | - | (1,300) | (1,300) |
| **Investments** | **78,988** | **84,527** | **27,061** | **88,141** | **278,717** |
| **Goodwill** | **-** | **32,667** | **-** | **282** | **32,949** |
| **Balance on 12/31/2021** | **78,988** | **117,194** | **27,061** | **88,423** | **311,666** |
| Payments | - | - | - | 18,712 | 18,712 |
| Dividends and Interest on Equity - IoE Credited | (23,698) | (8,599) | (4,663) | (8,016) | (44,976) |
| Amortization Right to Use Concession | - | (1,468) | - | - | (1,468) |
| Equity Pickup | 33,023 | 28,838 | 5,647 | 11,837 | 79,345 |
| **Investments** | **88,313** | **104,766** | **28,045** | **110,674** | **331,798** |
| **Goodwill** | **-** | **31,199** | **-** | **282** | **31,481** |
| **Balance on 12/31/2022** | **88,313** | **135,965** | **28,045** | **110,956** | **363,279** |

### 18.3. Impairment Test of Goodwill Paid

For the measurement of the value in use, the Discounted Cash Flow - DCF methodology was considered, excluding cash inflows and outflows from financing activities and any receipts or payments of taxes on income, as determined by CPC 01 (R1) – Reduction to the Recoverable Value of Assets.

The discount rate adopted was the Cost of Equity since it is independent of the capital structure and the way in which the Company has financed the acquisition of assets, taking into account the understanding of CPC 01 (R1).

**(i) Acquisition of the Right to Use the Concession**

The balance of the right to use the concession generated in the acquisition of SCGÁS, on December 31, 2022, is R$31.2 million and, on December 31, 2021, it was R$32.7 million. The right to use the concession is amortized over the term of the concession for the provision of public services by the referred company, which lasts until the year 2044.

On December 31, 2022, based on the Discounted Cash Flow – FCD methodology, the net present value referring to the 17.0% share held by the Company of future cash flows projected until 2044, the year of the end of its concession, discounted at a rate of 12.71%, is R$191.4 million, greater than the book value of R$136.0 million. Accordingly, no recognition of loss in the goodwill balance was accounted for.

| **Description** | **Assumption** |
|---|---|
| Tax regime | Real profit |
| Concession Term | 2044 |
| 2023-2027 Cash flow | Forecasts sent by SCGÁS, in accordance with the Company's multi-year plan |
| 2028-2044 Cash flow | Adjusted projections, considering as growth rate the average Brazilian inflation projected for the next 5 years. |
| Projected growth rate | 3.98% |
| 2023-2027 CAPEX | Forecasts sent by SCGÁS, in accordance with the Company's multi-year plan |
| 2028-2044 CAPEX | Adjusted projections, considering as growth rate the average Brazilian inflation projected for the next 5 years. |
| Pre-Tax | 11.53% |

**(ii) Companhia Energética Rio das Flores – CRF**

On December 31, 2022, based on the Discounted Cash Flow – FCD methodology, the net present value referring to the 26.07% share held by Celesc G of future cash flows projected until 2047, the year of the end of its concession, discounted at a rate of 11.54%, is R$13.7 million, higher than the book value of R$10.2 million. Accordingly, no recognition of loss in the goodwill balance was accounted for.

The following assumptions were adopted in the business plan (2019-2039) provided by Celesc G:

| Description | Assumption |
|---|---|
| Physical Guarantee | 5.28 MWm. |
| Quantity of Energy Contracted for/Sale | 5.46 MWm. |
| Sale price | ACL Sale R$394 MW/h, at August 2022 prices, restated by the IGP-M. |
| Energy Purchase Costs | ACL purchase price: 225.00/MHh, at August 2022 values, corrected by the IGP-M until 2027 |
| Loans and Financing | Loans and Financing on the base date totaled R$3.4 million, with R$1.1 million maturing in the short term and R$2.3 million in the long term, with an average financial cost of 12.25% p.a. |
| Investments | Replacement of assets within maintenance costs. |
| Pre-Tax | 11.54% |

# 19. FIXED ASSETS

## 19.1. Composition of Balance

Parent Company

| Description and | Machinery Equipment | Furnitur e and Utensils | Right of Use Assets | Total |
|---|---|---|---|---|
| **Balance on 12/31/2020** | **14** | **-** | **-** | **14** |
| Cost of Fixed Assets | 50 | 1 | - | 51 |
| Accumulated Depreciation | (36) | (1) | - | (37) |
| Additions | - | - | 547 | 547 |
| Depreciation | (4) | - | (219) | (223) |
| **Balance on 12/31/2021** | **10** | **-** | **328** | **338** |
| Cost of Fixed Assets | 50 | 1 | 547 | 598 |
| Accumulated Depreciation | (40) | (1) | - | (260) |
| **Balance on 12/31/2021** | **10** | **-** | **328** | **338** |
| Additions | - | - | 49 | 49 |
| Depreciation | (4) | - | (245) | (249) |
| Cost of Fixed Assets | 50 | 1 | 596 | 647 |
| Accumulated Depreciation | (44) | (1) | (464) | (509) |
| **Balance on 12/31/2022** | **6** | **-** | **132** | **138** |
| **Average Depreciation Rate** | **8.00%** | | **50.00%** | |

Consolidated

| Description | Land | Reservoirs Dams and Pipelines | Buildings and Constructions | Machinery and Equipment | Other | Construction in Progress | Right of Use Assets | Total |
|---|---|---|---|---|---|---|---|---|
| **Balance on 12/31/2020** | **8,447** | **13,975** | **30,949** | **84,318** | **715** | **63,023** | **-** | **201,427** |
| Cost of Fixed Assets | 20,202 | 169,061 | 50,166 | 171,152 | 2,072 | 63,023 | - | 475,676 |
| Provision for Losses | (4,427) | (23,138) | (436) | (2,778) | 78 | - | - | (30,701) |
| Accumulated Depreciation | (7,328) | (131,948) | (18,781) | (84,056) | (1,435) | - | - | (243,548) |
| Additions | - | - | - | - | - | 19,134 | 22,494 | 41,628 |
| Write-offs Gross Balance | (993) | (13,774) | (37,455) | (90,947) | (8) | (22) | (125) | (143,324) |
| Write-offs Depreciation | - | 9,134 | 3,545 | 14,365 | 4 | | | 27,048 |
| Depreciation Adjustment Pery Plant | - | 381 | 3,465 | 10,452 | 1 | | | 14,299 |
| Depreciation | - | (559) | (595) | (2,869) | (172) | - | (7,755) | (11,950) |
| (+/-) Transfers | - | 94 | 144 | 3,416 | - | (3,654) | - | - |
| (-) PIS/Cofins Credits Depreciation | - | - | - | - | - | - | (273) | (273) |
| Reversal/Impairment of Assets | - | - | - | 158 | - | - | - | 158 |
| Impairment | (3) | (37) | (51) | (109) | - | - | - | (200) |
| **Balance on 12/31/2021** | **7,451** | **9,214** | **2** | **18,784** | **540** | **78,481** | **14,341** | **128,813** |
| Cost of Fixed Assets | 19,209 | 164,515 | 16,400 | 97,986 | 2,068 | 78,481 | 22,369 | 401,028 |
| Provision for Losses | (4,430) | (23,175) | (487) | (2,729) | 78 | - | - | (30,743) |
| Accumulated Depreciation | (7,328) | (132,126) | (15,911) | (76,473) | (1,606) | - | (7,.755) | (241,199) |
| (-) PIS/Cofins Credit Depreciation Right to Use Assets | - | - | - | - | - | - | (273) | (273) |
| **Balance on 12/31/2021** | **7,451** | **9,214** | **2** | **18,784** | **540** | **78,481** | **14,341** | **128,813** |
| Additions | - | - | - | - | - | 13,798 | 691 | 14,489 |
| Write-offs Gross Balance | - | - | - | - | (39) | - | (800) | (839) |
| Write-offs Depreciation | - | - | - | - | 39 | - | - | 39 |
| Depreciation | - | (345) | (28) | (1,115) | (142) | - | (5,982) | (7,612) |
| (+/-) Transfers | - | - | 169 | 1,562 | 369 | (2,124) | - | (24) |
| (-) PIS/Cofins Credits Depreciation Right to Use Assets | - | - | - | - | - | - | (485) | (485) |
| Impairment | (10) | (56) | (66) | (313) | (71) | - | - | (516) |
| Cost of Fixed Assets | 19,209 | 155,381 | 13,024 | 85,183 | 2,394 | 90,155 | 22,260 | 387,606 |
| Provision for Losses | (4,440) | (23,231) | (553) | (3,042) | 7 | - | - | (31,259) |
| Accumulated Depreciation | (7,328) | (123,337) | (12,394) | (63,223) | (1,705) | - | (13,737) | (221,724) |
| (-) PIS/Cofins Credit Depreciation Right to Use Assets | - | - | - | - | - | - | (758) | (758) |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Balance on 12/31/2022** | **7,441** | **8,813** | **77** | **18,918** | **696** | **90,155** | **7,765** | **133,865** |
| **Average Depreciation Rate** | **-** | **3.40%** | **2.44%** | **3.01%** | **9.77%** | **-** | **8.33%** | |

In September 2021, the gross balance of assets not yet amortized or depreciated at Usina Pery was written off, calculated at the end of the concession period (subsequently renewed), according to the eleventh clause of Concession Contact No. 006/2013. The amount written off and transformed into a financial asset takes into account the total indemnified amount of R$114.5 million presented in Technical Note No. 55/2021-SRM/ANEEL, of June 28, 2021.

**19.2. Impairment Test**

In 2022, a Loss of Recoverable Value of Assets (Impairment) in the amount of R$516 thousand was recorded.

These amounts were accounted for in the Income Statement, under the Net Provisions line, in accordance with Technical Pronouncements CPC 01(R1) – Impairment of Assets, CPC 27 – Fixed Assets and Technical Interpretation ICPC 10 – Interpretation on the Initial Application to Permanent assets.

The valuation method used is the value in use, embodied in the discounted cash flow methodology, which is based on the hypothesis that the value of a company depends on its ability to generate wealth in the future, excluding cash inflows and outflows from financing activities and any receipts or payments of taxes on income, as determined by CPC 01 (R1) – Impairment of Assets.

The methodology consists of annually projecting the free cash flow (FCF) of assets, thus obtaining cash generation from operating activities. The FCL calculated each year is discounted by the WACC to arrive at its present value. In this way, all discounted annual cash flows are added to arrive at the present value of the asset.

For the analysis of the Company's own generating park, a survey was carried out of the cash flows pertaining to the various Cash Generating Units – CGU individually, seeking to channel the operating flows of each unit. Each plant participating in the generating park was considered as a CGU, projecting for each of these the revenues, costs and expenses, investments in maintenance and not in expansions, arising from each business, as well as the variations in working capital relevant to these units, before taxes and depreciation effects.

For Fixed Assets, the book value entered in Net Fixed Assets for the plants, with a base date of December 2022, was considered.

For the Impairment Test, projections up to the year 2054 were considered, as this is the final term of the Pery Plant concession, with only the CGHs remaining in Celesc G's generating complex, which do not have an operation end date.

For the projection of investments, the values approved in the capital budget by the Board of Directors were considered, considering only investments in improvements and maintenance of the plants, to keep the assets in the current operating situation. Investments in equity interests are not considered, nor in plant expansions, considering that these effects should not impact the results of the Impairment Test.

By virtue of the regulations established in the Concession Agreement, at the end of the concession for Usina Celso Ramos, the Residual Value is calculated for the purposes of indemnification referring to the non-depreciated fixed assets. The other plants do not have the right to compensation for investments in improvements at the end of the concession, as per the contract.

The discount rate adopted was the Cost of Equity, Capital Asset Pricing Model - CAPM method, as it is independent of the capital structure and the way in which the Company has financed the acquisition of assets, taking into account the understanding of CPC 01 (R1). The discount rate used was 11.37% and the pre-tax rate is also 11.24%.

The values of loss and reversal of the recoverable value of assets by UGC recorded in the year 2022 are shown below:

| **Plants** | **Net Balance Before the Valuation Impairment** | **Test** | **Provisions** | **Reversals** | **Impacts on Results** |
|---|---|---|---|---|---|
| Bracinho HPP | 9,274 | 86,636 | - | - | - |
| Cedros HPP | 6,725 | 66,392 | - | - | - |
| Garcia HPP | 7,636 | 73,913 | - | - | - |
| Palmeiras HPP | 13,677 | 151,672 | - | - | - |
| Pery HPP | 20,299 | 137,690 | - | - | - |
| Salto HPP | 5,855 | 19,247 | - | - | - |
| Celso Ramos SHP | 15,381 | 15,304 | (77) | - | (77) |
| Caveiras HGP | 62 | 17 | (45) | - | (45) |
| Ivo Silveira HGP | 239 | 3,759 | - | - | - |
| CGH Maruim | 1 | - | (1) | - | (1) |
| Piraí HGP | 237 | (16,995) | (237) | - | (237) |
| Rio do Peixe HGP | 77 | (10,749) | (77) | - | (77) |
| São Lourenço HGP | 79 | (15,311) | (79) | - | (79) |
| **Total** | **79,542** | **511,575** | **(516)** | **-** | **(516)** |

### 19.3. Depreciation

The average annual depreciation rates estimated for the current year are as follows:

| | Consolidated |
|---|---|
| **Administration** | **Percentage (%)** |
| Buildings and Constructions | 6.3 |
| Machinery and Equipment | 6.6 |
| Vehicles | 13.7 |
| Furniture and Utensils | 6.4 |

| **Operation** | **Percentage (%)** |
|---|---|
| Buildings and Constructions | 2.3 |
| Machinery and Equipment | 3.0 |
| Reservoirs, Dams and Pipelines | 3.4 |
| Vehicles | 9.1 |
| Furniture and Utensils | 3.6 |

The straight-line depreciation method, useful lives and residual values are reviewed at the end of each fiscal year and any adjustments are recognized as changes in accounting estimates.

The assets of the Pery, Celso Ramos, Garcia, Palmeiras, Salto Weissbach, Cedros and Bracinho plants are depreciated at the rates established in ANEEL Resolution No. 674, of August 11, 2015. Também são depreciados pela mesma Resolução as CGHs Caveiras, Ivo Silveira, Piraí, São Lourenço e Rio do Peixe, por possuírem contrato de registro.

Central Administration assets (Buildings and Constructions, Machinery and Equipment, Vehicles and Furniture and Utensils) are also depreciated at the rates established in Resolution No. 674/2015.

### 19.4. Fully Depreciated Fixed Assets Still in Operation

The gross carrying amount of property, plant and equipment that are fully depreciated and are still in operation as of December 31, 2022 are:

| | | Consolidated |
|---|---|---|
| **Description** | **12/31/2022** | **12/31/2021** |
| Reservoirs, Dams and Pipelines | 121,992 | 121,610 |
| Buildings, Civil Works and Improvements | 11,401 | 11,331 |
| Machinery and Equipment | 45,178 | 43,647 |
| Other | 14,132 | 14,157 |
| **Total** | **192,703** | **190,745** |

### 19.5. Right of Use Assets - CPC 06 / IFRS 16 - Leases

Pursuant to CPC 06 (R2), the Company records the amounts payable for lease and rent agreements, as a contra entry to Fixed Assets as Right-of-Use Assets.

The amounts recorded in liabilities are adjusted to present value, at the discount rate of 8.09%, calculated by the Company.

| ASSETS | Parent Company | Consolidated |
|---|---|---|
| **Balance on 12/31/2020** | **-** | **-** |
| **Current** | **-** | **-** |
| **Noncurrent** | **-** | **-** |
| (+) Additions | 547 | 22,494 |
| (-) Depreciation | (219) | (7,755) |
| (-) PIS/COFINS Credit Depreciation Right to Use Assets | - | (273) |
| (-) Write-off | - | (125) |
| **Balance on 12/31/2021** | **328** | **14,341** |
| **Current** | **-** | **-** |
| **Noncurrent** | **328** | **14,341** |
| (+) Additions | 49 | 691 |
| (-) Depreciation | (245) | (5,982) |
| (-) PIS/COFINS Credit Depreciation Right to Use Assets | - | (485) |
| (-) Write-off | - | (800) |
| **Balance on 12/31/2022** | **132** | **7,765** |
| **Current** | **-** | **-** |
| **Noncurrent** | **132** | **7,765** |

| LIABILITIES | Parent Company | Consolidated |
|---|---|---|
| **Balance on 12/31/2020** | **-** | **-** |
| **Current** | **-** | **-** |
| **Noncurrent** | **-** | **-** |
| (+) Additions | 547 | 22,494 |
| (-) Write-offs | - | (129) |
| (+) Interest incurred | 35 | 1,418 |
| (-) Payment Principal | (206) | (7,529) |
| (-) Interest Paid | (35) | (1,418) |
| **Balance on 12/31/2021** | **341** | **14,836** |
| **Current** | **223** | **6,216** |
| **Noncurrent** | **118** | **8,620** |
| (+) Additions | 49 | 691 |
| (-) Write-offs | - | (845) |
| (+) Interest incurred | 20 | 889 |
| (-) Payment Principal | (249) | (6,387) |
| (-) Interest Paid | (20) | (889) |
| **Balance on 12/31/2022** | **141** | **8,295** |
| **Current** | **141** | **1,579** |
| **Noncurrent** | **-** | **6,716** |

### 19.5.1. Maturities of Long-Term Installments

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| **Years** | **12/31/2022** | **12/31/2021** | **12/31/2022** | **12/31/2021** |
| 2023 | - | 118 | - | 2,106 |
| 2024 | - | - | 1,194 | 1,158 |
| 2025 | - | - | 1,135 | 795 |
| 2026 | - | - | 1,112 | 800 |
| 2027 | - | - | 1,112 | 841 |
| 2027+ | - | - | 2,163 | 2,920 |
| **Total** | **-** | **118** | **6,716** | **8,620** |

The recognized assets have the following specialties:

**a)** Buildings: refer to rental agreements related to on-site service stores, located in the distributor's concession area;
**b)** Land: refers to land where telecommunication towers, substation and warehouse are installed;
**c)** Vehicles: refer to the rental agreement for fleet vehicles used in the provision of services and vehicles used by the Executive Board.

## 20. INTANGIBLES

| | Parent Company |
|---|---|
| **Description** | **Goodwill (i)** |
| **Balance on 12/31/2020** | **4,944** |
| Accumulated Amortization | (503) |
| **Balance on 12/31/2021** | **4,441** |
| Total Cost | 14,248 |
| Accumulated Amortization | (9,807) |
| **Balance on 12/31/2021** | **4,441** |
| Amortizations | (503) |
| **Balance on 12/31/2022** | **3,938** |
| Total Cost | 14,248 |
| Accumulated Amortization | (10,310) |
| **Balance on 12/31/2022** | **3,938** |
| **Average Amortization Rate** | **3.5%** |

Consolidated

| Description | Concession Asset Celesc D (i) | Software Acquired | Hydrological Risk GSF Renegotiation (ii) | Goodwill (iii) | Easement of Ranges | Items of Ongoing | Total |
|---|---|---|---|---|---|---|---|
| **Balance on 12/31/2020** | **3,610,710** | **832** | **-** | **4,944** | **70** | **1,500** | **3,618,056** |
| Total Cost | 5,757,746 | 7,404 | - | 14,248 | 70 | 1,500 | 5,780,968 |
| Accumulated Amortization | (2,147,036) | (6,572) | - | (9,304) | - | - | (2,162,912) |
| **Balance on 12/31/2020** | **3,610,710** | **832** | **-** | **4,944** | **70** | **1,500** | **3,618,056** |
| Additions | 497,023 | - | 45,879 | - | - | 200 | 543,102 |
| Write-offs | (55,865) | - | - | - | (70) | - | (55,935) |
| Amortizations | (245,514) | (181) | (388) | (503) | - | - | (246,586) |
| Transfers | - | - | - | - | - | - | - |
| **Balance on 12/31/2021** | **3,806,354** | **651** | **45,491** | **4,441** | | **1,700** | **3,858,637** |
| Total Cost | 6,198,904 | 7,404 | 45,879 | 14,248 | - | 1,700 | 6,268,135 |
| Accumulated Amortization | (2,392,550) | (6,753) | (388) | (9,807) | - | - | (2,409,498) |
| **Balance on 12/31/2021** | **3,806,354** | **651** | **45,491** | **4,441** | **-** | **1,700** | **3,858,637** |
| Additions (iv) | 779,084 | - | - | - | - | 35 | 779,119 |
| Write-offs | (61,215) | - | - | - | - | - | (61,215) |
| Amortizations | (265,759) | (186) | (1,554) | (503) | - | - | (268,002) |
| Transfers | - | 41 | - | - | - | (17) | 24 |
| **Balance on 12/31/2022** | **4,258,464** | **506** | **43,937** | **3,938** | **-** | **1,718** | **4,308,563** |
| Total Cost | 6,916,773 | 7,445 | 45,879 | 14,248 | - | 1,718 | 6,986,063 |
| Accumulated Amortization | (2,658,309) | (6,939) | (1,942) | (10,310) | - | - | (2,677,500) |
| **Balance on 12/31/2022** | **4,258,464** | **506** | **43,937** | **3,938** | **-** | **1,718** | **4,308,563** |
| **Average Amortization Rate** | **4.4%** | **19.5%** | **3.4%** | **3.5%** | | | |

(i) The rates established by ANEEL are used in tariff review processes, calculation of compensation at the end of the concession and are recognized as a reasonable estimate of the useful life of the concession assets. Thus, these rates were used as a basis for the evaluation and amortization of the intangible asset.

(ii) The extension of the concession period by the granting authority for the plants renegotiated by the GSF hydrological risk, was calculated at fair value and recognized as an Intangible Asset. These assets will be amortized on a straight-line basis until the end of the new concession period for each renegotiated plant.

(iii) The goodwill generated on the acquisition of ECTE is amortized over the concession period for the provision of public services by said company.

(iv) They refer to investments made by Celesc D, in the year 2022, split between intangible assets and financial assets.

## 21. SUPPLIERS

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| **Description** | **12/31/2022** | **12/31/2021** | **12/31/2022** | **12/31/2021** |
| Electric Power | - | - | 594,114 | 681,233 |
| Electricity Use Charges | - | - | 195,642 | 137,331 |
| Materials and Services | 900 | 947 | 174,135 | 133,097 |
| Electric Energy Trading Chamber - CCEE (i) | - | - | 52,622 | 136,525 |
| **Total** | **900** | **947** | **1,016,513** | **1,088,186** |

(i) The CCEE has, among its attributions, to determine the accounting value of the agents. In the case of distributors, this value involves, in addition to the sale and purchase in the short term, charges, the effect of the dispatch of thermal plants and also the various impacts of hydrological risk.

The hydrological risk is associated with energy contracts (CCEAR-QT) that were renegotiated, physical guarantee quota contracts and the contract with Itaipu, in which the buyer assumes this condition.

In this context, Summary costs (SUM001) were lower in 2022, given the continuous recovery in the level of the SIN reservoirs, which led the Brazilian electrical system operating bodies to reduce the thermal dispatch, whose cost is higher.

## 22. LOANS AND FINANCING

Loans and Financing have five different classifications: (i) Bank Loans, (ii) Eletrobras Loans, (iii) Finame Type Loans and (iv) Loans - BID, and some of these are guaranteed by Company receivables and sureties, as per provisions contractual.

| | | | Consolidated |
|---|---|---|---|
| **Description** | | **12/31/2022** | **12/31/2021** |
| **Total National Currency** | | **676,836** | **103,222** |
| Bank Loans (i) | CDI + 1.65% p.a. | 578,809 | - |
| Bank Loans (i) | CDI + 0.8% p.a. | 93,253 | 93,772 |
| Eletrobras Loans (ii) | 5% p.a. | 2,110 | 2,983 |
| Finame Loans (iii) | From 2.5% to 9.5% p.a. | 2,664 | 6,467 |
| **Total Foreign Currency** | | **1,166,319** | **1,150,078** |
| Loans - BID (iv) | CDI + 0.87% to 1.98% p.a. | 1,166,319 | 1,150,078 |
| **Total** | | **1,843,155** | **1,253,300** |
| **Current** | | **297,229** | **23,559** |
| **Noncurrent** | | **1,545,926** | **1,229,741** |

**i) Bank Loans**

Bank Loans balances refer to contracting, whose funds were used exclusively to reinforce the Company's cash.

In April 2019, through a Bank Credit Note – CCB, R$335.0 million were contracted with Banco Safra, with remuneration equivalent to the CDI + 0.80% p.a. and monthly charge. The effective period was 36 months, with an 18-month grace period for the start of amortization of the principal amount. The beginning of amortization was in November 2020 and the end would be for April 2022, however, on December 2, 2021, the contract was amended and the deadline for settlement of the principal became May 2023. In addition, its settlement is now provided for in a single installment at the end of the contract (bullet). The interest rate was maintained at the same percentage as the original contract.

In February 2022, also through a Bank Credit Note – CCB, an additional R$550.0 million was contracted with Banco Safra, with remuneration equivalent to the CDI + 1.65% p.a. and semester requirement. The term was 36 months, with an 18-month grace period for the beginning of the amortization of the principal amount, which will be settled in 4 half-yearly installments, starting in August 2023 and ending in February 2025. There are no covenants related to these loans.

**ii) Eletrobras**

Resources from this contract were allocated, among other applications, to rural electrification programs and come from the Global Reversion Reserve – RGR and the Eletrobrás Financing Fund. The current agreement has a grace period of 24 months, amortization in 120 monthly installments, interest rate of 5% p.a. and management fee of 1% p.a. It has the consent of ANEEL and the end is scheduled for May 30, 2025. There are no covenants related to these loans.

**iii) Finame**

The resources from these contracts served to supply part of Celesc D's lack of resources and were used in the purchase of machinery and equipment. Each acquisition constitutes a contract, which were negotiated at interest rates ranging from 2.5% to 9.5% p.a. There are 96 monthly amortizations for Finame from Banco do Brasil and 72 monthly amortizations for Finame from Caixa Econômica Federal. All contracts are approved by ANEEL. There are no covenants related to these loans.

**iv) Inter-American Development Bank - IDB**

On October 31, 2018, Celesc D and the Inter-American Development Bank - IDB signed an external credit operation called Loan 4404/OC-BR (BR-L1491).

The total value of the operation is US$276.1 million and the amortization period is 234 (two hundred and thirty-four) months, with a grace period of up to 66 (sixty-six) months, reaching a total period of 300 (three hundred) months.

Amortization is semi-annual using the constant system, plus a spread, with monetary restatement calculated based on the exchange variation. In addition, there is a requirement for a commitment fee of up to 0.5% per annum on the undisbursed US dollar balance and a supervisory fee of up to 1% of the loan amount, divided by the number of semesters comprised in the term. original 5 (five) year disbursement record.

The loan is guaranteed by the Federative Republic of Brazil and the State of Santa Catarina and is intended to partially finance the Investment Program in Energy Infrastructure in the area of jurisdiction of Celesc D.

The first releases took place on December 10, 2018 and January 28, 2019, in the amount of US$80.1 million. After that, on May 2, 2019, it was decided to convert the amounts released into national currency and to change the interest rate applied to the contract, already considering the BID costs, therefore, there is no longer the incidence of exchange variation.
Releases continued to occur and both the option of converting into local currency and the previously mentioned change in the contract's interest rate were maintained.

Below, all releases that occurred up to December 31, 2022 are shown, with dates, amounts and interest rates currently applied:

| Dates | Amounts in USD | Interest Rate |
|---|---|---|
| December 10, 2018 | 70,374,302.95 | **CDI + 0.99 p.a.** |
| 01/28/2018 | 9,704,328.10 | **CDI + 0.99 p.a.** |
| October 7, 2019 | 26,210,755.00 | CDI + 1.04 p.a. |
| December 10, 2019 | 9,767,891.73 | CDI + 0.87 p.a. |
| June 9, 2020 | 7,273,169.76 | CDI + 1.24 p.a. |
| October 13, 2020 | 35,000,000.00 | CDI + 1.90 p.a. |
| March 19, 2021 | 25,000,000.00 | CDI + 1.98 p.a. |
| December 14, 2021 | 50,000,000.00 | CDI + 1.26 p.a. |

All interest rates already consider IDB costs and may suffer some variation due to one of the components of the spread is variable and defined by the BID on a quarterly basis.

It should be noted that disbursements of the contracted financing are processed in accordance with the provisions of Loan Agreement No. 4404/OC-BR (BR-L1491), pursuant to Chapter IV of the General Rules.

The Program's financial statements are subject to independent auditing carried out by the Court of Auditors of the State of Santa Catarina – TCE/SC, under the terms of Clause 5.02, of the Special Provisions of the aforementioned Agreement.

### 22.1. Breakdown of Maturities

The amounts classified in non-current liabilities are broken down as follows, by year of maturity:

| | | | | | | **Consolidated** |
|---|---|---|---|---|---|---|
| **Description** | **National** | | **Foreign** | | **Total** | |
| | **12/31/2022** | **12/31/2021** | **12/31/2022** | **12/31/2021** | **12/31/2022** | **12/31/2021** |
| 2023 | - | 96,315 | - | - | - | 96,315 |
| 2024 | 276,139 | 1,139 | 56,596 | 56,596 | 332,735 | 57,735 |
| 2025 | 137,864 | 364 | 56,596 | 56,596 | 194,460 | 56,960 |
| 2026+ | - | - | 1,018,731 | 1,018,731 | 1,018,731 | 1,018,731 |
| **Total** | **414,003** | **97,818** | **1,131,923** | **1,131,923** | **1,545,926** | **1,229,741** |

### 22.2. Changes in Loans and Financing - National

| | | | **Consolidated** |
|---|---|---|---|
| **Description** | **Current** | **Non-Current** | **Total** |
| **Balances as of December 31, 2020** | **860,552** | **83,870** | **944,422** |
| Entry | 108,982 | - | 108,982 |
| Provisioned Charges | 28,166 | - | 28,166 |
| Transfers | (13,948) | 13,948 | - |
| Payments of Principal | (931,219) | - | (931,219) |
| Payments of Charges | (47,129) | - | (47,129) |
| **Balances as of December 31, 2021** | **5,404** | **97,818** | **103,222** |
| Entry | 60,000 | 550,000 | 610,000 |
| Provisioned Charges | 90,065 | - | 90,065 |
| Transfers | 233,815 | (233,815) | - |
| Amortization of Principal | (64,663) | - | (64,663) |
| Payments of Charges | (61,788) | - | (61,788) |
| **Balances as of December 31, 2022** | **262,833** | **414,003** | **676,836** |

### 22.3. Changes in Loans and Financing - Foreign - BID

| | | | **Consolidated** |
|---|---|---|---|
| **Description** | **Current** | **Non current** | **Total** |
| **Balances as of December 31, 2020** | **5,349** | **705,173** | **710,522** |
| Entry | - | 422,125 | 422,125 |
| Monetary Restatement | - | 4,625 | 4,625 |
| Provisioned Charges | 51,131 | - | 51,131 |
| Payments of Charges | (38,325) | - | (38,325) |
| **Balances as of December 31, 2021** | **18,155** | **1,131,923** | **1,150,078** |
| Provisioned Charges | 152,403 | - | 152,403 |
| Payment of Charges | (136,162) | - | (136,162) |
| **Balances as of December 31, 2022** | **34,396** | **1,131,923** | **1,166,319** |

# 23. DEBENTURES

**23.1. 2018 Debentures – Celesc D**

Celesc D issued, on July 13, 2018, 250,000 (two hundred and fifty thousand) debentures with a nominal unit value of R$1.0 thousand, totaling R$250.0 million, maturing on July 13, 2023, non-convertible in shares. The proceeds from this issuance were used to reinforce the issuer's cash for the ordinary management of its businesses.

The real guarantee is the fiduciary assignment of credit rights, present and/or future, arising from the gross supply of electricity to Celesc D's customers and the Company (Celesc Holding) will provide surety in favor of the debenture holders, pledging itself as guarantor and primarily responsible for the payment of all amounts due under the terms of the Deed of Issue.

The debentures will have a term of 5 years from the date of issuance, so that they will mature on July 13, 2023, with remuneration of interest corresponding to 100% of the accumulated variation of the average daily rates of DI - Interbank Deposits of one day, plus a surcharge or spread of 1.9% per year.

Amortization was provided for in 15 quarterly and consecutive installments, always on the 13th of January, April, July and October, starting on January 13, 2020, and the last one on the maturity date. Remuneration will occur in quarterly and consecutive installments, without grace period, as of October 13, 2018. Up to December 31, 2022, R$54.6 million in remuneration and R$200.0 million in principal had been paid.

Annually, the Company, as guarantor, has a contractual commitment (covenants) linked to the issuance of debentures not to present a Net Debt/EBITDA ratio greater than 2.5. Failure to comply with this financial indicator may result in early maturity of the total debt. In the year ended December 31, 2022, the result of calculating this ratio was 1.51, thus fulfilling this obligation.

**23.2. 2021 Debentures – Celesc D**

Celesc D issued, on April 15, 2021, 550,000 (five hundred and fifty thousand) simple debentures, not convertible into shares, with a nominal unit value of R$1.0 thousand, totaling R$550.0 million, with maturity on April 15 April 2026. The proceeds from this issuance were used to reinforce cash.

The debentures are unsecured, without preference, therefore not granting any special or general privilege to their holders. Additionally, they have a personal guarantee. The Company will provide surety in favor of the debenture holders, acting as guarantor and primarily responsible for the payment of all amounts due pursuant to the Deed of Issue.

The remuneration interest corresponds to 100% of the accumulated variation of the average daily rates of Interbank Deposits - DI Over (Extra-Group), expressed as a percentage per year, based on 252 business days, calculated and published daily by B3, plus a surcharge or spread of 2.6% per year.

Remuneration is expected to be paid in two ways: the first, on a quarterly basis and from the issue date, with maturity every 15th of January, April, July and October, starting on July 15, 2021 and ending on October 15, 2022, and the second, on a monthly basis and from November 15, 2022, with the other maturities always occurring on the 15th of the subsequent months until the end of the term. Up to December 31, 2022, R$104.3 million in remuneration and R$38.4 million in principal had been paid.

The amortization is foreseen in 43 (forty-three) consecutive monthly installments, always due on the 15th of each month, the first being due on October 15, 2022.

Annually, from the fiscal year ending on December 31, 2021 until the maturity date, the Company, as guarantor, has a contractual commitment (Covenants) linked to the issuance of debentures not to present a Net Debt/EBITDA ratio greater than 3. Failure to comply with this financial indicator may result in early maturity of the total debt. In the year ended December 31, 2022, the result of calculating this ratio was 1.51, thus fulfilling this obligation.

**23.3. 2018 Debentures – Celesc G**

On June 1, 2018, Celesc G issued 15,000 debentures with a nominal unit value of R$10.0 thousand, not monetarily restated, totaling R$150.0 million. The issuance was carried out in a single series, of the simple type and not convertible into shares.

The real guarantee was defined by the fiduciary assignment of credit rights, present and/or future, arising from the gross supply of electricity to Celesc G customers. The personal guarantee, in turn, was established by the guarantee of the debentures in favor of the holders, in which it assumes the role of guarantor and main responsible for the payment of all amounts due under the terms of the Issue Indenture They have a term of five years, counted from the date of issue, and the interest corresponds to 100% of the accumulated variation of the average daily rates of Interbank Deposits - DI of one day, plus a surcharge or spread of 2.5% p.a., until the actual payment date.

Interest payments have been taking place since September 2018 and amortization has been carried out since June 2019, both on a quarterly and consecutive basis.

The Board of Directors, in a meeting held on October 5, 2022, approved the total optional early redemption of these debentures, in the understanding that this would allow for more efficient management and economic-financial planning, not only for the issuer, Celesc G, but also for the guarantor, Celesc.

Although approval was for payment on November 1, 2022, the effective redemption occurred on November 3, 2022, with the payment of the remaining R$26.5 million in principal, in addition to R$682.1 thousand in remuneration, totaling R$ $34.5 million over the term, and R$95.0 thousand as an early payment premium.

### 23.4. 2020 Debentures – Celesc G

On December 10, 2020, Celesc G issued 37,000 debentures with a nominal unit value of R$1.0 thousand, totaling R$37.0 million. Monetary restatement was based on the accumulated variation of the IPCA, released monthly by the Brazilian Institute of Geography and Statistics - IBGE. The issuance was carried out in a single series, of the simple type and not convertible into shares. The fidejussory guarantee was established by guaranteeing the debentures in favor of the holders, in which it assumes the role of guarantor and primarily responsible for the payment of all amounts due under the terms of the Issue Deed. They have a term of ten years, counted from the date of issue, and remunerative interest of 4.30% p.a., until the effective payment date.

Interest payments began in June 2021 and amortization will begin in December 2023, both on a semi-annual and consecutive basis. By December 31, 2022, R$3.5 million in remuneration had already been paid.

Annually, Celesc G, as an issuer, has a contractual commitment (covenant) linked to the issuance of debentures not to present a Net Debt/EBITDA ratio greater than 3.50. Failure to comply with this financial indicator may result in early maturity of the total debt. In the year ended December 31, 2022, cash and cash equivalents exceeded debt from loans and financing by R$14.4 million.

### 23.5. Changes in Debentures

| | Consolidated |
|---|---|
| **Description** | **Total** |
| **Balance on 12/31/2020** | **306,508** |
| **Current** | **102,592** |
| **Noncurrent** | **203,916** |
| Entry | 545,450 |
| Provisioned Charges | 45,502 |
| Payments of Charges | (31,072) |
| Payments of Principal | (101,962) |
| Costs to issue Celesc D Debentures | 1,224 |
| Costs to issue Celesc Debentures | 558 |
| Interest on Works in Progress | 2,457 |
| **Balance on 12/31/2021** | **768,665** |
| Settlement Costs | (95) |
| Provisioned Charges | 98,318 |
| Payments of Charges | (105,259) |
| Payments of Principal | (157,981) |
| Costs to issue Celesc D Debentures | 1,542 |
| Costs to issue Celesc Debentures | 923 |
| **Balance on 12/31/2022** | **606,113** |
| **Current** | **210,470** |
| **Noncurrent** | **395,643** |

### 23.6. Costs of Obtaining Unearned Debentures

| | | Consolidated |
|---|---|---|
| **Description** | **12/31/2022** | **12/31/2021** |
| 2022 | - | 1,542 |
| 2023 | 1,384 | 1,876 |
| 2024 | 1,056 | 1,252 |
| 2025 | 1,054 | 1,054 |
| 2026+ | 927 | 1,061 |
| **Total** | **4,421** | **6,785** |

### 23.7. Reconciliation of Liabilities Resulting from Financing Activities

Parent Company

| Description | 12/31/2021 | Payments | Total Changes Financing Flow | Payment of Interest (i) | Changes not Affecting Cash (ii) | 12/31/2022 |
|---|---|---|---|---|---|---|
| Dividends and IOE payable | 134,356 | (143,270) | (143,270) | - | 166,516 | 157,602 |
| Lease Liabilities - CPC 06 (Note 19.5) | 341 | (249) | (249) | (20) | 69 | 141 |
| **Total** | **134,697** | **(143,519)** | **(143,519)** | **(20)** | **166,585** | **157,743** |

Parent Company

| Description | 12/31/2020 | Payments | Total Changes Financing Flow | Payment of Interest (i) | Changes not Affecting Cash (ii) | 12/31/2021 |
|---|---|---|---|---|---|---|
| Dividends and IOE payable | 123,621 | (123,004) | (123,004) | - | 133,739 | 134,356 |
| Lease Liabilities - CPC 06 (Note 19.5) | - | (206) | (206) | (35) | 582 | 341 |
| **Total** | **123,621** | **(123,210)** | **(123,210)** | **(35)** | **134,321** | **134,697** |

Parent Company

| Description | 12/31/2021 | Entry of Resourc | Payments of Principal | Total Changes Financing Flow | Payment of Interest (i) | Changes not Affecting Cash (ii) | 12/31/2022 |
|---|---|---|---|---|---|---|---|
| Loans and Financing | 1,253,300 | 610,000 | (64,663) | 545,337 | (197,950) | 242,468 | 1,843,155 |
| Debentures | 768,665 | (95) | (157,981) | (158,076) | (105,259) | 100,783 | 606,113 |
| Dividends and IoE | 134,356 | - | (143,270) | (143,270) | - | 166,516 | 157,602 |
| Lease Liabilities - CPC 06 (Note 14,836) | - | (6,387) | (6,387) | (889) | 735 | 8,295 | |
| **Total** | **2,171,157** | **609,905** | **(372,301)** | **237,604** | **(304,098)** | **510,502** | **2,615,165** |

Parent Company

| Description | 12/31/2020 | Entry of Resourc | Payments of Principal | Total Changes Financing Flow | Payment of Interest (i) | Changes not Affecting Cash (ii) | 12/31/2021 |
|---|---|---|---|---|---|---|---|
| Loans and Financing | 1,654,944 | 531,107 | (931,219) | (400,112) | (85,454) | 83,922 | 1,253,300 |
| Debentures | 306,508 | 545,450 | (101,962) | 443,488 | (31,072) | 49,741 | 768,665 |
| Dividends and IoE | 123,621 | - | (123,004) | (123,004) | - | 133,739 | 134,356 |
| Lease Liabilities - CPC 06 (Note 14,836) | - | - | (7,529) | (7,529) | (1,418) | 23,783 | 14,836 |
| **Total** | **2,085,073** | **1,076,557** | **(1,163,714)** | **(87,157)** | **(117,944)** | **291,185** | **2,171,157** |

(i) Interest paid is classified in the Operating Activities flow in the Statement of Cash Flows.

(ii) Interest and monetary variations provisioned for Loans and Financing totaled R$242.5 million. Debentures totaled R$100.8 million, R$2,465.0 thousand of which refer to costs with debentures incurred in 2022.

## 24. LABOR AND SOCIAL SECURITY OBLIGATIONS

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| **Description** | **12/31/2022** | **12/31/2021** | **12/31/2022** | **12/31/2021** |
| Payroll Provisions and Social Charges | 1,241 | 1,030 | 115,144 | 104,110 |
| Incentivized Termination Plan - PDI | - | - | 108,854 | 111,926 |
| Consignment in Favor of Third Parties | - | - | 10,197 | 9,034 |
| Provisão Participação nos Lucros e nos Resultados – PLR | - | - | 27,070 | 24,665 |
| Net Payroll | 297 | 282 | 16,815 | 15,005 |
| **Total** | **1,538** | **1,312** | **278,080** | **264,740** |
| **Current** | **1,538** | **1,312** | **227,670** | **214,708** |
| **Noncurrent** | **-** | **-** | **50,410** | **50,032** |

### 24.1. Incentivized Termination Plan - PDI

The program is part of the Company's strategy to adapt its operating costs, optimize processes and improve indicators, with a view to adding value to shareholders.

On February 22, 2016, Celesc D approved the regulation of the Incentive Retirement Plan – PDI. This program was first implemented in December 2016. In the following years, new editions were carried out with the same criteria and regulations, only changing the minimum length of time with the company as an eligibility rule.

| Plans | Minimum Work Time | Number of Installments | Number of Installments with Adhesion to the CD Plan |
|---|---|---|---|
| 2016 PDI | 25 years | 24-60 | N/A |
| 2017 PDI | 25 years | 24-60 | N/A |
| 2018 PDI | 25 years | 24-60 | N/A |
| 2019 PDI | 25 years | 24-60 | N/A |
| 2020 PDI | 24 years | 24-60 | N/A |
| 2021 PDI | 15 years (i) | 24-60 | N/A |

(i) As long as the employee is at least 50 years old..

On April 23, 2020, Celesc D obtained approval for the implementation of an Emergency Incentive Dismissal Plan, called PDI-E, for employees with more than 33 years of work. 86 employees left Celesc D.

| Plans | Minimum Work Time | Number of Installments | Number of Installments with Adhesion to the CD Plan |
|---|---|---|---|
| 2020 PDI-E | 33 years | 36-60 | 18 |

In September 2021, the PDI 2021 (current edition) was approved. PDI 2021 shutdowns started in November and have a total of 148 departures so far.

Since the implementation of the program until December 31, 2022, there have been 1,176 dismissals, which totaled expenses in the amount of R$488.5 million.

The following table demonstrates the number of employees dismissed and the amount of the expense, classified by year.

| Years | Number of Dismissed Employees | PDI expense (R$/Thousand) |
|---|---|---|
| 2016 | 61 | 16,183 |
| 2017 | 125 | 79,531 |
| 2018 | 181 | 68,737 |
| 2019 | 273 | 87,250 |
| 2020 | 303 | 112,847 |
| 2021 | 93 | 63,896 |
| 2022 | 140 | 60,084 |
| **Total** | **1,176** | **488,528** |

In December of each year, installments are updated based on the INPC variation in the last 12 months.

# 25. TAXES

## 25.1. Federal Taxes

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| **Description** | **12/31/2022** | **12/31/2021** | **12/31/2022** | **12/31/2021** |
| IRPJ and CSLL | 2,863 | - | 30,996 | 2,235 |
| **IRRF on IOE** | 4,305 | 10,064 | 17,173 | 10,064 |
| PIS and COFINS | 9,659 | 12,902 | 49,419 | 43,608 |
| Other | 17,865 | 120 | 21,290 | 2,546 |
| **Total to collect** | **34,692** | **23,086** | **118,878** | **58,453** |
| (-) Taxes to offset | (44,331) | (37,879) | (1,165,085) | (1,543,638) |
| **Total Net** | **(9,639)** | **(14,793)** | **(1,046,207)** | **(1,485,185)** |

## 25.2. State Taxes

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| **Description** | **12/31/2022** | **12/31/2021** | **12/31/2022** | **12/31/2021** |
| ICMS | - | - | 168,346 | 850,543 |
| **Total to collect** | **-** | **-** | **168,346** | **850,543** |
| (-) Taxes to offset | - | - | (57,941) | (48,223) |
| **Total Net** | **-** | **-** | **110,405** | **802,320** |

On June 29, 2022, the government of the state of Santa Catarina published Provisional Measure No. 255, amending Articles 7 and 19 of State Law No. 10,297/1996, which deals with the non-levy of ICMS on transmission and distribution services and sectoral charges linked to operations with electricity, further reducing the rate to 17% for operations with electricity, as of July 1, 2022. In this sense, Celesc D applied the new ICMS rate as of July 1, 2022.

The balance of ICMS payable, on December 31, 2021, contemplates the reflection of State Decrees nº 1,528, of October 22, 2021, and nº 1,679, of January 17, 2022, which were reflected in Celesc D, allowing the postponement of collection said tax. The ICMS to be collected from the October 2021, November 2021, December 2021 and January 2022 competences had their maturities postponed to January 10, 2022, February 10, 2022, March 10, 2022 and April 10, 2022, respectively.

### 25.3. Municipal Taxes

| | | Parent Company | | Consolidated |
|---|---|---|---|---|
| **Description** | **12/31/2022** | **12/31/2021** | **12/31/2022** | **12/31/2021** |
| ISS | 107 | 88 | 2,566 | 1,563 |
| Municipal Property Tax (IPTU) | - | 130 | 7 | 137 |
| **Total to collect** | **107** | **218** | **2,573** | **1,700** |
| (-) Taxes to offset | - | - | (992) | (1,022) |
| **Total Net** | **107** | **218** | **1,581** | **678** |

## 26. REGULATORY FEES

| | | Consolidated |
|---|---|---|
| **Description** | **12/31/2022** | **12/31/2021** |
| Energy Efficiency Program - PEE (i) | 61,094 | 61,937 |
| R&D (i) | 54,759 | 47,187 |
| Energy Development Account - CDE | 19,472 | 19,472 |
| Emergency Capacity Charge - ECE (ii) | - | 19,406 |
| ECE Installment | 26,254 | 39,637 |
| Flag Account Charge (iii) | - | 177,424 |
| ANEEL Inspection Fee | 824 | 734 |
| Charge for Acquisition of Emergency Electricity - EAEEE | - | 416 |
| Other | 306 | 163 |
| **Total** | **162,709** | **366,376** |
| **Current** | **56,066** | **295,631** |
| **Noncurrent** | **106,643** | **70,745** |

i) R&D and PEE – Pursuant to Law No. 9991, of July 24, 2000, concessionaires of public electricity distribution services, generation concessionaires and companies authorized to independently produce electricity, with the exception of some modalities, must invest, annually, a minimum percentage of their net operating revenues – NOR in Technological Research and Development projects in the Electric Energy Sector – R&D. Distributors must also apply in Energy Efficiency Programs - PEE, according to the regulation established by ANEEL.

On March 30, 2021, ANEEL published Normative Resolution No. 229 and Order No. 904, defining the form and amounts to be transferred to the Energy Development Account – CDE. Payments to the CDE correspond to the balances not committed to the liabilities of the R&D and PEE programs on the base date of August 31, 2020 and 30% of the current values referring to the period from September 1, 2020 to December 31, 2025. Until December 2025, the calculated amounts will be transferred monthly, on the 10th of the second subsequent month.

ii) Emergency Capacity Charge – ECE, was instituted by Law nº 10,438, of April 26, 2002, with the purpose of covering the cost of contracting emergency thermoelectric plants installed in the Country, available to generate energy in case of risk of shortage. This cost was paid by all consumers of the National Interconnected System, with the exception of those classified as low income.

iii) In compliance with the Electricity Sector Accounting Manual - MCSE, approved by Normative Resolution No. 933, of May 18, 2021, Celesc D started to carry out entries related to the billing of Flags in the group of regulatory fees, which until 2021 were carried out in the Financial Liabilities group.

## 27. PROVISION FOR CONTINGENCIES AND JUDICIAL DEPOSITS

On December 31, 2022, the Company had the following liabilities and their corresponding judicial deposits related to contingencies:

## 27.1. Probable Contingencies

| | | | | Parent Company |
|---|---|---|---|---|
| Description | Court Deposits | | Provisions for Risks | |
| | **12/31/2022** | **12/31/2021** | **12/31/2022** | **12/31/2021** |
| Tax | 47,578 | 17,276 | 19,222 | 16,813 |
| Labor | 4,686 | 4,686 | 2,298 | - |
| Civil | 3,027 | 6,589 | 575 | 181 |
| Regulatory | 22,111 | 8,182 | 3,358 | 3,483 |
| **Total** | **77,402** | **36,733** | **25,453** | **20,477** |

| | | | | **Consolidated** |
|---|---|---|---|---|
| **Description** | **C ourt Deposits** | | **Pr visions for Risks** | |
| | **12/31/2022** | **12/31/2021** | **12/31/2022** | **12/31/2021** |
| Tax (i) | 48,849 | 18,878 | 30,847 | 26,461 |
| Labor (ii) | 22,757 | 27,696 | 45,704 | 43,601 |
| Civil (iii) | 108,513 | 127,334 | 199,019 | 171,919 |
| Regulatory (iv) | 179,751 | 155,198 | 121,027 | 184,280 |
| Environmental (v) | - | - | 2,423 | 18,649 |
| **Total** | **359,870** | **329,106** | **399,020** | **444,910** |

Changes in provisions and deposits are shown below:

| | | **Parent Company** | | **Consolidated** |
|---|---|---|---|---|
| **Description** | **Court Deposits** | **Provisions** | **Court Deposits** | **Provisions** |
| **Balance on 12/31/2020** | **21,346** | **4,928** | **291,869** | **492,793** |
| Creation | 15,581 | 15,765 | 183,156 | 212,301 |
| Financial Restatement | - | - | - | 7,243 |
| Write-offs | (194) | (216) | (145,919) | (267,427) |
| **Balance on 12/31/2021** | **36,733** | **20,477** | **329,106** | **444,910** |
| Creation | 29,086 | 6,601 | 193,980 | 182,941 |
| Financial Restatement | 16,206 | - | 16,206 | 13,665 |
| Write-offs | (4,623) | (1,625) | (179,422) | (242,496) |
| **Balance on 12/31/2022** | **77,402** | **25,453** | **359,870** | **399,020** |

At the Parent Company, the most relevant court deposit refers to Tax Execution No. 5000685-32.2022.404.7200, in which it is a party, in the amount of R$28.0 million, as a form of guarantee of the tax credit. The Company filed an Embargo on the Tax Execution, maintaining the unenforceability of the debt, due to the existence of a credit eligible for compensation. The process awaits instruction by judicial expertise.

Another judicial deposit, also relevant in the Company, refers to the Declaratory Action of Unenforceability of Tax Credit nº 5012891-49.2020.4.04.7200, in the amount of R$15.1 million, proposed by Celesc aiming to declare unenforceable CDA's nº 91.2.18.003117-26, 91.2.18.003118-07, 91.6.18. 017006-01, 91.6.18.017009-46 and 91.7.18.002962-43, from balance remainder of the REFIS and PAES programs, which remained included in the installment payment of Law No. 11,941/2009. The process was dismissed at first instance, awaiting analysis of the appeal at the Superior Instance.

At Celesc D, the most relevant judicial deposit refers to case nº 1005589- 77.2017.4.01.3400, in the amount of R$119.1 million. The discussion, at the judicial level, is about the 2014 subcontracting process, where there are two impacts: the first on the issue of non-referral of tariff calculated by ANEEL and the second on the penalty assessed by CCEE. It should be noted that the subcontracting penalty has a specific and multilateral procedure, which must include ex-post discussions.

In 2020, the sentence of the 6th Federal Civil Court of the Federal District dismissed the case in the first instance. In the action, Celesc D sought to annul the penalty imposed by the CCEE due to the lack of contractual ballast in 2014. Celesc D filed a civil appeal and continues the discussion, considering that such decision did not take into account several aspects of the penalty calculation. In order to obtain a suspensive effect and not be considered in default, the distributor offered a judicial deposit in the full amount of the penalty. Considering the peculiarity of the case and the assessment of the concrete fact, there is a reasonable possibility of annulling the sentence and, thus, the process was classified with an estimate of possible loss.

The most relevant write-offs due to losses on judicial deposits are:

(i) 2012 Lawsuit: R$1.6 million from a lawsuit dealing with a collection action resulting from the unilateral termination of a contract with a construction and electrical engineering company in 2011;
(ii) 2013 Lawsuit: R$2.6 million referring to the lawsuit that questions the incidence of ISS on COSIP in the Municipality of Biguaçu/SC in the period from 2005 to 2010;
(iii) 1996 Lawsuit: R$5.1 million from a lawsuit referring to unpaid payments and/or disallowance of contract invoices with a contractor for the years 1993 and 1994;
(iv) 2004 Lawsuit: R$2.3 million referring to a lawsuit for pain and suffering resulting from an accident in the electrical network of an outsourced employee contracted for repair services in 1986.

(v) 2016 Lawsuit: R$1.8 million from a labor claim related to an accident at work (monthly pension for life);
The changes in court deposits in the period is due to payments made for new actions and also for existing actions.

The Company is a party to labor, civil, tax, regulatory and environmental proceedings in progress and is discussing these issues both at the administrative and judicial levels.

These proceedings, when applicable, are supported by judicial deposits. Provisions for possible losses arising from these lawsuits are estimated and updated by management, supported by the opinion of its internal and external legal advisors.

The nature of likely contingencies can be summarized as follows:

**i) Probable Contingencies**

They are related to contingencies of a tax nature at the federal level, related to the collection of COFINS and Social Security Contribution, and at the municipal level, associated with tax notices issued by the Municipality of Florianópolis for the requirement of ISS.

The most relevant lawsuit, at the federal level, has an estimated loss of R$15.1 million and refers to debts registered in active debt and subject to Tax Foreclosure No. 50290494820214047200, originating from PIS, IRPJ, IRRF, COFINS and CSLL, which were excluded from the extraordinary installment program. Celesc filed an Embargo on the Tax Execution, maintaining the unenforceability of the tax credit. The embargoes were dismissed and an appeal was filed. The Court dismissed the Company's appeal, which is awaiting analysis of the appeal at the higher court.

**ii) Labor Contingencies**

They are related to complaints filed by employees and former employees of the Group and service providers (outsourced) regarding issues of overtime payment, mainly those arising from violation of intraday and interjourney breaks, as well as review of the calculation basis of salary allowances, additional, severance pay, among other labor rights.

**iii) Civil Contingencies**

These are related to civil actions in general, with the purpose, in short, of compensation for damages (material and/or moral) resulting from: undue suspension of the supply of electricity, registration of the names of consumers with credit protection agencies, damages electrical, poultry production, accidents involving third parties.

There are, likewise, other types of claims that generate the payment of amounts by Celesc D, such as: damages involving loss of production by tobacco growers around R$73.0 million, revision of billings around R$2.6 million, tariff reclassification of R$1.1 million, revision of bidding contracts (economic-financial rebalancing) in approximately R$18.1 million, fires in the amount of R$20.4 million, undue collection in the amount of R$3.4 million, suspension undue supply of electricity in the amount of R$10.0 million, occupation of the BR-101 highway right-of-way with electricity distribution infrastructure equipment in the amount of R$6.1 million, among others.

**iv) Regulatory Contingencies**

Regulatory contingencies are associated with notifications made by ANEEL, ARESC or CCEE in punitive administrative processes arising from events that have already occurred, the settlement of which may result in the delivery of funds for contractual or regulatory transgressions in the electricity sector. Also constituting regulatory contingencies are legal actions in which Celesc D discusses, with other sectoral agents (concessionaires for the generation, commercialization, transmission or distribution of electric energy, in addition to institutional agents such as ANEEL, CCEE, ONS, EPE and MME), related matters to the application of sectoral regulation. The most expressive regulatory contingency refers to the 2014 contractual exposure (Note 1.5).

**v) Environmental Contingencies**

These are lawsuits related to legal discussions regarding the payment of material and moral indemnities due to an environmental accident that occurred in the concession area of Celesc D.

**27.2. Possible Contingencies**

The Company also has tax, labor, civil, regulatory and environmental lawsuits, involving risks of loss classified by Management as possible, based on the assessment of its legal advisors, for which there is no provision constituted, according to the composition and estimate below:

| | | Consolidated |
|---|---|---|
| **Description** | **12/31/2022** | **12/31/2021** |
| Taxes (i) | 150,602 | 118,542 |
| Labor (ii) | 20,596 | 24,167 |
| Civil (iii) | 432,505 | 374,429 |
| Regulatory (iv) | 190,529 | 188,328 |
| Environmental (v) | 28,432 | 22,988 |
| **Total** | **822,664** | **728,454** |

The nature of possible contingencies can be summarized as follows:

**i) Probable Contingencies**

They are related to contingencies of a tax nature at the federal level, related to the payment of PIS/COFINS, and IRPJ/CSLL on revenues recognized in sectoral financial assets (CVA), offered for taxation in the calculation period in which the positive differences were verified and recorded in the bookkeeping (Note 17.6.1).

Celesc received Tax Execution nº 5032049-22.2022.4.04.7200, proposed by the Union and which aims at charging various taxes in the amount of R$40.7 million. The Company presented a judicial guarantee insurance to enable the opposition of Embargoes to the Execution.

**ii) Labor Contingencies**

They are related, for the most part, to claims filed by employees and former employees of the Group and service providers (outsourced) regarding issues of subsidiary/joint and several liability, overtime, severance pay, among other labor rights.

**iii) Civil Contingencies**

They are related to several civil actions filed by individuals and legal entities, related to indemnities caused by material damages, moral damages and loss of profits, accidents, bidding processes and others.

As more relevant values, there are R$15.2 million related to the illegal use of the CDI-Over index as a way of correcting installments granted by Celesc D, R$20.1 million on discussion of unenforceability of debt by the consumer, R$4.7 million of moral/material damages, R$12.0 million of financial rebalancing in contracts.

**iv) Regulatory Contingencies**

Regulatory contingencies are associated with notifications made by ANEEL, ARESC or CCEE in punitive administrative processes that imply fines for breaching contractual or regulatory provisions of the electricity sector, which the Company appealed at the administrative and judicial level. At the same time, regulatory contingencies are legal actions in which the Company discusses, with sectoral agents (other electricity generation, commercialization, transmission or distribution concessionaires, in addition to institutional agents such as ANEEL, CCEE, ONS, EPE and MME), matters relating to the application of regulation in the electricity sector.

**v) Environmental Contingencies**

They are related to administrative and judicial environmental contingencies filed by individuals and legal entities, consisting mostly of claims for material damages, moral damages and loss of profits.

## 28. ACTUARIAL LIABILITIES

| | | Consolidated |
|---|---|---|
| **Description** | **12/31/2022** | **12/31/2021** |
| **Social Security Plans** | **740,746** | **880,682** |
| Mixed Plan and Transitional Plan (a) | 740,746 | 880,682 |
| **Assistance Plans** | **1,161,429** | **1,137,581** |
| CELOS Health Plan (b) | 1,106,999 | 1,078,690 |
| Other Benefits (c) | 54,430 | 58,891 |
| **Total** | **1,902,175** | **2,018,263** |
| **Current** | **242,238** | **219,527** |
| **Noncurrent** | **1,659,937** | **1,798,736** |

Celesc D is a sponsor of Fundação Celesc de Seguridade Social – CELOS, a closed non-profit supplementary pension entity whose main objective is to manage pension benefit plans for its participants, basically represented by Celesc D’s employees.

### a) Mixed Plan and Transitional Plan

The Mixed Plan has defined benefit characteristics for the portion of the mathematical reserve already existing on the transition date and for the benefits granted, and defined contribution characteristics for contributions after the transition, related to the scheduled retirement benefits to be granted. The previous defined benefit plan, called "Transitory Plan" continues to exist, covering exclusively retired participants and their beneficiaries.

Of this total, R$376.8 million refer to the balance of the debt agreed with CELOS on November 30, 2001, for the payment of 277 additional monthly contributions, with interest of 6% p.a. and restated by the IPCA, to cover the actuarial liabilities of the Mixed and Transitory Plan.

As this debt must be paid even in the event of a surplus for the Foundation, Celesc D recorded, as of 2015, the monetary restatement and interest as a financial result, in accordance with CPC 33 (R1) – Employee Benefits.

### b) CELOS Health Plan

Celesc D offers a health plan (medical, hospital and dental assistance) to its active employees, retirees and pensioners.

### c) Other Benefits

These are values referring to disability assistance, funeral assistance, compensation for natural or accidental death and minimum benefit to retirees.

## 28.1. Actuarial Valuation Results

### 28.1.1. Actuarial Obligations

Consolidated

| Description | Plan Mixed | Plans Transitional | Plans CELOS Health | Plans Savings | Other Benefits | Total |
|---|---|---|---|---|---|---|
| **Balance on 12/31/2020** | **2,722,988** | **766,510** | **1,257,122** | **1,933** | **64,087** | **4,812,640** |
| Net Current Service Cost | 4,605 | - | (36,439) | 127 | - | (31,707) |
| Contribution of Participants Accomplished in the Year | 26,928 | 15,837 | 52,941 | - | - | 95,706 |
| Interest w/o Actuarial Obligation | 183,423 | 46,446 | 88,080 | 120 | 4,164 | 322,233 |
| Benefits Paid in the Year | (197,900) | (85,046) | (81,668) | (588) | (4,840) | (370,042) |
| (Gains) Losses on Actuarial Obligations | (231,016) | (60,934) | (151,249) | 63 | (4,520) | (447,656) |
| **Balance on 12/31/2021** | **2,509,028** | **682,813** | **1,128,787** | **1,655** | **58,891** | **4,381,174** |
| Net Current Service Cost | 1,503 | - | (39,756) | 136 | - | (38,117) |
| Contribution of Participants Accomplished in the Year | 26,397 | 17,349 | 67,372 | - | - | 111,118 |
| Interest w/o Actuarial Obligation | 259,463 | 68,033 | 116,387 | 160 | 5,975 | 450,018 |
| Benefits Paid in the Year | (217,539) | (90,657) | (112,544) | (310) | (5,071) | (426,121) |
| (Gains) Losses on Actuarial Obligations | (97,178) | (28,790) | (621) | 36 | (5,365) | (131,918) |
| **Balance on 12/31/2022** | **2,481,674** | **648,748** | **1,159,625** | **1,677** | **54,430** | **4,346,154** |

### 28.1.2. Calculation of Net Liabilities (Assets)

Consolidated

| Description | Plan Mixed | Plans Transitional | Plans CELOS Health | Plans Savings | Other Benefits | Total |
|---|---|---|---|---|---|---|
| **Liabilities (Assets) on 12/31/2020** | **835,712** | **403,566** | **1,213,968** | **-** | **64,087** | **2,517,333** |
| Fair Value of Assets at the End of the Year | (1,941,920) | (369,239) | (50,097) | (12,800) | - | (2,374,056) |
| Actuarial Obligations at the End of the Year | 2,509,028 | 682,813 | 1,128,787 | 1,655 | 58,891 | 4,381,174 |
| Effect of the Asset and Liability Ceiling Add End of Year | - | - | - | 11,145 | - | 11,145 |
| **Liabilities (Assets) on 12/31/2021** | **567,108** | **313,574** | **1,078,690** | **-** | **58,891** | **2,018,263** |
| Fair Value of Assets at the End of the Year | (1,998,714) | (390,962) | (52,626) | (13,529) | - | **(2,455,831)** |
| Actuarial Obligations at the End of the Year | 2,481,674 | 648,748 | 1,159,625 | 1,677 | 54,430 | 4,346,154 |
| Effect of the Asset and Liability Ceiling Add End of Year | - | - | - | 11,852 | - | 11,852 |
| **Liabilities (Assets) on 12/31/2022** | **482,960** | **257,786** | **1,106,999** | **-** | **54,430** | **1,902,175** |

### 28.1.3. Reconciliation of the Fair Value of Assets

| Description | Plan Mixed | Plans Transitional | Plans CELOS Health | Plans Savings | Total |
|---|---|---|---|---|---|
| **Balance on 12/31/2020** | **1,887,276** | **362,944** | **43,154** | **12,490** | **2,305,864** |
| Benefits Paid in the Year Using Plan Assets | (197,900) | (85,046) | (81,668) | (588) | (365,202) |
| Participant Contributions Made in the Year | 26,928 | 15,837 | 52,941 | - | 95,706 |
| Employer Contributions Made in the Year | 82,693 | 72,763 | 55,135 | - | 210,591 |
| Expected Returns on Assets | 128,194 | 23,019 | 3,766 | 835 | 155,814 |
| Gain (Loss) on the Fair Value of Plan Assets | 14,729 | (20,278) | (23,231) | 63 | (28,717) |
| **Balance on 12/31/2021** | **1,941,920** | **369,239** | **50,097** | **12,800** | **2,374,056** |
| Benefits Paid in the Year Using Plan Assets | (217,539) | (90,657) | (112,544) | (310) | (421,050) |
| Participant Contributions Made in the Year | 26,397 | 17,349 | 67,372 | - | 111,118 |
| Employer Contributions Made in the Year | 87,566 | 78,562 | 65,669 | - | 231,797 |
| Expected Returns on Assets | 203,257 | 38,936 | 6,287 | 1,352 | 249,832 |
| Gain (Loss) on the Fair Value of Plan Assets | (42,887) | (22,467) | (24,255) | (313) | (89,922) |
| **Balance on 12/31/2022** | **1,998,714** | **390,962** | **52,626** | **13,529** | **2,455,831** |

### 28.1.4. Costs Recognized in the Statement of Income for the Year

| | Consolidated | |
|---|---|---|
| **Description** | **12/31/2022** | **12/31/2021** |
| Transitional Plan | 29,097 | 8,165 |
| Mixed Plan | 57,710 | 32,720 |
| Health Plan | 70,344 | 4,332 |
| Other Benefits | 6,112 | 4,290 |
| **Total** | **163,263** | **49,507** |
| Personnel Expense | 125,061 | (7,474) |
| Financial Expense | 38,202 | 56,981 |
| **Total** | **163,263** | **49,507** |

### 28.1.5. Assumptions

| Premissas | Misto | Transitório | Pecúlio | Auxílio Deficiência | Auxílio Funeral | Benefício Mínimo | Saúde |
|---|---|---|---|---|---|---|---|
| Taxa Real de Desconto Atuarial | 6,16% | 6,10% | 6,13% | 6,15% | 6,19% | 6,10% | 6,18% |
| Retorno Real Esperado s/ os Ativos | 6,16% | 6,10% | 6,13% | 6,15% | 6,19% | 6,10% | 6,18% |
| Taxa Real de Crescimento Salarial dos Empregados Ativos | 3,08% | N.U. | 0,00% | N.A. | N.U. | 0,00% | N.A. |
| Crescimento Real Benefícios Plano Durante Recebimento | 0,00% | 0,00% | 0,00% | 0,00% | N.U. | 0,00% | - |
| HCCTR | N.U. | N.U. | N.U. | N.U. | N.U. | N.U. | 3,50% |
| *Aging Factor* | N.U. | N.U. | N.U. | N.U. | N.U. | N.U. | 2,50% |
| Fator de Capacidade s/ os Benefícios | 98,31% | 98,31% | 100,00% | 98,31% | N.U. | 98,31% | 100,00% |
| Fator de Capacidade s/ os Salários | 98,31% | N.U. | N.U. | N.A. | N.U. | N.U. | 100,00% |
| Inflação Esperada | 5,31% | 5,31% | 5,31% | 5,31% | 5,31% | 5,31% | 5,31% |
| Taxa de Desconto Nominal | 11,80% | 11,73% | 11,77% | 11,79% | 11,83% | 11,73% | 11,82% |
| Retorno Nominal Esperado s/ os Ativos do Plano | 11,80% | 11,73% | 11,77% | 11,79% | 11,83% | 11,73% | 11,82% |
| Taxa Nominal Crescimento Salarial Empregados Ativos | 8,55% | N.U. | 5,31% | N.A. | N.U. | 5,31% | N.A. |
| Crescimento Nominal Benefícios Plano Durante Recebimento | 5,31% | 5,31% | 5,31% | 5,31% | N.U. | 5,31% | 9,00% |
| Mortalidade Geral | AT- 2000 por sexo desagravada em 5% | AT- 2000 por Male | AT- 2000 por sexo desagravada em 5% | N.A. | AT- 2000 por sexo desagravada em 5% | AT- 2000 por sexo desagravada em 5% | AT- 2000 por sexo desagravada em 5% |
| Mortalidade de Inválidos | AT - 71 | AT- 71 | AT – 71 | AT- 71 | AT- 71 | AT- 71 | AT- 71 |
| Entrada de Invalidez | Álvaro Vindas | N.U. | Álvaro Vindas | N.A. | N.U. | N.U. | Álvaro Vindas |
| Taxa Anual de Rotatividade | 1,49% | N.U. | N.U. | N.A. | N.U. | N.U. | 1,49% |
| Entrada em Aposentadoria | N.U. | N.U. | N.U. | N.U. | N.U. | N.U. | 61 anos |
| Composição Familiar | Família real para os aposentados e pensionistas. Família média para os ativos (80% de casados e homem 3 anos mais velho do que a mulher) | Família Real | N.U. | N.A. | Família Média | Família Real | Família Efetiva |

N.U. – Não Utilizado
N.A. – Não Aplicável

### 28.1.6. Estimated Expense for the Year 2023

The estimated expenditure for the year 2023 is shown below:

| | Consolidated |
|---|---|
| **Plans** | **Expense to Recognize in 2023** |
| Transitional Plan | 25,730 |
| Mixed Plan | 53,303 |
| Savings Plan | 153 |
| Health Plan | 80,905 |
| Other | 6,093 |
| **Total** | **166,184** |

### 28.1.7. Changes in Actuarial Liabilities

| Description | Plan Mixed/ Transitional | Plans CELOS Health | Plans Savings | Other Benefits | Total |
|---|---|---|---|---|---|
| **Balance on 12/31/2020** | **1,239,278** | **1,213,968** | **-** | **64,087** | **2,517,333** |
| Expenses/(Revenue) Recognized in Income for the Year | 83,259 | 47,875 | 127 | 4,164 | 135,425 |
| (Gain)/Loss Recognized in ORA | (286,399) | (128,018) | (127) | (4,520) | (419,064) |
| Employer Contributions | (155,456) | (55,135) | - | - | (210,591) |
| Benefits Paid Directly by Celesc D | - | - | - | (4,840) | (4,840) |
| **Balance on 12/31/2021** | **880,682** | **1,078,690** | **-** | **58,891** | **2,018,263** |
| Expenses/(Revenue) Recognized in Income for the Year | 86,807 | 70,344 | 136 | 5,975 | 163,262 |
| (Gain)/Loss Recognized in ORA | (60,615) | 23,634 | (136) | (5,365) | (42,482) |
| Employer Contributions | (166,128) | (65,669) | - | - | (231,797) |
| Benefits Paid Directly by Celesc D | - | - | - | (5,071) | (5,071) |
| **Balance on 12/31/2022** | **740,746** | **1,106,999** | **-** | **54,430** | **1,902,175** |

## 29. PIS/COFINS TO BE REFUNDED TO CONSUMERS

On April 1, 2019, according to the narrative already described in Note 11 of Recoverable Taxes, Celesc D obtained the final and unappealable decision of the favorable decision in court proceedings filed under No. 5006834-93.2012.4.04.7200, in which the right to recover amounts paid in excess of PIS/COFINS due to the inclusion of ICMS in the calculation basis of paid taxes. The decision limited the effects to the period from April 13, 2007 to December 31, 2014.

Celesc D adopted the understanding that all amounts recovered in the lawsuit will be reimbursed to consumers through mechanisms to be defined by ANEEL. Due to the system adopted, the accounting records were made between Assets (Taxes to be recovered) and Liabilities (PIS/COFINS to be refunded to Consumers).

With regard to Liabilities and the respective form of return, the topic is still the subject of administrative discussion by the ANEEL collegiate, via the opening of Public Consultation No. 005/2021, published on February 10, 2021. The contribution period was defined until March 29, 2021, with a view to obtaining subsidies for the improvement of the proposed refund of tax credits arising from the exclusion of ICMS from the aforementioned PIS/COFINS calculation base.

Public Consultation No. 005/2021, despite its deadline for contributions having ended on March 29, 2021, is still under consideration by the regulatory agency.

As for the return proposal, the main points addressed by the regulatory agency are the following: i) how the amounts should be returned; ii) how long the return must be made; iii) measures of incentives for the action of the distributors in the judicial scope in the resolution of the question; and iv) what are the alternatives for operationalizing the return of credits and possible implications.

Taking into account the preamble of the discussion, Celesc D pondered in its contribution that there is a need, among others, for an evaluation also regarding the prescription as a limiting framework for refunds to consumers, fundamental to not incur in repetition of overpayment. In this sense, the assessment of the regulatory body is considered relevant, with regard to the prescription of the respective credits, considering the discussion of the form of return due to the high time interval covered in the processes and the clear definition of the statute of limitations, which may fact be relegated to the judiciary, eventually, depending on the recommendation of the regulatory agency.

It should be noted that, in Celesc D's Tariff Review of August 22, 2021, the distributor provisionally anticipated the amount of R$795.0 million for consumers in its concession area as an extraordinary negative financial component based in part on the amount qualified and in the process of homologation with the Federal Revenue Service of Brazil.

Celesc D highlighted the prerogative of claiming future adjustments that equalize any financial differences between the aforementioned amount and the regulation to be edited by ANEEL, as well as financial adjustments in subsequent tariff processes, in the case of actions proposed by individual consumers that may not benefit from the return of PIS/COFINS.

On June 28, 2022, Law No. 14,385/2022 was published in the Federal Official Gazette, referring to the return of credits due to the reduction of ICMS from the PIS/Cofins base to Distributor customers.

Such enactment amended Law No. 9,427, of December 26, 1996, which was then in force with item II, of Article 3 B, in which it was defined that the entire amount of credits required from the Special Secretariat of Federal Revenue of Brazil to be offset until the subsequent tariff process. Furthermore, in paragraph 8 of article 3, it was also established that ANEEL will formulate equitable criteria, considering tariff procedures and applicable contractual provisions.

Included in the process of the Annual Tariff Readjustment – RTA of 2022, the return of the entire amount of credits already offset by Celesc D, in the amount of R$ 806.3 million, generating a negative effect of 8.32%.

In this way, the amounts to be refunded to consumers were updated pursuant to Law No. 14,385/2022, which equated the updates of amounts to be returned to consumers to the same rule applicable by tax legislation, linked to the SELIC reference rate for federal bonds, accumulated monthly, calculated from the date of overpayment or overpayment until the month prior to the offset or refund, and 1% for the month in which it is being made.

In line with the adopted accounting policy, Celesc D, just as it updated tax credits until their effective use through PERDCOMP, also updated the credits to be returned to its consumers.

However, the amount entered in the 2022 RTA was greater than the amount updated by Celesc D and, accordingly, the updated balance in August 2022, in the amount of R$778.4 million, was transferred from the Other Liabilities account - PIS /Cofins to be refunded to Consumers from Non-Current Liabilities to the Financial Liabilities account – CVA of Current Liabilities. On the difference, in the amount of R$27.9 million, a Financial Asset - CVA was constituted against the Financial Liability - CVA, both in Current, since Celesc D's understanding is that the amounts were unduly discounted in the last precarious tariff process, due to the fact that the update made by ANEEL is not in line with current tax legislation, as recommended by Law No. 14,385/2022.

Management sent a letter to ANEEL expressing its disagreement with the provisional methodology adopted by the Agency to update the amounts, pending the establishment of the equitable criteria that are under discussion with processes No. 48500.001747/2020-22 and No. 8500.004897/2021 -79 and, additionally, expressed in Technical Note No. 161/2022- SGT/ANEEL, of 8/12/2022:

> *56. Through the Letter CELESC S/N of August 11, 2022, the concessionaire expressed its opinion regarding divergences in the way of updating and accounting for the amounts of reversal to the consumer of PIS/COFINS credits. We emphasize that the topic is still under discussion within the scope of CP nº 05/2021 and CELESC's notes will be taken into account when closing the normative. Once the regulatory methodology for the treatment of amounts is defined and ratified, any future adjustments to amounts may be made.*

## 26. SHAREHOLDERS' EQUITY

### 26.1. Capital Stock

The Authorized Capital Stock in the Company's Bylaws is R$2.6 billion, represented by registered shares, with no par value, divided into common and preferred shares.

Of the Authorized Capital, R$2.48 billion are subscribed and paid up, represented by 38,571,591 registered shares with no par value, of which 15,527,137 are common shares with voting rights and 23,044,454 are preferred shares without voting rights.

### 26.2. Legal Reserve and Profit Retention

The Legal Reserve is constituted annually with the allocation of 5% of the Net Income for the Year and cannot exceed 20% of the Share Capital. The purpose of the Legal Reserve is to ensure the integrity of the Capital Stock and can only be used to offset losses and increase capital.

The Earnings Retention Reserve refers to the retention of the remaining balance of Retained Earnings, in order to meet the business growth project established in the Company's investment plan, according to the Capital Budget proposed and approved by the managers, resolved at the General Meeting of Shareholders.

### 26.3. Dividends and Interest on Equity

The dividend proposal for the year 2022 establishes a payout of 35%, above the minimum established in the Company's Dividend Distribution Policy, which is 30%. For the year 2021, the percentage was 25% due to the limitation imposed by a contractual clause of one of Celesc G's debentures, in which the Company was a guarantor. Such limitation ceased to exist with the total early redemption of this instrument, on November 3, 2022 (Note 23.3).

| **Description** | **12/31/2022** | **12/31/2021** |
|---|---|---|
| **Net Income for the Year** | **540,562** | **563,172** |
| (-) Creation of Legal Reserve | (27,028) | (28,159) |
| **(=) Adjusted Net Income** | **513,534** | **535,013** |
| Proposed Dividends **(25% Payout)** | **-** | **133,753** |
| **Proposed Dividends (35% Payout)** | **179,737** | **-** |
| Interest on Equity (net of income tax) | 156,863 | 113,679 |
| Supplementary Minimum Dividends | - | 20,074 |
| Additional Dividends | 22,874 | - |

If only dividends and interest on equity approved for distribution within the fiscal year are considered, the situation is as follows:

| **Description** | **12/31/2022** | **12/31/2021** |
|---|---|---|
| Interest on Equity (net of income tax) | 156,863 | 113,679 |
| Supplementary Minimum Dividends | - | 20,074 |
| **Total Dividends and IOE for the Year** | **156,863** | **113,679** |

#### 26.3.1. Interest on Equity

The Company opted, in 2022, to decide on Interim Interest on Equity, on a quarterly basis, whose approvals are shown in the table below:

| Description | Approval at the Board of Administration | Gross Value | Net Value of Income Tax |
|---|---|---|---|
| 1st Quarter | March 24, 2022 | 34,701 | 31,861 |
| 2nd Quarter | June 15, 2022 | 41,897 | 38,473 |
| 3rd Quarter | September 22, 2022 | 42,005 | 38,557 |
| 4th Quarter | December 15, 2022 | 52,276 | 47,972 |

The deliberated Interest on Equity was subject to income tax, pursuant to applicable legislation, was not subject to monetary restatement, was imputed to the minimum mandatory dividends and must be paid in two installments, in accordance with the Company's Dividend Distribution Policy, whose dates will be defined, in due course, by the Board of Directors.

### 26.4. Basic and Diluted Earnings per Share

Calculation of basic and diluted earnings per share as of December 31, 2022 and 2021 was based on net income for the year and the weighted average number of common and preferred shares outstanding during the years presented.

On December 31, 2022 and 2021, the number of shares of the Company did not change. During this fiscal year, there were no transactions involving common shares or potential common shares between the balance sheet date and the date of completion of the Annual Financial Statements.

As of December 31, 2022 and 2021, the Company did not have instruments convertible into shares that would generate a dilutive impact on earnings per share.

### 26.5. Basic and Diluted Earnings per Share

| Description | 12/31/2022 | 12/31/2021 |
|---|---|---|
| **Weighted Average of Shares (thousand)** | | |
| Registered common shares - ON | 15,527 | 15,527 |
| Registered preferred shares - PN | 23,044 | 23,044 |
| **Basic and Diluted Earnings per Share attributable to Company Shareholders (R$)** | | |
| Registered common shares - ON | 13.2244 | 13.7776 |
| Registered preferred shares - PN | 14.5469 | 15.1553 |
| **Basic and Diluted Earnings attributable to Company Shareholders** | | |
| Registered common shares - ON | 205,337 | 213,926 |
| Registered preferred shares - PN | 335,225 | 349,246 |
| **Total Basic and Diluted Earnings Attributed to Company Shareholders** | **540,562** | **563,172** |

### 26.6. Equity Valuation Adjustment

The effect of this group on Shareholders' Equity is R1.16 billion, on December 31, 2022, and R$1.05 billion, on December 31, 2021, composed as follows:

| | Consolidated | |
|---|---|---|
| **Description** | **12/31/2022** | **12/31/2021** |
| Attributed Cost – Celesc G (a) | 13,470 | 14,099 |
| Passive Actuarial Adjustment - Celesc D (b) | (1,035,048) | (1,064,375) |
| Fair Value Adjustment Other Comprehensive Income (c) | (137,261) | - |
| **Total** | **(1,158,839)** | **(1,050,276)** |

a) The deemed cost, measured at fair value on the date of initial adoption of the CPCs in 2009, was recognized in the equity valuation adjustment, in shareholders' equity, net of deferred income tax and social contribution, with a contra entry to fixed assets. Its realization is recorded against the retained earnings account to the extent that the depreciation of the fair value of property, plant and equipment is recognized in profit or loss.

b) Actuarial gains and losses arising from adjustments based on experience and changes in actuarial assumptions are recorded directly in equity, as other comprehensive income – equity valuation adjustment.

c) Adjustment to fair value of the temporary investment in Companhia Catarinense de Águas e Saneamento – Casan, evaluated through other comprehensive income (Note 15).

## 27. INSURANCE

Insurance coverage, on December 31, 2022, was contracted for the amounts indicated below, depending on the insurance policies:

| | | | | Consolidated |
|---|---|---|---|---|
| **Company** | **Industry** | **Covered Assets** | **Term** | **Insured Amount (i)** |
| Celesc D | Surety Bond | Guarantee of Judicial/Administrative Proceedings | From 04/26/2022 to 04/26/2023 | 500,000 |
| Celesc D | Named Risks | Substations | From 11/10/2022 to 11/10/2023 | 27,000 |
| Celesc G | Fire/Lightning/Explosion | Power Plants and Substations | From 09/01/2022 to 09/01/2023 | 147,126 |
| Celesc G | Flooding and Inundation | Power Plants and Substations | From 09/01/2022 to 09/01/2023 | 30,000 |
| Celesc G | Electrical Damage | Power Plants and Substations | From 09/01/2022 to 09/01/2023 | 41,443 |
| Celesc G | Machine Fall | Power Plants and Substations | From 09/01/2022 to 09/01/2023 | 41,443 |
| Celesc G | Containment of Claims | Power Plants and Substations | From 09/01/2022 to 09/01/2023 | 10,000 |
| Celesc G | Errors and Omissions | Power Plants and Substations | From 09/01/2022 to 09/01/2023 | 2,000 |
| Celesc G | Debris Removal | Power Plants and Substations | From 09/01/2022 to 09/01/2023 | 4,000 |
| Celesc G | Riot and Strikes | Power Plants and Substations | From 09/01/2022 to 09/01/2023 | 30,000 |
| Celesc G | Aircraft Crash and Thunderstorms | Power Plants and Substations | From 09/01/2022 to 09/01/2023 | 73,563 |
| Parent Company | D&O insurance | Civil Liability D&O (Directors & Officers) | From 08/05/2022 to 08/05/2023 | 100,000 |
| Parent Company | Surety Bond | Guarantee of Judicial Proceedings - Tax Foreclosures | From 11/18/2022 to 11/18/2024 | 40,740 |

(i) The assumptions and risks adopted, given their nature, are not part of the scope of an audit of the Financial Statements, consequently they were not examined by our independent auditors.

## 28. INFORMATION BY BUSINESS SEGMENT

Information by business segment, reviewed by Management and corresponding to the years ended December 31, 2022 and 2021, is as follows:

| Description | Parent Company | Celesc D | Celesc G | Consolidation Adjustments | | Total |
|---|---|---|---|---|---|---|
| | | | | | | 12/31/2022 |
| **Net Operating Income - ROL** | **-** | **9,908,754** | **183,022** | **(8,935)** | | **10,082,841** |
| Cost of Sales | - | (8,615,086) | (37,709) | 8,935 | (i) | (8,643,860) |
| **Gross Operating Income** | **-** | **1,293,668** | **145,313** | **-** | | **1,438,981** |
| Selling Expenses | - | (211,128) | (88) | - | | (211,216) |
| General and Administrative Expenses | (27,745) | (517,229) | (20,579) | - | | (565,553) |
| Other Net Income/Expenses | (7,596) | 68,881 | (495) | - | | 60,790 |
| Equity Pickup | 584,381 | - | 11,837 | (516,873) | (ii) | 79,345 |
| **Results of Activities** | **549,040** | **634,192** | **135,988** | **(516,873)** | | **802,347** |
| Financial Income | 3,353 | 444,205 | 18,718 | (10,685) | (iii) | 455,591 |
| Financial Expenses | (477) | (538,506) | (9,986) | 10,685 | (iii) | (538,284) |
| **Financial Result, Net** | **2,876** | **(94,301)** | **8,732** | **-** | | **(82,693)** |
| **Income Before IRPJ and CSLL** | **551,916** | **539,891** | **144,720** | **(516,873)** | | **719,654** |
| IRPJ and CSLL | (11,354) | (136,792) | (30,946) | - | | (179,092) |
| **Net Income for the Year** | **540,562** | **403,099** | **113,774** | **(516,873)** | | **540,562** |
| **Total Assets** | **3,105,004** | **10,314,340** | **955,470** | | | |
| **Total Liabilities** | **221,828** | **8,597,614** | **203,706** | | | |

| Description | Parent Company | Celesc D | Celesc G | Consolidation Adjustments | | Total |
|---|---|---|---|---|---|---|
| | | | | | | 12/31/2021 |
| **Net Operating Income - ROL** | **-** | **11,087,657** | **261,763** | **(7,870)** | | **11,341,550** |
| Cost of Sales | - | (10,014,977) | (47,402) | 7,870 | (i) | (10,054,509) |
| **Gross Operating Income** | **-** | **1,072,680** | **214,361** | **-** | | **1,287,041** |
| Selling Expenses | - | (258,425) | 35,939 | - | | (222,486) |
| General and Administrative Expenses | (23,634) | (310,281) | (19,902) | - | | (353,817) |
| Other Net Income/Expenses | (10,380) | 26,094 | (1,765) | - | | 13,949 |
| Equity Pickup | 616,172 | - | 7,524 | (551,013) | (ii) | 72,683 |
| **Results of Activities** | **582,158** | **530,068** | **236,157** | **(551,013)** | | **797,370** |
| Financial Income | (6,016) | 259,356 | 6,396 | (1,671) | (iii) | 258,065 |
| Financial Expenses | (143) | (226,945) | (8,489) | 1,671 | (iii) | (233,906) |
| **Financial Result, Net** | **(6,159)** | **32,411** | **(2,093)** | **-** | | **24,159** |
| **Income Before IRPJ and CSLL** | **575,999** | **562,479** | **234,064** | **(551,013)** | | **821,529** |
| IRPJ and CSLL | (12,827) | (177,274) | (68,256) | - | | (258,357) |
| **Net Income for the Year** | **563,172** | **385,205** | **165,808** | **(551,013)** | | **563,172** |
| **Total Assets** | **2,803,107** | **10,665,932** | **924,364** | | | |
| **Total Liabilities** | **181,738** | **9,182,411** | **232,941** | | | |

(i) Energy purchase and sale transactions between Celesc D and Celesc G.
(ii) Equity pickup of wholly-owned subsidiaries Celesc D and Celesc G.
(iii) Interest related to the loan agreement entered into between Celesc D and Celesc G.

## 28.1. Consolidated Operating Income

| Description | 12/31/2022 | 12/31/2021 |
|---|---|---|
| **Gross Operating Income - ROB** | **15,973,679** | **16,989,199** |
| Electric Power Supply (a) | 7,210,981 | 7,530,076 |
| Unbilled supply (a) | (31,936) | 44,752 |
| Electric Power Supply (a) | 474,905 | 586,509 |
| Unbilled supply (a) | (3,034) | 4,738 |
| Availability of the Electric Network (i) | 5,587,020 | 4,928,234 |
| Updating of Indemnifiable Financial Assets - Concession | 15,685 | 20,373 |
| Financial income | 83,813 | 143,592 |
| Income from Provision of Services | 2,228 | 1,519 |
| Short-Term Electricity | 405,856 | 1,238,547 |
| Financial Asset/(Liability) Revenue (Portion A - CVA) | 392,960 | 1,121,176 |
| Other Operating Income | 10,800 | 8,630 |
| Donations and Grants (ii) | 625,213 | 650,149 |
| Construction Revenue - CPC 47 | 1,199,188 | 710,904 |
| **Deductions from Gross Operating Revenue** | **(5,890,838)** | **(5,647,649)** |
| ICMS | (2,460,260) | (2,686,005) |
| PIS | (202,571) | (247,177) |
| COFINS | (933,054) | (1,138,513) |
| Energy Development Account - CDE | (2,124,333) | (1,319,313) |
| R&D | (44,881) | (53,171) |
| Energy Efficiency Program - PEE | (43,555) | (51,895) |
| Inspection Fee - ANEEL | (9,274) | (9,014) |
| Financial Compensation for the Use of Water Resources - CFURH | (1,992) | (1,381) |
| Other Charges | (70,918) | (141,180) |
| **Net Operating Income - ROL** | **10,082,841** | **11,341,550** |

(i) In compliance with the Electricity Sector Accounting Manual – MCSE, approved by Normative Resolution No. 605, of March 11, 2014, Celesc D segregated TUSD revenue from Captive Consumers of Electricity Supply for Electricity Network Availability.

(ii) Amount passed on by Eletrobras, referring to the reimbursement of discounts levied on the tariffs applicable to users of the public electricity distribution service. The amount of revenue accounted for as CDE Subsidy (Decree No. 7,891/2013), in 2022, was R$580.0 million. The other amounts refer to the Low Income Program, in the amount of R$20.1 million, to the supply of CCRBT Flags, in the amount of R$53.0 million and to the CDE reimbursement difference, in the amount of R$27.9 million (reducing effect).

### a) Supply of Electric Energy

| Description | Number of Consumers (i) | | MWh (i) | | Gross Revenue | |
|---|---|---|---|---|---|---|
| | 12/31/2022 | 12/31/2021 | 12/31/2022 | 12/31/2021 | 12/31/2022 | 12/31/2021 |
| Residential | 2,616,084 | 2,543,070 | 6,724,104 | 6,483,157 | 4,948,088 | 4,796,552 |
| Industrial | 133,670 | 126,827 | 11,162,320 | 11,251,757 | 1,698,230 | 1,801,118 |
| Commercial | 309,700 | 299,128 | 4,635,101 | 4,382,998 | 2,574,103 | 2,521,887 |
| Rural | 227,350 | 230,672 | 1,077,710 | 1,189,820 | 719,990 | 745,411 |
| Government | 24,943 | 24,221 | 431,490 | 378,776 | 323,204 | 289,397 |
| Public Lighting | 1,090 | 961 | 586,135 | 614,924 | 276,391 | 298,251 |
| Public Service | 4,129 | 3,942 | 400,966 | 397,694 | 239,649 | 258,614 |
| Availability Revenue Reclassification Electric Network Captive Consumers | - | - | - | - | (3,600,610) | (3,136,402) |
| **Total Supply** | **3,316,966** | **3,228,821** | **25,017,826** | **24,699,126** | **7,179,045** | **7,574,828** |
| Energy Supply | 144 | 114 | 2,832,598 | 2,850,578 | 471,871 | 591,247 |
| **Total** | **3,317,110** | **3,228,935** | **27,850,424** | **27,549,704** | **7,650,916** | **8,166,075** |

(i) Unaudited Information

## 28.2. Consolidated Operating Costs and Expenses

12/31/2022

| Description | Cost of Goods and/or Services | General Expenses and Administrative | Expenses with Sales | Other of Expenses/Income Net | Total |
|---|---|---|---|---|---|
| Electric Power Purchased for/Resale | 4,823,825 | - | - | - | 4,823,825 |
| Electricity Use Charges (b) | 1,727,963 | - | - | - | 1,727,963 |
| Personnel (c) | 416,654 | 279,500 | 50,174 | 1,030 | 747,358 |
| Management | - | 10,567 | - | - | 10,567 |
| Actuarial Expense | - | 125,061 | - | - | 125,061 |
| Private Pension Entity (c) | 17,962 | 10,546 | 1,775 | - | 30,283 |
| Materials | 33,392 | 9,462 | - | 16,250 | 59,104 |
| Construction Cost | 1,199,188 | - | - | - | 1,199,188 |
| Third-Party Costs and Services | 159,144 | 110,520 | 51,770 | 1,444 | 322,878 |
| Depreciation and Amortization | 248,636 | 25,982 | 493 | 1,971 | 277,082 |
| Net Provisions | - | - | 73,126 | 146,504 | 219,630 |
| Lease and Rents | 732 | 11,725 | 163 | (507) | 12,133 |
| Infrastructure Sharing (d) | - | - | - | (225,410) | (225,410) |
| Other Income/Expenses | 16,364 | (17,810) | 33,715 | (2,072) | 30,197 |
| **Total** | **8,643,860** | **565,553** | **211,216** | **(60,790)** | **9,359,839** |

12/31/2021

| Description | Costs of Goods and/or Services | General and Administrative Expenses | Selling Expenses | Other Expenses/Income Net | Total |
|---|---|---|---|---|---|
| Electric Power Purchased for/Resale | 6,577,005 | - | - | - | 6,577,005 |
| Hydrological Risk Renegotiation – GSF | 28,110 | - | - | - | 28,110 |
| Electricity Use Charges (b) | 1,966,722 | - | - | - | 1,966,722 |
| Personnel (c) | 373,024 | 215,466 | 62,648 | 22,764 | 673,902 |
| Management | - | 9,420 | - | - | 9,420 |
| Actuarial Expense | - | (7,474) | - | - | (7,474) |
| Private Pension Entity (c) | 15,208 | 8,494 | 2,268 | - | 25,970 |
| Materials | 22,575 | 7,232 | - | - | 29,807 |
| Construction Cost | 710,904 | - | - | - | 710,904 |
| Third-Party Costs and Services | 137,575 | 85,911 | 62,795 | 1,339 | 287,620 |
| Depreciation and Amortization | 215,419 | 27,897 | 418 | 1,971 | 245,705 |
| Net Provisions | - | - | 62,231 | 15,131 | 77,362 |
| Donations, Contributions and Grants | - | - | - | 276 | 276 |
| Lease and Rents | 17 | 11,604 | 18 | (295) | 11,344 |
| Infrastructure Sharing (d) | - | - | - | (182,233) | (182,233) |
| Other Revenues | - | - | - | (8,588) | (8,588) |
| Other | 7,950 | (4,733) | 32,108 | 135,686 | 171,011 |
| **Total** | **10,054,509** | **353,817** | **222,486** | **(13,949)** | **10,616,863** |

### a) Electric Power Purchased for Resale

| Description | | Consolidated |
|---|---|---|
| | 12/31/2022 | 12/31/2021 |
| Energy Purchase in the Regulated Environment - CCEAR | 3,064,006 | 3,873,381 |
| Electric Energy Trading Chamber - CCEE (i) | 11,136 | 1,179,390 |
| Itaipu Binacional | 1,046,992 | 1,314,251 |
| Bilateral Contracts | 62,301 | 18,957 |
| Nuclear Energy Quotas | 223,601 | 162,091 |
| Physical Guarantee Quotas | 555,390 | 483,449 |
| Proinfa | 343,095 | 210,112 |
| PIS/COFINS | (482,696) | (664,626) |
| **Total** | **4,823,825** | **6,577,005** |

### b) Electricity Use Charges

| Description | | Consolidated |
|---|---|---|
| | 12/31/2022 | 12/31/2021 |
| System Use Charge | 1,311,276 | 1,160,550 |
| System Services Charges - ESS | 222,161 | 832,851 |
| Itaipu Transport Charges | 98,288 | 107,193 |
| Reserve Energy Charge - EER | 272,366 | 66,593 |
| PIS/COFINS | (176,128) | (200,465) |
| **Total** | **1,727,963** | **1,966,722** |

### c) Personal and Private Pension

| | | Parent Company | | Consolidated |
|---|---|---|---|---|
| **Description** | **12/31/2022** | **12/31/2021** | **12/31/2022** | **12/31/2021** |
| **Personnel** | **9,770** | **7,990** | **747,358** | **673,902** |
| Remuneration | 9,399 | 7,667 | 354,730 | 296,203 |
| Social Charges | 229 | 191 | 141,986 | 116,242 |
| Profit Sharing | - | 61 | 47,700 | 38,654 |
| Assistance Benefits | - | - | 101,191 | 82,193 |
| Provisions and Indemnities | 45 | - | 101,587 | 140,232 |
| Other | 97 | 71 | 164 | 378 |
| **Private Pension - CELOS** | **7** | **11** | **30,283** | **25,970** |
| **Total** | **9,777** | **8,001** | **777,641** | **699,872** |

### d) Infrastructure Sharing

Refers to the use of fixing points on Celesc D poles, carried out by third parties, for the provision of telecommunications services of collective interest, such as telephony, internet, cable TV and others.

### 28.3. Financial Result

| | | Parent Company | | Consolidated |
|---|---|---|---|---|
| **Description** | **12/31/2022** | **12/31/2021** | **12/31/2022** | **12/31/2021** |
| **Financial Revenues** | **3,353** | **(6,016)** | **455,591** | **258,065** |
| Income from Financial Investments | 2,545 | 1,575 | 132,286 | 29,239 |
| Interest on Restricted Deposits | 16,206 | - | 16,206 | - |
| Additions on Mortgage without Electricity Bills | - | - | 107,826 | 106,987 |
| Monetary Variations | 158 | 251 | 48,485 | 81,455 |
| Monetary Restatement of/Financial Assets - CVA | - | - | 158,738 | 50,702 |
| Income from Dividends | 4,005 | 4,327 | 4,005 | 4,327 |
| Interest on Equity | 230,593 | 138,752 | 5,881 | 139,992 |
| Reversal of Interest on Equity | (230,593) | (138,749) | (5,881) | (139,989) |
| Reversal of Provision for Losses of Financial Assets | - | - | - | 11 |
| Other Financial Income | 2,666 | 784 | 33,090 | 11,356 |
| (-) PIS/COFINS on Financial Income | (22,227) | (12,956) | (45,045) | (26,015) |
| **Financial Expenses** | **(477)** | **(143)** | **(538,284)** | **(233,906)** |
| Debt Charges | - | - | (228,488) | (81,371) |
| Update Mathematical Reserve to Amortize | - | - | (38,202) | (56,981) |
| Tax on Financial Operations - IOF | - | - | (3,995) | (4,342) |
| Monetary Variations | - | - | (89,615) | (37,778) |
| R&D and Energy Efficiency Update | - | - | (11,943) | (7,223) |
| Monetary Update without Financial Liabilities - CVA | - | - | (128,237) | (26,538) |
| Interest on Equity | (170,881) | (123,743) | (170,881) | (123,743) |
| Reversal of Interest on Equity | 170,881 | 123,743 | 170,881 | 123,743 |
| Interest and Costs with Debentures | - | - | (11,349) | (9,649) |
| Rent Interest Payable (CPC 06) | (20) | (35) | (889) | (1,418) |
| Other Financial Expenses | (457) | (108) | (25,566) | (8,606) |
| **Financial Result** | **2,876** | **(6,159)** | **(82,693)** | **24,159** |

# 29. SUPPLEMENTARY INFORMATION ON CELESC D

## 29.1. Balance Sheet - Assets

| Assets | 12/31/2022 | 12/31/2021 |
|---|---|---|
| **Current** | **3,432,655** | **3,551,198** |
| Cash and Cash Equivalents | 835,653 | 753,816 |
| Trade receivables | 1,743,436 | 1,912,314 |
| Inventory | 19,946 | 13,479 |
| Recoverable taxes | 652,607 | 552,179 |
| CDE - Subsidy Decree No. 7,891/2013 | 47,086 | 49,231 |
| Water Scarcity Bonus | 1,138 | 102,861 |
| Other | 132,789 | 167,318 |
| **Noncurrent** | **6,881,685** | **7,095,883** |
| **Achievable in the Long Term** | **2,615,588** | **3,275,516** |
| Trade receivables | 16,775 | 27,212 |
| Deferred taxes | 709,023 | 708,001 |
| Recoverable taxes | 524,012 | 1,019,951 |
| Court Deposits | 281,256 | 292,261 |
| Indemnifiable Financial Asset - Concession | 1,005,617 | 754,772 |
| Financial Asset - CVA | 76,448 | 470,286 |
| Other | 2,457 | 3,033 |
| **Fixed Assets** | **7,633** | **14,013** |
| **Intangibles** | **4,258,464** | **3,806,354** |
| **Total Assets** | **10,314,340** | **10,647,081** |

## 29.2. Balance Sheet - Liabilities

| Liabilities | 12/31/2022 | 12/31/2021 |
|---|---|---|
| **Current** | **3,765,969** | **3,270,411** |
| Suppliers | 1,008,600 | 1,078,658 |
| Loans - National Currency | 262,833 | 5,404 |
| Loans - Foreign Currency | 34,396 | 18,155 |
| Debentures | 207,621 | 117,739 |
| Labor and Social Security Obligations | 226,132 | 213,396 |
| Taxes to collect | 233,759 | 901,233 |
| Dividends and Interest on Equity - IoE Declared | 154,806 | 92,687 |
| Regulatory Fees | 55,568 | 295,233 |
| Loans - Affiliates, Subsidiaries or Parent Company (i) (ii) | 81,701 | 86,425 |
| Lease Liabilities | 1,438 | 5,993 |
| Actuarial Liabilities (CPC 33) | 242,238 | 219,527 |
| Financial Liabilities - CVA | 753,564 | 39,826 |
| Water Scarcity Bonus | 1,144 | 102,861 |
| PIS/COFINS refundable to Consumers | 366,981 | - |
| Other | 135,188 | 93,274 |
| **Noncurrent** | **4,831,645** | **5,893,149** |
| Loans - National Currency | 414,003 | 97,818 |
| Loans - Foreign Currency | 1,131,923 | 1,131,923 |
| Debentures | 356,032 | 558,269 |
| Labor and Social Security Obligations | 50,410 | 50,032 |
| Regulatory Fees | 105,094 | 69,714 |
| Lease Liabilities | 6,716 | 8,502 |
| Actuarial Liabilities (CPC 33) | 1,659,937 | 1,798,736 |
| Provision for Contingencies | 373,567 | 424,433 |
| PIS/COFINS refundable to Consumers | 733,963 | 1,748,472 |
| Other | - | 5,250 |
| **Shareholders' Equity** | **1,716,726** | **1,483,521** |
| Capital Stock | 1,580,000 | 1,250,000 |
| Profit Reserves | 1,171,774 | 1,297,896 |
| Equity Valuation Adjustment | (1,035,048) | (1,064,375) |
| **Total Liabilities** | **10,314,340** | **10,647,081** |

### (i) Loans between Celesc D and Celesc G

On October 28, 2021, the Company's Board of Directors approved the transfer of R$70.0 million from Celesc G to Celesc D in the form of a loan agreement. ANEEL's consent was given through Order No. 3,316, of October 19, 2021, with the contract signed between the parties on November 1, 2021, the date on which the funds were transferred. The agreement provides for the addition of interest to the principal amount, based on CDI remuneration + 2.1% per year, and was effective for 12 months.

The funds transferred were intended to mitigate cash flows, especially in view of the challenges of complying with the concession contract and all regulatory requirements to achieve quality indicators.

In a meeting of the Board of Directors, held on October 5, 2022, the extension of this contract was approved for another 12 months, aiming to adjust Celesc D's cash flow to operational and investment needs, mitigating the risks of non-compliance with obligations financial statements in the years 2022 and 2023.

By December 31, 2022, R$10.5 million of compensatory interest had already been recognized.

**(ii) Loans between Celesc D and Celesc H**

At the same meeting of the Board of Directors mentioned above, on October 28, 2021, which approved the transfer of resources from Celesc G to Celesc D in the form of a loan agreement, another transfer of resources was approved, in the same modality, from the Company to Celesc D, in the amount of R$15.0 million. The contract was also signed on November 1st, 2021, the date on which the resource was made available to the borrower, and also provided for interest based on CDI remuneration + 2.1% per year, effective for 12 months and the same purpose.

ANEEL's consent was given through Order No. 3,317, of October 19, 2021.

In advance, on February 3, 2022, Celesc D settled this contract, with payment of R$15.3 million. During the term of the agreement, R$409.7 thousand of compensatory interest were recognized.

### 29.3. Income Statement

| Description | 12/31/2022 | 12/31/2021 |
|---|---|---|
| **Net Operating Income - ROL** | **9,908,754** | **11,087,657** |
| Net Revenue from Electric Energy Sales and Service | 8,300,921 | 9,235,204 |
| Income from Financial Assets (Liabilities) - CVA | 392,960 | 1,121,176 |
| Construction Revenue - CPC 47 | 1,199,188 | 710,904 |
| Updating of Indemnifiable Financial Assets - Concession | 15,685 | 20,373 |
| **Costs of Sales/Services Rendered** | **(8,615,086)** | **(10,014,977)** |
| Cost of Goods Sold | (6,536,729) | (8,531,122) |
| Cost of Services Provided | (879,169) | (772,951) |
| Construction Costs - CPC 47 | (1,199,188) | (710,904) |
| **Gross Operating Income** | **1,293,668** | **1,072,680** |
| **Operating Expenses** | **(659,476)** | **(542,612)** |
| Selling Expenses | (211,128) | (258,425) |
| General and Administrative Expenses | (517,229) | (310,281) |
| Other Operating Income and Expenses | 68,881 | 26,094 |
| **Operating Result before Financial Result** | **634,192** | **530,068** |
| **Financial Result** | **(94,301)** | **32,411** |
| Financial Income | 444,205 | 259,356 |
| Financial Expenses | (538,506) | (226,945) |
| **Income Before IRPJ and CSLL** | **539,891** | **562,479** |
| **Income Tax (IRPJ) and Social Contribution (CSLL)** | **(136,792)** | **(177,274)** |
| Current | (152,922) | (125,651) |
| Deferred | 16,130 | (51,623) |
| **Net Income for the Year** | **403,099** | **385,205** |

### 29.3.1. Operating Income

| Description | 12/31/2022 | 12/31/2021 |
|---|---|---|
| **Gross Operating Income - ROB** | **15,777,379** | **16,713,725** |
| Electric Power Supply (a) | 7,177,394 | 7,501,334 |
| Unbilled Supply (a) | (32,634) | 43,830 |
| Electric Power Supply (a) | 395,981 | 486,287 |
| Financial Assets and (Liabilities) - CVA | 392,960 | 1,121,176 |
| Availability of Electric Network | 5,590,233 | 4,930,976 |
| Short-Term Energy | 400,331 | 1,238,547 |
| Income from Provision of Services | 2,228 | - |
| Donations and Grants | 625,213 | 650,149 |
| Construction Revenue | 1,199,188 | 710,904 |
| Updating of Indemnifiable Financial Assets - Concession | 15,685 | 20,373 |
| Other Operating Income | 10,800 | 10,149 |
| **Deductions from Gross Operating Revenue** | **(5,868,625)** | **(5,626,068)** |
| ICMS | (2,460,260) | (2,686,005) |
| PIS | (199,348) | (243,992) |
| COFINS | (918,208) | (1,123,846) |
| Energy Development Account - CDE | (2,124,333) | (1,319,313) |
| R&D | (43,555) | (51,895) |
| Energy Efficiency Program - PEE | (43,555) | (51,895) |
| Inspection Fee - ANEEL | (8,448) | (7,942) |
| Other Charges | (70,918) | (141,180) |
| **Net Operating Income - ROL** | **9,908,754** | **11,087,657** |

Supply: the decrease is mainly due to the reduction in the ICMS rate imposed by Complementary Law 194/2022, a 20.3% reduction in Tariff Flag billing and a 3.4% reduction in consumption (captive).

Short-term energy: reduction in the sale of Excess Energy (MVE) and the decrease in the PLD value.

Availability of network use: the increase is due to the application of the average tariff adjustment of 5.65%, as of August 22, 2021 (cycle 2021/2022), the application of the average tariff adjustment of 11.32%, as of August 22, 2022 (2022/2023 cycle) and an increase in average consumption of 8.3% (free consumers).

Regulatory financial assets (liabilities) revenue: the decrease was due to the reduction of costs with the variation of non-manageable costs (Portion A).

Construction revenue: Approved by the Board of Directors, the capital budget in 2022 was R$1.2 billion for CAPEX at Celesc D in 2022. Of this amount, R$859.0 million were used by the technical area to enable works to expand and improve the system and R$71.0 million were invested by the commercial area, mainly in the installation and modernization of measuring equipment (this revenue is canceled out in the result construction cost, accounted for in the Operation Cost group).

**a) Supply of Electric Energy**

The breakdown of Gross Revenue from electricity supply and supply by consumer class is as follows:

| Description | Number of Consumers (i) | | MWh (i) | | Gross Revenue | |
|---|---|---|---|---|---|---|
| | 12/31/2022 | 12/31/2021 | 12/31/2022 | 12/31/2021 | 12/31/2022 | 12/31/2021 |
| Residential | 2,616,084 | 2,543,070 | 6,724,104 | 6,483,157 | 4,948,088 | 4,796,552 |
| Industrial | 133,658 | 126,818 | 11,041,893 | 11,164,190 | 1,668,793 | 1,781,212 |
| Commercial | 309,699 | 299,127 | 4,612,378 | 4,331,549 | 2,569,255 | 2,512,129 |
| Rural | 227,350 | 230,672 | 1,077,710 | 1,189,820 | 719,990 | 745,411 |
| Government | 24,943 | 24,221 | 431,490 | 378,776 | 323,204 | 289,397 |
| Public Lighting | 1,090 | 961 | 586,135 | 614,924 | 276,391 | 298,251 |
| Public Service | 4,129 | 3,942 | 400,966 | 397,694 | 239,649 | 258,614 |
| Availability Revenue Reclassification Electric Network Captive Consumers | - | - | - | - | (3,600,610) | (3,136,402) |
| **Total Supply** | **3,316,953** | **3,228,811** | **24,874.676** | **24,560,110** | **7,144,760** | **7,545,164** |
| Energy Supply | 54 | 51 | 2,307,573 | 2,326,047 | 395,981 | 486,287 |
| **Total** | **3,317,007** | **3,228,862** | **27,182,249** | **26,886,157** | **7,540,741** | **8,031,451** |

(i) Unreviewed information

## 33.3.2. Operating Costs and Expenses

**12/31/2022**

| Description | Costs of Goods and/or Services | General and Administrative Expenses | Expenses with Sales | Other Expenses/Income Net | Total |
|---|---|---|---|---|---|
| Electric Power Purchased for Resale | 6,536,729 | - | - | - | 6,536,729 |
| Personnel | 413,810 | 254,337 | 49,666 | 1,030 | 718,843 |
| Actuarial Expense | - | 125,061 | - | - | 125,061 |
| Private Pension Entity | 17,962 | 10,539 | 1,775 | - | 30,276 |
| Materials | 32,536 | 9,350 | - | 16,250 | 58,136 |
| Construction Cost | 1,199,188 | - | - | - | 1,199,188 |
| Third-Party Costs and Services | 152,816 | 100,651 | 51,427 | 1,444 | 306,338 |
| Depreciation and Amortization | 245,614 | 25,389 | 493 | - | 271,496 |
| Net Provisions | - | - | 74,513 | 141,012 | 215,525 |
| Other | 16,431 | (8,098) | 33,254 | (228,617) | (187,030) |
| **Total** | **8,615,086** | **517,229** | **211,128** | **(68,881)** | **9,274,562** |

**12/31/2021**

| Description | Costs of Goods and/or Services | General and Administrative Expenses | Expenses with Sales | Other Expenses/Income Net | Total |
|---|---|---|---|---|---|
| Electric Power Purchased for Resale | 8,531,122 | - | - | - | 8,531,122 |
| Personnel | 370,454 | 194,467 | 62,057 | 22,550 | 649,528 |
| Actuarial Expense | - | (7,474) | - | - | (7,474) |
| Private Pension Entity | 15,208 | 8,483 | 2,268 | - | 25,959 |
| Materials | 22,140 | 6,814 | - | - | 28,954 |
| Construction Cost | 710,904 | - | - | - | 710,904 |
| Third-Party Costs and Services | 131,903 | 77,097 | 62,586 | 1,339 | 272,925 |
| Depreciation and Amortization | 225,323 | 27,309 | 418 | - | 253,050 |
| Net Provisions | - | - | 99,033 | 29 | 99,062 |
| Other | 7,923 | 3,585 | 32,063 | (50,012) | (6,441) |
| **Total** | **10,014,977** | **310,281** | **258,425** | **(26,094)** | **10,557,589** |

ANEEL made available SFF Technical Note No. 154, of August 18, 2021, which deals with the revision of the Electricity Sector Accounting Manual - MCSE, effective as of January 1, 2022.

With the update of the MCSE, Celesc D, prospectively, made adjustments in the accounting of some accounts in the corporate accounting in order to reflect the same accounting carried out in the regulatory accounting. The adjustments made to the accounting are in line with the accounting practices adopted in Brazil and in accordance with the IFRS.

In the Balance Sheet, the billing of Tariff Flags, previously accounted for in the Regulatory Fees group, is now recorded in the Sectorial Financial Liabilities group, both in Current Liabilities.

In the Income Statement, adjustments were made to Gross Revenue and Revenue Deductions, due to the accounting of Tariff Flag billing previously recorded in the Other Charges group, being transferred to Financial Assets (Liabilities) Revenue, in addition to adjustments within the groups of Operating Costs and Expenses, in which civil, labor, tax, environmental and mass claims payments are now recorded directly in the Net Provisions line, hitherto recorded in the Other Income/Expenses line.

In 2022, Celesc D received the amount of R$11.7 million, of which R$8.8 million was accounted for as other expense recovery income and R$2.9 million as financial income from fines, arising from the fulfillment of financial obligations assumed by third parties, signatory of the leniency agreement with the State of Santa Catarina, which is confidential as determined by art. 5 of State Decree No. 1.106/17. The Judiciary determined the transfer of R$ 7.1 million, of which R$ 5.3 million to be recorded as reimbursement and R$ 1.8 million as a fine under Anti-Corruption Law No. 12,846/2013, directly to Celesc's bank account D, for free use by the state-owned company in its institutional mission. The remaining portion of the amount was deposited in a State Treasury account and transferred by the State Treasury Department to the same Celesc D account, also for free use.

### 33.3.3. Financial Result

Updating of financial assets and liabilities: Update is by Selic. Variations occur, depending on whether the amounts constituted are Financial Assets (income) or Liabilities (expense).

Most of the variation in debt charges refers to charges and interest on the loan agreement with Banco Safra, in the amount of R$550.0 million in February 2022, for working capital.
BID Interest and Monetary Variations - The increase in expenses related to BID interest is related to the inflows occurred in 2021 in the amount of R$ 422,125, which caused our non-current liabilities, loans and BID financing to increase, resulting in an increase in interest expenses and monetary variations of the IDB in 2022.

Debt charges: The Charges for Loans in national currency, from the IDB and the debentures, are updated by the CDI rate. In 2022, the accumulated CDI was 12.39% while in 2021 it was 4.42%.

| **Description** | **12/31/2022** | **12/31/2021** |
|---|---|---|
| **Financial Revenues** | **444,205** | **259,356** |
| Income from Financial Investments | 120,473 | 22,322 |
| Monetary Variations | 48,485 | 81,455 |
| Monetary Restatement on Regulatory Assets | 158,738 | 50,702 |
| Interest and Acr. Moratoriums without Energy Sold | 107,823 | 106,987 |
| Other Financial Income | 30,303 | 10,517 |
| (-) Taxes on Financial Revenue | (21,617) | (12,627) |
| **Financial Expenses** | **(538,506)** | **(226,945)** |
| Debt Charges | (228,488) | (79,313) |
| Interest and Monetary Update Mathematical Reserve | (38,202) | (56,981) |
| IOF – Tax on Financial Transactions | (3,995) | (4,342) |
| Mutual Charges | (10,685) | (3,729) |
| R&D and Energy Efficiency Update | (11,795) | (7,171) |
| Debenture Issue Costs | (1,542) | (1,224) |
| Monetary Variations - Debentures | (89,434) | (37,634) |
| Other Monetary Variations | (181) | (144) |
| Monetary Restatement on Regulatory Assets | (128,237) | (26,538) |
| Interest on Equity | (182,124) | - |
| Reversal of Interest on Equity | 182,124 | - |
| Rent Interest Payable (CPC 06) | (869) | (1,383) |
| Other Financial Expenses | (25,078) | (8,486) |
| **Financial Result** | **(94,301)** | **32,411** |

# 30. SUPPLEMENTARY INFORMATION ON CELESC G

## 30.1. Balance Sheet - Assets

| Assets | 12/31/2022 | 12/31/2021 |
|---|---|---|
| **Current** | **140,062** | **158,629** |
| Cash and Cash Equivalents | 56,826 | 63,400 |
| Trade receivables | 15,800 | 18,980 |
| Inventory | 73 | 77 |
| Recoverable taxes | 2,300 | 2,297 |
| Prepayment to Suppliers | 1,805 | 1,805 |
| Prepaid Expenses | 1,043 | 125 |
| Dividends and IoE to Receive | 4,656 | 1,054 |
| Financial Asset - Grant Bonus | 40,019 | 36,771 |
| Financial Asset - Indemnity Basic Project Pery Plant | 17,536 | 34,115 |
| Other | 4 | 5 |
| **Noncurrent** | **815,408** | **765,735** |
| **Achievable in the Long Term** | **532,197** | **515,008** |
| Loans (Note 33.2) | 81,701 | 71,174 |
| Court Deposits | 1,212 | 112 |
| Recoverable taxes | 768 | 925 |
| Indemnifiable Financial Asset - Concession | 2,421 | 2,421 |
| Financial Asset - Grant Bonus | 306,791 | 292,578 |
| Financial Asset - Indemnity Basic Project Pery Plant | 139,304 | 132,798 |
| Advance for Future Capital Increase | - | 15,000 |
| **Investments** | **110,956** | **88,423** |
| **Fixed Assets** | **126,094** | **114,462** |
| **Intangibles** | **46,161** | **47,842** |
| **Total Assets** | **955,470** | **924,364** |

## 30.2. Balance Sheet - Liabilities

| Liabilities | 12/31/2022 | 12/31/2021 |
|---|---|---|
| **Current** | **73,332** | **91,917** |
| Suppliers | 7,316 | 8,864 |
| Debentures | 2,849 | 35,256 |
| Taxes to collect | 21,239 | 6,507 |
| Regulatory Fees | 498 | 398 |
| Dividends and Interest on Equity | 38,724 | 39,379 |
| Other | 2,706 | 1,513 |
| **Noncurrent** | **130,374** | **141,024** |
| Debentures | 39,611 | 57,401 |
| Deferred taxes | 89,214 | 82,592 |
| Regulatory Fees | 1,549 | 1,031 |
| **Shareholders' Equity** | **751,764** | **691,423** |
| Capital Stock | 450,000 | 450,000 |
| Profit Reserves | 272,975 | 219,448 |
| Dividends Available at the ASM | 15,319 | 7,876 |
| Equity Valuation Adjustment | 13,470 | 14,099 |
| **Total Liabilities** | **955,470** | **924,364** |

## 30.3. Income Statement

| Description | 12/31/2022 | 12/31/2021 |
|---|---|---|
| **Net Operating Income - ROL** | **183,022** | **261,763** |
| Net Revenue from Electric Energy Sales | 183,022 | 261,763 |
| **Costs of Sales** | **(37,709)** | **(47,402)** |
| Cost of operation | (37,709) | (47,402) |
| **Gross Profit** | **145,313** | **214,361** |
| **Operating Expenses** | **(9,325)** | **21,796** |
| Selling | (88) | 35,939 |
| General and Administrative | (20,579) | (19,902) |
| Other Operating Income and Expenses | (495) | (1,765) |
| Equity Pickup | 11,837 | 7,524 |
| **Operating Result before Financial Result** | **135,988** | **236,157** |
| **Financial Result** | **8,732** | **(2,093)** |
| Financial Income | 18,718 | 6,396 |
| Financial Expenses | (9,986) | (8,489) |
| **Income Before IRPJ and CSLL** | **144,720** | **234,064** |
| **Income Tax (IRPJ) and Social Contribution (CSLL)** | **(30,946)** | **(68,256)** |
| Current | (24,324) | (10,134) |
| Deferred | (6,622) | (58,122) |
| **Net Income for the Year** | **113,774** | **165,808** |

### 30.3.1. Operating Income

| Description | 12/31/2022 | 12/31/2021 |
|---|---|---|
| **Gross Operating Income - ROB (a)** | **205,235** | **283,344** |
| Electric Power Supply - Industrial | 28,830 | 19,027 |
| Electric Power Supply – Industrial – Not Billed | 698 | 922 |
| Electric Power Supply – Commercial | 4,848 | 9,758 |
| Electric Power Supply | 84,555 | 83,622 |
| Electric Power Supply - Not Billed | (3,034) | 4,738 |
| Short-Term Electricity | 5,525 | 21,685 |
| Grant Bonus Financial Income | 57,705 | 64,284 |
| Pery Plant Financial Revenue | 26,108 | 79,308 |
| **Deductions from Operating Income** | **(22,213)** | **(21,581)** |
| PIS | (3,223) | (3,184) |
| COFINS | (14,846) | (14,668) |
| Inspection Fee | (826) | (1,072) |
| R&D | (1,326) | (1,276) |
| Financial Compensation for the Use of Water Resources - CFURH | (1,992) | (1,381) |
| **Net Operating Income - ROL** | **183,022** | **261,763** |

Gross Operating Income was lower in 2022. This reduction is justified, mainly, by the indemnification of the basic project of US Pery, via annual generation revenue (RAG), with the amount of R$ 26.1 million recorded in 2022 (Jan/22 to Dec/22) and in 2021 the amount of BRL 79.3 million (from 07/2018 to 12/2021). There is also a reduction in short-term energy due to the value of the PLD having been lower in 2022.

### a) Supply of Electric Energy

| Description | Number of Consumers (i) | | MWh (i) | | Gross Revenue | |
|---|---|---|---|---|---|---|
| | 12/31/2022 | 12/31/2021 | 12/31/2022 | 12/31/2021 | 12/31/2022 | 12/31/2021 |
| Industrial | 12 | 9 | 120,427 | 87,567 | 29,528 | 19,949 |
| Commerce, Services and Others | 1 | 1 | 22,723 | 51,449 | 4,848 | 9,758 |
| Power Supply | 90 | 63 | 525,025 | 507,499 | 81,521 | 88,360 |
| Short-Term Electric Energy (CCEE) | - | - | 27,128 | 13,885 | 5,525 | 21,685 |
| **Total** | **103** | **73** | **695,303** | **660,400** | **121,422** | **139,752** |

(i) Unreviewed information

### 34.3.2. Operating Costs and Expenses

12/31/2022

| Description | Costs of Goods and/or Services | General and Administrative Expenses | Expenses with Sales | Other Expenses/Income Net | Total |
|---|---|---|---|---|---|
| Electric Power Purchased for Resale | 17,430 | - | - | - | 17,430 |
| Electric Energy Purchased for Resale CP | 3,260 | - | - | - | 3,260 |
| Electricity Use Charges | 3,213 | - | - | - | 3,213 |
| Personnel | 2,844 | 15,393 | 508 | - | 18,745 |
| Materials | 856 | 112 | - | - | 968 |
| Third-Party Costs and Services | 6,419 | 3,690 | 343 | - | 10,452 |
| Depreciation and Amortization | 3,022 | 344 | - | - | 3,366 |
| Insurance | 646 | 220 | - | - | 866 |
| Net Provisions | - | - | (827) | 516 | (311) |
| Taxes | 23 | 124 | 64 | - | 211 |
| Rents | - | 131 | - | (8) | 123 |
| Other | (4) | 565 | - | (13) | 548 |
| **Total** | **37,709** | **20,579** | **88** | **495** | **58,871** |

12/31/2021

| Description | Costs of Goods and/or Services | General and Administrative Expenses | Expenses with Sales | Other Expenses/Income Net | Total |
|---|---|---|---|---|---|
| Electric Power Purchased for Resale | 17,690 | - | - | - | 17,690 |
| Hydrological Risk Renegotiation - GSF | 28,110 | - | - | - | 28,110 |
| Electricity Use Charges | 2,742 | - | - | - | 2,742 |
| Personnel | 2,570 | 13,009 | 591 | 214 | 16,384 |
| Materials | 435 | 418 | - | - | 853 |
| Third-Party Costs and Services | 5,715 | 3,315 | 209 | - | 9,239 |
| Depreciation and Amortization | (9,904) | 365 | - | - | (9,539) |
| Insurance | 213 | - | - | - | 213 |
| Net Provisions | - | - | (36,802) | (447) | (37,249) |
| Taxes | (169) | 88 | 63 | - | (18) |
| Rents | - | 104 | - | (3) | 101 |
| Donations | - | - | - | 276 | 276 |
| Other | - | 2,603 | - | 1,725 | 4,328 |
| **Total** | **47,402** | **19,902** | **(35,939)** | **1,765** | **33,130** |

**Depreciation:** In 2021, due to the indemnification of the basic project of Usina Pery, the reversal of the depreciation (2017-2021) of its fixed assets, in the amount of R$10.6 million, was carried out.

**Amortization:** With the renegotiation of the hydrological risk in September 2021, there was the recognition of the Intangible Assets referring to the new concession period of the HPPs that were renegotiated. This Intangible Asset is amortized on a straight-line basis until the end of the new concession period.

**Reversal of provision:** Due to the renegotiation of the hydrological risk in 2021, there was a reversal of the PECLD of the Plants in which Celesc had an injunction on the GSF in the amount of R$48.3 million. In 2022, there are only provisions for estimated losses on CGHs that were not included in the renegotiation.

### 34.3.3. Financial Result

The financial revenue of R$10.5 million is due to the recognition of interest related to the loan agreement with Celesc D. The increase in financial expenses from debt charges. The updates are indexed to the CDI.

| Description | 12/31/2022 | 12/31/2021 |
|---|---|---|
| **Financial Revenues** | **18,718** | **6,396** |
| Income from Financial Applications | 9,268 | 5,342 |
| Loan Agreement Interest | 10,527 | 1,420 |
| Contractual Fines | - | 11 |
| Moratorium Additions w/o Electricity Invoices | 3 | - |
| Other Financial Income | (1,080) | (377) |
| **Financial Expenses** | **(9,986)** | **(8,489)** |
| Interest w/o Debentures | (8,884) | (7,867) |
| Interest w/o Equity- IoE | (45,557) | (26,611) |
| Reversion of Interest on Equity | 45,557 | 26,611 |
| Debenture Issue Costs | (923) | (558) |
| R&D Upgrade | (148) | (52) |
| Other Financial Expenses | (31) | (12) |
| **Financial Result** | **8,732** | **(2,093)** |

## 31. SUBSEQUENT EVENTS

### 31.1. Change in Top Management

The Board of Directors, in meetings held on January 20 and March 16, 2023, elected the following new members to compose this body of the Company and its wholly-owned subsidiaries, Celesc D and Celesc G:

- Glauco José Côrte (Chair of the Board of Directors and Coordinator of the Statutory Audit Committee)
- Marco Aurélio Quadros
- César Souza Júnior
- Romeu Donizete Rufino
- Sílvia Regina da Silva Marafon

At another meeting, on February 9, 2023, it also elected the following Directors for the Company and its wholly owned subsidiaries, Celesc D and Celesc G:
- Tarcísio Estefano Rosa (CEO)
- Júlio César Pungan (Chief Financial and Investor Relations Officer)
- Cláudio Varella do Nascimento (Distribution Officer)
- Pedro Augusto Schmidt de Carvalho Júnior (Energy Regulation and Management Officer)
- Ivécio Pedro Felisbino Filho (Generation, Transmission and New Business Officer)

At the same meeting, on February 9, 2023, they were appointed to the Statutory Audit Committee:
- Fabrício Santos Debortoli
- Fábio Fick

### 31.2. Decision of the STF on res judicata in tax matters

On February 8, 2023, the Plenary of the Federal Supreme Court - STF unanimously decided that a final decision (res judicata) favorable to the taxpayer on taxes collected on a continuous basis loses its effects when the Supreme Court decides that the tax is due, and from that moment on, all taxpayers must start collecting.

Celesc has no discussion on the constitutionality of the CSLL.

However, Celesc has a final and unappealable decision, which removed the payment of Incra in the percentage of 0.2% on the payroll. Theme 495, with general repercussions, dealt with this matter, where the STF recognized the constitutionality of the contribution of urban and rural companies to Incra. Due to this scenario, the Company reviewed the amounts related to the matter and identified the total amount of R$1.5 million, of which R$1.49 million in Celesc D and R$19 in the Parent Company, which will be paid to the Federal Revenue Service of Brazil through the use of the institute of spontaneous denunciation.

# CAPITAL BUDGET PROPOSAL

In accordance with article 27, paragraph 1, item IV of CVM Instruction No. 80, of March 29, 2022, the Capital Budget Proposal for Centrais Elétricas de Santa Catarina S.A. and its subsidiaries for the year 2023, approved by the Board of Directors on December 15, 2022, with the origin of funds linked to financing, cash generation and profit retention, pursuant to article 196 of Federal Law No. 6,404/76.

| Programs | Celesc D | Celesc G | Celesc H | Consolidated |
|---|---|---|---|---|
| Electric Assets | 835,086 | - | - | 835,086 |
| Non-Electrical Assets | 102,564 | 1,621 | - | 104,185 |
| Own Power Plants | - | 19,857 | - | 19,857 |
| Power Plant Expansion | - | 22,622 | - | 22,622 |
| Participants | - | 588 | 16,499 | 17,087 |
| New Businesses | - | 68,150 | - | 68,150 |
| Labor Appropriation | 81,763 | 1,057 | - | 82,820 |
| **TOTAL** | **1,019,413** | **113,895** | **16,499** | **1,149,807** |

| Origin | Celesc D | Celesc G | Celesc H | Consolidated |
|---|---|---|---|---|
| Third-Party Resources | 642,151 | - | - | 642,151 |
| Company Resources | 279,744 | 113,895 | 16,499 | 410,138 |
| Consumer Financial Share | 97,518 | - | - | 97,518 |
| **TOTAL** | **1,019,413** | **113,895** | **16,499** | **1,149,807** |

Amounts in R$ thousand

**CAPEX – Celesc Distribuição S.A.**

Investments in the Electric Energy Distribution System:
Of the R$1,019.4 million to be invested, R$747.1 million will be used by the technical area to enable works to expand and improve the system and R$88.0 million will be invested by the commercial area, mainly in the installation and modernization of measuring equipment. It should be noted that part of the investments made by the Company have consumer participation and/or consideration, in accordance with regulatory rules.

Investments in General Facilities, Information Technology and Vehicles:
There will be R$56.9 million in the acquisition of hardware and software for the corporate network, R$13.4 million in vehicles, R$32.3 million in equipment, tools, various furniture, among others.

**CAPEX – Celesc Geração S.A.**

Of the amount of R$113.9 million approved for 2023, R$68.1 million will be invested in new businesses and R$42.5 million in the expansion and improvements of the plants, R$1.6 million in vehicles, information technology and various equipment, in addition to a forecast of capital contribution in the subsidiaries in the order of R$600.0 thousand.

**CAPEX Parent Company – Centrais Elétricas de Santa Catarina S.A.**

In addition to the amounts budgeted for the wholly-owned subsidiaries shown above, another R$16.5 million is expected to be invested by the Parent Company in the subsidiaries.

Thus, including the appropriation of labor in the amount of R$82.8 million, the Company's consolidated investment budget for 2023 totals R$1,149.8 million.

# FISCAL COUNCIL REPORT

The Supervisory Board of Centrais Elétricas de Santa Catarina S.A. – Celesc, in the exercise of its legal and statutory attributions, complying with the provisions of article 163, of Federal Law No. 6,404/76 and its subsequent amendments, examined the Management Report and the Financial Statements, all referring to the fiscal year ended in December 31, 2022. Based on the work and monitoring carried out throughout the year, and also considering the content of the Report by PricewaterhouseCoopers Auditores Independente - PwC, it is of the opinion that such documents are in a position to be submitted to the appreciation of the Shareholders.

Florianópolis, March 27, 2023.

**Alcides Alves de Andrade Neto**
President

**Fábio Wagner Pinto**

**Natan Marcondes Monteiro Osório**

**Paulo Caio Ferraz de Sampaio**

**Renan Silva Sobral**

# SUMMARY ANNUAL REPORT OF THE STATUTORY AUDIT COMMITTEE - CAE
## 2022FY

**To the Board of Directors of**
**Centrais Elétricas de Santa Catarina S.A., da Celesc Distribuição S.A. e da Celesc Geração S.A.**

**1. Presentation**

The Statutory Audit Committee (“CAE” or “Committee”) is a statutory advisory body, directly linked to the Board of Directors of Centrais Elétricas de Santa Catarina S.A. - CELESC (“Company”) and its wholly-owned subsidiaries, Celesc Distribuição S.A. and Celesc Geração S.A., governed by CVM Resolution No. 23 of February 25, 2021, in addition to Law No. 13,303, of June 30, 2016, State Decree/SC No. 1484 of February 7, 2018 and the Company’s CAE Charter (“Charter”).

Law No. 13.303/2016, Section VII, Art. 24, Item VII, determines that the Statutory Audit Committee prepare an annual report with information on the activities, results, conclusions and its recommendations, recording, if any, significant divergences between Management, Independent Audit and the Statutory Audit Committee in in relation to the Financial Statements.

The CAE was composed until August 21, 2022 by the Board of Directors Mr. Amir Antônio Martins de Oliveira Júnior (Committee Coordinator), and Messrs. Thiago Sá Fortes Regis, Ernesto Fernando Rodrigues Vicente, Antônio Carlos Siegner Laporta, Octávio René Lebarbenchon Neto. Subsequently, on August 22, 2022, the Company's Board of Directors unanimously approved the appointment of Ms. Michele Silva Wangham – Member of the Board of Directors – (Committee Coordinator) and Messrs. Flávio Lopes Perfect, Nivaldo João dos Santos, Manoel José da Cunha Júnior and Carla Renata Baptistão for the 2022-2024 term.

CAE members meet the independence criteria established in article 22, paragraph 1, of Law No. 13,303/2016 and article 31-C, paragraph 2 of CVM Resolution No. 23/2021.

**2. Summary of activities in 2022**

From January to December 2022, Celesc's CAE held 12 (twelve) ordinary meetings and 1 (one) extraordinary meeting, involving Board Members, Directors and Executive Managers of the Company, Internal Auditors and Independent Auditors, according to extracts from the minutes of the CAE available on Celesc's Investor Relations portal and complete minutes available at the Company.

During this period, the Financial Statements of Centrais Elétricas de Santa Catarina, Celesc Distribuição, Celesc Geração and Consolidated for the year ended 12/31/2021 were examined and approved, as well as, approved and forwarded to the Board of Directors, the Quarterly Information - ITRs of the Company and its subsidiaries for the 1st (First), 2nd (Second) and 3rd (Third) Quarters of 2022. At the February 2022 meeting, the CAE also considered the Proposed Dividend Distribution for the 2021 fiscal year.

In March 2022, the Committee decided to approve the payment of the Profit Reserve for the Capital Increase authorized by Celesc Distribuição.

In March 2022, the Committee decided to approve the payment of the Profit Reserve for the Capital Increase authorized by Celesc Distribuição.

The CAE monitored, through the Internal Audit, the execution of action plans designed to mitigate deficiencies in internal controls, referring to the Independent Audit Internal Controls Report issued by PricewaterhouseCoopers Brasil Ltda. - PwC Brasil, for the years 2020 and 2021.

It also monitored the assessments carried out by the Planning, Controls and Compliance Board in the internal controls that impact the Financial Statements, learning about the effectiveness tests carried out on financial reporting risks, with the presentation of Default Risk, Actuarial Risk Review, Contracting Risk Distributor's Energy Risk, People Management and Development Risk, Asset Protection Risk, Electricity Sector Regulation Risk, Investment Risk and simplified review of the most critical risks, as well as, through the status of the Action Plans to mitigate Corporate Risks.

As for updating Celesc's Risk Tree and Corporate Risk Map 2022, CAE also monitored, forwarded its recommendations and finally approved its final version.

In January 2022, the CAE discussed and approved the necessary updates to the Normative Instruction on the Whistleblowing Channel.

It also received a Report from the Compliance and Integrity Program, as well as from the Data Protection Program provided for in the General Data Protection Law LGPD.

The Committee monitored, on a monthly basis, the work carried out by Celesc's internal audit in the execution of the Annual Internal Audit Plan - PAAI 2022. Preparation of Financial Statements (IFRS), Accounts Payable – Payments, Purchase and Sale of Energy in the Regulated environment, Information Security, CELOS Pension Investment Plan, Default, Acquisitions – Tenders. Preparation of Financial Statements (IFRS), Accounts Payable – Payments, Purchase and Sale of Energy in the Regulated environment, Information Security, CELOS Pension Investment Plan, Default, Acquisitions – Tenders.

In the Follow-Up programs, the CAE was presented with the follow-up of the action plans of the Internal Audit's recommendations in the procedures concerning the signing of an agreement/protocol of intentions with the Government of the State of Santa Catarina, for carrying out projects related to the energy policy of the State of Santa Catarina through the use of the presumed ICMS credit by Celesc Distribuição S.A and the Action Plans proposed to the recommendations of the Audit Reports of the Court of Auditors of the State of Santa Catarina in the BID Program.

The Final Report of the Special Audit in the Inspection process and payment of the Additional Combating Non-Technical Losses was also presented to the CAE.

Within its attributions, it approved the revisions of the Annual Internal Audit Plan - PAAI 2022 and the preparation of the PAAI 2023, which aims to define and approve the processes that will be audited in the 2023 fiscal year. In general, through a risk-oriented approach aligned with the Company's strategy, the PAAI 2023 aims to contribute to: adding value to the Company's businesses, improving governance, risk management and internal control processes and reducing of problems.

In an extraordinary meeting held on October 27, 2022, the CAE met to assess the agenda regarding the demand forwarded by the Board of Directors on October 5, 2022, according to the minutes of the meeting, regarding the leakage of matters from that Board, in which CAE members decided to create an Internal Committee, in order to proceed with the investigation of the facts, aiming to instruct their materiality and authorship. At the Ordinary Meeting of December 13, 2022, the Commission Coordinator, Mr. Flávio Lopes Perfeito – CAE Member - presented the work carried out by the Commission in order to investigate the event that occurred. On that occasion, the analyzes carried out, the findings and clarifications, as well as the considerations and recommendations were presented. Finally, the Committee unanimously accepted the Commission's recommendations, so that the aforementioned areas adopt the measures suggested in the final report.

Other matters were on the agenda of the ordinary CAE meetings, such as: Hiring a Consulting Service for the Implementation of a Behavioral Safety Process at Celesc, Business Plan for Energy Trading, Elaboration of Participated Legal Valuation and Analysis, Evolutions in the Management of the Legal Department and alteration of the posting rules for accounting losses of invoices of electricity, which can be known in detail in the CAE minutes, available on Celesc's Investor Relations portal and complete minutes available at the Company.

**3. Conclusions and recommendation to the Board of Directors**

The current members of the Statutory Audit Committee of CELESC ("Company") and its wholly-owned subsidiaries, Celesc Distribuição SA and Celesc Geração S.A., in the exercise of their attributions and legal responsibilities, as provided for in the Committee's Internal Regulations, analyzed the Financial Statements, accompanied by the Independent Auditors' report and the Annual Management Report for the fiscal year ended on 31 December 2022, based on the documentation presented and forwarded, taking into account the information provided by the Company's Management and the Independent Auditors, we are of the opinion that all material facts are adequately recorded and disclosed in the Financial Statements ended on December 31, 2022, with respective explanatory notes, duly audited, and therefore qualified for approval by the Board of Directors.

The matters, guidelines, discussions, recommendations and opinions of the Committees are not binding, and it is up to the Shareholders and the Board of Directors, as the case may be, to make decisions.

Florianópolis/SC, March 27, 2023.

**Glauco José Côrte**
Coordinator

**Carla Renata Baptistão**

**Fábio Fick**

**Fabrício Santos Debortoli**

**Manoel José da Cunha Júnior**

# MANIFESTATION OF THE BOARD OF DIRECTORS

The Board of Directors of Centrais Elétricas de Santa Catarina S.A. – Celesc declares that it has examined, revised and agrees with all the information contained in the Financial Statements for the fiscal year ended December 31, 2022.

In accordance with the position of the auditors of PricewaterhouseCoopersAuditores Independentes - PwC approves the referred documents and proposes the approval by the Shareholders.

Florianópolis, March 28, 2023.

**Glauco José Côrte**
President

**César Souza Júnior**

**Fábio William Loreti**

**Henrique Manuel Marques Faria Lima**

**Freire José Valério Medeiros Júnior**

**Luiz Otávio Assis Henriques**

**Marco Aurélio Quadros**

**Paulo Guilherme de Simas Horn**

**Romeu Donizete Rufino**

**Silvia Regina Marafon**

**Vanessa Evangelista Ramos Rothermel**

## DECLARATION OF THE OFFICERS ON THE FINANCIAL STATEMENTS

The Directors of Centrais Elétricas de Santa Catarina SA – Celesc declare that they have examined, reviewed and agree with all the information contained in the Financial Statements for the fiscal year ended December 31, 2022.

**Tarcísio Estefano Rosa**
Chief Executive Officer

**Júlio Cesar Pungan**
Chief Financial and Investor Relations Officer

**Vitor Lopes Guimarães**
Chief Commercial Officer

**Cláudio Varella do Nascimento**
Distribution Officer

**Ivécio Pedro Felisbino Filho**
Generation, Transmission and New Business Officer

**Pedro Augusto Schmidt de Carvalho Júnior**
Regulation and Energy Management Officer

**Pilar Sabino da Silva**
Corporate Management Officer

**Marcos Penna**
Planning, Controls and Compliance Officer

**Rogéria Rodrigues Machado**
Accountant – CRC/SC 024.797/O-0

# DECLARATION OF THE OFFICERS ON THE INDEPENDENT AUDITORS' REPORT

The Directors of Centrais Elétricas de Santa Catarina SA – Celesc declare that they have examined, reviewed and agree with all the information contained in the Independent Auditors' Report on the Financial Statements for the fiscal year ended December 31, 2022.

**Tarcísio Estefano Rosa**
Chief Executive Officer

**Júlio Cesar Pungan**
Chief Financial and Investor Relations Officer

**Vitor Lopes Guimarães**
Chief Commercial Officer

**Cláudio Varella do Nascimento**
Distribution Officer

**Ivécio Pedro Felisbino Filho**
Generation, Transmission and New Business Officer

**Pedro Augusto Schmidt de Carvalho Júnior**
Regulation and Energy Management Officer

**Pilar Sabino da Silva**
Corporate Management Officer

**Marcos Penna**
Planning, Controls and Compliance Officer

**Rogéria Rodrigues Machado**
Accountant – CRC/SC 024.797/O-0

# *Independent auditor's report on the individual and consolidated financial statements*

To the Management and Shareholders of
Centrais Elétricas de Santa Catarina S.A.

## Opinion

We audited the individual financial statements of Centrais Elétricas de Santa Catarina S.A. ("Company"), which comprise the balance sheet on December 31, 2022 and the respective statements of income, comprehensive income, changes in equity and cash flows for the year ended on that date, as well as the financial statements consolidated assets of Centrais Elétricas de Santa Catarina S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as of December 31, 2022 and the respective consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the corresponding explanatory notes, including significant accounting policies and other explanatory information.

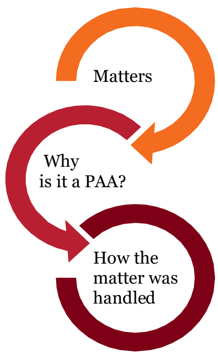
In our opinion, the aforementioned financial statements adequately present, in all material respects, the equity and financial position of Centrais Elétricas de Santa Catarina S.A. and its subsidiaries on December 31, 2022, the performance of their operations and their respective cash flows, as well as the consolidated performance of their operations and their consolidated cash flows for the year ended on that date, in accordance with practices accounting practices adopted in Brazil and the international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB).

## Basis for opinion

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities under these standards are described in the following section entitled "Auditor's Responsibilities for the Audit of the Individual and Consolidated Financial Statements". We are independent in relation to the Company and its subsidiaries, in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants and in the professional standards issued by the Federal Accounting Council, and we comply with other ethical responsibilities in accordance with these standards. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

## Main Audit Matters

Key Audit Matters (PAA) are those that, in our professional judgment, were most significant in our audit of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole and in forming our opinion on these individual and consolidated financial statements and, accordingly, we do not express a separate opinion on these matters.

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| Why is it a PAA? | How the matter was handled in our audit |
| --- | --- |
| **Revenue recognition (Notes 4.24 and 32.1) (parent company and consolidated)** | |
| The billing of electric energy that composes the revenue of the Company and its subsidiaries is voluminous and dispersed.<br><br>The valuation of the amounts of energy billed must comply with the regulatory criteria specific to the classes of consumers and tariffs determined by the sector's Regulatory Body. Once the billing process is completed, the adequacy of the accounting record depends on the correct integration between the billing and accounting systems. It is also observed that the Company's electricity supply transactions are substantially processed through automated routine.<br><br>The finalization of the revenue recognition process also includes Management's judgment regarding the estimate in relation to the portion of the energy supply revenue delivered in the month, which will only be invoiced in the following month, in accordance with the regime of competence.<br><br>The risks observed refer to the recognition of revenue outside the accrual period and/or complex and critical estimates and assumptions to estimate these revenues, insofar as they involve: (a) estimating the volumes of energy consumed by customers and (b) assign value to measure unbilled supply.<br><br>Due to the relevance of revenue in the financial statements of the Company and its subsidiaries, as well as the processes that support its recognition and deficiencies in access controls and changes identified in the billing system, we consider revenue recognition to be one of the main issues of audit. | Key audit evidence deemed appropriate and sufficient was obtained through a combination of tests of controls and tests of transactions. Such tests included, among others: (i) updating our understanding of the revenue recognition flow considering the nature of the electricity supply revenue, consumer classes and corresponding tariffs, among others; (ii) assessment of the design, implementation and effectiveness of relevant internal controls determined by Management over revenue recognition; (iii) updating our understanding of the main systems used in the revenue recognition process, involving our Information Technology specialists; (iv) comparison of the calculations made with the prices approved by the Regulatory Body; (v) recalculation of unbilled amounts and comparison of information used regarding amounts of energy and tariffs with extra-accounting sources, such as: consumption measurements, tariffs defined by the regulatory body, current tax rates, among others; and (vi) integrity check tests between billing and accounting systems.<br><br>Our tests revealed significant deficiencies in the design and execution of access controls and changes in the system used to control billing. As a result, we amended and expanded the scope of our substantive procedures, beyond what was originally planned, to obtain sufficient and appropriate audit evidence regarding the recording of these transactions and the impact of identified deficiencies.<br><br>Based on the result of the audit procedures carried out, we understand that the recognition of the electricity supply revenue, as well as the respective disclosures in the explanatory notes, are appropriate in the context of the individual and consolidated financial statements taken as a whole. |

| Why is it a PAA? | How the matter was handled in our audit |
|---|---|
| **Post-employment benefits - actuarial liabilities (Notes 4.20.1 and 28) (parent company and consolidated)** | |
| The Company sponsors lifetime post-employment benefit plans, granted to employees and former employees, related to pension, medical assistance and others. Plans classified as "defined benefit" generate relevant liabilities, which are calculated with reference to actuarial assumptions that include discount rate, estimated inflation rate, mortality table, demographic and economic estimates, medical cost estimates, as well as historical data on employee expenses and contributions. These liabilities may be fully or partially offset by the fair values of the respective plan assets. Health plans, in addition, include age factors and future increments in plan cost in determining related liabilities. Due to the fact that these are relevant amounts and that involve a high degree of judgment by Management in defining the assumptions involved in measuring the actuarial obligations of defined benefit and supplementary health plans, we consider the actuarial liability as one of the main audit matters. | The main audit procedures performed included, among others, the following:<br>(i) update of the understanding and evaluation of the relevant internal controls determined by Management on the measurement of actuarial obligations of defined benefit and complementary health plans; (ii) testing, on a sample basis, the consistency of the participants' data that were used by the actuary responsible for the 2022 actuarial valuation;<br>(iii) evaluation of the main criteria for determining the individual reserve of selected participants and evaluation of the main actuarial hypotheses and assumptions adopted by the actuary, such as the mortality table, discount rate, inflation rate and salary growth rate in comparison with the legislation and market practices, as applicable; (iv) review of the mathematical accuracy of the calculations made by the Company's actuary; and (v) procedures for confirming the existence and measuring the fair value of plan assets. Our procedures were carried out with the assistance of our actuarial specialists and also included the evaluation of the disclosures made by the Company in the individual and consolidated financial statements.<br><br>Based on the audit evidence obtained through our procedures, we understand that the criteria for measuring post-retirement benefits -employment, as well as the respective disclosures in the explanatory notes, are reasonable, in the context of the individual and consolidated financial statements taken as a whole. |
| **Regulatory Assets and Liabilities (Financial Assets and Financial Liabilities - "Portion A" - CVA) - (Notes 4.16.3, 4.18.4 and 13.1)** | |
| Regulatory assets and liabilities refer to the amounts arising from the difference between the costs originally estimated and approved annually by the Regulatory Body and those that are | The main audit procedures that were performed, on a sample basis, to obtain audit evidence were the following: (i) recalculation of assets and liabilities |

| Why is it a PAA? | How the matter was handled in our audit |
|---|---|
| effectively incurred by the distributors over the period of validity of the tariff in the subsequent period. This difference constitutes a right to be realized, in cases where the costs actually incurred are higher than those estimated, or an obligation, when the costs incurred are lower than the estimated costs.<br>This topic was considered one of the main audit matters due to the relevance of the amounts involved, the systematic calculation of values - which involves considerations regarding the eligibility of certain items (appropriations) - as well as the amortization process that takes place upon receipt /return of amounts on an estimated basis, in different tariff periods, through tariffs to customers. | financial; (ii) verification of amounts with the respective resolutions, dispatches and technical notes; (iii) review of the reconciliation carried out by the Company between the values of the sectorial financial assets and liabilities recorded in the accounts with those approved annually by the Regulatory Body to compose the concessionaire's tariff; and (iv) inspection of selected documents that make up the costs incurred with the coverage amounts.<br><br>Based on the result of the audit procedures carried out, we understand that the amounts accounted for appropriations and amortizations are adequately supported and substantiate the records and disclosures made in the explanatory notes in the individual and consolidated financial statements taken as a whole. |
| **Assessment of impairment of non-financial assets (Notes 4.13 and 16.3)** | |
| As of December 31, 2022, the Company's assets included fixed assets in the amount of R$126,094 thousand, whose recoverable value must be evaluated whenever there are indicators of loss. The assessment of the recoverability of fixed assets is supported by analysis of indicators and estimates of future projections of cash flows that take into account the business plans, budgets and projections prepared by the Company and approved by bodies of governance.<br><br>Due to the uncertainties inherent in the process of determining estimates and the impact that any changes in assumptions in the projection period could have on recoverable amounts, we consider this matter to be significant for our audit. | Our audit procedures included, among others: (i) updating the understanding on allocation of fixed assets to cash generating units (CGU);<br>(ii) involvement of our specialists in corporate finance to support the analysis of significant assumptions and methodologies used by the Company, including discount rates, revenue projections, costs and expenses in the projection period to determine discounted cash flows;<br>(iii) evaluation of the consistency of the calculations, comparing them with actual performance and previous forecasts; and (iv) evaluation whether the disclosures in the financial statements consider all relevant information.<br><br>Our audit procedures demonstrated that the judgments and assumptions used by management in projecting results are reasonable. |

## Other matters

### Value Added Statements

The individual and consolidated statements of added value (DVA) for the year ended December 31, 2022, prepared under the responsibility of the Company's management and presented as supplementary information for IFRS purposes, were submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. In order to form our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Added Value Statement". In our opinion, these value added statements have been fairly prepared, in all material respects, in accordance with the criteria set out in this Technical Pronouncement and are consistent with the individual and consolidated financial statements taken as a whole.

## Other information accompanying the individual and consolidated financial statements and the auditor's report

The Company's management is responsible for this other information comprising the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of audit conclusion on this report.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or with our knowledge obtained in audit or otherwise appears to be materially misstated. If, based on the work performed, we conclude that there is a material misstatement in the Management Report, we are required to communicate this fact. We have nothing to report in this regard.

## Management and governance responsibilities for individual and consolidated financial statements

The Company's management is responsible for the preparation and adequate presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and with the international financial reporting standards (IFRS), issued by the International Accounting Standards Board (IASB), and by the internal controls that it has determined are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue operating, disclosing, when applicable, matters related to its operational continuity and the use of this accounting basis in the preparation of the financial statements, unless management intends to liquidate the Company or cease operations, or has no realistic alternative to avoid ceasing operations.

Those responsible for the governance of the Company and its subsidiaries are those responsible for supervising the process of preparing the financial statements.

## Auditor's responsibilities for auditing individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error, and to issue an auditor's report containing our opinion. Reasonable security is a high level of security, but not a guarantee that the audit carried out in accordance with Brazilian and international auditing standards will always detect any material misstatements that exist. Misstatements may arise from fraud or error and are considered material when, individually or jointly, they may influence, within a reasonable perspective, the economic decisions of users taken based on said financial statements.

As part of an audit performed in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Additionall:

- We identify and assess the risks of material misstatement in the individual and consolidated financial statements, whether due to fraud or error, plan and perform audit procedures in response to such risks, and obtain sufficient appropriate audit evidence to support our opinion. The risk of not detecting a material misstatement resulting from fraud is greater than that resulting from error, as fraud can involve circumventing internal controls, collusion, forgery, omission or intentional misrepresentation.

- We obtain an understanding of the internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and its subsidiaries.

- We evaluated the adequacy of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.

- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether there is material uncertainty regarding events or conditions that could cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we must draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or include a modification in our opinion if the disclosures are inadequate. Our conclusions are based on audit evidence obtained up to the date of our report. However, future events or conditions may lead the Company to no longer remain in operational continuity.

- We evaluated the overall presentation, structure and content of the individual and consolidated financial statements, including the disclosures and whether these financial statements represent the related transactions and events in a manner consistent with the objective of proper presentation.

- We obtain sufficient appropriate audit evidence concerning the financial information of entities or group business activities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit and, accordingly, for the audit opinion.

We communicate with those charged with governance regarding, among other things, the planned scope, timing of the audit, and significant audit findings, including significant deficiencies in internal controls that may have been identified during
our work.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and communicate all potential relationships or matters that could materially affect our independence, including, where applicable, the respective safeguards.

Of the matters that were the object of communication with those responsible for governance, we determined those that were considered to be the most significant in the audit of the financial statements for the current year and, therefore, constitute the Main Audit Matters.
We describe these matters in our auditor's report unless law or regulation prohibits public disclosure of the matter, or when, in extremely rare circumstances, we determine that the matter should not be communicated in our report because the adverse consequences of such communication may, within a reasonable perspective, outweigh the benefits of communication to the public interest.

Florianópolis, March 29, 2023.

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/O-5

Leandro Sidney Camilo da Costa
Accountant CRC 1SP236051/O-
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# *Independent auditor's report on individual and consolidated financial statements*

To Management and Shareholders of
Centrais Elétricas de Santa Catarina S.A.

## Opinion

We have audited the financial statements of Centrais Elétricas de Santa Catarina S.A. (“Company”), which comprise the statement of financial position as of December 31, 2022 and the income statement, and statements of comprehensive income, changes in equity, and cash flows for the year then ended, as well as the consolidated financial statements of Centrais Elétricas de Santa Catarina S.A. and its subsidiaries (“Consolidated”), which comprise the consolidated balance sheet as at December 31, 2022, and the consolidated financial statements, of comprehensive income, of changes in equity and cash flows for the year, then ended, and notes to the financial statements, including significant accounting policies and other elucidative information.

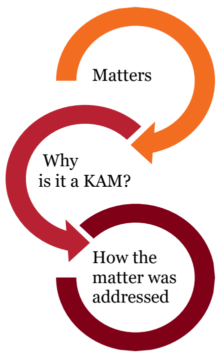
In our opinion, the financial statements present fairly, in all material respects, the equity and financial position of Centrais Elétricas de Santa Catarina S.A. and its subsidiaries as of December 31, 2022, their operating performance and respective cash flows, as well as their consolidated operating performance and respective consolidated cash flows for the year then ended, according to the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

## Basis for opinion

We conducted our audit according to Brazilian and international standards on auditing. Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the parent company and consolidated financial statements” section. We are independent of the Company and its subsidiaries, according to the significant principles on ethics provided for in the Code of Ethics for Professional Accountants and in the professional standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities under these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key audit matters

Key audit matters (PAA) are those matters that, in our professional judgment, were of most significance in our audit of current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Phone: 4004-8000, www.pwc.com.br

| Why is it a KAM? | How the matter was addressed in our audit |
|---|---|
| **Revenue recognition (Notes 4.24 and 32.1) (parent company and consolidated)** | |
| Revenue from electricity that makes up the revenue of the Company and its subsidiaries is substantial and dispersed.<br><br>The valuation of the amounts of electricity billed must comply with the specific regulatory criteria of the consumer classes and tariffs defined by the industry's Regulatory Authority. Once the billing process is concluded, the adequacy of the accounting record depends on the correct integration between the billing and accounting systems. It is also noticed that the Company's power supply transactions are substantially processed by automated routines.<br><br>The conclusion of the revenue recognition process also includes Management's judgment regarding the estimate of the portion of revenue of power supply delivered in the month, which will only be billed in the following month, according to the accrual basis.<br><br>The risks observed refer to revenue recognition outside the accrual period and/or complex and critical estimates and assumptions to estimate such revenue, as they involve (a) estimating the volumes of power consumed by customers; and (b) attributing value to measure unbilled supply.<br><br>Due to the relevance of revenue in the financial statements of the Company and its subsidiaries, as well as the processes that support revenue recognition and inadequacies of access control and changes identified in the billing system, we consider revenue recognition as one of the key audit matters. | The main audit evidence considered appropriate and sufficient were obtained through a combination of control and transaction tests. These tests included, among others: (i) updating our understanding about the flow of revenue recognition considering the nature of power supply revenue, consumer classes, and corresponding tariffs, among others; (ii) evaluating the performance, implementation, and effectiveness of relevant internal controls determined by Management when recording revenue; (iii) updating our understanding of the main systems used in the revenue recognition process, involving our Information Technology specialists; (iv) comparing the calculations made with the prices ratified by the Regulatory Authority; (v) recalculating unbilled amounts and comparing the information used regarding the amount of power and tariffs with non-accounting sources, such as consumption measures, tariffs defined by the regulatory authority, current income taxes, among others; and (vi) carrying out tests to check the integrity between the billing and accounting systems.<br><br>Our tests disclosed significant mismatches in the design and execution of access controls and changes in the system used to control billing. For this reason, we changed and extended the scope of our significant procedures, beyond those originally planned, to obtain sufficient and appropriate audit evidence regarding the recognition of these transactions and the impact of the mismatches identified.<br><br>Based on the results of the audit procedures performed, we understand that the recognition of power supply revenue, as well as the respective disclosure on the notes to the financial statements, are appropriate in the context of the parent company and consolidated financial statements taken as a whole. |

| Why is it a KAM? | How the matter was addressed in our audit |
| --- | --- |
| **Post-employment benefits - actuarial liability (Notes 4.20.1 and 28) (parent company and consolidated)** | |
| The Company sponsors post-employment life benefit plans, granted to employees and former employees, related to social security, health care, and others. The "defined benefit" plans generate significant liabilities, which are calculated regarding actuarial assumptions that include discount rate, estimated inflation rate, life table, demographic and economic estimates, medical cost estimates, as well as historical data on employee expenses and contributions. These liabilities may be entirely or partially offset by the fair values of the assets of the respective plans. Moreover, healthcare plans include age factors and future increases in the plan costs in the calculation of the related liabilities. Because they are significant values that involve a high level of judgment by Management in defining the assumptions involved in the measurement of the actuarial liabilities of the defined and supplemental healthcare plans, we consider the actuarial liability as one of the key audit matters. | The main audit procedures performed included, among others (i) updating the understanding and evaluation of the significant internal controls determined by Management when measuring the actuarial liabilities of the defined benefit and supplemental healthcare plans; (ii) testing, on a sample basis, the consistency of participants' data used by the actuary responsible for preparing the 2022 actuarial valuation; (iii) evaluating the main criteria for determining the individual reserve of selected participants and evaluation of the main actuarial hypothesis and assumptions adopted by the actuary, such as life table, discount rate, inflation rate, and wage growth rate in comparison with the legislation and market practices, as applicable; (iv) reviewing the mathematical accuracy of the calculations made by the Company's actuary; and (v) performing procedures to confirm the existence and measurement of the fair value of the plan assets. Our procedures were performed with the assistance of our actuarial experts and also included an assessment of the disclosures made by the Company in the parent company and consolidated financial statements.<br><br>Based on the audit evidence obtained through our procedures, we understand that the criteria for measuring post-employment benefits, as well as the respective disclosures in the notes to the financial statements, are reasonable in the context of the parent company and consolidated financial statements taken as a whole. |
| **Regulatory Assets and Liabilities (Financial Asset and Financial Liability - "Portion A" - CVA) - (Notes 4.16.3, 4.18.4, and 13.1)** | |
| Regulatory assets and liabilities refer to the amounts originated from the difference between originally forecasted costs annually approved by the Regulatory Authority and those actually incurred by distributors over the tariff period in the subsequent period. This difference is a right | The main audit procedures performed, on a sample basis, to obtain audit evidence were (i) the recalculation of financial assets and liabilities; (ii) the conference of the amounts with the respective resolutions, orders, and technical notes; (iii) the review of the reconciliation made |

| Why is it a KAM? | How the matter was addressed in our audit |
|---|---|
| to be realized, in cases where costs actually incurred are higher than those forecasted, or an obligation, when incurred costs are lower than those forecasted. This item was considered as one of the key audit matters because of the relevance of the amounts involved, the value calculation system, which involves considerations regarding the eligibility of certain items (appropriations), as well as the amortization process that occurs through the receipt/refund of amounts in estimated basis, in different tariff periods, through tariffs to customers. | by the Company between sectorial financial assets and liabilities recorded with those annually ratified by the Regulatory Authority to compose the concessionaire's tariff; and (iv) the examination of selected documents that compose the costs incurred with the coverage values.<br><br>Based on the results of the audit procedures performed, we understand that the recorded amounts of appropriations and amortization are properly supported and substantiate the recognitions and disclosures made in the notes to the parent company and consolidated financial statements taken as a whole. |
| **Assessment of Impairment of non-financial assets (Notes 4.13 and 16.3)** | |
| On December 31, 2022, the Company's assets included fixed assets in the amount of R$ 126,094 thousand, whose recoverable amount must be assessed whenever there are indicators of loss. The evaluation of the recoverability of fixed assets is supported by analyses of indicators and estimates of future cash flow projections that consider the business plans, budgets and projections prepared by the Company and approved by governance bodies.<br><br>Due to the uncertainties related to determining the estimates and the impact that possible changes in the assumptions in the projection period could generate on the recoverable amounts, we consider this issue significant for our audit. | Our audit procedures included, among others: (i) updating the understanding on the allocation of fixed assets to cash-generating units (CGUs); (ii) involvement of our specialists in corporate finance to support the analysis of the significant assumptions and methodologies used by the Company, including discount rates, revenue projections, costs and expenses in the projection period for determining the discounted cash flows; (iii) evaluation of the consistency of the calculations, comparing them with effective performance and with previous forecasts; and (iv) evaluated whether the disclosure of the financial statements considers all relevant information.<br><br>Our audit procedures have shown that the judgments and assumptions used by Management in the earnings projection are reasonable. |

Centrais Elétricas de Santa Catarina S.A.

## Other matters

### Value Added Statement

The parent company and consolidated value added statements for the year ended December 31, 2022, prepared under the responsibility of the Company's management and presented as supplemental information for the purposes of IFRS, were submitted to audit procedures performed together with the audit of the Company's financial statements. For the formation of our opinion, we assessed whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria set forth in Technical Pronouncement CPC 09 – "Value Added Statement". In our opinion, these value added statements have been fairly prepared, in all material respects, according to the criteria defined in that Technical Pronouncement and are consistent with the parent company and consolidated financial statements taken as a whole.

## Other information accompanying the parent company and consolidated financial statements and the auditor's report

The Company's Management is responsible for such other information, which comprises the Management Report.

Our opinion on the parent company and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion on this report.

Together with our audit of the parent company and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether such report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement on the Management Report, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of management and those charged with governance for the parent company and consolidated financial statements

The Company's Management is responsible for the preparation and fair presentation of the parent company and consolidated financial statements according to the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determined is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the parent company and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to its operational continuity, and using the going concern basis of accounting in the preparation of the financial statements, unless management either intends to liquidate the Company or cease its operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

## Auditor's responsibilities for the audit of the parent company and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the parent company and consolidated financial statements, taken as a whole, are free of material misstatement, whether due to fraud or error, and issue an auditor's report containing our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted under Brazilian and international standards on auditing will always detect an existing material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit performed under Brazilian and international standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the parent company and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtained an understanding of internal controls relevant to the audit to design audit procedures that are appropriate to the circumstances, but not to express an opinion on the effectiveness of the internal controls of the Company and its subsidiaries.

- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether there is material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluated the overall presentation, structure, and content of the parent company and consolidated financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the management, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated with those charged with governance regarding, among other matters, the planned scope, timing of the audit works, and significant audit findings, including significant mismatches in internal controls that we may have identified during our audit.

We have also provided those in charge of governance with a declaration that we have complied with relevant ethical requirements, including those regarding independence, and communicated any relationships and matters that could considerably affect our independence, including, as applicable, its respective safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key Audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Florianópolis, March 29, 2023

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CRC 2SP000160/O-5

Leandro Sidney Camilo da Costa
Accountant CRC 1SP236051/O-7