



Celesc

4Q22 | EARNINGS RELEASE



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Ações com Top Along
Diferenciado **ITAG**

Índice de
Ações com Governança
Corporativa Diferenciada **IGC**

DISCLAIMER

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The information contained in this document related to business prospects, projected operating and financial results, and Celesc's growth outlooks are merely projections and, as such, are exclusively based on the Executive Board's expectations. These expectations crucially depend on market conditions, Brazil's economic performance, the industry, and international markets and, therefore, are subject to change.

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OPERATING AND FINANCIAL HIGHLIGHTS

 **EBITDA**
R\$223.8M (4Q22)
R\$1,079.4M (12M22)

 **Net Income**
R\$103.4M (4Q22)
R\$540.6M (12M22)

 **Annual Tariff Readjustment**
The average effect of 11.32%
(2022/2023 cycle)

 **PMOO**
R\$362.2M (4Q22)
R\$1,112.2M (12M22)

 **Net Operating Income**
R\$2.6B (4Q22)
R\$10.1B (12M22)

 **Consolidated Investment**
R\$358.0M (4Q22)
R\$1,325.4M (12M22)

 **Consolidated Net Debt**
R\$1,508.6M

 **Company Shares**
-3.21%(4Q22)
-12.22% (12 months)

RESULTS SUMMARY

| Main Results | 4 th Quarter | | | LTM 2022 | | |
|-------------------------------------------------------------|-------------------------|--------------|--------------|----------------|----------------|--------------|
| | 2021 | 2022 | Δ | 2021 | 2022 | Δ |
| Operational Indicators | | | | | | |
| Celesc Distribuição – Total Billed Energy (GWh) | 6,659 | 6,639 | -0.2% | 26,900 | 27,197 | 1.1% |
| Celesc Geração - Billed Energy (GWh) | 168 | 176 | 4.8% | 671 | 695 | 3.7% |
| Financial Indicators – Consolidated (R\$ Million) | | | | | | |
| Gross Operating Income | 4,258 | 3,878 | -8.9% | 16,989 | 15,974 | -6.0% |
| Net Operating Income | 2,803 | 2,581 | -7.9% | 11,342 | 10,083 | -11.1% |
| Net Operating Revenue (Excluding Construction Revenue) | 2,590 | 2,286 | -11.7% | 10,631 | 8,894 | -16.4% |
| Operating Costs and Expenses | (2,678) | (2,440) | -8.9% | (10,617) | (9,360) | -11.8% |
| Operating Costs and Expenses (excluding Construction Costs) | 2,465 | (2,145) | -13.0% | (9,906) | (8,161) | -17.6% |
| EBITDA (IFRS) | 208.2 | 223.8 | 7.5% | 1,043.1 | 1,079.4 | 3.5% |
| EBITDA Margin (IFRS) | 7.4% | 8.7% | | 9.2% | 10.7% | |
| EBITDA margin - ex-construction revenue | 8.0% | 9.8% | | 9.8% | 12.2% | |
| Adjusted EBITDA (non-recurring) | 250.2 | 283.0 | 13.1% | 1,064.5 | 1,140.0 | 7.1% |
| Adjusted EBITDA Margin, excluding Construction Revenue (%) | 9.7% | 12.4% | | 10.0% | 12.8% | |
| Net Income (IFRS) | 88.3 | 103.4 | 17.1% | 563.2 | 540.6 | -4.0% |
| Net Margin (IFRS) | 3.1% | 4.0% | | 5.0% | 5.4% | |
| Net margin - ex-construction revenue | 3.4% | 4.5% | | 5.3% | 6.1% | |
| Adjusted net profit (non-recurring) | 116.0 | 142.4 | 22.8% | 567.0 | 580.6 | 2.4% |
| Adjusted Net Margin, excluding Construction Revenue (%) | 4.5% | 6.2% | | 5.1% | 6.5% | |
| Investments in Generation and Power Distribution | 231.5 | 358.0 | 54.6% | 777.1 | 1,325.4 | 70.6% |

8.73 hours

EDC 2022 – below Aneel's limit, of 10.18 hours - 2022

6.03 interruptions

EFC 2022– below Aneel's limit, of 7.99 interruptions - 2022

27,197 GWh

total electricity consumption in Celesc's concession area in 2022

↑ 1.1% in 2022

compared to 2021 Celesc D's billed energy

7.32% in 2022

Total losses - value lower than the 7.96% reported in 2021

1. RELEVANT EVENTS¹

1.1 Santa Catarina citizens from all regions can pay their electricity bills via bank slips

1.2 Investment in the Generating Park prioritizes clean and renewable energy

1.3 Celesc is doubly awarded at a national accounting event

1.4 Fitch reaffirms the Ratings of Celesc and its subsidiaries

1.5 Celesc ranks 6th in SC in a ranking that evaluates the largest companies in the South of Brazil

1.6 Celesc receives Social Responsibility certification from Alesc

1.7 Celesc launches a portal for consumers to buy energy on the free market and from distributed generation plants

1.8 The Magic of Solidarity Christmas

1.9 Celesc is audited and maintains its quality certification in Service Processes

1.10 ANEEL recognizes compliance with technical indicators (DEC and FEC) and the efficiency of Celesc's financial management

¹ Further information on the main events of the period can be found in the Exhibits section in the end of this document.



Celesc
Distribuição S.A.

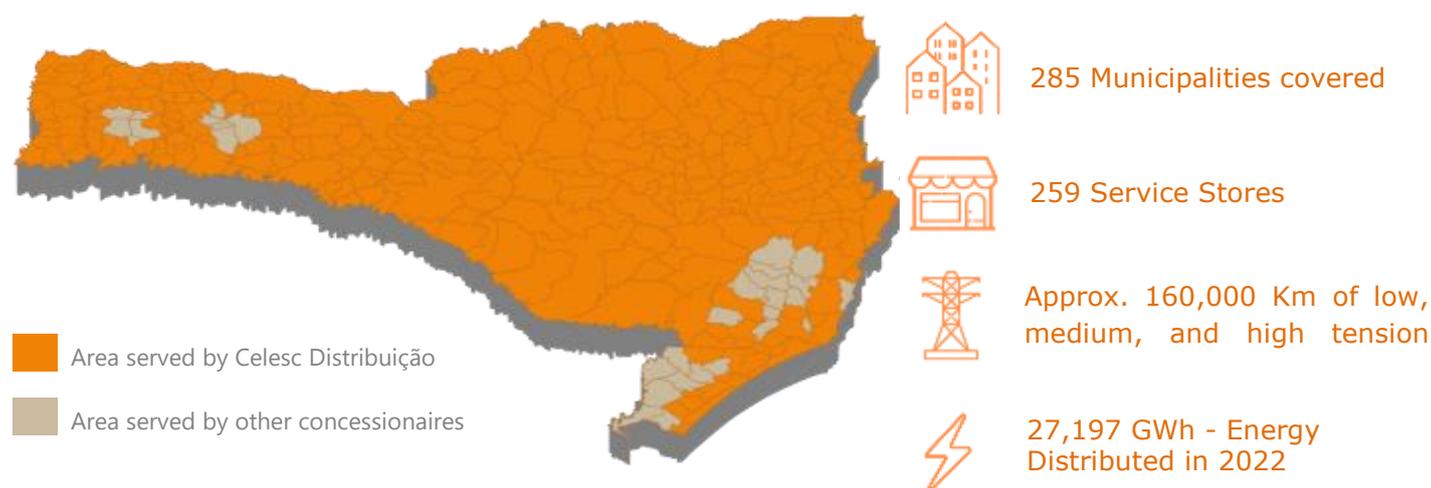
3. PERFORMANCE BY SEGMENT

3.1. CELESC DISTRIBUIÇÃO S.A.

3.1.1. Company's Profile

Operating Area

Celesc Distribuição S.A. stands out in the power distribution segment. It is headquartered in the city of Florianópolis. Below is CELESC's area of operation:



3.1.2. Economic and Financial Performance

3.1.2.1. Gross Operating Income, Net Operating Income, EBITDA, and Net Income

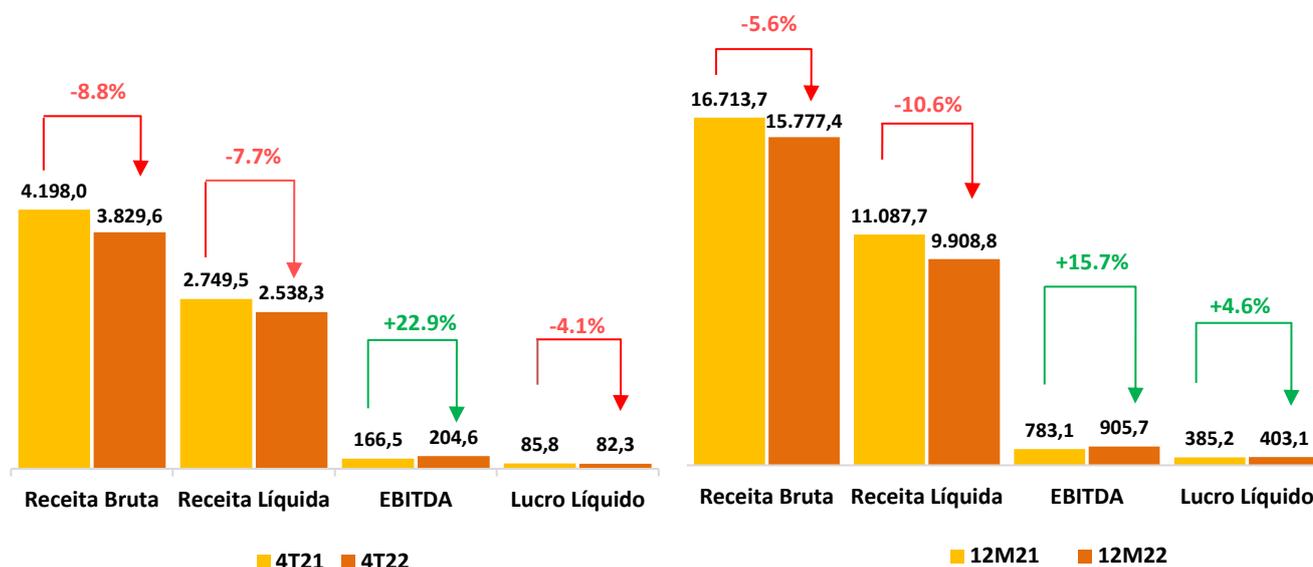
The table below shows Celesc Distribuição's main indicators in 4Q22 and 12M22.

Celesc Distribuição S.A. | Main Financial Indicators (IFRS)

| R\$ million | 4 th Quarter | | | Full year | | |
|-------------------------------------------------------------|-------------------------|----------------|---------------|-----------------|-----------------|---------------|
| | 4Q21 | 4Q22 | Δ | 12M21 | 12M22 | Δ |
| Gross Operating Income | 4,198.0 | 3,829.6 | -8.8% | 16,713.7 | 15,777.4 | -5.6% |
| Deductions from Operating Income | (1,448.5) | (1,291.3) | -10.9% | (5,626.1) | (5,868.6) | 4.3% |
| Net Operating Income | 2,749.5 | 2,538.3 | -7.7% | 11,087.7 | 9,908.8 | -10.6% |
| Net Operating Income (Excluding Construction Revenue) | 2,536.5 | 2,243.4 | -11.6% | 10,376.8 | 8,709.6 | -16.1% |
| Operating Costs and Expenses | (2,653.0) | (2,403.6) | -9.4% | (10,557.6) | (9,274.6) | -12.2% |
| Electricity Costs | (2,046.9) | (1,674.5) | -18.2% | 8,531.1 | (6,536.7) | -23.4% |
| Operating Expenses | (606.1) | (729.1) | 20.3% | (2,026.5) | (2,737.8) | 35.1% |
| Operating Costs and Expenses (excluding Construction Costs) | (2,440.0) | (2,108.7) | -13.6% | (9,846.7) | (8,075.4) | -18.0% |
| Earnings from Activities | 96.5 | 134.7 | 39.6% | 530.1 | 634.2 | 19.6% |
| EBITDA | 166.5 | 204.6 | 22.9% | 783.1 | 905.7 | 15.7% |
| EBITDA margin - IFRS | 6.1% | 8.1% | | 7.1% | 9.1% | |
| EBITDA margin (ex-construction costs) | 6.6% | 9.1% | | 7.5% | 10.4% | |
| Financial Result | 15.5 | (36.2) | 134.0% | 32.4 | (94.3) | 391.0% |
| Earnings Before Income Tax | 81.0 | 98.5 | 21.5% | 562.5 | 539.9 | -4.0% |
| IR/CSLL | 4.8 | 16.2 | -438.4% | 177.3 | 136.8 | |
| Net Income/Loss | 85.8 | 82.3 | -4.1% | 385.2 | 403.1 | 4.6% |
| Net Margin - IFRS | 3.1% | 3.2% | | 3.5% | 4.1% | |
| Net margin (ex-construction costs) | 3.4% | 3.7% | | 3.7% | 4.6% | |

Chart 01 shows the performance of **Gross Operating Income, Net Operating Income, EBITDA, and Net Income**.

Chart 01 - Gross Revenue, Net Revenue, EBITDA, and Net Income (R\$ million) - 4Q21/4Q22 and 12M21/12M22



Decrease of 0.2% in the quarter (4Q22), but growth of 1.1% for the accumulated 2022 (12M22) in the Billed Market



Lower loss level and higher regulatory coverage in the 5th Tariff Revision allowed increasing the financial value above the tariff coverage.



Reduction of 7.7% in the quarter (4Q22) and 10.6% in 2022 (12M22) in the Company's Net Operating Revenue (ROL).



EBITDA increased by 22.9% (R\$ 204.6 million) in the quarter and 15.7% (R\$ 905.7 million) in 2022.



Average tariff adjustment of 11.32% (2022/2023 cycle) and 5.65% (2021/2022 cycle).



Net Profit fell by 4.1% in 4Q22 (R\$82.3 million), but ended the year with an increase of 4.6% (R\$403.1 million) at the close of 2022.



Operating costs and expenses fell by 9.4% in the quarter (4Q22) and 12.2% in the year (12M22).



Investments of R\$333.4 million, up by 47.0% over 4Q21. Investments totaled R\$1,292.8 million in 2022, up by 71.7% over 2021.

3.1.2.3. Revenue

Charts 02 and 03 show the quarterly and annual variations in the main **Gross Revenue** lines.

Chart 02 - Variation in the main Gross Revenue lines (R\$ million) - 4Q21/4Q22

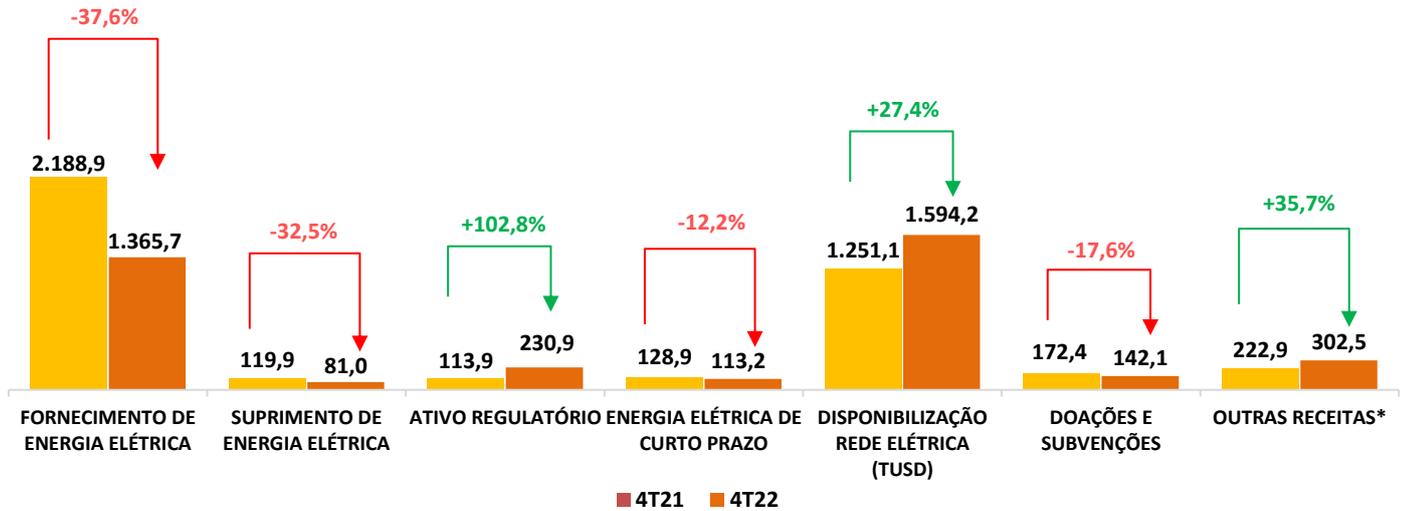
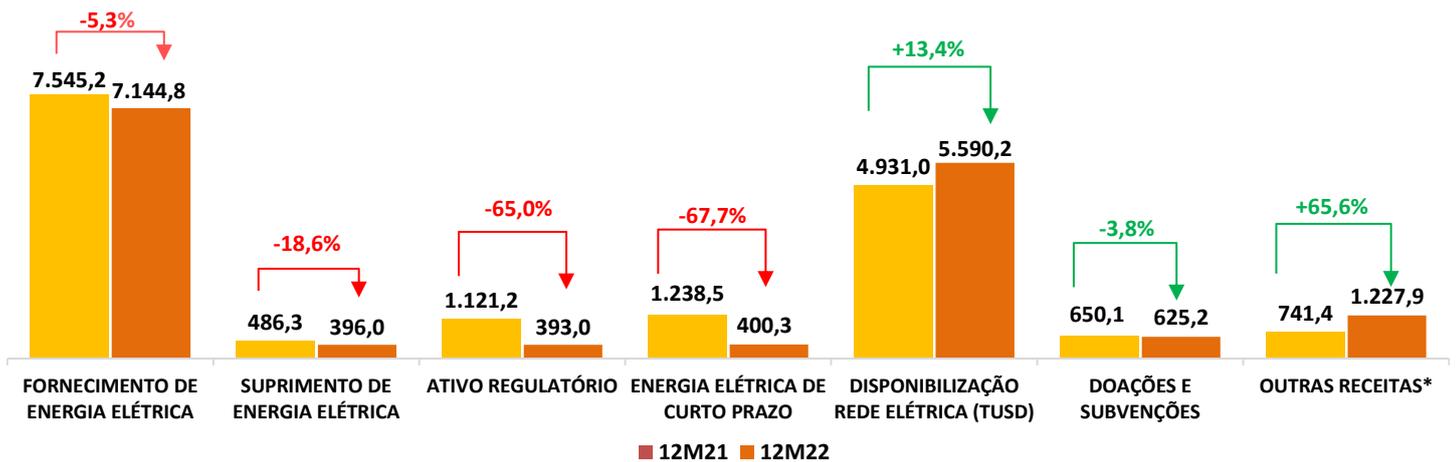


Chart 03 - Variation in the main Gross Revenue lines (R\$ million) - 12M21/12M22



* INCLUDES Income from Services Rendered, Taxed Service, Other Income and Construction Revenue

The main factors influencing **Gross Operating Income** were:

- Decrease of 37.6% in the quarter (5.3% in 2022) in the item **Electric Energy Supply, totaling R\$ 1,365.7 million (R\$ 7,144.8 million in the year)**, highlighting the reduction of revenues with **tariff flags that totaled R\$ 503.7 million in 4Q21 (R\$ 1.01 billion in 2021)**, in 4Q22 totaled R\$ 1.7 million and R\$ 808.1 million in 2022;
- **Regulatory Assets of R\$230.9 million in the quarter**, due to the net result of CVA in the period compared to 2021. Notably, in the annual comparison there was a reduction in the creation of CVA, **being R\$ 393.0 million in 2022 compared to R\$ 1.21 billion in 2021. This effect is neutralized by the energy costs;**
- **Short-Term Energy of R\$113.2 million in the quarter (R\$400.3 million in the year)**, down by 12.2% in the quarter (67.7% in the year), due to the **decrease in Difference Settlement Price ("PLD")** in the Electricity Trading Chamber (CCEE) that led to lower revenue in the Energy Surplus Sales Mechanism (MVE);

- Increase of **27.4% in this fourth quarter (13.4% in 12M22) in the Network Availability Revenue (TUSD)** compared to the fourth quarter of 2021, **totaling R\$1.59 billion (R\$5.59 billion in the year)**, which was positively impacted by the average annual readjustment of 11.32% started from August, as well as the average readjustment of 5.65% in the 5th Tariff Review cycle in 2021.
- In Other Revenues, we highlight the **recognition of R\$4.6 million in Expenses with VNR in 4Q22** and **R\$15.7 million in Revenue with VNR in the year**. It is worth mentioning that the NRV is updated according to the IPCA in the period, and it shows a positive variation of 1.21% in 4Q22 and 5.79% in 2022.
- We also emphasize the effects of Supplementary Law 194, of June 23, 2022, which limited ICMS rates in the States (this tax is included in electricity revenue at the distribution companies).

3.1.2.2. Operating Costs and Expenses.

Charts 04 and 05 below show the breakdown and evolution of the Company's Operating Costs and Expenses in 4Q22 and in the year.

Chart 04 - Operating Costs and Expenses (R\$ million) - 4Q21/4Q22

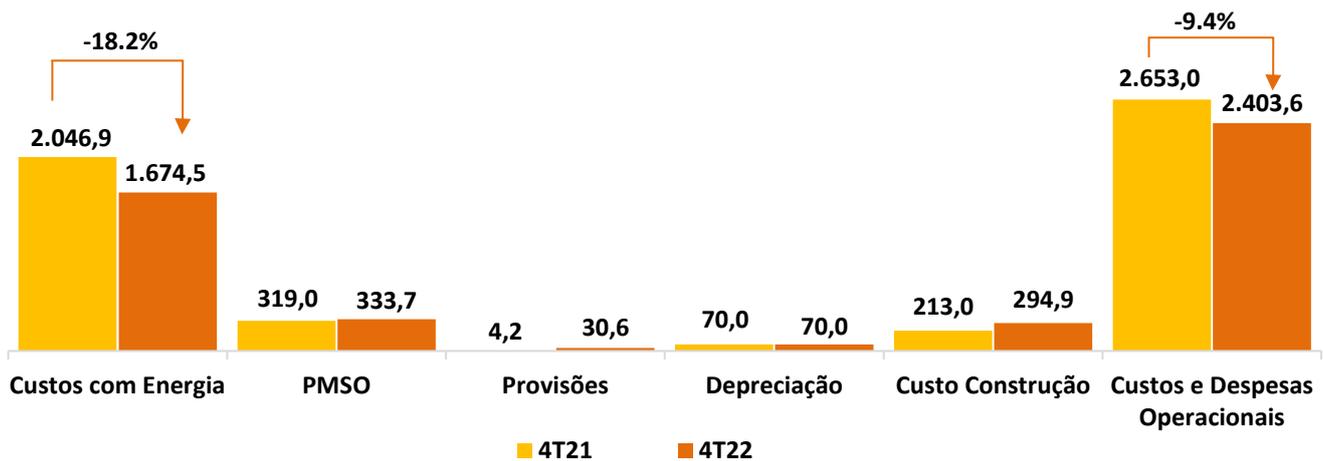


Chart 05 - Operating Costs and Expenses (R\$ million) - 12M21/12M22

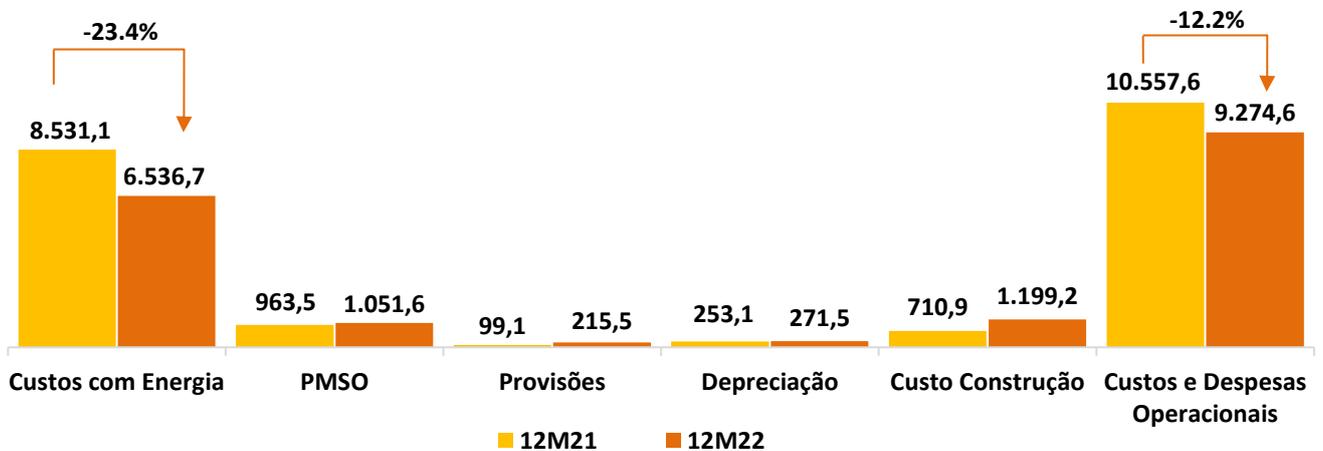
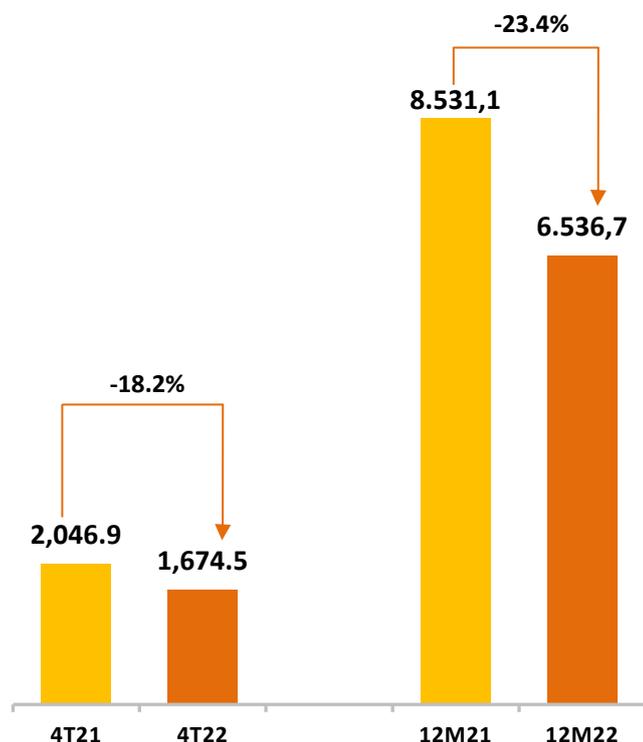


Chart 06, below, shows energy costs in 4Q22 and in the year:

Chart 06 - Energy Costs (R\$ Million) 4Q22/12M22



The main variations in Energy Costs in 4Q22/2022:

- i)** Reduction of 59.3% in average costs from contracting thermal energy in 3Q22 and a decrease of 17.8% in energy from Itaipu. The Company zeroed energy costs arising from Bilateral Contracts;
- ii)** Decrease of 18.2% in 4Q22 (23.4% in the year) in Electricity Purchased for Resale;
- iii)** PROINFA totaled R\$ 85.8 million in 4Q22 (R\$ 343.1 million in 12M22) versus R\$ 47.7 million in 4Q21 (R\$ 190.7 million in 12M21). This line is now included in Electricity Purchased for Resale;
- iv)** Decrease of 34.0% in 4Q22 (an increase of 12.1% in the year) in Charges for the Use of the System.

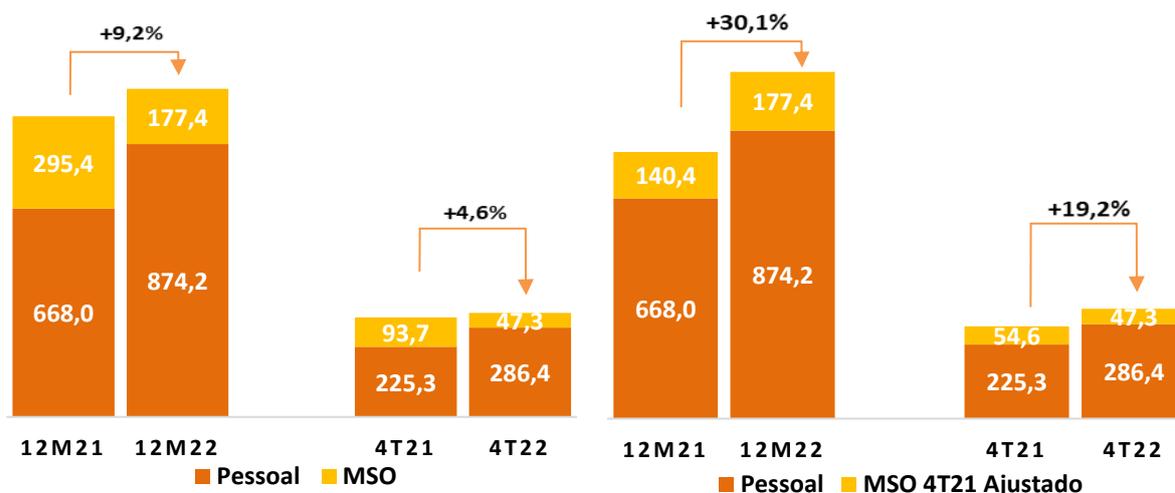
The variation in Energy Costs was mainly due to **lower dispatches of energy from thermoelectric plants, lower energy from Itaipu, and lower PLD in the period.** We emphasize that the variations in energy costs are captured by Portion a Revenue.

PMOO and Provisions

To comply with the Accounting Manual of the Electricity Sector, in 2022, the lines related to the payment of civil, labor, tax, and environmental indemnifications, and mass lawsuits are now directly recorded under Provisions. Until 2021, the Company reversed the provision upon recognition of the indemnification, recording an entry in Other Revenues/Expenses. Further information on the change mentioned above can be found in Note 33.3.2 of DFP 4Q22.

Accordingly, **chart 07 shows the evolution of PMOO (Personnel + MOO)** in line with the Company’s financial statements and the version with MOO 2021 adjusted by the new accounting practice. Both charts consider the net provisions created in the period.

Chart 07 –PMOO (Personnel + MOO) and PMOO (Personnel + MOO 4Q21 Adjusted) - (R\$ million)



The main factors influencing the performance of PMOO expenses in 4Q22 were:

- **27.1% increase in Personnel expenses** in 4Q22 (30.9% in 2022), due to higher actuarial expenses arising from the rise in the discount rate (Actuarial Report), the Collective Bargaining Agreements in October 2021 and 2022, and the staff.
- **A 49.5% reduction in MSO expenses (39.9% in the year 2022) and, when adjusted, shows a 13.4% decrease in the fourth quarter and a 26.4% increase in the year 2022.** The main variations are as follows:

- **Third-Party Materials and Services:** In 4Q22, the Company recorded higher expenses with Materials (+78.1% in 4Q22 and +100.8% in the year) and Third-Party Services (+8.8% in 4Q22 and +12.2 in 2022), negatively impacting expenses. We highlight the following items: (i) LIES (-R\$4.5 million in the quarter/ -R\$15.6 million in the year); (ii) Grubbing (-R\$127.6 thousand in the quarter/ +R\$1.9 million in the year); (iii) Network Maintenance (+R\$1.9 million in the quarter/ +R\$7.7 million in the year); (iv) Call Center Telephony (-R\$700 thousand in the quarter/ +R\$1.4 million in the year); (v) Consultancy Services (+R\$712 thousand in the quarter/ +R\$76.5 thousand in the year); (vi) Legal Contracted Labor (+R\$1.5 million in the quarter/ +R\$4.0 million in the year); (vii) Maintenance. Software Support (+R\$995 thousand in the quarter/ +R\$3.2 million in the year); and (viii) Fuel Supply (+R\$271 thousand in the quarter/ +R\$4.0 million in the year). The increase in these items was due to the resumption of the Company's in-person activities in 2022, the adjustments of contracts impacted by inflation rates, and the re-mobilization of services and contracts in progress in 2021, due to contingency made in 2020.
- In **Other Revenues/Expenses**, there was a positive contribution with an increase in net revenues, which for the quarter totaled R\$52.8 million (R\$187.0 million for the year), with the following highlights: (i) Revenue from Infrastructure Sharing Contracts which totaled R\$60.9 million in the quarter (+26.6%) and R\$ 225.4 million in the year (+23.7%); (ii) Collection Fee, which in 4Q22 totaled R\$ 7.9 million (-12.7%) and R\$ 34.6 million in 2022 (-0.2%); (iii) Lease Rentals, totaling R\$ 589 thousand in the quarter and R\$ 2.3 million in 2022 and; (iv) Vehicles, totaling R\$ 1.8 million in 4Q22 and R\$ 1.4 million in 2022. As

previously informed, this line was impacted by the change in the recognition of indemnifications.

The table, below, describes the comparison of **Personnel expenses**, disregarding the IDP expenses between the periods 2021 and 2022, there was an **expansion of 24.2% in the quarter (34.8% year 2022)** due to the factors already detailed above.

Celesc Distribuição S.A. | Total Personnel Expenses

| R\$ million | 4 th Quarter | | | Full year | | |
|-----------------------------------|-------------------------|----------------|--------------|----------------|----------------|--------------|
| | 4Q21 | 4Q22 | Δ | 12M21 | 12M22 | Δ |
| Total Personnel | (225.3) | (286.4) | 27.1% | (668.0) | (874.2) | 30.9% |
| Personnel and Management | (229.0) | (251.9) | 10.0% | (675.5) | (749.1) | 10.9% |
| <i>Personnel and Charges</i> | (220.5) | 242.2 | 9.8% | (649.5) | 718.8 | 10.9% |
| <i>Private Pension Plan</i> | 8.6 | 9.7 | 13.4% | (26.0) | (30.3) | 16.6% |
| Actuarial Expenses | 3.7 | (34.6) | -1025.2% | 7.5 | (125.1) | -1773.3% |
| PDI | (42.0) | (58.7) | | (63.9) | (60.1) | |
| Personnel Expenses w/o PDI | (183.3) | (227.8) | 24.2% | (604.1) | (814.1) | 34.8% |

Celesc Distribuição is the sponsor of Fundação Celesc de Seguridade Social - CELOS, a non-profit closed private pension fund entity, which manages the pension benefit plans and the healthcare plan offered to its employees. Expected Expenses/Income are calculated by projecting the variations of actuarial obligations and the fair value of the plan's assets, and are recognized in the Income Statement, according to the Annual Actuarial Evaluation of Post-Employment Benefits, carried out by independent actuaries.

The following table presents the **balance of Actuarial Liabilities on December 31, 2022, compared to the close of 2021**, showing a reduction of 5.8% in the estimated obligations of Celesc Distribuição:

CELESC DISTRIBUIÇÃO S.A. | Actuarial Liabilities

| R\$ million | On December 31, 2021 | On December 31, 2022 | Var. % |
|---------------------------------------|----------------------|----------------------|---------------|
| Pension Benefit Plans | 880.7 | 740.7 | -15.9% |
| Transition/Mixed Plan | 880.7 | 740.7 | -15.9% |
| Other Post-Employment Benefits | 1,137.6 | 1,161.4 | 2.1% |
| Healthcare Plan | 1,078.7 | 1,107.0 | 2.6% |
| Other Benefits | 58.9 | 54.4 | -7.6% |
| Total | 2,018.3 | 1,902.2 | -5.8% |
| <i>Short Term</i> | 219.5 | 242.2 | 10.3% |
| <i>Long-Term</i> | 1,798.7 | 1,659.9 | -7.7% |

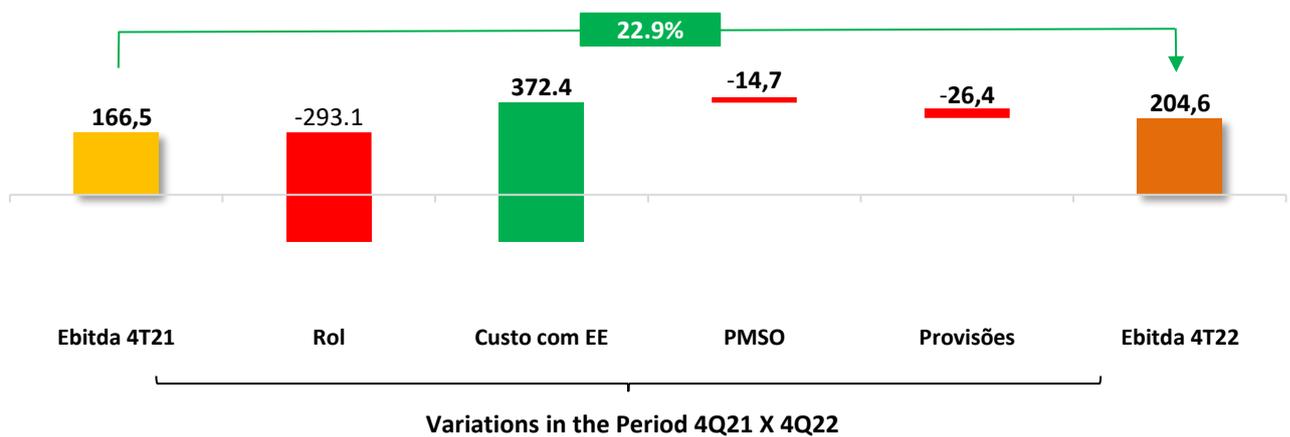
Net provisions were R\$30.6 million this quarter (R\$215.6 million in 2022), an increase of 635.3% compared to last year's fourth quarter (4Q21), and 117.6% higher than in 2021 (12M21). This line was also impacted by the change in accounting recognition. Considering the new methodology, the net provisions would have registered a 29.2% drop in the level of provisions in 4Q22 and a 15.2% drop in the year 2022.

- Net **Allowance for Doubtful Accounts totaled R\$9.6 million** in the quarter (R\$74.6 million in the year) a 55.7% decrease in the quarter (24.7% year-on-year) from R\$21.6 million in 4Q21 (R\$99.0 in 12M21).
- The **Other Net Provisions item (Labor, Civil, Tax and Environmental) recorded a negative impact of R\$21.0 million** (compared to the positive impact of R\$17.4 million in 4Q21). In the year were provisioned R\$ 141.0 million of this line in 12M22 (R\$ 0.03 million in 12M21). Considering only the Reversal of Other Provisions line, the decrease was 74.6% in 4Q22 (82.0% in the year) to R\$12.7 million in 4Q22 (R\$35.3 million in 12M22). This line was also impacted by the previously mentioned accounting recognition change. Considering the new methodology, the item Reversals of Other Provisions would have registered an increase of 14.6% in the quarter and a decrease of 14.7% in the accumulated 2022.

3.1.2.3. EBITDA and Net Income

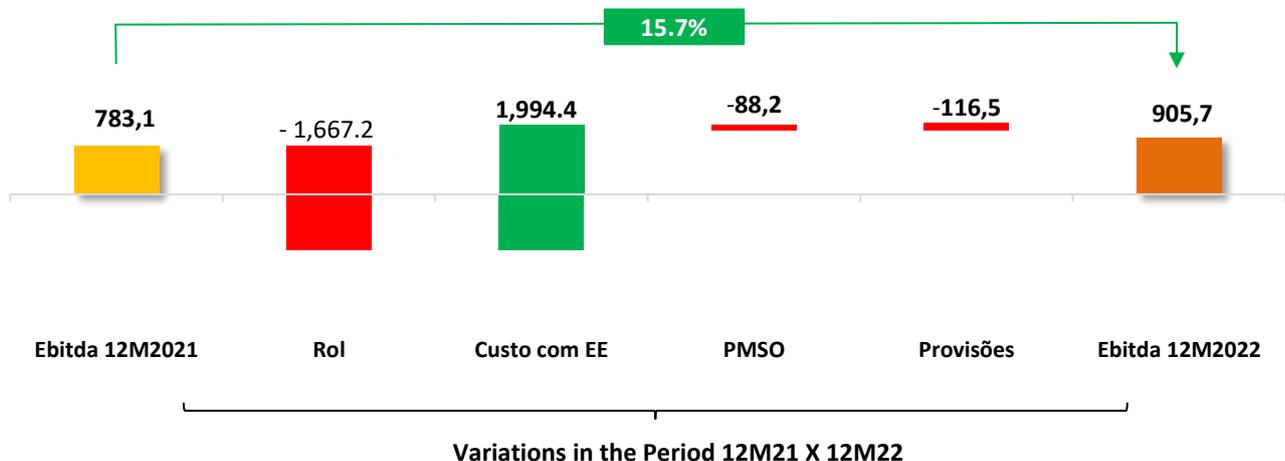
Graphs 08 and 09 show the evolution of EBITDA:

Chart 08 – EBITDA Formation 4Q22 (R\$ million)



In Q422, **Celesc Distribuição's EBITDA presented an increase of 22.9%, registering R\$ 204.6 million.** In YTD, growth was 15.7% (+R\$122.6 million), **totaling R\$905.7 million.**

Chart 09 – EBITDA Formation 12M22 (R\$ million)



The main factors contributing to EBITDA performance were (i) the **Generation of Part B** higher compared to 4Q21 with an impact of R\$66.6 million (R\$266 million in the year); (ii) positive impact with the **Reduction of Losses** compared to 4Q21, representing a reduction of R\$12.3 million in this fourth quarter (R\$89.2 million in the year); (iii) **Increase in manageable expenses**, of R\$ 40.8 million in the quarter (R\$ 201.5 million), especially impacted by the increase in the accounting of actuarial expenses arising from the increase in the discount rate of the Actuarial Report.

Regarding Financial Results, the **Financial Income for the quarter was R\$83.0 million (R\$444.2 million in 12M22)**, up 20.2% (+R\$13.9 million) in the quarter and 71.3% (+R\$184.8 million) at the end of 2022, highlighting the items: (i) Income from Financial Investments, up 354.6% in the quarter (R\$30.2 million) and 439.7% (R\$120.5 million) in the year-to-date 2022; (ii) Interest and Moratory Accruals, totaling R\$20.9 million in the quarter (R\$14.2 million of moratory accruals and R\$6.2 million of interest) and R\$107.8 million in the year (R\$ 72 million in Late Payment Additions and R\$ 35.9 million in interest); (iii) Monetary Variations, a 53.1% decrease in the quarter (R\$7.3 million) and 40.5% year-on-year (R\$48.5 million); (iv) Other Financial Income (R\$1.8 million in the quarter and R\$8.7 million in the year).

The Financial Expenses totaled R\$ 119.2 million in the quarter, an increase of 41.0% (+R\$ 34.6 million) about the comparative period of 4Q21, and in the year the increase was 137.3% (+R\$ 311.6 million) totaling R\$ 538.5 million. Below are the main factors of influence: (i) Debt Charges, totaled R\$ 278.9 million in the year) resulting from: 1) Interest paid on the debt stock (R\$25.3 million in the quarter and R\$91.5 million in the year) and its main indexer (CDI rate); 2) Charges of the mathematical reserve, having an impact of R\$6.2 million in the quarter and R\$38.2 million in the year to date and 3) IDB Financial Expenses, being R\$36.3 million in the quarter and R\$136.9 million in the year; (iii) vegetation clearing (R\$5.2 million in 3Q21 and R\$13.9 million in 9M21); (iv) contracted labor (R\$3.5 million in 3Q21 and R\$17.1 million in 9M21); and (v) call center (R\$3.2 million in 3Q21 and R\$12.2 million in 9M21). (iv) Update of the R&D and Energy Efficiency totaling R\$ 3.1 million in the fourth quarter and R\$ 11.8 million in 2022; (v) In the other expenses account, R\$ 1.5 million were recorded for the quarter and R\$ 29.9 million for the year. It is worth mentioning that the Company's indebtedness is mostly post-fixed and indexed to the CDI, which rose substantially between the analyzed periods. In 2022 the Financial Expenses registered, as described above, an increase of 137.3% (+R\$ 311.6 million) registering R\$ 538.5 million at the end of 2022 against R\$ 226.9 at the end of 2021.

The Company's Financial Result has been affected by the policy to increase interest rates implemented by the Monetary Authority. In addition, the balance of the Financial Liabilities line was higher in 2022 compared to 2021, (R\$26.5 million in 2021 versus R\$128.2 million in 2022), negatively impacting the financial result. It is worth noting that the balances of Financial Assets and Liabilities are adjusted by the Selic rate, impacting the financial revenue/expenses line of Regulatory Asset. The table below shows the breakdown of the main lines covered in our explanation:

Celesc Distribuição S.A. | Main Financial Indicators (IFRS)

| R\$ million | 4 th Quarter | | | Full year | | |
|---------------------------------------------|-------------------------|---------------|---------------|--------------|---------------|----------------|
| | 4Q21 | 4Q22 | Δ | 12M21 | 12M22 | Δ |
| Earnings from Activities - EBIT | 96.5 | 134.7 | 39.6% | 530.1 | 634.2 | 19.6% |
| Activities Margin (%) | 3.5% | 5.3% | | 4.8% | 6.4% | |
| EBITDA | 166.5 | 204.6 | 22.9% | 783.1 | 905.7 | 15.7% |
| EBITDA Margin (%) | 6.1% | 8.1% | | 7.1% | 9.1% | |
| Financial Result | 15.5 | (36.2) | 134.0% | 32.4 | (94.3) | -391.0% |
| Financial Revenue | 69.1 | 83.0 | 20.2% | 259.4 | 444.2 | 71.3% |
| Finance Expenses | (84.5) | (119.2) | 41.0% | (226.9) | (538.5) | 137.3 |
| Earnings Before Income Tax | 81.0 | 98.5 | 21.5% | 562.5 | 539.9 | -4.0% |
| IR and CSLL | 12.3 | (20.5) | -266.3% | (125.6) | (152.9) | 21.7% |
| Deferred Income Tax and Social Contribution | (7.5) | 4.3 | 156.9% | (51.6) | 16.1 | 131.2% |
| Net Income | 85.8 | 82.3 | -4.1% | 385.2 | 403.1 | 4.6% |
| Net Margin (%) | 3.1% | 3.2% | | 3.5% | 4.1% | |

Finally, the Net Income in the last quarter was R\$82.3 million (R\$403.1 million in 2022), 4.1% lower than in the fourth quarter of 2021. In the year, the increase was 4.6% (+R\$ 17.9 million), pointing to R\$ 403.1 million in 2022, compared to R\$ 385.2 million in 2021. The factors determining the profit variation in 4Q22 were the same as those outlined in the EBITDA analysis, in addition to the financial result.

Chart 10 – Net Income Formation 4Q22 (R\$ million)

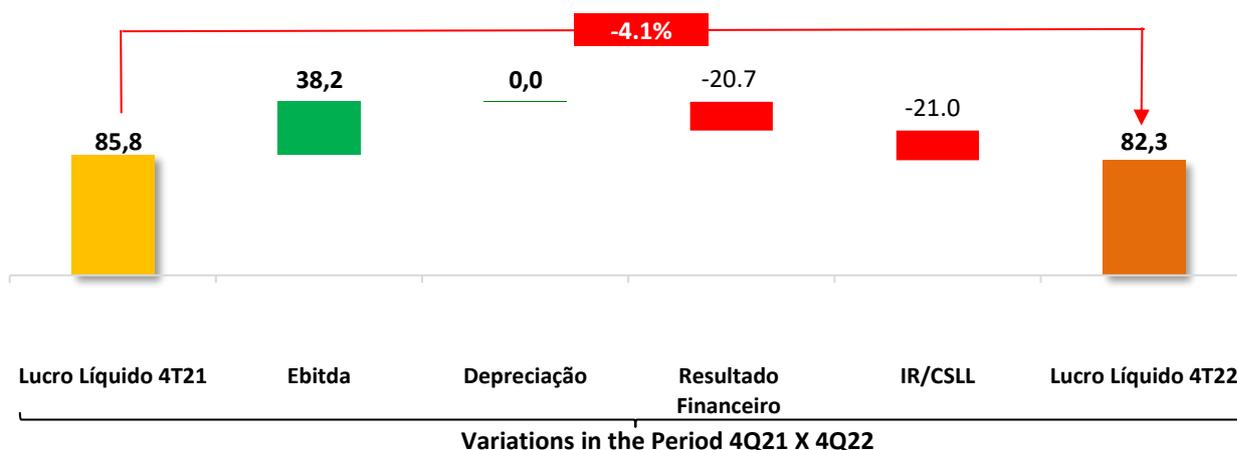
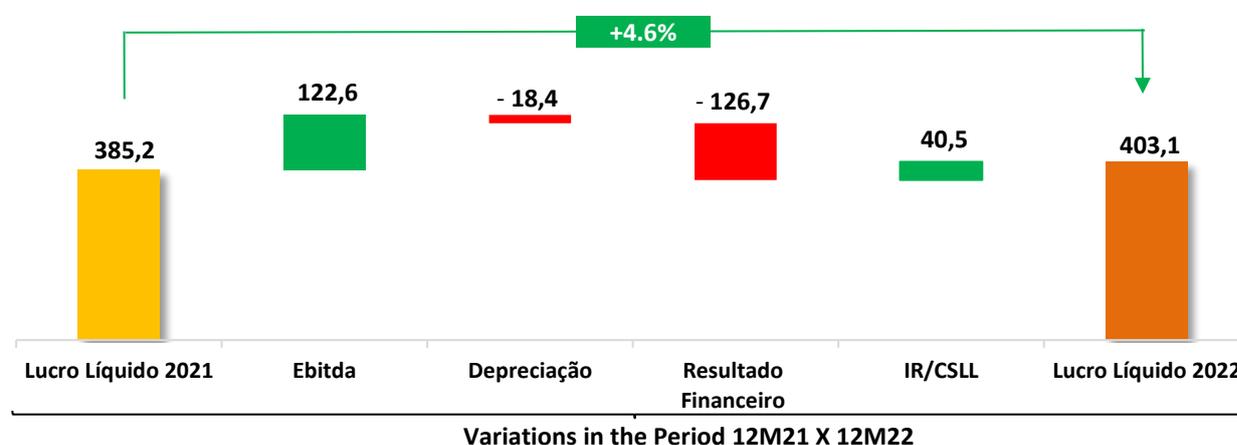


Chart 11 – Net Income Formation 12M22 (R\$ million)



The tables below show the reconciliation of EBITDA and Adjusted Income, considering the non-recurring effects of 2021 and 2022.

Celesc Distribuição S.A. | IFRS EBITDA - Non-recurring

| R\$ Million | 4 th Quarter | | | Full year | | |
|------------------------------------------------------------|-------------------------|---------------|--------------|---------------|---------------|--------------|
| | 2021 | 2022 | Δ | 12M21 | 12M22 | Δ |
| EBITDA | 166.5 | 204.6 | 22.9% | 783.1 | 905.7 | 15.7% |
| (-) Non-recurring effects | (42.0) | (58.7) | | (63.9) | (60.1) | |
| (-) Voluntary Separation Program - PDI | (42.0) | (58.7) | | (63.9) | (60.1) | |
| (=) Adjusted EBITDA | 208.4 | 263.3 | 26.3% | 847.0 | 965.8 | 14.0% |
| EBITDA Margin - IFRS (%) | 6.6% | 8.1% | | 7.5% | 9.1% | |
| Adjusted EBITDA Margin, excluding Construction Revenue (%) | 8.2% | 11.7% | | 8.2% | 11.1% | |

Celesc Distribuição S.A. | IFRS NET PROFIT - Non-recurring

| R\$ Million | 4 th Quarter | | | Full year | | |
|---------------------------------------------------------|-------------------------|---------------|--------------|---------------|---------------|-------------|
| | 2021 | 2022 | Δ | 2021 | 2022 | Δ |
| Net Income/Loss (Reported IFRS) | 85.8 | 82.3 | -4.1% | 385.2 | 403.1 | 4.6% |
| (-) Non-recurring effects | (27.7) | (38.7) | | (42.2) | (39.7) | |
| (-) Voluntary Separation Program - PDI | (27.7) | (38.7) | | (42.2) | (39.7) | |
| (=) Adjusted Net Income | 113.5 | 121.0 | 6.6% | 427.4 | 442.8 | 3.6% |
| Net Margin - IFRS (%) | 3.4% | 3.2% | | 3.7% | 4.1% | |
| Adjusted Net Margin, excluding Construction Revenue (%) | 4.5% | 5.4% | | 4.1% | 5.1% | |

3.1.2.4. Indebtedness

In December 2022, Gross Financial Debt of Celesc Distribuição totaled R\$2,488.5 million, up by 23.5% (R\$472.8 million) over the R\$2,015.7 million reported at the end of 2021 (4Q21).

The variation is explained by the Company's transaction with Banco Safra in 1Q22. Which consists of a **Bank Credit Note ("CCB"), of R\$550 million**, raised to strengthen cash. The transaction has a total term of 36 months, the first 18 months of which correspond to the amortization grace period. Amortization will be made on a six-month basis. The contracted rate was CDI+1.65% p.a.

The Company maintains most of its indebtedness concentrated in the long term, as shown in the table below. It can also be seen that the Company's leverage is at low and preserved levels, as represented by the "Net Debt/EBITDA" ratio.

The Net Financial Debt registered in December 2022 **the value of R\$1,652.9 million**, an increase of 31.0% (+R\$390.9 million) compared to December 2021. This variation was mainly due, fundamentally, to the issuance of a **Bank Credit Note ("CCB"), of R\$ 550 million reais**, as highlighted above.

Celesc Distribuição S.A. | Indebtedness

| 4Q22 Financial Debt | | | |
|--------------------------------------------|----------------------|----------------------|--------------|
| R\$ Million | On December 31, 2021 | On December 31, 2022 | Δ |
| Short-Term Debt | 227.7 | 586.6 | 157.6% |
| Long-Term Debt | 1,788.0 | 1,902.0 | 6.4% |
| Total Financial Debt | 2,015.7 | 2,488.5 | 23.5% |
| (-) Cash and Cash Equivalents | 753.8 | 835.7 | 10.9% |
| Net Financial Debt | 1,261.9 | 1,652.9 | 31.0% |
| EBITDA (LTM) | 783.1 | 905.7 | 15.7% |
| Fin. Debt Net / EBITDA 12M | 1.6x | 1.8x | |
| ADJUSTED EBITDA (LTM) | 847.0 | 965.8 | 14.0% |
| Fin. Debt Net / Adjusted EBITDA 12M | 1.5x | 1.7x | |
| Equity | 1,483.5 | 1,716.7 | 15.7% |
| Fin. Debt Total / Equity | 1.4x | 1.4x | |
| Fin. Debt Net / Equity | 0.9x | 1.0x | |

In December 2022, the Net Actuarial Liabilities item fell by 7.3%. When we include it in the Company's total debt and deduct Cash and Cash Equivalents, the **Adjusted Net Financial Debt** amounts to **R\$2,995.4 million, up by 10.5%** over December 2021.

Celesc Distribuição S.A. | Indebtedness + Actuarial Liabilities

| Financial Debt + Post-Employment Benefits - 4Q22 | | | |
|--------------------------------------------------|----------------------|----------------------|--------------|
| R\$ Million | On December 31, 2021 | On December 31, 2022 | Δ |
| Short-Term Debt | 227.7 | 586.6 | 157.6% |
| Long-Term Debt | 1,788.0 | 1,902.0 | 6.4% |
| Total Financial Debt | 2,015.7 | 2,488.5 | 23.5% |
| (+) Net Actuarial Liabilities | 1,447.8 | 1,342.6 | -7.3% |
| Social Security Obligations | 880.7 | 740.7 | -15.9% |
| Other employee benefits | 1,137.6 | 1,161.4 | 2.1% |
| (-) Income taxes deferred | 570.4 | 559.6 | -1.9% |
| (-) Cash and Cash Equivalents | 753.8 | 835.7 | 10.9% |
| Adjusted Net Debt | 2,709.7 | 2,995.4 | 10.5% |
| EBITDA (LTM) | 783.1 | 905.7 | 15.7% |
| Adjusted Net Debt/12M EBITDA | 3.5x | 3.3x | |
| ADJUSTED EBITDA (LTM) | 847.0 | 965.8 | 14.0% |
| Adjusted Net Debt/Adjusted EBITDA 12M | 3.2x | 3.1x | |
| Equity | 1,483.5 | 1,716.7 | 15.7% |
| Total Adj. Debt / Equity | 2.3x | 2.2x | |
| Adjusted Net Debt / Equity | 1.8x | 1.7x | |

The table² below details annual amortization schedule at the close of 2022.

| Celesc Distribuição - 4Q22 Debt Breakdown (R\$ thousand) | | | | | | | | | | |
|----------------------------------------------------------|---------------------------------|------------------|-------------|---------------------|----------------|----------------|----------------|---------------|----------------|---------------------------|
| Description | | | | Annual Amortization | | | | | | Outstanding Balance Total |
| Company | Contracts | Issue Date | Rate (p.a.) | 2023 | 2024 | 2025 | 2026 | 2027 | 2027 to 2043 | |
| Celesc D | Eletróbrás - D | Jan/13 | 5.00% | 872 | 872 | 364 | - | - | - | 2,108 |
| Celesc D | Finame - D | Jul/12 to Dec/15 | 8.54% | 2,388 | 267 | - | - | - | - | 2,654 |
| Celesc D | Working capital - D | Apr/19 | CDI + 0.80% | 93,056 | - | - | - | - | - | 93,056 |
| Celesc D | Working capital - D | Feb/22 | CDI + 1.65% | 137,500 | 275,000 | 137,500 | - | - | - | 550,000 |
| Celesc D | 3 rd Debenture Issue | Aug/18 | CDI + 1.90% | 49,999 | - | - | - | - | - | 49,999 |
| Celesc D | 4 th Debenture Issue | Apr/21 | CDI + 2.60% | 153,488 | 153,489 | 153,488 | 51,163 | - | - | 511,628 |
| Celesc D | IDB - D | Oct/18 | CDI + 1.35% | - | 56,596 | 56,596 | 56,596 | 56,596 | 905,538 | 1,131,923 |
| Celesc D | Loan 5 th G - D | Nov/21 | CDI + 2.10% | 70,000 | - | - | - | - | - | 70,000 |
| Celesc D - Total | | | | 507,303 | 486,224 | 347,948 | 107,759 | 56,596 | 905,538 | 2,411,367 |

Charts 12 and 13 outline the estimated maturity schedule of loans and financing and the average indebtedness term, with a position in December 2022.

Chart 12 – Amortization Schedule – December/2022 (R\$ Million)

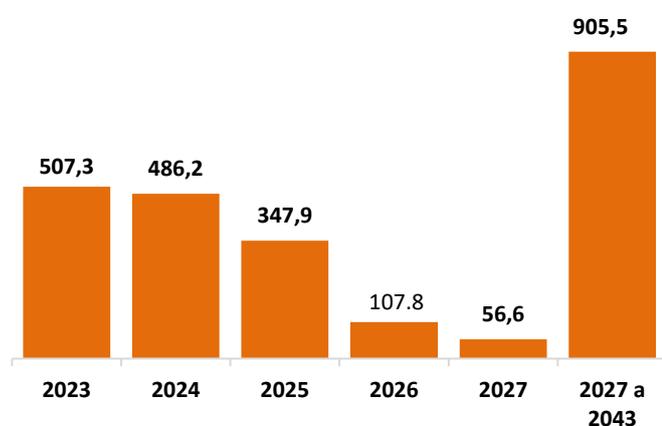
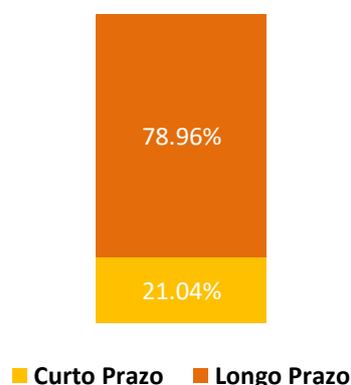


Chart 13 – Average Indebtedness Term – December/2022



In the last few years, the Company has been extending the debt profile by concentrating it on the long term. **78.96% of the debt is in the long term while 21.04% is in the short term**, as reported at the end of 4Q22.

It is worth noting that the **Company's Average Cost of Debt was 15.54%** and the **Average Term was 11.37 years (136 months)**.

² Excluding charges on debt.

3.1.2.5. Investments

Charts 14 and 15 show Celesc Distribuição's **investments** in capital goods (CAPEX) from 2017 to 2022, as well as the CAPEX breakdown in 4Q22.

In 4Q22, the investments to expand and improve the system, increase operating efficiency, and streamline the company's management, totaled R\$333.4 million, up by 47.0% (+R\$106.6 million), compared to the R\$226.9 million recorded in 4Q21.

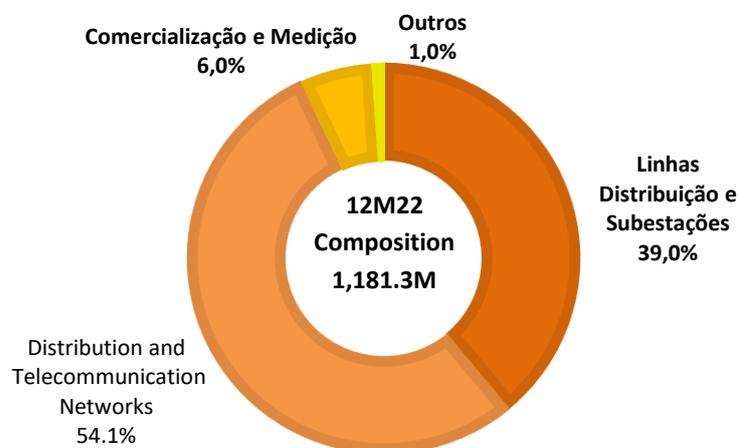
The investments made in 2022 (12M22) in the same items mentioned in the previous paragraph, totaled R\$ 1,292.8 million, an expansion of 71.7% (+R\$ 539.7 million), compared to the same period in 2021, when the amount was R\$ 753.1 million.

The highlights were the investments in the Distribution segment in 2022, to compose the Company's Regulatory Asset Base (RAB), which totaled **R\$1,81.3 million – 91.4% of total CAPEX, as shown below:**

- Distribution Lines and Substations, totaling **R\$460.5 million – 39.0%** of RAB CAPEX;
- Distribution and Telecommunication Networks, totaling **R\$638.8 million – 54.1%** of RAB CAPEX;
- Trading and Measurement, totaling **R\$70.4 million – 6.0%** of RAB CAPEX;
- Other Investments, totaling **R\$11.6 million – 1.0%** of RAB CAPEX.

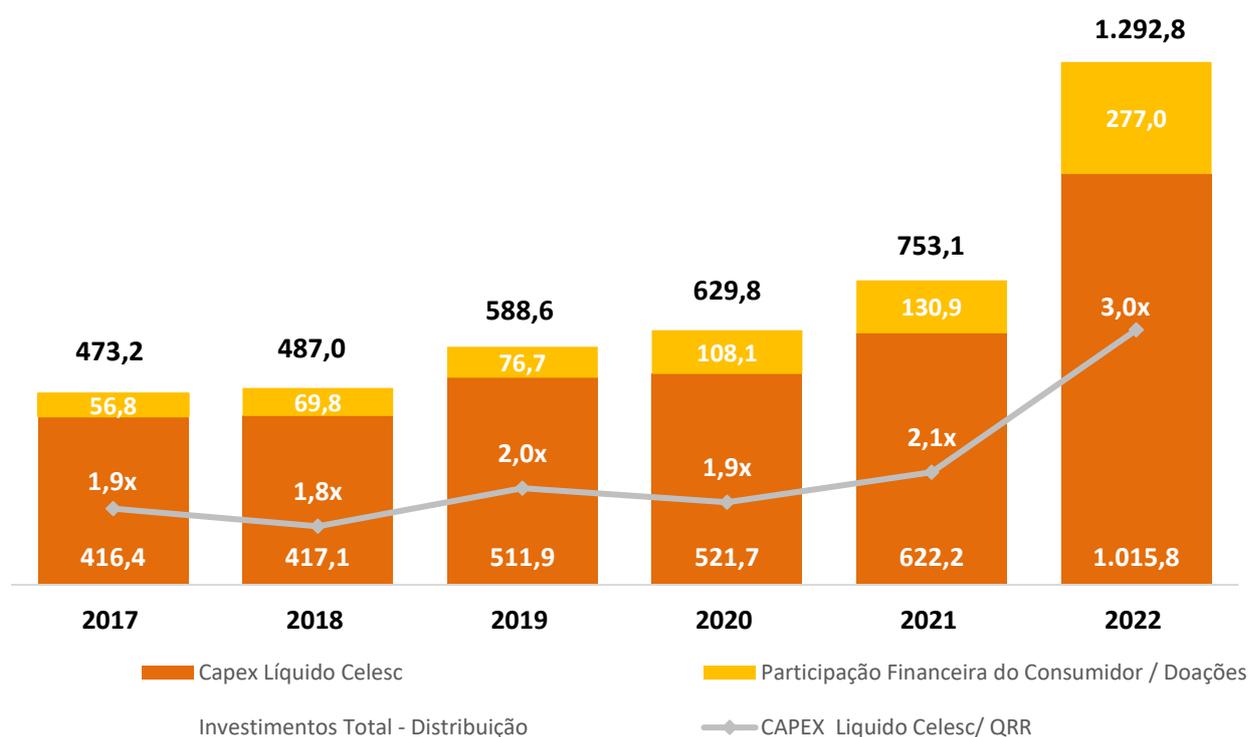
Moreover, in 2022, Celesc Distribuição made mandatory investments of **R\$10.3 million in Research and Development (R&D)** and **R\$27.2 million in Energy Efficiency**.

Chart 14 - Investment Breakdown RAB CAPEX



Of the R\$ 333.4 million in investments made in 4Q22, R\$ 76.8 million were Consumer Financial Participation or Donations and R\$ 256.6 million were investments made directly by Celesc. In the year 2022 (12M22) R\$ 1,292.8 million of investments were made, R\$ 277.9 million came from Consumer Financial Participation or Donations and R\$ 1,015.8 million were investments made directly by Celesc. In 2022 the direct investments made by Celesc were 3X greater than the Regulatory Remuneration Quota - QRR for the period.

Chart 15 - CAPEX Celesc Distribuição (R\$ million)



Celesc + Energia Program

The CELESC + Energia Program corresponds to several interventions proposed to expand and improve the quality of power distribution in Celesc-D's concession area.

Designed to last five years, the Program started on October 31, 2018, and is currently operating with expected investments of US\$377,280,500.00, of which US\$276,051,000.00 is funded by the Interamerican Development Bank (IDB) and US\$101,229,500.00 by Celesc-D.

Until 4Q22, the Program's investments totaled US\$296.4 million, invested in new distribution lines and substations, implementation of new substations, and expansion of existing substations, among others. Some goals already achieved are worth mentioning: (i) 262.74 MVA increase in the network through new substations implemented; (ii) 423.53 MVA increase in the network through expansions in existing substations; (iii) 116.52 km increase of new high tension lines installed; (iv) addition of 291 installed equipment in existing substations; (v) 817.20 MVA increase arising from the expansion of the transformation power of the medium tension distribution network; (vi) 344 new feeders installed; (vii) 1,505.05 km of distribution network improved; (viii) 964.45 electricity meters installed/replaced, and (ix) 3,303 distribution equipment replaced.

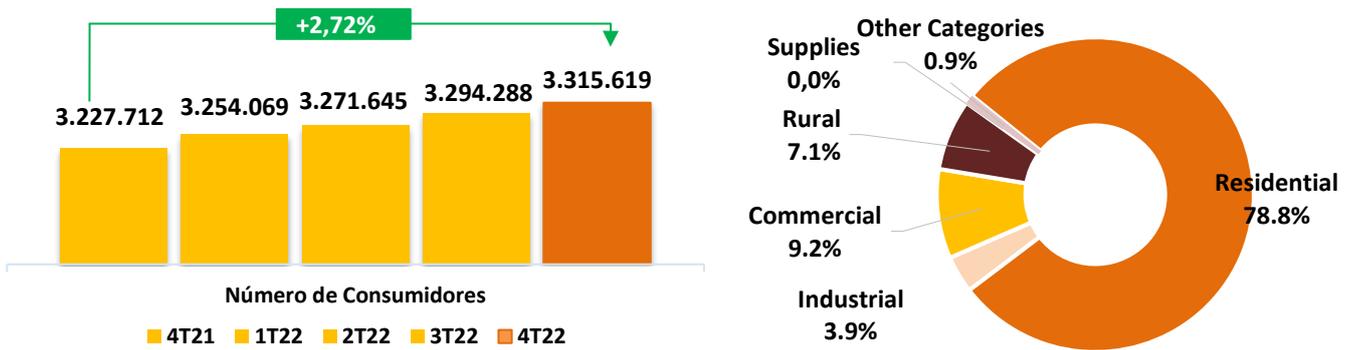
3.1.3. Operational Performance

3.1.3.1. Number of Consumers³

Charts 16 and 17 below show the evolution of the number of Celesc's captive consumers and the share by type of consumption category, respectively.

³ Includes Own Consumption and Supplies subcategories.

Charts 16 and 17 – Number of Captive Consumers and share by type of category



At the end of 2022, Celesc reached the number of **3,315,619** captive consumers, a **growth of 2.72%**, **an increase of 87,907 new customers**, compared to December 2021.

3.1.3.2. Market

Charts 18 and 19 below show the evolution of the electricity market by Consumer Category in **4Q22** and **12M22**:

Chart 18: Billed Market (GWh) – Quarterly Comparison

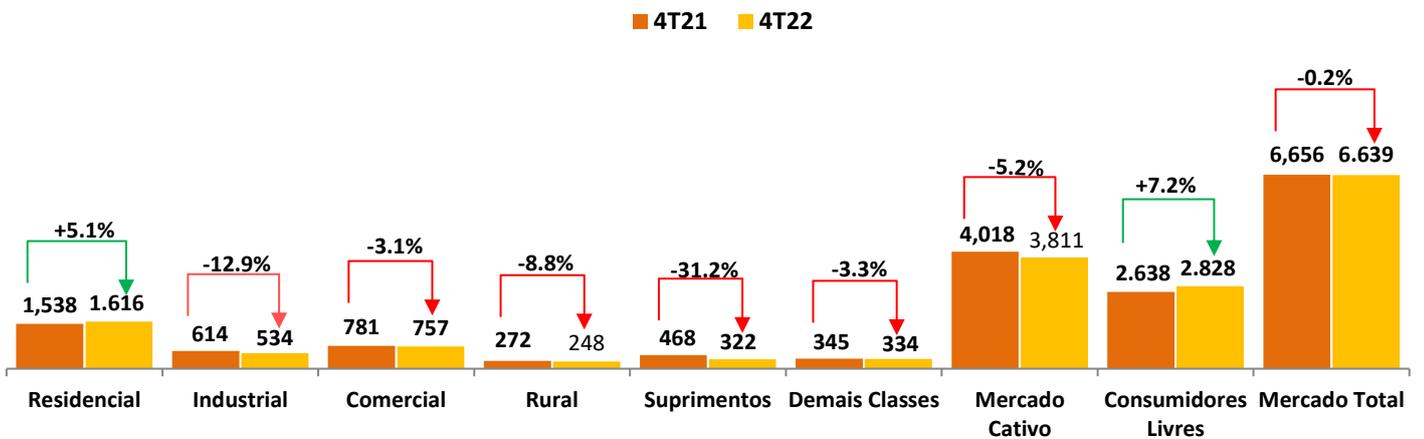
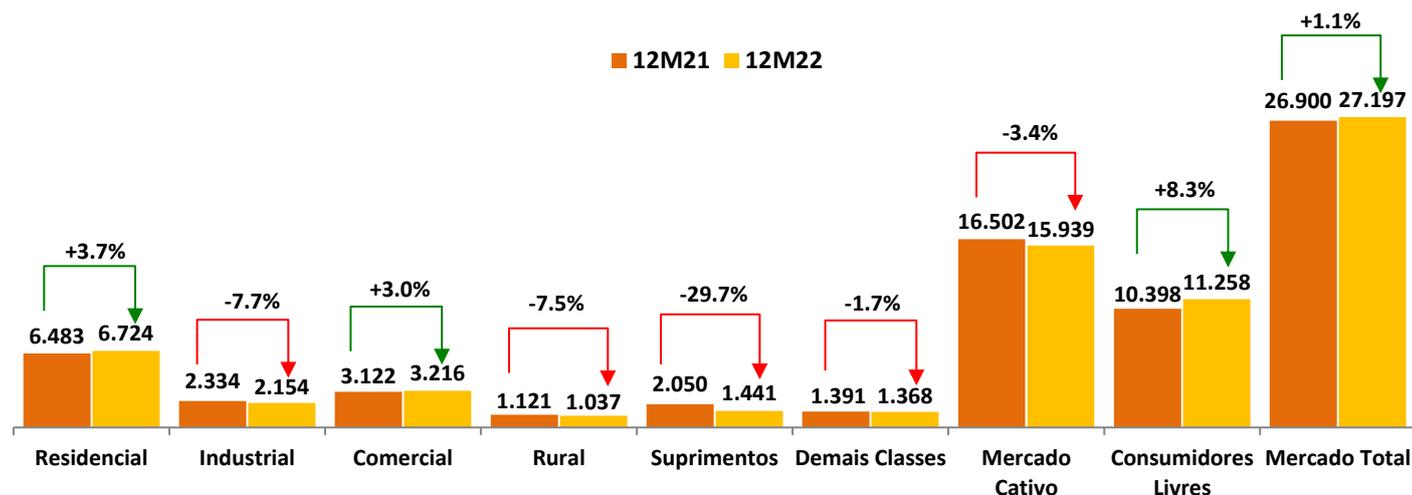


Chart 19: Billed Market (GWh) – Annual Comparison



The **Captive Market in the concession area of Celesc Distribuição** showed a **reduction of 5.2% in 4Q22 and 3.4% in the accumulated 2022**, registering **3,811 GWh and 15,939 GWh** respectively. We highlight the Residential Category (increase of 5.1% in 4Q22 and 3.7% in 2022) and the Supply Category (reduction of 31.2% in 4Q22 and 29.7% in 2022).

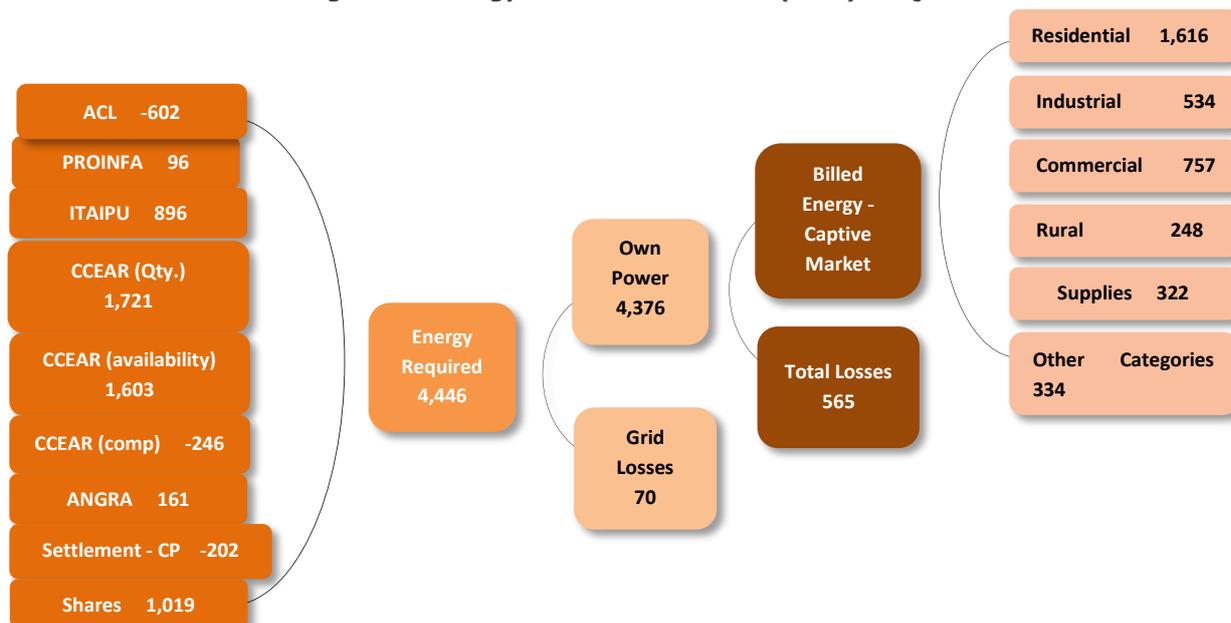
As noted above, in the fourth quarter of 2022, the **Captive Market showed a 5.2% reduction** in energy consumption, compared to the fourth quarter of the previous year, due to the significant migration of consumers to the Free Contracting Environment - ACL, at the same time, resulting from the energy purchase option, at the same time, due to the option to purchase energy, in its totality or partially, in the scope of the Free Market, by the permissionaires that were previously fully supplied by the Distributor, and due to the significant installation of distributed generation, especially of photovoltaic panels, due to the limit date for maintenance of the wire rate exemption being 07/01/2023 of the connection request, according to Law 14. 300/2022. It is also noteworthy that as a corollary to this movement, the consumption of consumers in the **Free Market, grew 7.2% in the quarter and 8.3% in the accumulated 2022**, contrasting with the Captive Market that decreased 3.4% in the year 2022.

The Free Market, as explained above, rose 7.2% in the quarter and 8.3% in the year, accounting for 41.4% of the Total Market, due to the migration of the Captive Market's consumers. Captive customer migration is a consumer choice that does not affect Celesc, as power continues to be supplied by the concessionaire and remunerated by the TUSD (Distribution System Use Tax), which does not change as consumers continue to pay the concessionaire for the service. Celesc carefully monitors the behavior of its consumption categories, reaffirming the Company's commitment to its customers, and seeking to create value for its stakeholders through its business.

The **Total Market (Captive+Free) registered relative stability in the quarter (-0.2%)** and the reduction in the **Captive Market (-5.2% in the quarter)** was compensated by the increase in the **Free Market (+7.2%)**, and in the accumulated 2022 it shows an **increase of 1.1%** due to the excellent performance in the first quarter of 2022 (increase of 4.5%).

3.1.3.3. Energy Balance

Figure 1 – Energy Distribution Balance (GWh) – 4Q22



3.1.3.4. Energy Losses

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.

Losses in Distribution (%) - Injected Energy (Last 12 months)

| | 4Q21 | 1Q22 | 2Q22 | 3Q22 | 4Q22 | ANEEL Limit (LTM)* |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------------|
| Description | % | % | % | % | % | % |
| Losses in Distribution | 7.96% | 7.67% | 7.46% | 7.32% | 7.31% | 8.19% |
| Technical Losses | 5.77% | 5.88% | 5.77% | 5.78% | 5.73% | 5.76% |
| Non-Technical Losses | 2.19% | 1.79% | 1.69% | 1.54% | 1.58% | 2.43% |

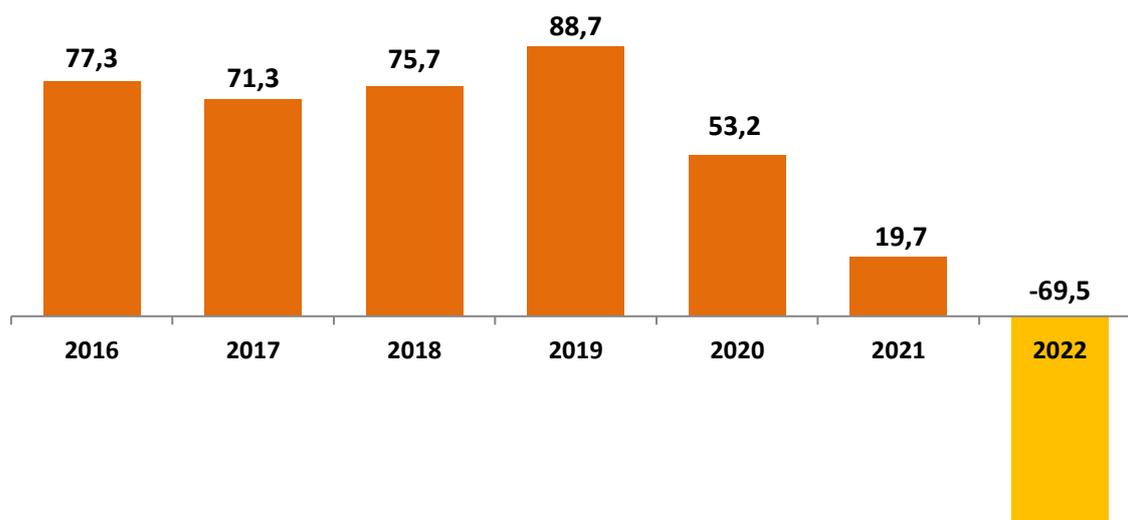
*Last 12 months of the Regulatory Limit.

In 2022, the **financial gain came to R\$69.5 million** regarding tariff coverage, R\$2.1 million of which below coverage with technical losses, R\$61.7 million below tariff coverage with non-technical losses, and R\$5.7 million above the coverage with the basic network.

It is worth noting that basic network losses are not managed by the Distributor since these are transmission losses and mainly depend on the generation at the origin sub-system and energy exchange from other sub-systems. It is also worth noting that basic network losses are annually analyzed by ANEEL and coincide with the Distributor's tariff adjustment.

Chart 20 below describes the financial value without tariff coverage in the period from 2016 to 2022, it is noteworthy that at the end of 2022 the value was **negative by R\$ 69.5 million**, which shows a Total Loss below the regulatory:

Chart 20: Losses in Distribution (Financial Amount in R\$ million)



The Company has been constantly working to reduce loss levels, especially with the **Loss Reduction and Recovery Plan**, whose main actions are described below:

- i) Identifying suspected cases of irregularity through an algorithm (online verification);
- ii) Procedures to identify fraud and/or technical deficiency;
- iii) Reviewing the contractors' labor lawsuits (targets and inspection);
- iv) Integrating corporate systems;
- v) Implementing antitheft systems and regularizing clandestine connections;
- vi) Reviewing the work process (inspection targets);
- vii) Investment in the high tension system: new substations, new distribution lines, and expansion of the transformation capacity of some existing substations; and
- viii) Investment in the medium tension system: new power suppliers, reconnections, and installation of capacitor banks.

3.1.3.5. Operational Quality (EDU and EFU)

The quality of the electricity supply is mainly verified by the **EDC** (Equivalent Duration of Interruption per Consumer) and **EFC** (Equivalent Frequency of Interruption per Consumer) indicators, which respectively measure the average duration of interruptions and the average number of interruptions per consumer (Charts 21 and 22).

Chart 21: Historical Data and EDC Limits

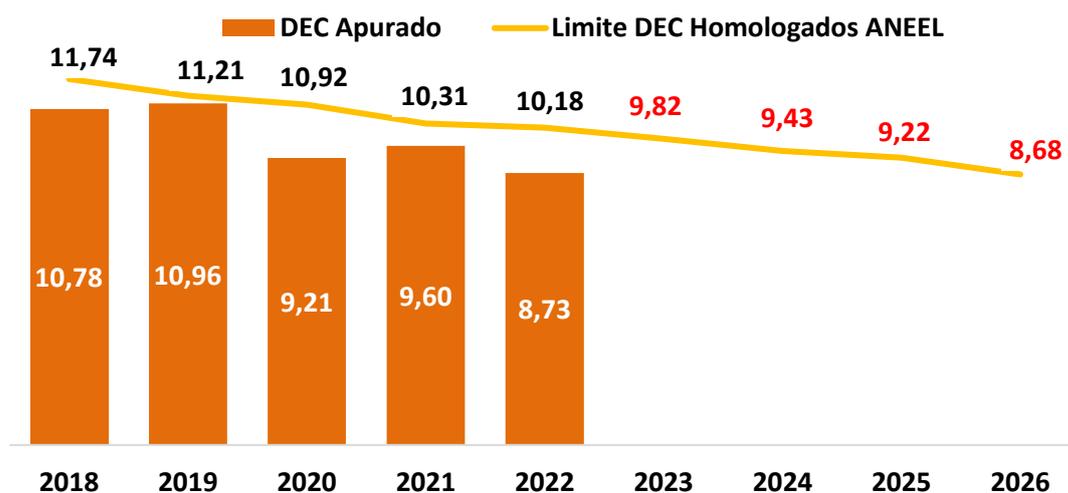
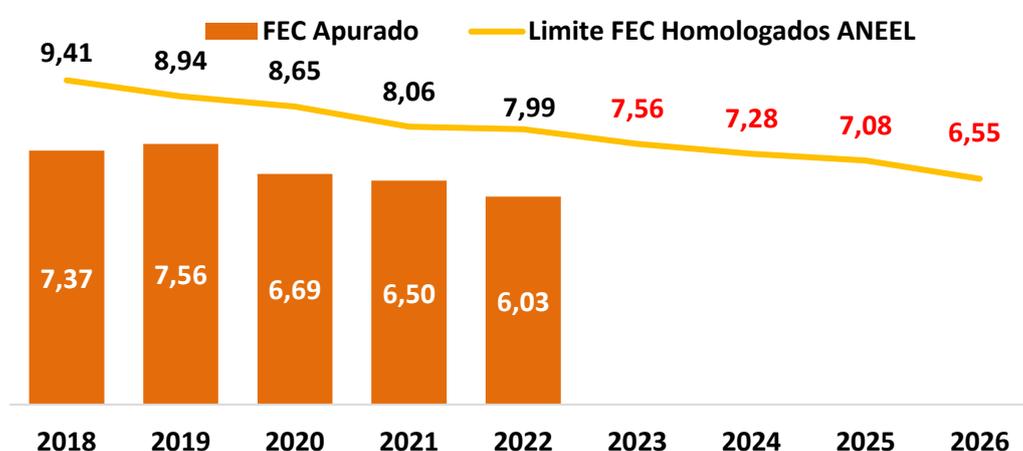


Chart 22: Historical Data and EFC Limits



The Company ended 2022 (12M22) with continuity indicators below the regulatory indexes. CELESC recorded 8.73 hours in the EDC indicator, down by 9.06% from 12M21, when it recorded 9.60 hours. In the same period, the Company recorded 6.03 interruptions in the EFC indicator, a 7.23% decrease from the 6.50 interruptions recorded in 12M21.

The violation of quality indicators individually generated consumer credits of R\$17.1 million for Celesc Distribuição in 2022, below the R\$22.6 million reported in 2021.

Celesc reinforces its commitment to the continuous improvement of its operational activity by increasingly investing in actions to reduce EDC and EFC.

3.1.3.4 Delinquency Management

Delinquency corresponds to billed revenue not received. At the end of 2022, the short-term delinquency rate of up to 90 days (period in which most collection actions are concentrated), considered as a proportion of the ROB (Gross Operating Revenue accumulated over 12 months), showed a reduction of approximately 0.36 percentage points in relation to the fourth quarter of 2021 and an increase of 0.16 percentage points in relation to the third quarter of 2022. The value of defaults over 90 days **decreased by 1.55 percentage points compared to the fourth quarter of 2021 (an increase of 0.14 percentage points compared to 3Q22)**. Finally, the total amount of delinquency **decreased by**

1.91% compared to the fourth quarter of 2021, but **increased by 0.31 percentage points** compared to the third quarter of 2022, as shown in the table below.

Celesc Distribuição S.A.. | Delinquency

| Delinquency | Delinquency up to 90 days | | | | | | | | | | |
|-------------------------------|---------------------------|----------|----------------|----------|----------------|----------|----------------|----------|-------------------|--------------|-------------------|
| | 4Q21 | | 1Q22 | | 2Q22 | | 3Q22 | | 4Q22 | | |
| | R\$ / thousand | % of ROB | R\$ / thousand | % of ROB | R\$ / thousand | % of ROB | R\$ / thousand | % of ROB | R\$ / thousand | % of ROB | Variation in 4Q22 |
| 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. |
| Gross Operating Income | 12,971,057 | | 13,953,982 | | 14,187,254 | | 13,660,528 | | 13,141,773 | | |

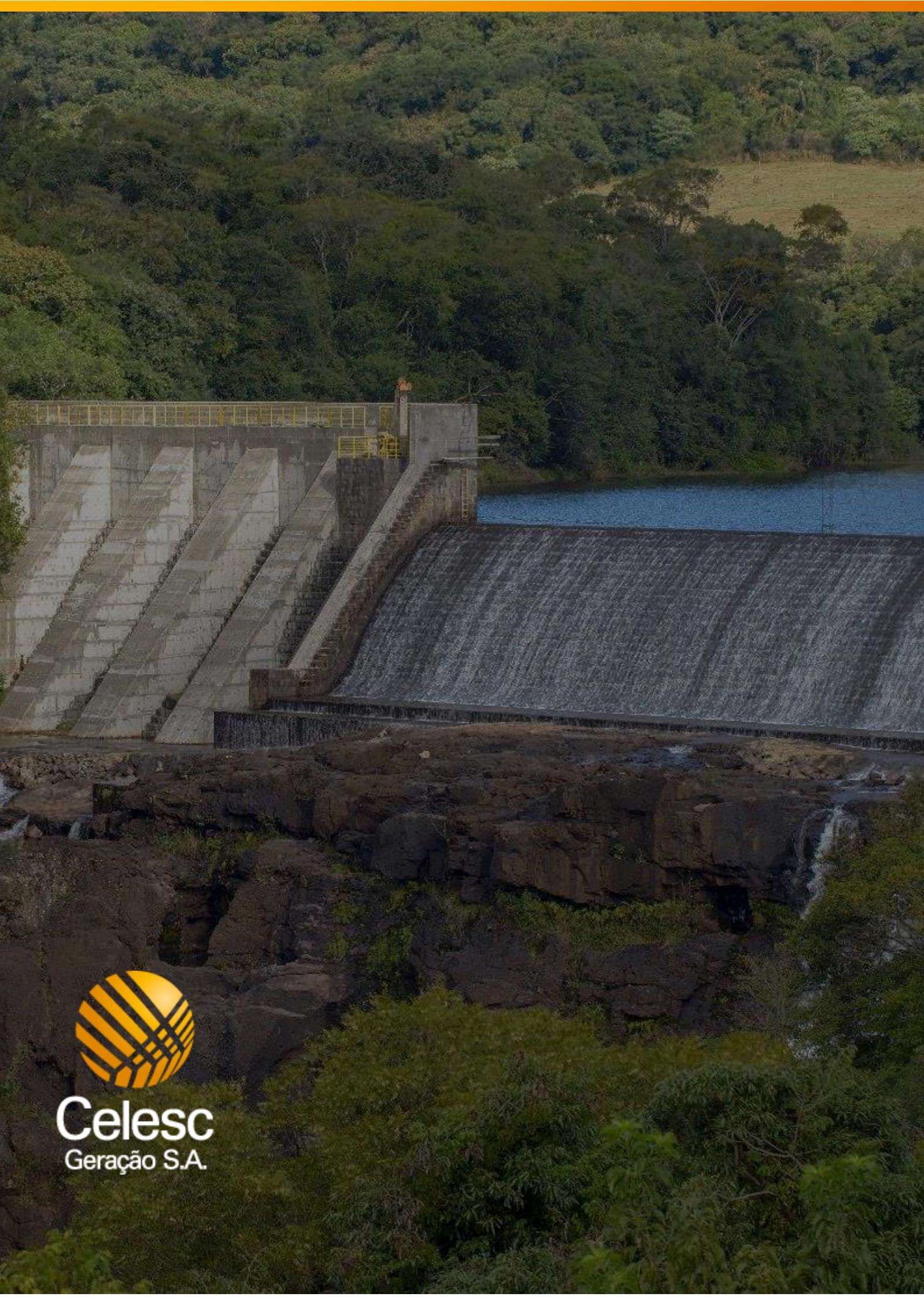
| Delinquency | Delinquency over 90 days | | | | | | | | | | |
|-------------------------------|--------------------------|----------|----------------|----------|----------------|----------|----------------|----------|-------------------|--------------|-------------------|
| | 4Q21 | | 1Q22 | | 2Q22 | | 3Q22 | | 4Q22 | | |
| | R\$ / thousand | % of ROB | R\$ / thousand | % of ROB | R\$ / thousand | % of ROB | R\$ / thousand | % of ROB | R\$ / thousand | % of ROB | Variation 4Q22 |
| 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. |
| Gross Operating Income | 12,971,057 | | 13,953,982 | | 14,187,254 | | 13,660,528 | | 13,141,773 | | |

| Delinquency | Total Delinquency | | | | | | | | | | |
|-------------------------------|-------------------|----------|----------------|----------|----------------|----------|----------------|----------|-------------------|--------------|------------------------|
| | 4Q21 | | 1Q22 | | 2Q22 | | 3Q22 | | 4Q22 | | |
| | R\$ / thousand | % of ROB | R\$ / thousand | % of ROB | R\$ / thousand | % of ROB | R\$ / thousand | % of ROB | R\$ / thousand | % of ROB | Variation in 4Q22/4Q21 |
| 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. |
| Gross Operating Income | 12,971,057 | | 13,953,982 | | 14,187,254 | | 13,660,528 | | 13,141,773 | | |

We emphasize that in the analysis above we used the **inventory of delinquency up to 90 days/above 90 days/Total in relation to LTM ROB**.

Differently from the analysis above, **regulatory delinquency** uses the concept of **Irrecoverable Revenue**.

Irrecoverable Revenue corresponds to the amounts of billings not received by the concessionaire between **49 and 60 months** concerning the reference month. Regulatory Irrecoverable Revenues are calculated based on a benchmarking model, in which each distributor is compared to others that have similar concession characteristics. Based on this comparison, the regulatory percentages of Irrecoverable Revenues are defined, i.e. the portion of the amount in default that each company will be able to transfer to the tariffs. These percentages are multiplied by the required revenue, which also considers flags revenues and financial items less taxes. Thus obtaining the distributor's Irrecoverable Revenue amounts.



Celesc
Geração S.A.

3.2. CELESC GERAÇÃO

3.2.1. Company's Profile

Operating Area

Celesc Geração is the Celesc Group's subsidiary that operates in the generation, sale and transmission of electricity through the operation, maintenance and expansion of its own generation park, in addition to the sale of electricity and participation in generation and transmission ventures in partnership with private investors.

The Company has its own generation complex made up of 12 plants, of which one Small Hydroelectric Plant (SHP), five Hydroelectric Generation Plants (HGPs), and six Hydroelectric Power Plants (HPPs). Also in the generation segment, the company holds a minority interest in another six generation projects, developed in a partnership with private investors, as Special Purpose Entity (SPE), all of them already in operation. In the transmission segment, the company holds a minority interest in an SPC in a partnership with SPE - Energias do Brasil.

On December 31, 2022, Celesc G's total generation capacity in operation on September 30, 2022, was 126.51 MW, of which 115.27 MW from its own park and 11.24 MW from the generation park set up with partners - already proportional to Celesc G's shareholding interest in these projects.

Celesc's Plants



The table below shows the main features of Celesc Geração's wholly-owned plants:

Own Generation Complex | 100% of Celesc Geração S.A.

| PLANTS | Location | Final Concession Term | Installed Capacity (MW) | Physical Guarantee (MW) | Physical Guarantee in Shares |
|-----------------------|-----------------------|-----------------------|-------------------------|-------------------------|------------------------------|
| 1 Pery HPP | Curitibanos/SC | 07/07/2054* | 30.00 | 14.08 | 100% |
| 2 Palmeiras HPP | Rio dos Cedros/SC | 11/06/2053* | 24.60 | 16.70 | 70% |
| 3 Bracinho HPP | Schroeder/SC | 11/06/2053* | 15.00 | 8.80 | 70% |
| 4 Garcia HPP | Angelina/SC | 03/01/2053* | 8.92 | 7.10 | 70% |
| 5 Cedros HPP | Rio dos Cedros/SC | 11/06/2053* | 8.40 | 6.75 | 70% |
| 6 Salto Weissbach HPP | Blumenau/SC | 11/06/2053* | 6.28 | 3.99 | 70% |
| 7 Celso Ramos SHP | Faxinal dos Guedes/SC | 05/31/2039* | 13.92 | 6.77 | N/A |
| 8 Caveiras HGP | Lages/SC | ** | 3.83 | 2.77 | N/A |
| 9 Ivo Silveira HGP | Campos Novos/SC | ** | 2.60 | 2.03 | N/A |
| 10 Rio do Peixe HGP | Videira/SC | ** | 0.52 | 0.50 | N/A |
| 11 Piraí HGP | Joinville/SC | ** | 0.78 | 0.45 | N/A |
| 12 São Lourenço HGP | Mafra/SC | ** | 0.42 | 0.22 | N/A |
| Total MW | | | 115.27 | 70.16 | |

* Plants that adhered to the renegotiation of the hydrological risk under Law 14052/2020, according to ANEEL's Authorizing Resolution 11,998/2022, received an extension in the concession term, being 7 years for the Pery, Palmeira, Bracinho, Garcia, Cedro, and Salto Weissbach Plants, and 4.2 years for the Celso Ramos Plant.

** Plants with a power of less than 5 MW are exempt from the concession act (Federal Law 13,360/16).

The table below shows the main features of the generation projects developed in a partnership with private investors:

Projects in operation | minority interest held by Celesc Geração S.A.

| PLANTS | Location | Final Concession Term | Installe Capacit (MW) | Physical Guarantee (MW) | Part. Celesc G | Equivalent Installed Power (MW) | Eq. Physical Guarantee (MW) |
|--------------------------|----------------|-----------------------|-----------------------|-------------------------|----------------|---------------------------------|-----------------------------|
| 13 SHP Rondinha | Passos Maia/SC | 09/06/2041* | 9.60 | 5.48 | 32.5% | 3.12 | 1.78 |
| 14 Silver CGH (CRF)*** | Bandeirante/SC | ** | 3.00 | 1.68 | 26.1% | 0.78 | 0.44 |
| 15 HGP Belmonte(CRF) | Belmonte/SC | ** | 3.60 | 1.84 | 26.1% | 0.94 | 0.48 |
| 16 HGP Bandeirante (CRF) | Bandeirante/SC | ** | 3.00 | 1.76 | 26.1% | 0.78 | 0.46 |
| 17 SHP Xavantina | Xanxerê/SC | 04/09/2045**** | 6.08 | 3.54 | 40.0% | 2.43 | 1.42 |
| 18 SHP Garça Branca | Anchieta/SC | 17/07/2048**** | 6.50 | 3.44 | 49.0% | 3.19 | 1.69 |
| Total MW | | | 31.78 | 17.74 | | 11.24 | 6.27 |

(*) Concession extended under the terms of Authorizing Resolution 13.079/2022 and Law 14.120/2021.

(**) Power plants with a power equal to or less than 5 MW are exempt from the concession act (Federal Law 13,360/2016).

(***) The Rio das Flores Energy Complex – CRF, is formed by the Prata, Belmonte and Bandeirante CGHs.

(****) Concession extended under the terms of Authorizing Resolution 12.318/2022 and Law 14.120/2021.

All the plants of the own generating site and all the plants in partnership with other shareholders participate in the Electric Power Reallocation Mechanism – MRE or ERM, share system of hydrological

risks, in which the participating plants transfer the generated energy surplus to their physical guarantee to the plants generated levels lower than the physical guarantee limits.

Celesc Geração holds shares in an electric energy transmission undertaking, containing five stretches of 230 and 525kV transmission lines and a 525/230kV substation, as shown in the table below:

Transmission Projects | minority interest held by Celesc Geração S.A.

| Project | Location | Final Concession Term | Transformation Capacity (MVA) | Power Lines (Km) | Celesc G Interest |
|----------------------------|-----------------|------------------------------|--------------------------------------|-------------------------|--------------------------|
| EDP Transmissão Aliança SC | SC | 08/11/2047 | 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 Operator of the System for the commercial operation of the facilities, six months in advance of the regulatory schedule, and a first stage of the project entered into partial operation on June 14, 2021, 14 months ahead of schedule established by ANEEL.

The Annual Allowed Revenue - RAP, in the terms of the Homologating Resolution no. 3067/2022 for the 2022/2023 cycle, was determined in the amount of R\$ 232.4 million.

EDP Aliança SC is a partnership between Celesc Geração (10%) and EDP Energias do Brasil (90%), formed from the success of the Transmission Auction 05/2016 held in April 2017.

The Company also has a portfolio with projects to expand/reactivate its plants. As for the physical guarantee (new or additional), the Company seeks to obtain, on average, a 50% factor for the plants' total capacity after their expansion/reactivation, which is a standard observed in other similar operational projects.

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 (GD) 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.

Besides the projects of generation and transmission of electric energy, Celesc Geração, since its constitution, has marketed the electric energy produced by its own generation park and by some of its subsidiaries. More recently, in compliance with the strategic guidelines of the Master Plan, aiming to diversify the Group's business, in order to provide new businesses and revenues, maximizing the benefits of its territorial presence, the Company approved the Energy Commercialization Business Plan, which expands Celesc G's activities in this segment.

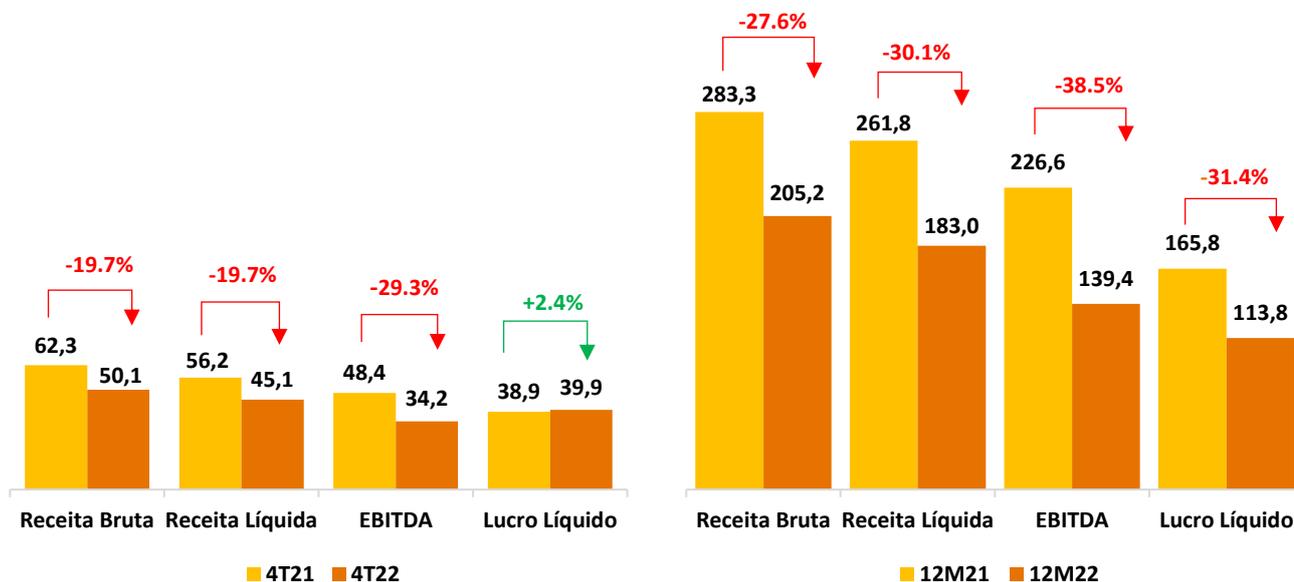
3.2.2. Economic and Financial Performance

3.2.2.1. Gross Operating Income, Net Operating Income, and Net Income.

The table below shows Celesc Geração's main indicators in 4Q22 and 12M22.

Celesc Geração S.A. | Main Financial Indicators

| R\$ Million | 4 th Quarter | | | Full year | | |
|-------------------------------------|-------------------------|-------------|---------------|--------------|--------------|---------------|
| | 4Q21 | 4Q22 | Δ | 12M21 | 12M22 | Δ |
| Gross Operating Income | 62.3 | 50.1 | -19.7% | 283.3 | 205.2 | -27.6% |
| Deductions from Operating Income | (6.1) | (5.0) | -19.3% | (21.6) | (22.2) | 2.9% |
| Net Operating Income | 56.2 | 45.1 | -19.7% | 261.8 | 183.0 | -30.1% |
| Operating Costs and Expenses | (9.6) | (15.5) | 61.6% | (33.1) | (58.9) | 77.7% |
| <i>Electricity Costs</i> | (5.1) | (6.0) | 19.1% | (48.5) | (23.9) | -50.8% |
| <i>Operating Expenses</i> | 4.5 | (9.5) | 108.9% | 15.4 | (35.0) | -326.9% |
| Equity Pickup | 1.0 | 3.8 | 273.3% | 7.5 | 11.8 | 57.3% |
| Earnings from Activities | 47.6 | 33.4 | -29.9% | 236.2 | 136.0 | -42.4% |
| EBITDA | 48.4 | 34.2 | -29.3% | 226.6 | 139.4 | -38.5% |
| Adjusted EBITDA | 48.5 | 34.8 | -28.3% | 184.2 | 139.9 | -24.1% |
| <i>EBITDA Margin (%)</i> | 86.2% | 75.9% | | 86.6% | 76.4% | |
| <i>EBITDA Margin (%) - Adjusted</i> | 86.3% | 77.0% | | 70.4% | 76.4% | |
| Financial Result | -2.4 | 3.2 | 232.4% | (2.1) | 8.7 | 517.2% |
| Earnings Before Income Tax | 45.2 | 36.5 | -19.2% | 234.1 | 144.7 | -38.5% |
| IR/CSLL | (6.3) | 3.4 | 153.4% | (68.3) | (30.9) | -54.7% |
| Net Income / Loss | 38.9 | 39.9 | +2.4% | 165.8 | 113.8 | -31.4% |
| Adjusted Net Income / Loss | 39.0 | 40.2 | 3.2% | 127.5 | 114.1 | -10.5% |
| <i>Net Margin (%)</i> | 69.3% | 88.4% | | 63.3% | 62.2% | |
| <i>Net Margin (%) - Adjusted</i> | 69.3% | 89.2% | | 48.7% | 62.4% | |

Chart 23 - Gross and Net Revenue, EBITDA and Net Income (Million) - 4Q21/4Q22 and 12M21/12M22


The main factors affecting the quarter's EBITDA and Income were:

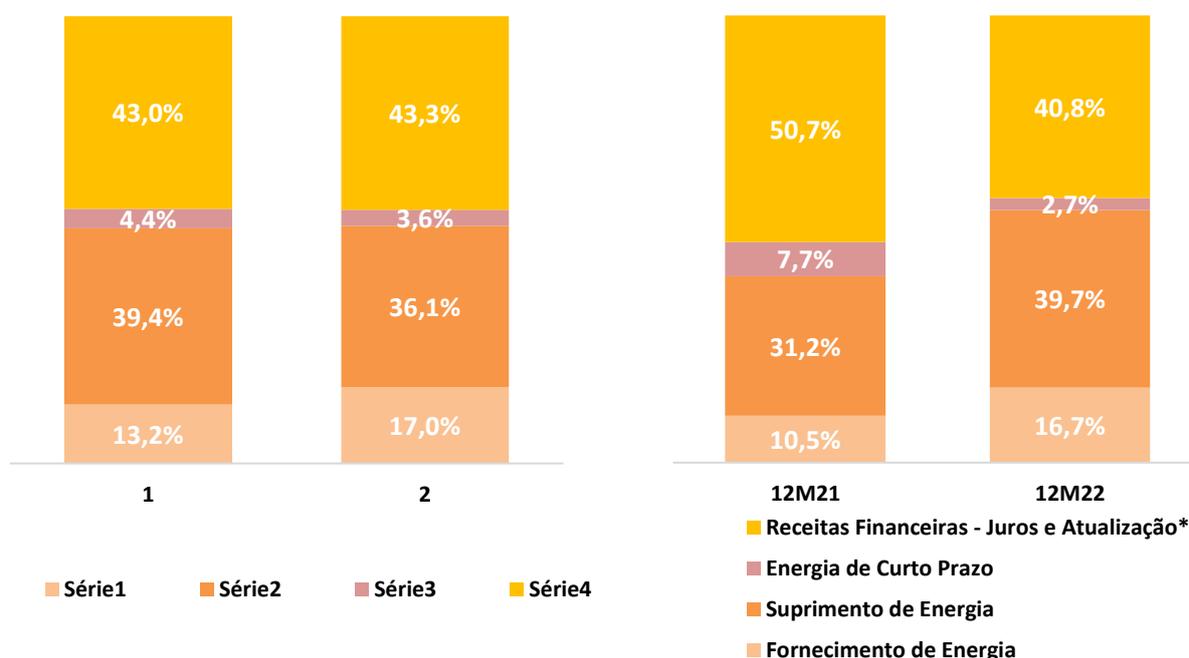
- Decrease of 19.7% in the Net Operating Income in 4Q22 (30.1% in 2022) due to:
 - **The Financial Revenue with Granting Bonus** registered **R\$ 15.0 million in 4Q22 (R\$57.7 million 12M22)**, due to the updating of the Financial Assets by the IPCA, against

R\$ **18.1 million in 4Q21 (R\$64.3 million 12M21)** a decrease of 17.1% (-R\$3.1 million) in the quarter and 10.3% (-R\$6.6 million) in the year;

- **In the quarter there was a reduction of 18.5% and 26.5% in the Average Sales Price without and with the CCEE**, respectively, in the energy sales contracts. For the **year**, there was **an increase of 34.1% and 16.7%**, respectively;
- **Lower PLD** in the period, due to the improved hydric scenario. In 2022, the **average PLD was R\$58.99/MWh**, down by 79.0% from 2021, when the **average PLD was R\$280.37/MWh**.
- **In the annual comparison, the accounting of R\$70.6 million (restatement + interest) in 3Q21** related to the Pery Mill indemnity increased significantly the base of the 2021 vs. 2022 comparison;
- Also in the annual comparison, the 2021 result was affected by the partial withdrawal of the lawsuit and adherence to the Repatriation of Hydrological Risk - GSF under Law 14.052/2020 for its Power Plants, with the exception of CGHs. The effect of the Hydrological Risk Renegotiation was mitigated by the reversal of the allowance for doubtful accounts (GSF) in the period.
- Finally, depreciation in 2021 was positive, mainly due to the reversal of depreciation at the Pery Mill, which benefited the result for that period, also influencing the yearly comparison.

3.2.2.2. Gross Operating Income - Revenue Breakdown

Chart 24 - Gross Operating Revenue Breakdown 4Q21/4Q22 and 12M21/12M22

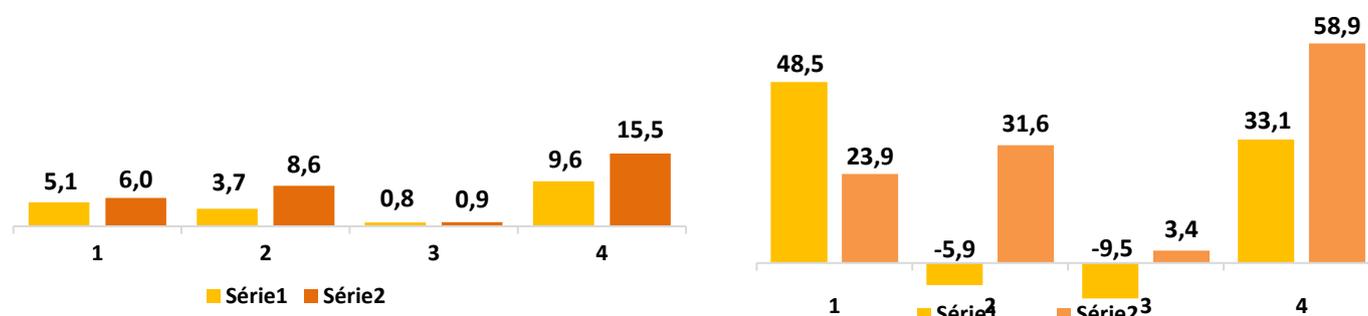


* Includes Concession Bonus and Indemnification of the Pery Plant

3.2.2.3. Operating Costs and Expenses.

The following charts show the breakdown of Operating Costs and Expenses.

Chart 25 - Breakdown of Operating Costs and Expenses (R\$ million) - 4Q21/4Q22 and 12M21/12M22



Operating Costs and Expenses **totaled R\$ 15.5 million** for the quarter (**R\$ 58.9 million in 2022**) showing an increase of **61.6% in the quarter and 77.8% in 2022**, evidencing:

- i) The accounting of **R\$6.0 million in 4Q22 and R\$23.9 million in 2022** in Energy Cost, emphasizing that 2021 (3Q21) was impacted by the accounting of **R\$28.1 million related to the net effect of the Hydrological Risk Renegotiation - GSF** increasing the comparison base of 2021x2022 (R\$48.5 million vs. R\$23.9 million);
- ii) **PMSO expenses and provisions** were **R\$8.6 million for the quarter (R\$31.6 million for the year)**. In 2021 a reversal of the PECLD - GSF provision was made, which had a positive effect on the PMSO and consequently on the Company's Operating Costs and Expenses (reducing) in that period.
- iii) The Company recorded **depreciation of R\$0.9 million in 4Q22 (R\$3.4 million in 12M22)**. In 2021 it was **R\$9.5 million positive**. It is evident that the positive depreciation in 2021 was due, fundamentally, to the reversal of the depreciation due to the recognition as indemnification of the Basic Project of the Pery Plant in that year.

The table below describes Celesc Geração's operational costs and expenses.

Celesc Geração S.A. | Operating Costs and Expenses

| R\$ Million | 4 th Quarter | | | Full year | | |
|-------------------------------------|-------------------------|---------------|---------------|---------------|---------------|----------------|
| | 4Q21 | 4Q22 | Δ | 12M21 | 12M22 | Δ |
| OPERATING COSTS AND EXPENSES | (9.6) | (15.5) | 61.6% | (33.1) | (58.9) | 77.8% |
| Electricity Costs | (5.1) | (6.0) | 19.1% | (48.5) | (23.9) | -50.8% |
| Hydrological Risk Renegotiation | 0.0 | 0.0 | | (28.1) | 0.0 | -100.0% |
| Electricity Purchased for Resale | (4.3) | (5.1) | 19.7% | (17.7) | (20.7) | 17.0% |
| Charge for the Use of the System | (0.8) | (0.9) | 15.5% | (2.7) | (3.2) | 17.2% |
| PMOO and Provisions | (3.7) | (8.6) | 132.6% | 5.9 | 31.6 | -638.1% |
| Personnel and Management | (4.7) | (5.0) | 6.0% | 16.4 | (18.7) | 14.4% |
| Supplies | (0.2) | (0.1) | -51.9% | (0.9) | (1.0) | 13.5% |
| Outsourced Services | (3.2) | (2.5) | -20.7% | (9.2) | (10.5) | 13.1% |
| Net Provisions | 7.4 | (0.3) | -103.4% | 37.2 | 0.3 | -99.2% |
| Write-offs of Fixed Assets | 0.0 | 0.0 | | (1.7) | 0.0 | -100.0% |
| Other Revenues / Expenses | (3.0) | (0.8) | -74.4% | (3.2) | (1.7) | -45.3% |
| Depreciation / Amortization | (0.8) | (0.9) | 2.9% | 9.5 | (3.4) | -135.3% |

3.2.2.4. EBITDA and Net Income

EBITDA was **R\$34.2 million** in the quarter and **R\$139.4 million** at the end of 2022, contextualizing with **R\$48.4 million** in 4Q21 and **R\$226.6** at the end of 2021.

The charts below show the breakdown of the EBITDA conversion into Net Income.

Chart 26 – EBITDA Formation 4Q22 (R\$ million)

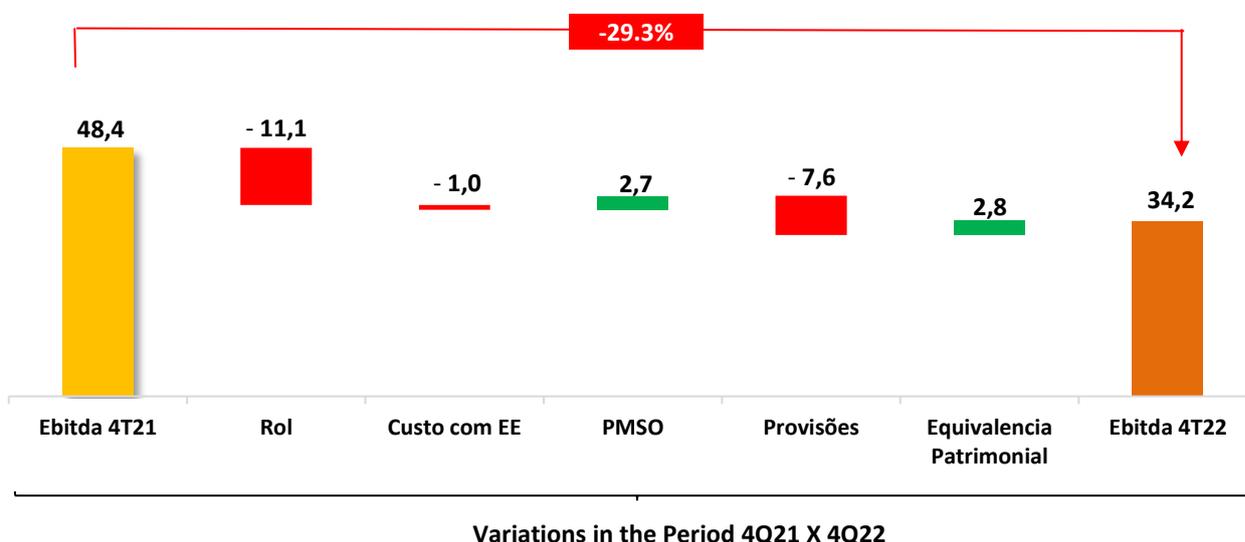
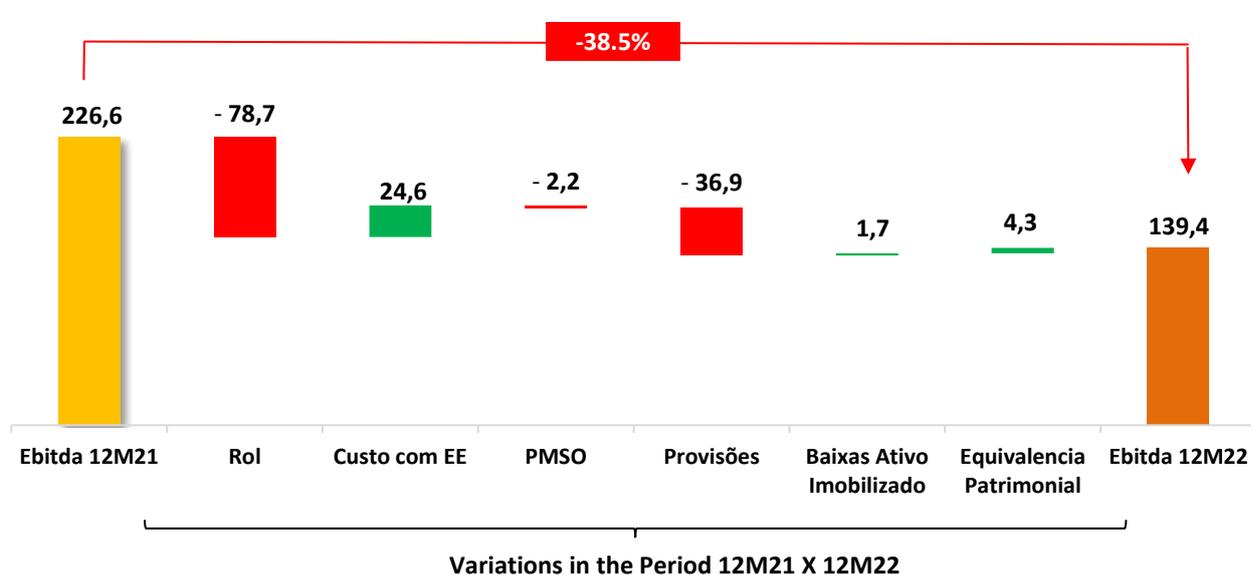


Chart 27 – EBITDA Formation 12M22 (R\$ million)



Among the factors that influenced the retraction of EBITDA (29.3% quarter and 38.5% year-on-year) of the subsidiary Celesc Geração in the quarter and year, we highlight: (i) **Lower Financial Revenue with Concession Bonus** (ii) **Reduction in average energy sales prices in 4Q22** (iii) Increase in Operating Costs and expenses of 61.6% in the quarter (77.8% year-on-year), with the year 2021 being impacted by the effect of the **Hydrological Risk Rescheduling (R\$ 28.1 million) in 3Q21**. It is noteworthy that the effect of the Hydrological Risk Rescheduling was mitigated by the **reversal of PECLD - GSF**; (iv) **Equity Accounting Result** (R\$3.8 million in 4Q22 versus R\$1.5 million in 4Q21 in the quarterly comparison and R\$11.8 million in 12M22 versus R\$7.5 million in 12M21 in the yearly comparison), (v) **Decrease of PLD** between the analyzed periods and (vi) Accounting of **R\$70.6 million from the compensation of the Pery Plant in 3Q21** also influencing the yearly comparison basis.

Celesc Geração S.A. | Main Financial Indicators (IFRS)

| R\$ Million | 4 th Quarter | | | Full year | | |
|---------------------------------------------|-------------------------|-------------|---------------|--------------|--------------|---------------|
| | 4Q21 | 4Q22 | Δ | 12M21 | 12M22 | Δ |
| Earnings from Activities - EBIT | 47.6 | 33.4 | -29.9% | 236.2 | 136.0 | -42.4% |
| Activities Margin (%) | 84.7% | 74.0% | | 90.2% | 74.3% | |
| EBITDA | 48.4 | 34.2 | -29.3% | 226.6 | 139.4 | -38.5% |
| EBITDA Margin (%) | 86.2% | 75.9% | | 86.6% | 76.1% | |
| Financial Result | (2.4) | 3.2 | 232.4% | (2.1) | 8.7 | 517.2% |
| Financial Revenue | 0.9 | 5.0 | 473.2% | 6.4 | 18.7 | 192.7% |
| Finance Expenses | (3.3) | (1.8) | -44.4% | 8.5 | (10.0) | 17.6% |
| Earnings Before Income Tax | 45.2 | 36.5 | -19.2% | 234.1 | 144.7 | -38.2% |
| IR and CSLL | (1.2) | 6.1 | 610.2% | 10.1 | 24.3 | 140.0% |
| Deferred Income Tax and Social Contribution | (5.1) | (2.7) | -46.3% | (58.1) | (6.6) | -88.6% |
| Net Income | 38.9 | 39.9 | 2.4% | 165.8 | 113.8 | -31.4% |
| Net Margin (%) | 69.3% | 88.4% | | 63.3% | 62.2% | |

The **Financial Result** was positive by **R\$3.2 million in 4Q22 (R\$8.7 million in the year)**. The **Financial Revenue totaled R\$4.9 million in 4Q22 (R\$18.7 million in 2022)**, as a result of earnings from financial investments (R\$2.5 million) and interest from the loan with Celesc Distribuição (R\$3.0 million). **Financial Expenses were R\$1.8 million for the quarter (R\$10.0 million for the year)**, resulting from interest (R\$1.3 million) and costs with debentures (R\$0.2 million).

Chart 28 – Net Income Formation 4Q22 (R\$ million)

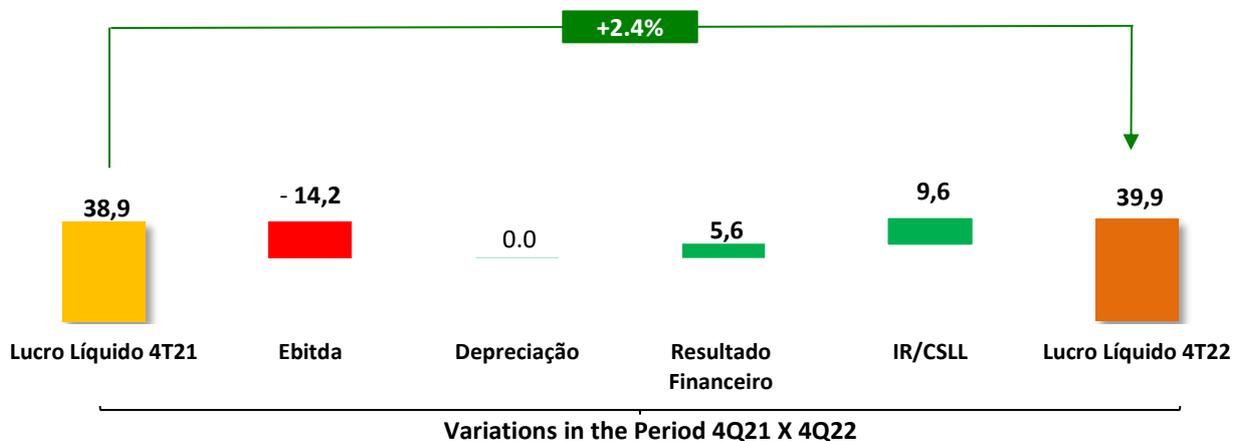
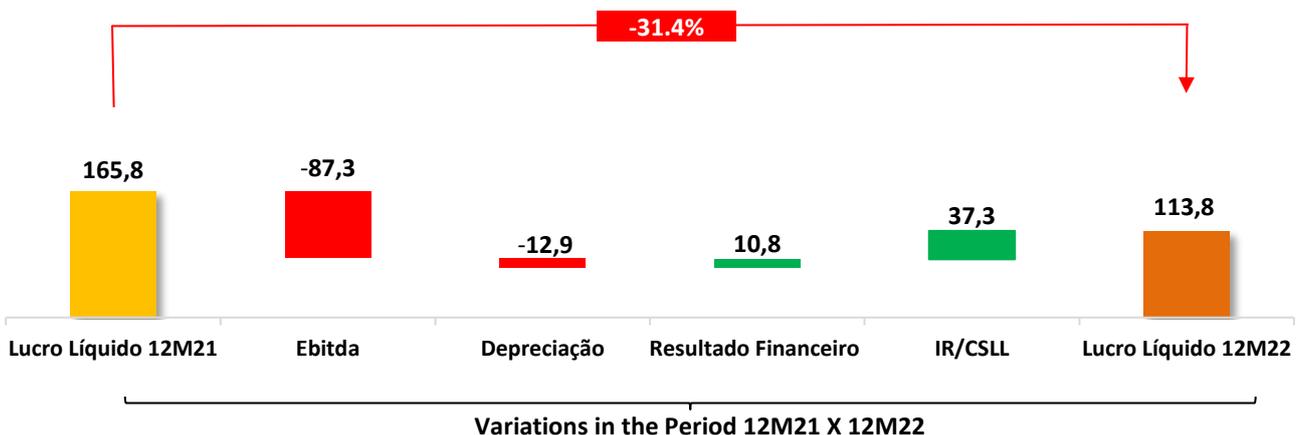


Chart 29 – Net Income Formation 12M22 (R\$ million)



Net Income increased 2.4% in the quarter compared to 4Q21. In 2022, on the other hand, it presented a retraction of 31.4% in comparison with the closing of 2021. This way, the Company closed 4Q22 with a **profit of R\$39.9 million, compared to the R\$38.9 million reported in 4Q21. Net Income was R\$111.3 million in 2022, versus R\$165.8 million in 12M21.**

The tables below show the reconciliation of EBITDA and Adjusted Income, considering the non-recurring effects of the year (indemnification of the Pery Plant and hydrological risk).

Celesc Geração S.A. | EBITDA (IFRS) - Adjustments

| R\$ Million | 4 th Quarter | | | Full year | | |
|--------------------------------------------------------|-------------------------|--------------|---------------|--------------|--------------|---------------|
| | 2021 | 2022 | Δ | 12M21 | 12M22 | Δ |
| EBITDA | 48.4 | 34.2 | -29.3% | 226.6 | 139.4 | -38.5% |
| (-) Provision/Reversal Plants and Investments | 0.0 ⁴ | 0.5 | | 0.0 | 0.5 | |
| (=) Adjusted EBITDA (CVM Resolution 156) | 48.5 | 34.8 | -28.3% | 226.7 | 139.9 | -38.3% |
| (-) Non-recurring effects | 0.00 | 0.00 | | 42.5 | 0.0 | |
| (-) Effects from the Indemnification of the Pery Plant | 0.0 | 0.0 | | 70.6 | 0.0 | |
| (-) Effects of the Hydrological Risk Renegotiation | 0.0 | 0.0 | | (28.1) | 0.0 | |
| (=) Adjusted EBITDA | 48.5 | 34.8 | -28.3% | 184.2 | 139.9 | -24.1% |
| <i>EBITDA Margin - IFRS (%)</i> | <i>86.2%</i> | <i>77.0%</i> | | <i>86.6%</i> | <i>76.4%</i> | |
| <i>Adjusted EBITDA Margin (%)</i> | <i>86.3%</i> | <i>77.0%</i> | | <i>70.4%</i> | <i>76.2%</i> | |

Celesc Geração S.A. | Net Income/Loss - Adjustments

| R\$ Million | 4 th Quarter | | | Full year | | |
|---------------------------------------------------------------------|-------------------------|--------------|-------------|--------------|--------------|---------------|
| | 2021 | 2022 | Δ | 2021 | 2022 | Δ |
| Net Income/Loss (Reported IFRS) | 38.9 | 39.9 | 2.4% | 165.8 | 113.8 | -31.4% |
| (-) Non-Recurring Effects and Impairment Provision/Reversion | (0.0) | (0.3) | | 38.3 | (0.3) | |
| (-) Effects from the Indemnification of the Pery Plant | 0.0 | 0.0 | | 56.9 | 0.0 | |
| (-) Effects from the Hydrological Risk Renegotiation | 0.0 | 0.0 | | (18.6) | 0.0 | |
| (-) Provision/Reversal Plants and Investments | 0.0 | (0.3) | | (0.0) | (0.3) | |
| (=) Adjusted Net Income | 39.9 | 40.2 | 3.2% | 127.5 | 114.1 | -10.5% |
| <i>Net Margin - IFRS (%)</i> | <i>69.3%</i> | <i>88.4%</i> | | <i>63.3%</i> | <i>62.2%</i> | |
| <i>Adjusted Net Margin (%)</i> | <i>69.3%</i> | <i>89.2%</i> | | <i>48.7%</i> | <i>62.4%</i> | |

3.2.2.5. Indebtedness

In 4Q22, **Celesc Geração's Gross Financial Debt totaled R\$42.5 million**, down by 54.2% from the **R\$92.7 million** recorded in December 2021. The Net Financial Debt for 4Q22 totaled R\$14.4 million negative, with a decrease of R\$43.6 million, of which R\$50.2 million was due to amortization occurred in the period, going through the normal course of the debt contracts, and R\$6.6 million to the cash effect.

The reduction of the Financial Debt of Celesc Geração was due, fundamentally, to the redemption of the 2nd issue of debentures on November 1st, 2022.

Currently, Celesc Geração has only the 3rd debenture issue in effect.

⁴ 42 thousand

Celesc Geração S.A. | Indebtedness

| 4Q22 Financial Debt | | | |
|--------------------------------------------|----------------------|----------------------|----------------|
| R\$ Million | On December 31, 2021 | On December 31, 2022 | Δ |
| Short-Term Debt | 35.3 | 2.8 | -91.9% |
| Long-Term Debt | 57.4 | 39.6 | -31.0% |
| Total Financial Debt | 92.7 | 42.5 | -54.2% |
| (-) Cash and Cash Equivalents | 63.4 | 56.8 | -10.4% |
| Net Financial Debt | 29.3 | (14.4) | -149.1% |
| EBITDA (LTM) | 226.6 | 139.4 | -38.5% |
| Fin. Debt Net / EBITDA 12M | 0.1x | -0.1x | |
| ADJUSTED EBITDA (LTM) | 184.2 | 139.4 | -24.3% |
| Fin. Debt Net / Adjusted EBITDA 12M | 0.2x | -0.1x | |
| Equity | 691.4 | 751.8 | 8.7% |
| Fin. Debt Total / Equity | 0.1x | 0.1x | |
| Fin. Debt Net / Equity | 0.04x | -0.02x | |

The table⁵ below breaks down the Company's amortization schedule in 2022.

| Celesc Geração- 4Q22 Debt Breakdown (R\$ thousand) | | | | | | | | | | |
|----------------------------------------------------|---------------------------------|------------|--------------|---------------------|--------------|--------------|--------------|--------------|-------------------|---------------------------|
| Description | | | | Annual Amortization | | | | | | |
| Company | Contracts | Issue Date | Rate (p.a.) | 2023 | 2024 | 2025 | 2026 | 2027 | From 2027 to 2043 | Outstanding Balance Total |
| Celesc G | 3 rd Debenture Issue | Dec 2020 | IPCA + 4.30% | 2,896 | 5,792 | 5,792 | 5,792 | 5,792 | 17,375 | 43,438 |
| Celesc G - Total | | | | 2,896 | 5,792 | 5,792 | 5,792 | 5,792 | 17,375 | 43,438 |

Regarding the debt profile, as shown in the graph below, the majority concentration of debt is in the long term.

Chart 30 – Amortization Schedule – December/2022 (R\$ Million)

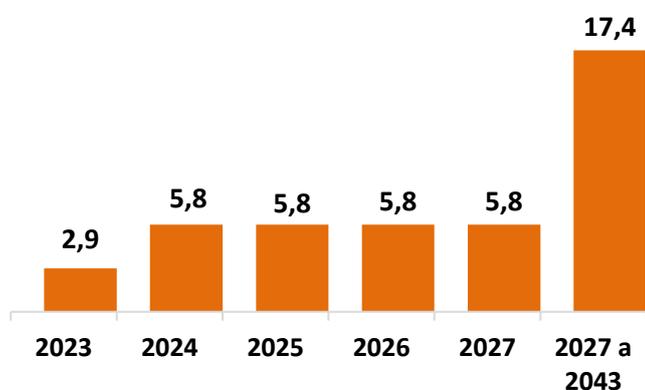
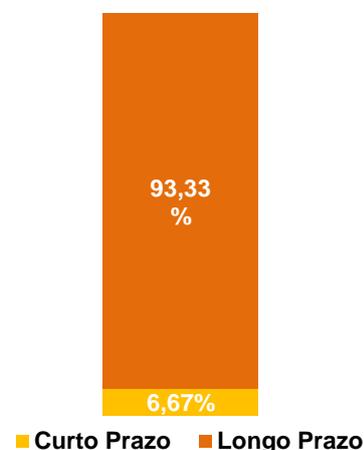


Chart 31 – Average Indebtedness Term – December/2022



⁵ Excluding charges on debt.

In the last few years, the Company has been extending the debt profile, with **93.33% of the debt in the long term and 6.67% in the short term**, as reported at the end of 4Q22.

3.2.2.6. Investments

The table below shows Celesc Geração's investments in **4Q22/12M22**.

Celesc Geração S.A. | CAPEX

| R\$ Million | 4 th Quarter | | | Full year | | |
|-----------------------------------|-------------------------|-------------|---------------|-------------|-------------|--------------|
| | 4Q21 | 4Q22 | Δ | 12M21 | 12M22 | Δ |
| Celesc Geração Investments | 4.6 | 24.5 | 429.1% | 24.0 | 32.5 | 35.8% |
| Investment in SPEs | 0.1 | 17.9 | 13127.0% | 4.6 | 18.7 | 303.9% |
| Own Generation Complex Plants | 4.5 | 6.6 | 46.8% | 19.3 | 13.8 | -28.5% |

In the Own Generating Park, R\$ 13.8 million were invested in 2022, of which R\$ 3.6 million were invested in CGH Caveiras, R\$ 1.2 million in UHE Palmeiras, R\$ 1.2 million in CGH Piraí, R\$ 0.7 million in UHE Pery, R\$ 1.0 million in Central Administration, R\$ 0.5 million in UHE Salto and R\$ 4.5 million in Photovoltaic Plants.

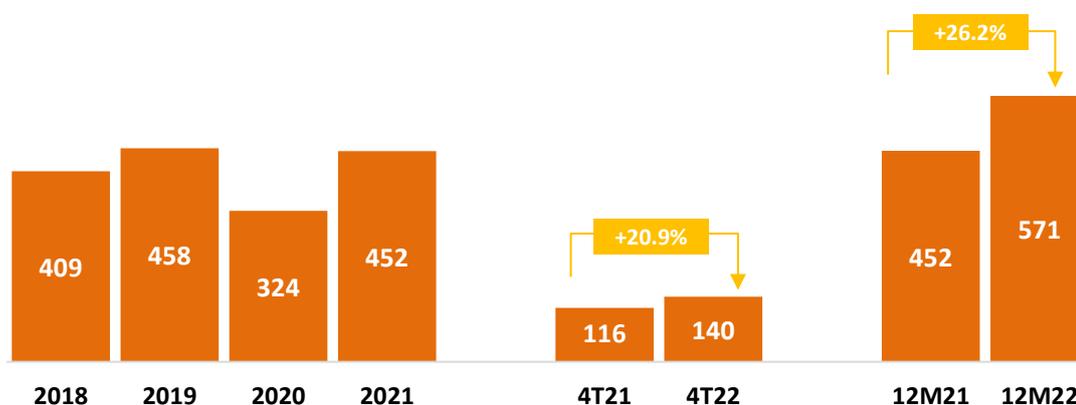
As for the SPEs, R\$ 18.7 million were invested in 2022, of which R\$ 1.0 million were invested in Garça Branca SHP and R\$ 17.1 million in EDP Aliança.

3.2.3. Operational Performance

3.2.3.1. Power Production

In 4Q22, the energy generated by Celesc G plants was **139.9 GWh (570.8 GWh in 12M22), an increase of 20.9% (26.2% in 12M22)** over 4Q21. **Chart 32** below shows the performance of generated power production of Celesc's park from 2018 to 2021 and in the comparative periods of 4Q21/4Q22 and 12M21/12M22.

Chart 32 – Production of Celesc's Generation Complex (GWh)



Among the factors that impacted the increase in the operating performance, in the quarter, of the generating park, the following stand out: (i) Good rainfall rates, contributing to a good affluence in the reservoirs of the Plants in 2022 (the highest in the last six years); and (ii) Increases in the availability of the Generating Units. We highlight the performance of UHE Palmeiras (+32.0 GWh in 4Q22 and +53.1 GWh in 12M22), UHE Pery (+2.8 GWh in 4Q22 and +36.5 GWh in 12M22) and UHE PCH Celso Ramos (+2.3 GWh in 4Q22 and +25.1 GWh in 12M22).

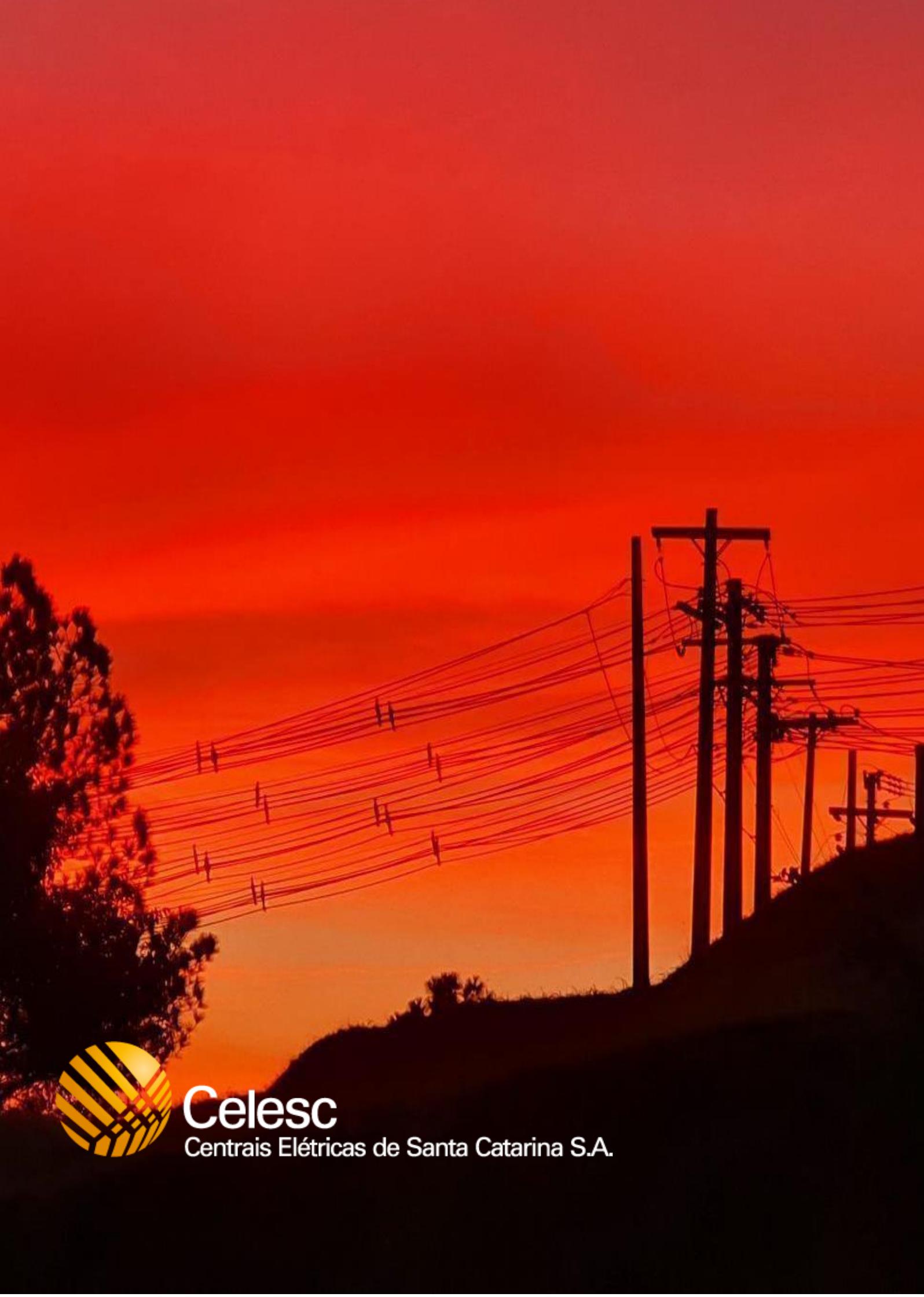
3.2.2.2. Billed Energy.

Chart 33 below shows the performance of Billed Energy at Celesc Geração (quarter and annual comparisons).

Chart 33 - Billed Energy (GWh)



The amount of energy billed grew 4.8% in the fourth quarter (3.7% in 2022), this variation was due, fundamentally, to two reasons: (i) a greater amount of trade operations, as well as the higher average GSF; (ii) a decrease in Short-Term Energy as part of the strategy to liquidate the least possible amount of energy in the CCEE.



Celesc

Centrais Elétricas de Santa Catarina S.A.

3.3. CONSOLIDATED

3.3.1. Economic and Financial Performance

3.3.1.1. Gross Operating Income, Net Operating Income, and Consolidated Income.

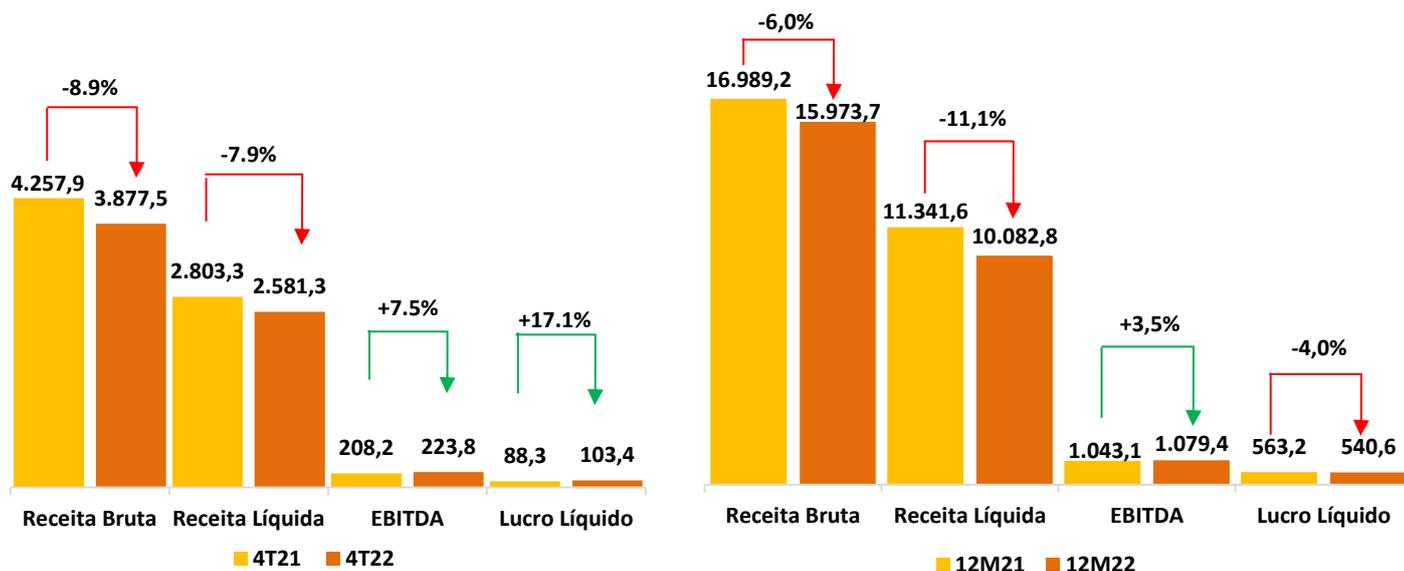
The table below shows main consolidated indicators of Celesc in 4Q22 and 12M22.

Consolidated | Main Financial Indicators

| R\$ Million | 4 th Quarter | | | Full year | | |
|-----------------------------------------------------------|-------------------------|----------------|---------------|-----------------|-----------------|----------------|
| | 4Q21 | 4Q22 | Δ | 12M21 | 12M22 | Δ |
| Gross Operating Income | 4,257.9 | 3,877.5 | -8.9% | 16,989.2 | 15,973.7 | -6.0% |
| Deductions from Operating Income | (1,454.6) | (1,296.3) | -10.9% | (5,647.6) | (5,890.8) | 4.3% |
| Net Operating Income | 2,803.3 | 2,581.3 | -7.9% | 11,341.6 | 10,082.8 | -11.1% |
| Net Operating Income (Excluding Construction Revenue) | 2,590.3 | 2,286.4 | -11.7% | 10,630.6 | 8,883.7 | -16.4% |
| Operating Costs and Expenses | (2,677.6) | (2,439.9) | -8.9% | (10,616.9) | (9,359.8) | -11.8% |
| Equity Pickup | 11.0 | 11.1 | 0.8% | 72.7 | 79.3 | 9.2% |
| Earnings from Activities | 136.7 | 152.5 | 11.6% | 797.4 | 802.3 | 0.6% |
| EBITDA | 208.2 | 223.8 | 7.5% | 1,043.1 | 1,079.4 | 3.5% |
| <i>EBITDA margin - IFRS</i> | 7.4% | 8.7% | | 9.2% | 10.7% | |
| <i>EBITDA margin (IFRS) - ex-Construction Revenue (%)</i> | 8.0% | 9.8% | | 9.8% | 12.2% | |
| Financial Result | 29.6 | (25.0) | -15.6% | 24.2 | (82.7) | -442.3% |
| Earnings Before Income Tax | 107.1 | 127.5 | 19.1% | 821.5 | 719.7 | -12.4% |
| IR/CSLL | (18.8) | (24.1) | -28.4% | (258.4) | (179.1) | -30.7% |
| Net Income / Loss | 88.3 | 103.4 | 17.1% | 563.2 | 540.6 | -4.0% |
| <i>Net Margin - IFRS (%)</i> | 3.1% | 4.0% | | 5.0% | 5.4% | |
| <i>Net Margin - IFRS - ex-construction revenue (%)</i> | 3.4% | 4.5% | | 5.3% | 6.1% | |

Chart 34 below shows the Company's Gross and Net Operating Revenue, EBITDA, and Consolidated Income for 4Q22 and in 2022, respectively.

Chart 34 - Gross and Net Revenue, EBITDA and Net Income - Consolidated in 4Q21/4Q22 and 12M21/12M22



3.3.1.3. Consolidated Operating Costs and Expenses

The charts below show the performance of Operating Costs and Expenses, including Manageable and Non-Manageable Costs, and Amortization/Depreciation Expenses.

Chart 35 - Consolidated Operating Costs and Expenses 4Q21/4Q22 (R\$ million)

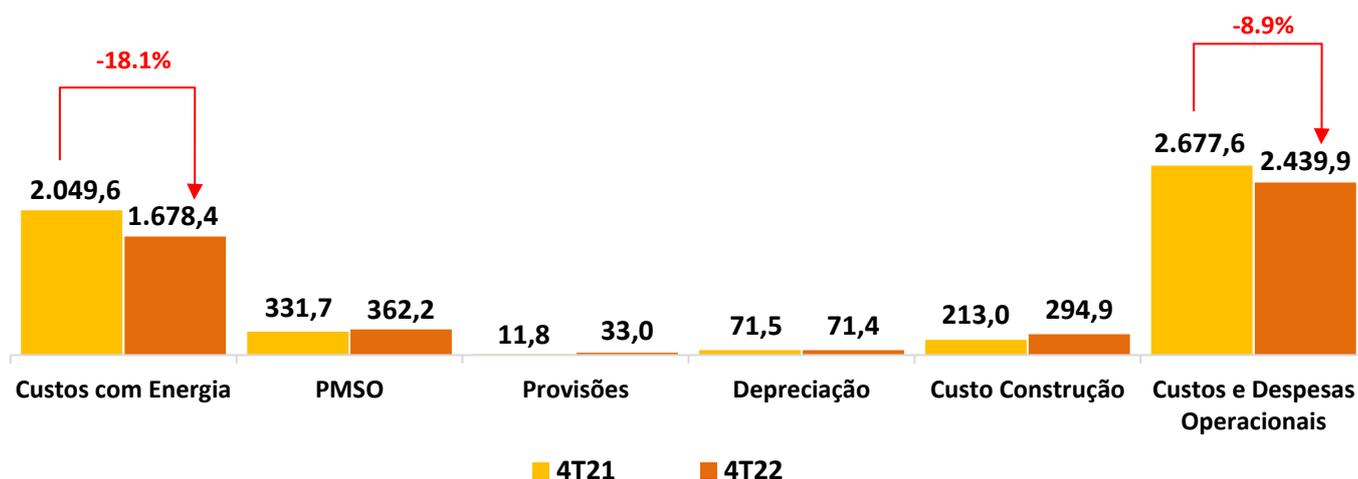
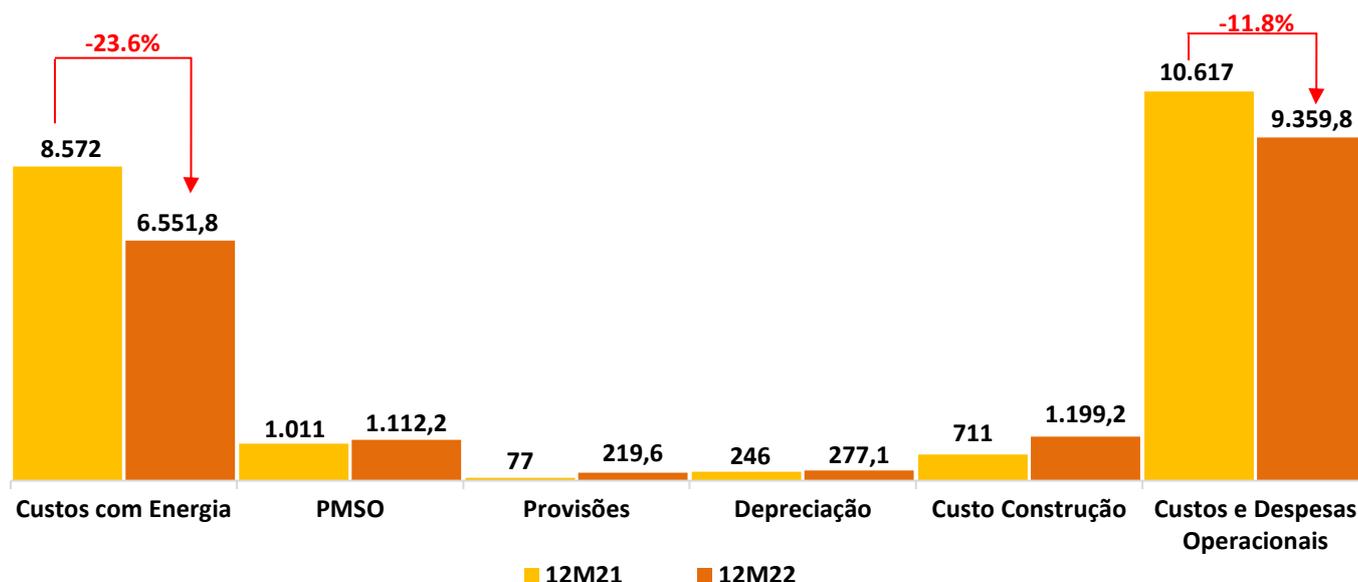


Chart 36 - Consolidated Operating Costs and Expenses 12M21/12M22 (R\$ million)



Operating costs and expenses decreased 8.9% in the quarter (11.8% in the year) to R\$2,439.9 million in 4Q22 (R\$9,359.8 million in 12M22). The decrease in 3Q22 (9M22) mainly reflects the variations in the **subsidiaries Celesc Distribuição and Celesc Geração**, as shown below:

- In Celesc Distribuição, **18.1% reduction in the quarter (23.6% in 12M22) in energy costs**, mainly due to the reduction in the **dispatch of the thermal plants, Itaipu and hydro, and lower PLD in the period**
- **Increase of 9.2% in the quarter (10.0% year-to-date) and higher level of provisions in 4Q22x4Q21 (R\$ 33 million versus R\$ 11.8 million) and in 12M22x12M21 (R\$ 219.6 million versus R\$ 77.3 million)** with the specific variations already described in the respective topics of the subsidiaries Celesc Distribuição and Celesc Geração;
- Finally, at Celesc Geração, the Hydrological Risk Rescheduling that took place in the third quarter, and the accounting and depreciation reversal of the Pery plant, both in 3Q21, influenced the annual comparison base.

The table below shows Personnel expenses in 4Q22 and in 2022.

Consolidated | Personnel expenses

| R\$ Million | 4 th Quarter | | | Full year | | |
|---------------------------------------------|-------------------------|----------------|--------------|----------------|----------------|--------------|
| | 2021 | 2022 | Δ | 2021 | 2022 | Δ |
| Personnel - Total | (234.6) | (296.2) | 26.2% | (701.8) | (913.3) | 30.1% |
| Personnel and Management | (238.4) | (261.6) | 9.8% | (709.3) | (788.2) | 11.1% |
| Personnel and Charges | (229.8) | (251.9) | 9.6% | (683.3) | (757.9) | 10.9% |
| Private Pension Plan | (8.6) | (9.7) | 13.4% | (26.0) | (30.3) | 16.6% |
| Actuarial Expenses | 3.7 | (34.6) | -1025.2% | 7.5 | (125.1) | -1773.3% |
| | (42.0) | (58.7) | | (63.9) | (60.1) | |
| Total Personnel Expenses without IDP | (192.6) | (237.6) | 23.3% | (637.9) | (853.2) | 33.7% |

3.3.1.4. EBITDA and Consolidated Net Income.

Charts 37 and 38 below show the formation of **Consolidated EBITDA** in the period.

Chart 37 – EBITDA Formation 4Q22 (R\$ million)

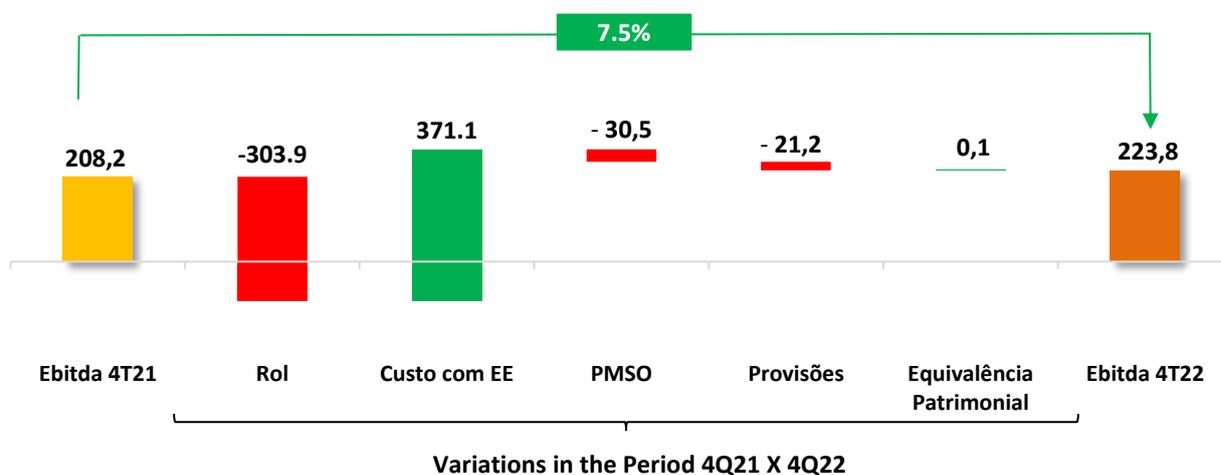
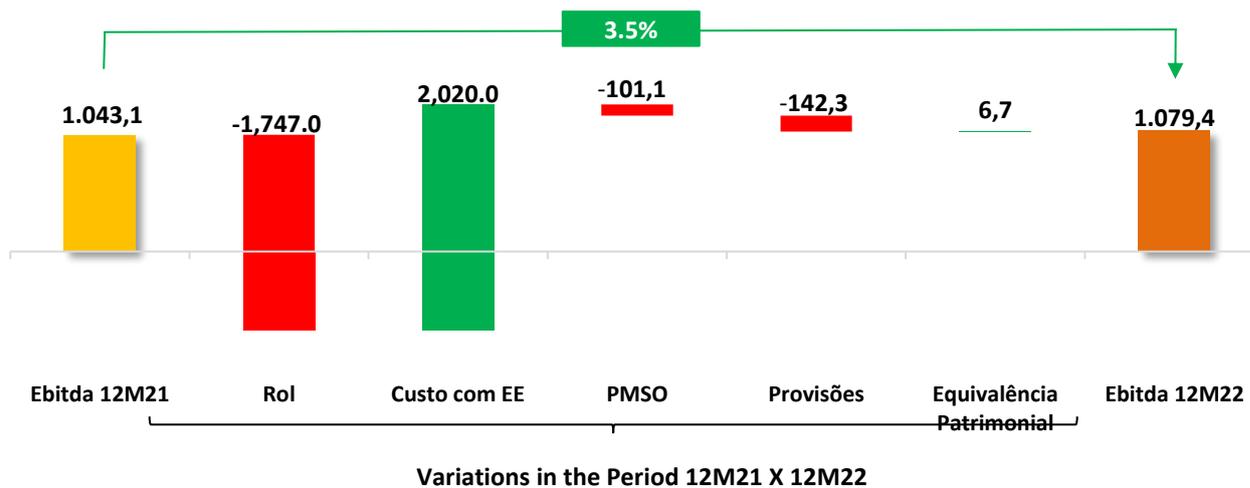


Chart 38 – EBITDA Formation 12M22 (R\$ million)



Consolidated EBITDA totaled **R\$223.8 million in 4Q22**, compared to the **R\$208.2 million** recorded in **4Q21**, a decrease of **7.5%**. In **2022**, the increase was **3.5%**, totaling **R\$1,079.4 million**.

The higher EBITDA reflects the performance of the subsidiaries **Celesc Distribuição** and **Celesc Geração**, as follows:

- **Celesc Distribuição:** (i) Generation of Part B higher compared to 4Q21 and in the year; (ii) Reduction of Losses compared to 4Q21 and in the year; (iii) Increase of manageable expenses, especially impacted by the increase in actuarial expenses due to the increase in the discount rate of the Actuarial Report.
- **Celesc Geração:** i) Lower Financial Revenues with Granting Bonus; (ii) Reduction in average energy sales prices in 4Q22; (iii) decrease in PLD; (iv) Distortion of the comparative base in the period due to the accounting of the indemnification of the Pery Plant in 3Q21, the Hydrological Risk Rescheduling - GSF and the Reversals of PECLD provision related to GSF in 2021.

Consolidated | Main Financial Indicators

| R\$ Million | 4 th Quarter | | | Full year | | |
|---------------------------------------------|-------------------------|---------------|---------------|----------------|----------------|----------------|
| | 4Q21 | 4Q22 | Δ | 12M21 | 12M22 | Δ |
| Earnings from Activities - EBIT | 136.7 | 152.5 | 11.6% | 797.4 | 802.3 | 0.6% |
| Activities Margin (%) | 4.9% | 5.9% | | 7.0% | 8.0% | |
| EBITDA | 208.2 | 223.8 | 7.5% | 1,043.1 | 1,079.4 | 3.5% |
| EBITDA Margin (%) | 7.4% | 8.7% | | 9.2% | 10.7% | |
| Financial Result | 29.6 | (25.0) | -15.6% | 24.2 | (82.7) | -442.3% |
| Financial Revenue | 56.6 | 93.2 | 64.6% | 258.1 | 455.6 | 76.5% |
| Finance Expenses | (86.2) | (118.1) | 37.1% | (233.9) | (538.3) | 130.1% |
| Earnings Before Income Tax | 107.1 | 127.5 | 19.1% | 821.5 | 719.7 | -12.4% |
| IR and CSLL | 11.1 | (25.7) | -330.6% | (135.8) | (188.6) | 38.9% |
| Deferred Income Tax and Social Contribution | (29.5) | 1.6 | 105.2% | (122.6) | 9.5 | 107.8% |
| Net Income | 88.3 | 103.4 | 17.1% | 563.2 | 540.6 | -4.0% |
| Net Margin (%) | 3.1% | 4.0% | | 5.0% | 5.4% | |

Net income ended **4Q22 with R\$103.4 million**, 17.1% higher than in 4Q21, when it totaled R\$88.3 million. **In 2022 it registered R\$540.6 million**, a decrease of 4.0% if compared to the same period of the previous year. In addition to the factors that have already impacted EBITDA, the rise in the interest rate in the period impacted the Company's financial result contributing to the decrease in annual profitability compared to 2021.

Chart 39 – Net Income Formation 4Q22 (R\$ million)

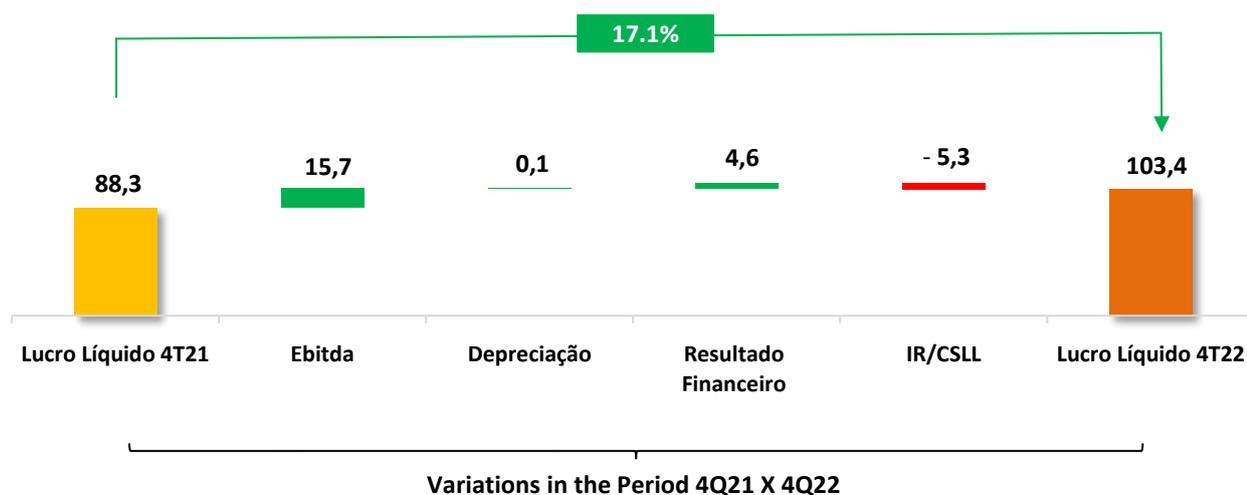
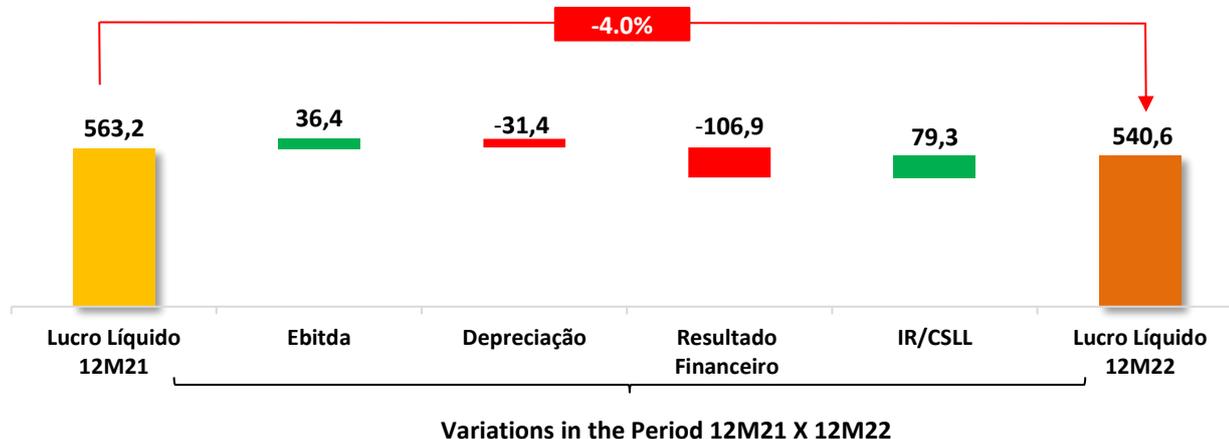


Chart 40 – Net Income Formation 12M22 (R\$ million)



The tables below show the reconciliation of EBITDA and Adjusted Income, considering the non-recurring effects of the quarter in the subsidiaries Celesc D and G.

Consolidated EBITDA (IFRS) - Adjustments

| R\$ Million | 4 th Quarter | | | Full year | | |
|-------------------------------------------------------------------|-------------------------|---------------|--------------|----------------|----------------|-------------|
| | 2021 | 2022 | Δ | 12M21 | 12M22 | Δ |
| EBITDA | 208.2 | 223.8 | 7.5% | 1,043.1 | 1,079.4 | 3.5% |
| (-) Celesc Geração Impairment Provision/Reversion | (0.0) | (0.5) | | (0.0) | (0.5) | |
| EBITDA (CVM Resolution 156) | 208.2 | 224.3 | 7.7% | 1,043.1 | 1,079.9 | 3.5% |
| (-) Non-recurring effects | (42.0) | (58.7) | | (21.5) | (60.1) | |
| (-) Celesc Distribuição Non-Recurring Effects | (42.0) | (58.7) | | (63.9) | (60.1) | |
| (-) Celesc Geração Non-Recurring Effects | (0.0) | (0.0) | | 42.5 | (0.0) | |
| (=) Adjusted EBITDA | 250.2 | 283.0 | 13.1% | 1,064.6 | 1,140.0 | 7.1% |
| <i>EBITDA Margin - IFRS (%)</i> | 7.4% | 8.7% | | 9.2% | 10.7% | |
| <i>Adjusted EBITDA Margin, excluding Construction Revenue (%)</i> | 9.7% | 12.4% | | 10.0% | 12.8% | |

Consolidated NET INCOME: IFRS - Non-Recurring

| R\$ Million | 4 th Quarter | | | Full year | | |
|-------------------------------------------------------------------------------|-------------------------|---------------|--------------|--------------|---------------|--------------|
| | 2021 | 2022 | Δ | 12M21 | 12M22 | Δ |
| Net Income/Loss - Reported IFRS | 88.3 | 103.4 | 17.1% | 563.2 | 540.6 | -4.0% |
| (-) Non-recurring effects | (27.7) | (39.1) | | (3.8) | (40.0) | |
| (-) Celesc Distribuição Non-Recurring Effects | (27.7) | (38.7) | | (42.2) | (39.7) | |
| (-) Celesc Geração Non-Recurring Effects and Impairment Provision/Reversion | (0.0) | (0.3) | | 38.3 | (0.3) | |
| (=) Adjusted Net Income | 116.0 | 142.4 | 22.8% | 567.0 | 580.6 | 2.4% |
| <i>Net Margin - IFRS (%)</i> | 3.1% | 4.0% | | 5.0% | 5.4% | |
| <i>Adjusted Net Margin, excluding Construction Revenue (%)</i> | 4.5% | 6.2% | | 5.3% | 6.5% | |

3.3.1.5. Indebtedness

The table below shows the Company's Gross and Net Debts, and the Debt breakdown between 2021 and 2022.

Consolidated | Indebtedness

| 4Q22 Financial Debt | | | |
|--------------------------------------------|----------------------|----------------------|--------------|
| R\$ Million | on December 31, 2021 | on December 31, 2022 | Δ |
| Short-Term Debt | 176.6 | 507.7 | 187.6% |
| Long-Term Debt | 1,845.4 | 1,941.6 | 5.2% |
| Total Financial Debt | 2,022.0 | 2,449.3 | 21.1% |
| (-) Cash and Cash Equivalents | 844.1 | 940.7 | 11.4% |
| Net Financial Debt | 1,177.9 | 1,508.6 | 28.1% |
| EBITDA (LTM) | 1,043.1 | 1,079.4 | 3.5% |
| Fin. Debt Net / EBITDA 12M | 1.1x | 1.4x | |
| ADJUSTED EBITDA (LTM) | 1,064.5 | 1,140.0 | 7.1% |
| Fin. Debt Net / Adjusted EBITDA 12M | 1.0x | 1.3x | |
| Equity | 2,621.4 | 2,883.2 | 10.0% |
| Fin. Debt Total / Equity | 0.8x | 0.8x | |
| Fin. Debt Net / Equity | 0.4x | 0.5x | |

On December 31, 2022 **Grupo Celesc's Financial Debt** totaled **R\$2,449.3** million, compared to **R\$2,022.0** million on **December 31, 2021**, up by 21.1% (**+R\$427.3 million**). The **Short-Term Debt** accounted for **20.73% of total Debt (8.73% on December 2021)**. The **Long-Term Debt** accounted for 79.27% of **total Debt (91.27% on December 2021)**, due to an improved debt profile, as a result of the already mentioned measures adopted in the subsidiaries.

The Group's consolidated net debt at the end of 2022 totaled **R\$1,508.6 million**, a **increase of 28.1%**, mainly due to the **Bank Credit Note ("CCB"), of R\$550 million**, taken by the subsidiary Celesc Distribuição in 1Q22.

The table⁶ below breaks down the Company's amortization schedule on December 31, 2022, between subsidiaries Celesc Distribuição and Celesc Geração.

| Celesc Consolidated - 4Q22 Debt Breakdown (in R\$ million) | | | | | | | | | | |
|------------------------------------------------------------|---------------------------------|------------------|--------------|---------------------|----------------|----------------|----------------|---------------|----------------|---------------------------|
| Description | | | | Annual Amortization | | | | | | Outstanding Balance Total |
| Company | Contracts | Issue Date | Rate (p.a.) | 2023 | 2024 | 2025 | 2026 | 2027 | 2027 to 2043 | |
| Celesc D | Eletrobrás - D | Jan/13 | 5.00% | 872 | 872 | 363.5 | - | - | - | 2,108 |
| Celesc D | Finame - D | Jul/12 to Dec/15 | 8.54% | 2,387 | 267 | - | - | - | - | 2,654 |
| Celesc D | Working capital - D | Apr/19 | CDI + 0.80% | 93,056 | - | - | - | - | - | 93,056 |
| Celesc D | Working capital - D | Feb/22 | CDI + 1.65% | 137,500 | 275,000 | 137,500 | - | - | - | 550,000 |
| Celesc D | 3rd Debentures - D | Aug/18 | CDI + 1.90% | 49,999 | - | - | - | - | - | 49,999 |
| Celesc D | 4th Debentures - D | Apr/21 | CDI + 2.60% | 153,488 | 153,489 | 153,489 | 51,163 | - | - | 511,628 |
| Celesc D | IDB - D | Oct/18 | CDI + 1.35% | - | 56,596 | 56,596 | 56,596 | 56,596 | 905,538 | 1,131,923 |
| Celesc D | Loan 5 th G - D | Nov/21 | CDI + 2.10% | 70,000 | - | - | - | - | - | 70,000 |
| Celesc D | Loan 1st H - D | Nov/21 | CDI + 2.10% | - | - | - | - | - | - | - |
| Celesc D - Total | | | | 507,303 | 486,224 | 347,948 | 107,759 | 56,596 | 905,538 | 2,411,367 |
| Celesc G | 2 nd Debenture Issue | May/18 | CDI + 2.50% | - | - | - | - | - | - | 0.00 |
| Celesc G | 3 rd Debenture Issue | Dec/20 | IPCA + 4.30% | 2,896 | 5,792 | 5,792 | 5,792 | 5,792 | 17,735 | 43,438 |
| Celesc G - Total | | | | 2,896 | 5,792 | 5,792 | 5,792 | 5,792 | 17,735 | 43,438 |
| Total Consolidated | | | | 510,199 | 492,016 | 353,739 | 113,550 | 62,388 | 922,913 | 2,454,805 |

It is worth noting that the **Company's Average Cost of Debt was 15.49%** and the **Average Term was 10.98 years (131 months)**.

⁶ Excluding charges on debt.

3.3.1.6. Investments

| R\$ Million | 4 th Quarter | | | Full year | | |
|---------------------------------------------|-------------------------|--------------|--------------|--------------|----------------|--------------|
| | 4Q21 | 4Q22 | Δ | 12M21 | 12M22 | Δ |
| Electricity Generation | 4.6 | 24.5 | 429.1% | 24.0 | 32.5 | 35.8% |
| Power Distribution | 226.9 | 333.4 | 47.0% | 753.1 | 1,292.8 | 71.7% |
| Total Consolidated | 231.5 | 358.0 | 54.6% | 777.1 | 1,325.4 | 70.6% |
| <i>Consumer Financial Share / Donations</i> | (34.7) | (76.8) | | (130.9) | (277.0) | |
| Net Capex Celesc | 196.8 | 281.2 | 42.9% | 646.2 | 1,048.3 | 62.2% |

The Group's investments totaled **R\$358.0 million in 4Q22 (R\$1,325.4 in 2022)**, up by 54.6% over the **R\$231.5 million recorded in 4Q21**. In 2022, there is an increase of 70.6%, showing **R\$ 1,325.4 million in 2022, compared to R\$ 777.1 million** in 2021. These amounts were allocated as follows: **R\$32.5 million (R\$24.5 million in 4Q22)** at Geração de Energia, and **R\$1,292.8 million (R\$333.4 million in 4Q22)** at Distribuição de Energia.

4. SUSTAINABLE DEVELOPMENT

Celesc has established a Socio-Environmental Responsibility Policy (PRSA) with 7 principles that guide the company's initiatives, as follows: Human Rights, Prevention, Integrity, Local Sustainability, Communication, Adequacy, and Evolution, To promote the attendance of issues related to the social area, such as respect for human rights, integrity, communication with stakeholders, local sustainability, and issues related to the environmental area, valuing the prevention of negative impacts on the environment.

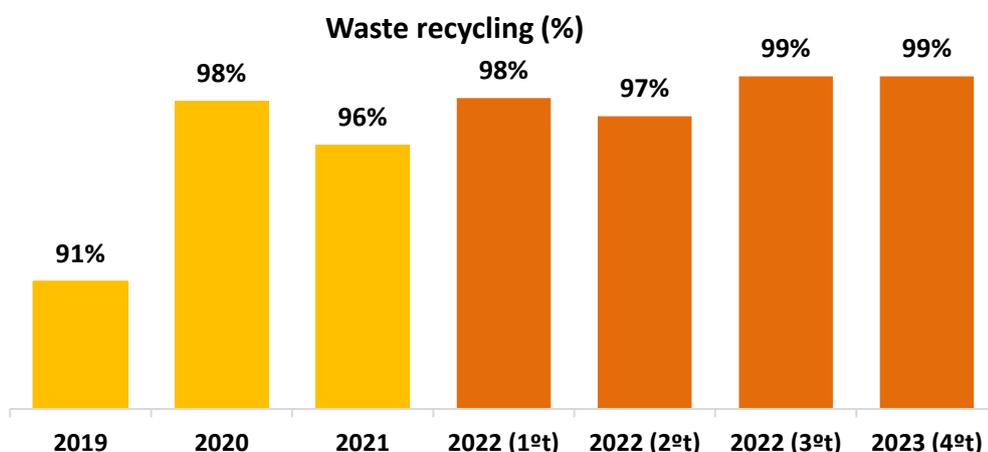
Celesc's PRSA principles also include matters that address corporate management progress, which ensure process improvement and goal achievement, and compliance with legislation, especially the respect for the rule of law, mainly the regulations of the electricity sector, health and occupational safety, and the environment.

The highlighted indicators reflect the commitment of the Company's actions to improve its performance in environmental, social, and governance matters.

4.1 Environmental

In 4Q22, among the environmental management requirements, are the management of non-disposable solid waste generated in Celesc Distribuição's areas and storerooms. These are class I waste (hazardous, such as PPEs contaminated with oil, light bulbs, batteries, workshop waste, and others), and class II waste (non-hazardous, such as sweeping, crate wood, non-contaminated PPEs, rubberized materials, and others).

The chart below shows the waste recycling evolution from 2019 to 2022.



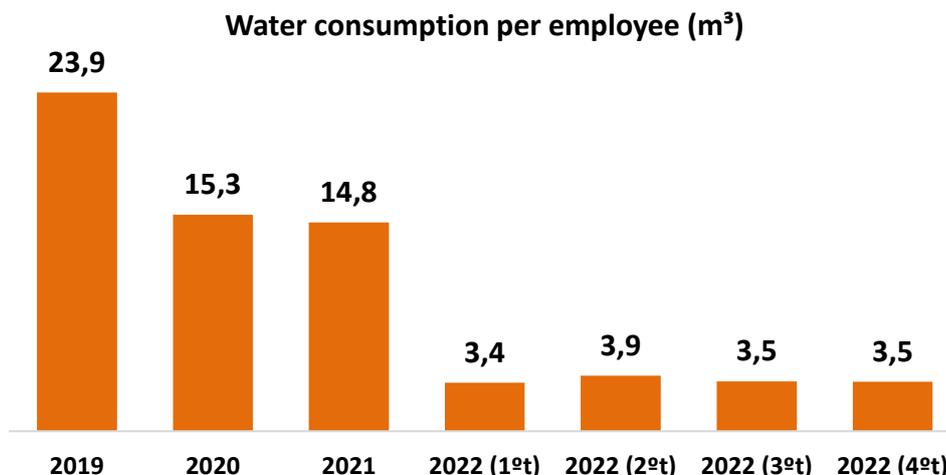
Regarding administrative waste, it should be noted that 100% of the heavy organic recyclable waste is sent to the composting process. The practice had already been adopted in the company's waste management, but had not yet been reported. The Company decided to include data because of the information report and the importance given to the detour of waste from landfills, which are considerable sources of greenhouse gas (GHG) emissions.

WATER CONSUMPTION PER EMPLOYEE

The performance referring to the water consumption per employee is shown in the chart below:

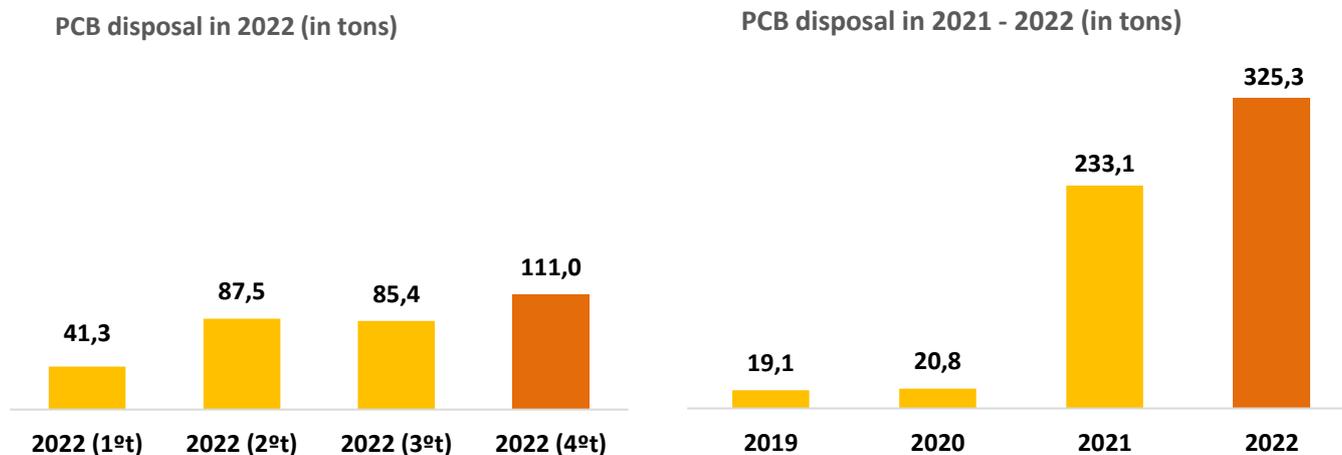
We can see that the per capita consumption pattern showed a drop in the year 2020, largely due to remote work because of the Covid-19 pandemic, but the reduced consumption pattern remained, even after the full resumption of in-person activities in 2022, demonstrating the efficiency of the structural

measures taken in 2021, with the renovation of the water and sanitation facilities at the administrative headquarters.



INVENTORY AND DISPOSAL OF PCB

As for the environmentally adequate final destination of Polychlorinated Biphenyls (PCBs), which should be finalized by 2028, continuing the process of oil and equipment contaminated with this substance, 111.02 tons of the same were destined, totaling 325.25 tons in the year 2022. The following graphics show the evolution in the final destination of PCB by Celesc in 2022, per quarter, and a comparison of recent years.



UNPRODUCTIVE DISPLACEMENT REDUCTION PROJECT

In the last quarter of 2022, the Reduction of Unproductive Displacements Project was started, aiming to optimize the attendance to emergency occurrences, generating significant impacts regarding the reduction of greenhouse gas emissions, directly related to SDG 13 - combating climate change.

With simple initiatives that basically involved changes in the digital service channels (SMS, App, and Celesc website), with improvements in the consumer interview and other modifications, there has already been a reduction in unproductive travel time.

CONSCIOUS CONSUMPTION PLAN

In the last quarter of 2022, Celesc presented the Conscious Consumption Plan prepared by the Environmental Management Supervision of the Environment Division. Organized in the form of three programs, as shown in the image below, the Plan extends activities already developed, promoting the consolidation of a conscious consumption culture in the company.



The Plan promotes the company's engagement in various actions related, mainly, to three Sustainable Development Goals: SDG 6 - ensure availability and sustainable management of water and sanitation for all; SDG 12 - ensure sustainable production and consumption patterns; and SDG 13 - climate change, since, by setting goals for reducing consumption of materials and waste, Celesc will contribute to minimize emissions of greenhouse gases (GHG), reduce pressure on the extraction of raw materials and divert waste from landfills, a considerable source of emissions of these gases.

4.2 Social (Social)

The company's performance is guided by the integration of the sustainable development concept into the corporate strategy, a concept embedded in the planning and execution of socio-environmental plans and programs, aimed at minimizing and/or mitigating the impacts of its projects and activities.

The commitment to our stakeholders is under the Celesc Group's Policy of Socio-Environmental Responsibility, which provides for constant dialogue between the company and its stakeholders. We are part of the Business Pact against Sexual Exploitation of Children and Adolescents on Brazilian Highways, in partnership with Childhood Brasil, and the Business Pact for Integrity and Against Corruption, of the Ethos Institute. We are also a signatory of the Sustainable Development Goals (SDGs), Global Compact, Abrinq, and the InPacto Institute.

The Company also plays a key role in the Young Apprentice Program, a great tool for social inclusion that provides young people in situations of social vulnerability with their first job opportunities. The company

recently included a complimentary training course on matters related to the electricity sector in the program's syllabus, presenting to boys and girls the possibilities of working in the area, using investments made by the company in its field of activity, providing young adults with technical training in the electricity sector, and bringing a gender perspective to the initiative.

Through a partnership with Celesc and the State Public Prosecutor's Office, the Program prioritizes the inclusion of young residents of shelters and foster homes, and currently has 53% girls and 47% boys on its staff.

Internally, the company has a Diversity and Inclusion Committee (D&I) sponsored by the Company's CEO, which objective is to build a more diverse and inclusive corporate environment. The company has invested in initiatives that promote greater symmetry between all employees, since cultural and social issues are directly reflected in the work environment.

4.3 Governance

In the constant pursuit of improving management mechanisms with optimization of control processes, compliance, and transparency, Celesc S/A and its wholly-owned subsidiaries have been pioneering acting regarding new challenges. It is an item of the Level 2 segment of B3's corporate governance listing segment.

The Company's ESG (Environment, Social, and Corporate Governance) initiative boosts environmental, social, and corporate governance discussions, showing its engagement concerning actions, improving the fulfillment of the wishes of all stakeholders - shareholders, consumers, employees, governments, society, communities, and suppliers - using them as metrics for the company's management.

It is worth noting that in the last quarter, the Company's Board of Directors approved the first ESG Report, thus fulfilling adherence to the Corporate Governance principles and the organization's trends regarding the best practices, based on the five pillars: (1) ethics and integrity; (2) diversity and inclusion; (3) environmental and social; (4) innovation and transformation; (5) transparency and accountability.

5. CAPITAL MARKET PERFORMANCE

Celesc's shares are traded on the B3 under the codes CLSC3 (15,527,137 common shares - ON, 40.26%) and CLSC4 (23,044,454 preferred shares - PN, 59.74%). Since it joined Level 2 of Corporate Governance in 2002, the company has joined **IGC** and **ITAG**, indexes made up of companies that offer transparency and protection to minority shareholders.

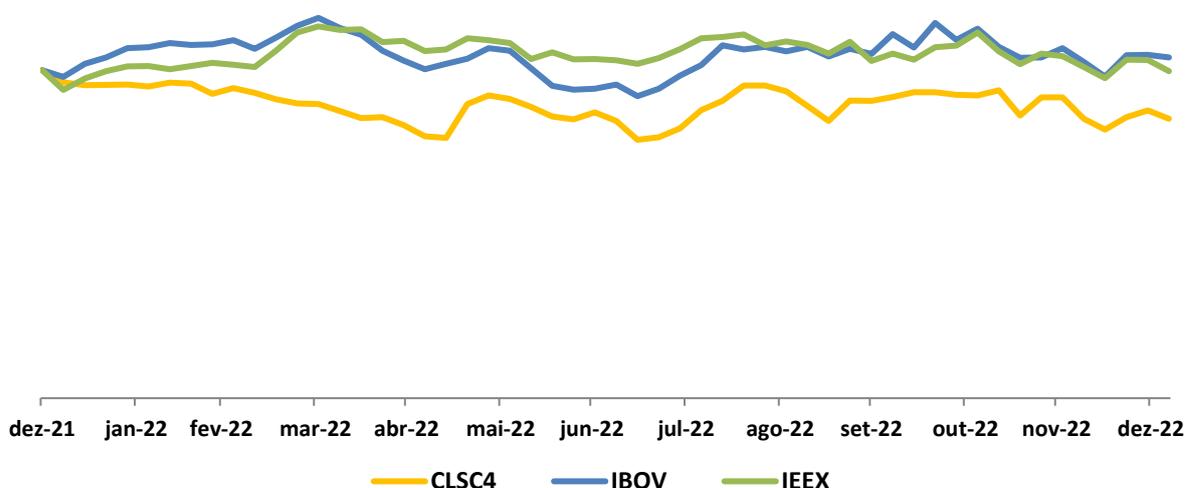
The **Company's Preferred Shares (CLSC4)** had a negative performance of **3.21% in the quarter and 12.22% in 2022**. In the same period, the main index of the Brazilian Stock Exchange, the Ibovespa, showed a **negative return of 0.27% in the quarter, but in the year it registered a positive variation of 4.69%**. The Electric Power Index (IEE), on the other hand, which measures the behavior of the main stocks in the Electric Power Sector, showed a **positive return of 0.24% in the quarter and 3.11% in the 12-month variation**.

| CLSC4 Follow-up | 4Q21 | 1Q22 | 2Q22 | 3Q22 | 4Q22 |
|--------------------------------------------------|--------|-------|--------|-------|--------|
| Closing price adjusted to earnings (R\$/share) | 67.99 | 60.98 | 57.22 | 57.85 | 54.59 |
| Price / Earnings | 4.6x | 3.8x | 3.5x | 4.2x | 3.9x |
| Price / Asset Value | 1.1x | 0.9x | 0.8x | 0.8x | 0.7x |
| Average traded volume ('000 shares) | 7 | 6 | 6 | 6 | 4 |
| Average traded volume (R\$ '000) | 514 | 412 | 332 | 323 | 233 |
| Market Value (R\$ Million) | 2,508 | 2,301 | 2,222 | 2,135 | 2,036 |
| Market Value (US\$ Million) | 449 | 483 | 424 | 395 | 390 |
| Profitability (%) | 4.81 | 8.93 | -3.38 | -3.08 | -3.21 |
| Profitability in the last 12 months (%) | 34.10 | 12.01 | -7.75 | -4.95 | -12.22 |
| Ibovespa Profitability (%) | -5.55 | 14.48 | -17.88 | 11.67 | -0.27 |
| Ibovespa profitability in the last 12 months (%) | -11.93 | 4.12 | 22.29 | -0.85 | 4.69 |
| IEE Profitability (%) | -2.54 | 11.45 | -7.35 | -0.38 | 0.24 |
| IEE Profitability in the last 12 months (%) | -7.89 | 5.10 | -2.07 | 0.25 | 3.11 |

Source: Economática/Investor Relations.

Below is CLSC4 performance compared to Ibovespa and IEE in the last 12 months.

Chart 44 CLSC4 – IBOV - IEE – Evolution December/21 – December/22



6. CORPORATE RATING

Rating agencies, or risk assessment agencies, are independent and specialized companies that monitor the financial activities of several public and private institutions to evaluate their credit risk level.

On November 23, 2022, Fitch Ratings assigned the Long-Term National Ratings '**AA(bra)**' to CELESC Distribuição, the same rating assigned to its parent company Centrais Elétricas de Santa Catarina, and its affiliate Celesc Geração, with a stable outlook.

7. EXHIBITS

7.1 Financial Statements

CELESC - CENTRAIS ELÉTRICAS DE SANTA CATARINA S.A.

| CONSOLIDATED BALANCE SHEET | | | | | |
|-------------------------------------|-------------------|-------------------|-------------------------------------------|-------------------|-------------------|
| Assets | 12/31/2022 | 12/31/2021 | Liabilities and Equity | 12/31/2022 | 12/31/2021 |
| Current | | | Current | | |
| Cash and Cash Equivalents | 940,684 | 844,088 | Suppliers | 1,016,513 | 1,088,186 |
| Accounts Receivable | 1,758,933 | 1,931,011 | Loans | 297,229 | 23,559 |
| Inventories | 20,019 | 13,556 | Debentures | 210,470 | 152,995 |
| Taxes Recoverable | 699,238 | 572,007 | Salaries and Social Security Charges | 227,670 | 214,708 |
| Dividends | 20,422 | 14,865 | Taxes and Social Contributions | 289,797 | 910,696 |
| Financial Assets | 57,555 | 70,886 | Proposed Dividends | 157,602 | 134,356 |
| Other Receivables | 180,627 | 216,294 | Regulatory Fees | 56,066 | 295,631 |
| Water Shortage Bonus | 1,138 | 102,861 | Water Shortage Bonus | 1,144 | 102,861 |
| | | | Actuarial Liability | 242,238 | 219,527 |
| | | | Financial Liabilities - "Portion A" - CVA | 753,564 | 39,826 |
| | | | Other Liabilities | 136,566 | 93,547 |
| | | | PIS/COFINS to be Refunded to Consumers | 366,981 | - |
| | | | Leasing liabilities - CPC 06 | 1,579 | 6,216 |
| | | | | | |
| | 3,678,616 | 3,765,568 | | 3,757,419 | 3,282,108 |
| Noncurrent | | | Noncurrent | | |
| Financial Investments | 217 | 137,478 | Loans | 1,545,926 | 1,229,741 |
| Accounts Receivable | 16,775 | 27,212 | Debentures | 395,643 | 615,670 |
| Advance for Future Capital Increase | - | 15,000 | Salaries and Social Security Charges | 50,410 | 50,032 |
| Deferred Taxes | 709,023 | 708,001 | Deferred Taxes | 89,214 | 82,592 |
| Taxes Recoverable | 524,780 | 1,020,876 | Regulatory Fees | 106,643 | 70,745 |
| Court Deposits | 359,870 | 329,106 | Provision for Contingencies | 399,020 | 444,910 |
| Indemnity Assets – Concession | 1,008,038 | 757,193 | Actuarial Liability | 1,659,937 | 1,798,736 |
| Financial Assets - Portion A – CVA | 522,543 | 895,662 | Financial Liabilities - "Portion A" - CVA | - | - |
| Other Receivables | 2,498 | 3,033 | PIS/COFINS to be Refunded to Consumers | 733,963 | 1,748,472 |
| Investments | 363,279 | 311,666 | Other Liabilities | - | 5,250 |
| Right-of-Use Asset - CPC 06 | 7,765 | 14,341 | Leasing liabilities - CPC 06 | 6,716 | 8,620 |
| Property, Plant & Equipment | 126,100 | 114,472 | | | |
| Intangible Assets | 4,308,563 | 3,858,637 | | | |
| | | | | 4,987,472 | 6,054,768 |
| | | | | 8,744,891 | 9,336,876 |
| | 7,949,451 | 8,192,677 | Equity | | |
| | | | Share Capital | 2,480,000 | 2,480,000 |
| | | | Capital Reserves | 316 | 316 |
| | | | Retained Earnings/Accumulated Losses | - | - |
| | | | Profit Reserves | 1,561,699 | 1,191,329 |
| | | | Equity Valuation Adjustments | (1,158,839) | (1,050,276) |
| | | | | | |
| | | | | 2,883,176 | 2,621,369 |
| Total Assets | 11,628,067 | 11,958,245 | Total Liabilities and Equity | 11,628,067 | 11,958,245 |

CELESC - CENTRAIS ELÉTRICAS DE SANTA CATARINA S.A.
INCOME STATEMENT - CONSOLIDATED

| | 4Q22 | 4Q21 | Var % | 12M22 | 12M21 | Var % |
|----------------------------------------------|--------------------|--------------------|---------------|--------------------|---------------------|----------------|
| Gross Operating Income | 3,877,546 | 4,257,947 | -8.9% | 15,973,679 | 16,989,199 | -6.0% |
| Power Supply | 1,374,204 | 2,197,128 | -37.5% | 7,179,045 | 7,574,828 | -5.2% |
| Power Supply | 97,822 | 145,570 | -32.8% | 471,871 | 591,247 | -20.2% |
| Regulatory Asset | 230,913 | 113,883 | 102.8% | 392,960 | 1,121,176 | -65.0% |
| Short-Term Power | 114,995 | 128,889 | -10.8% | 405,856 | 1,238,547 | -67.2% |
| Power Grid Availability | 1,593,269 | 1,250,359 | 27.4% | 5,587,020 | 4,928,234 | 13.4% |
| Donations and Subsidies | 142,145 | 172,421 | -17.6% | 625,213 | 650,149 | -3.8% |
| Income from Services | 366 | 508 | -28.0% | 2,228 | 1,519 | 46.7% |
| Service Fee | 2,790 | 2,431 | 14.8% | 10,800 | 8,630 | 25.1% |
| Financial Revenue | 21,682 | 26,838 | -19.2% | 83,813 | 143,592 | -41.6% |
| Other Revenues | 4,459 | 6,900 | -35.4% | 15,685 | 20,373 | -23.0% |
| Construction Revenue | 294,901 | 213,020 | 38.4% | 1,199,188 | 710,904 | 68.7% |
| Deductions from Operating Income | 1,296,276 | (1,454,633) | -10.9% | (5,890,838) | (5,647,649) | 4.3% |
| ICMS | (456,749) | (733,430) | -37.7% | (2,460,260) | (2,686,005) | -8.4% |
| PIS/COFINS | (288,381) | (304,224) | -5.2% | (1,135,625) | (1,385,690) | -18.0% |
| CDE | (525,458) | (337,321) | 55.8% | (2,124,333) | (1,319,313) | 61.0% |
| R&D | (11,490) | (13,019) | -11.7% | (44,881) | (53,171) | -15.6% |
| PEE | (11,210) | (12,663) | -11.5% | (43,555) | (51,895) | -16.1% |
| ANEEL Regulatory Inspection Fee | (2,472) | (2,203) | 12.2% | (9,274) | (9,014) | 2.9% |
| Other Charges | (516) | (51,773) | -99.0% | (72,910) | (142,561) | -48.9% |
| Net Operating Income | 2,581,270 | 2,803,314 | -7.9% | 10,082,841 | 11,341,550 | -11.1% |
| Operating Costs and Expenses | (2,439,857) | (2,677,619) | -8.9% | (9,359,839) | (10,616,863) | -11.8% |
| Electricity Purchased for Resale and Charges | (1,678,442) | (2,049,584) | -18.1% | (6,551,788) | (8,571,837) | -23.6% |
| Personnel and Management | (261,648) | (238,374) | 9.8% | (788,208) | (709,292) | 11.1% |
| Actuarial Expenses | (34,567) | 3,736 | -1025.2% | (125,061) | 7,474 | -1773.3% |
| Supplies | (15,661) | (8,955) | 74.9% | (59,104) | (29,807) | 98.3% |
| Third-Party Services | (88,833) | (81,976) | 8.4% | (322,878) | (287,620) | 12.3% |
| Depreciation and Amortization | (71,365) | (71,504) | -0.2% | (277,082) | (245,705) | 12.8% |
| Net Provision | (46,110) | (71,516) | -35.5% | (258,120) | (336,986) | -23.4% |
| Reversal of Provision | 13,131 | 59,708 | -78.0% | 38,490 | 259,624 | -85.2% |
| Other Revenue/ Expenses | 38,539 | (6,134) | 728.3% | 183,100 | 8,190 | 2135.7% |
| Construction Costs | (294,901) | (213,020) | 38.4% | (1,199,188) | (710,904) | 68.7% |
| Equity Pickup | 11,058 | 10,965 | 0.8% | 79,345 | 72,683 | 9.2% |
| Earnings from Activities - EBIT | 152,471 | 136,660 | 11.6% | 802,347 | 797,370 | 0.6% |
| Activities Margin (%) | 5.9% | 4.9% | | 8.0% | 7.0% | |
| EBITDA (R\$ thousand) | 223,836 | 208,164 | 7.5% | 1,079,429 | 1,043,075 | 3.5% |
| EBITDA Margin (%) | 8.7% | 7.4% | | 10.7% | 9.2% | |
| Financial Result | (24,961) | (29,583) | -15.6% | (82,693) | 24,159 | -442.3% |
| Financial Revenue | 93,159 | 56,601 | 64.6% | 455,591 | 258,065 | 76.5% |
| Financial Expenses | (118,120) | (86,184) | 37.1% | (538,284) | (233,906) | 130.1% |
| Earnings Before Income Tax | 127,510 | 107,077 | 19.1% | 719,654 | 821,529 | -12.4% |
| IR and CSLL | (25,699) | 11,146 | -330.6% | (188,600) | (135,785) | 38.9% |
| Deferred Income Tax and Social Contribution | 1,561 | (29,950) | 105.2% | 9,508 | (122,572) | 107.8% |
| Net Income | 103,372 | 88,273 | 17.1% | 540,562 | 563,172 | -4.0% |
| Net Margin (%) | 4.0% | 3.1% | | 5.4% | 5.0% | |

CELESC - CENTRAIS ELÉTRICAS DE SANTA CATARINA S.A.

| CASH FLOW STATEMENT (DFC) - CONSOLIDATED | | (R\$ thousand) |
|--------------------------------------------------------------------------|--------------------|------------------|
| | 12M22 | 12M21 |
| Profit/Loss Before Income Tax and Social Contribution | 719,654 | 821,529 |
| Adjustments | 839,224 | 423,566 |
| Hydrological Risk Renegotiation – GSF | - | (45,879) |
| Depreciation and Amortization | 277,082 | 245,705 |
| Write-off of Indemnity Assets | 1,553 | 668 |
| Write-off of Property, Plant & Equipment and Intangible Assets | 61,215 | 172,086 |
| Equity Pickup | (79,345) | (72,683) |
| Financial Assets Adjustment – VNR | (15,685) | (20,373) |
| Constitution (Reversal) of Impairment Recognition | 516 | 42 |
| Equity Interest Gains (Losses) (Assets) | - | - |
| Interest and Monetary Variations | 524,964 | 280,449 |
| Monetary restatement Bonus Grant /Pery Plant | (83,813) | (143,592) |
| Other Investment Adjustments | - | - |
| Provision for Actuarial Liability | 125,061 | (7,474) |
| PIS/COFINS Credit Right-of-use asset depreciation | 485 | 273 |
| Asset and Lease Liability Write-offs - Net | (45) | (4) |
| Allowance for Doubtful Accounts | 73,126 | 62,231 |
| Contingencies | (45,890) | (47,883) |
| Changes in Assets and Liabilities | (375,954) | (580,582) |
| Accounts Receivable | 120,237 | (70,933) |
| Inventories | (6,463) | (1,243) |
| Taxes recoverable | 368,865 | (891,142) |
| Other Assets | 23,209 | 2,724 |
| Subsidy Decree 7,891/2013 | 2,145 | (2,199) |
| Financial Assets | 871,755 | (567,433) |
| Court Deposits | (30,764) | (37,237) |
| Water Shortage Bonus Asset | 101,723 | - |
| Advance for Future Capital Increase | 15,000 | (15,000) |
| Suppliers | (71,673) | (136,361) |
| Social Security and Labor Obligations | 13,340 | (7,180) |
| Taxes Payable | (802,893) | 562,279 |
| Regulatory Fees | (215,462) | (1,794) |
| Financial Liabilities | 312,246 | 230,260 |
| PIS/COFINS to be Refunded to Consumers | (778,357) | 579,802 |
| Other Liabilities | 37,770 | 5,877 |
| Actuarial Liability | (234,915) | (219,248) |
| Water Shortage Bonus Liability | (101,717) | - |
| Cash From Operations | 1,182,924 | 664,513 |
| Income Tax and Social Contribution Paid | (10,911) | (168,290) |
| Interest Paid | (304,098) | (117,944) |
| Net Cash from Operating Activities | 867,915 | 378,279 |
| Cash Flows From Investing Activities | (1,008,923) | (613,239) |
| Purchase of Property, Plant & Equipment, Financial and Intangible Assets | (1,029,630) | (641,208) |
| Capital Increase (Decrease) | (18,712) | (3,333) |
| Dividends Received | 39,419 | 31,302 |
| Cash Flows From Financing Activities | 237,604 | 87,157 |
| Debt Settlement Costs | (95) | - |
| Amortization of Loans | (64,663) | (931,219) |
| Payment of interest on debentures | (157,981) | (101,962) |
| Loan Additions | 610,000 | 531,107 |
| Debentures Additions | | 545,450 |
| Dividends Paid | (143,270) | (123,004) |
| Principal Amortization of Lease Liabilities | (6,387) | (7,529) |
| Total Effects of Cash and Cash Equivalents | 96,596 | (322,117) |
| Cash and Cash Equivalents at the Beginning of Period | 844,088 | 1,166,205 |
| Cash and Cash Equivalents at the End of the Period | 940,684 | 844,088 |

CELESC DISTRIBUIÇÃO S.A.

BALANCE SHEET

(R\$ thousand)

| Assets | 12/31/2022 | 12/31/2021 | Liabilities and Equity | 12/31/2022 | 12/31/2021 |
|------------------------------------|-------------------|-------------------|-------------------------------------------|-------------------|-------------------|
| Current | | | Current | | |
| Cash and Cash Equivalents | 835,653 | 753,816 | Suppliers | 1,008,600 | 1,078,658 |
| Trade Receivables | 1,743,436 | 1,912,314 | Loans and Financing | 297,229 | 23,559 |
| Inventories | 19,946 | 13,479 | Debentures | 207,621 | 117,739 |
| Taxes Recoverable | 652,607 | 552,179 | Social Security and Labor Obligations | 226,132 | 213,396 |
| Subsidy Decree 7,891/13 | 47,086 | 49,231 | Taxes and Social Contributions | 233,759 | 901,233 |
| Other Receivables | 132,789 | 167,318 | Proposed Dividends | 154,806 | 92,687 |
| Financial Assets | - | | Loan - Affiliate and Subsidiary | 81,701 | 86,425 |
| Water Shortage Bonus | 1,138 | 102,861 | Regulatory Fees | 55,568 | 295,233 |
| | | | Actuarial Liability | 242,238 | 219,527 |
| | | | Financial Liabilities - "Portion A" - CVA | 753,564 | 39,826 |
| | | | PIS/COFINS to be Refunded to Consumers | 366,981 | |
| | | | Other Liabilities | 135,188 | 93,274 |
| | | | Leasing liabilities - CPC 06 | 1,438 | 5,993 |
| | | | Water Shortage Bonus | 1,144 | 102,861 |
| | | | | | |
| | 3,432,655 | 3,551,198 | | 3,765,969 | 3,270,411 |
| Noncurrent | | | Noncurrent | | |
| Trade Receivables | 16,775 | 27,212 | Loans and Financing | 1,545,926 | 1,229,741 |
| Deferred Taxes | 709,023 | 708,001 | Debentures | 356,032 | 558,269 |
| Taxes to Compensate or Recover | 524,012 | 1,019,951 | Regulatory Fees | 105,094 | 69,714 |
| Court Deposits | 281,256 | 292,261 | Social Security and Labor Obligations | 50,410 | 50,032 |
| Indemnity Assets – Concession | 1,005,617 | 754,772 | Actuarial Liability | 1,659,937 | 1,798,736 |
| Financial Assets - Portion A – CVA | 76,448 | 470,286 | Provision for Contingencies | 373,567 | 424,433 |
| Other Receivables | 2,457 | 3,033 | PIS/COFINS to be Refunded to Consumers | 733,963 | 1,748,472 |
| Intangible Assets | 4,258,464 | 3,806,354 | Other Liabilities | - | 5,250 |
| Property, Plant & Equipment | 7,633 | 14,013 | Financial Liabilities - "Portion A" - CVA | - | |
| | | | Leasing liabilities - CPC 06 | 6,716 | 8,502 |
| | | | Deferred Taxes | | |
| | | | | | |
| | 6,881,685 | 7,095,883 | | 4,831,645 | 5,893,149 |
| | | | | | |
| | | | | 8,597,614 | 9,163,560 |
| | | | | | |
| | | | Equity | | |
| | | | Paid-up Share Capital | 1,580,000 | 1,250,000 |
| | | | Profit Reserves | 1,171,774 | 1,297,896 |
| | | | Equity Valuation Adjustments | (1,035,048) | (1,064,375) |
| | | | Retained Earnings/Accumulated Losses | - | - |
| | | | | | |
| | | | | 1,716,726 | 1,483,521 |
| | | | | | |
| Total Assets | 10,314,340 | 10,647,081 | Total Liabilities and Equity | 10,314,340 | 10,647,081 |

CELESC DISTRIBUIÇÃO S.A.
INCOME STATEMENT

| | 4Q22 | 4Q21 | Var % | 12M22 | 12M21 | Var % |
|---------------------------------------------|--------------------|--------------------|---------------|--------------------|--------------------|----------------|
| Gross Operating Income | 3,829,603 | 4,197,990 | -8.8% | 15,777,379 | 16,713,725 | -5.6% |
| Power Supply | 1,365,721 | 2,188,937 | -37.6% | 7,144,760 | 7,545,164 | -5.3% |
| Power Supply | 80,953 | 119,879 | -32.5% | 395,981 | 486,287 | -18.6% |
| Regulatory Asset | 230,913 | 113,883 | 102.8% | 392,960 | 1,121,176 | -65.0% |
| Short-Term Power | 113,205 | 128,889 | -12.2% | 400,331 | 1,238,547 | -67.7% |
| Power Grid Availability | 1,594,150 | 1,251,122 | 27.4% | 5,590,233 | 4,930,976 | 13.4% |
| Donations and Subsidies | 142,145 | 172,421 | -17.6% | 625,213 | 650,149 | -3.8% |
| Income from Services | 366 | 508 | -28.0% | 2,228 | 1,519 | 46.7% |
| Service Fee | 2,790 | 2,431 | 14.8% | 10,800 | 8,630 | 25.1% |
| Other Revenues | 4,459 | 6,900 | -35.4% | 15,685 | 20,373 | -23.0% |
| Construction Revenue | 294,901 | 213,020 | 38.4% | 1,199,188 | 710,904 | 68.7% |
| Deductions from Operating Income | 1,291,323 | 1,448,492 | -10.9% | (5,868,625) | (5,626,068) | 4.3% |
| ICMS | (456,749) | (733,430) | -37.7% | (2,460,260) | (2,686,005) | -8.4% |
| PIS/COFINS | (284,416) | (298,940) | -4.9% | (1,117,556) | (1,367,838) | -18.3% |
| CDE | (525,458) | (337,321) | 55.8% | (2,124,333) | (1,319,313) | 61.0% |
| R&D | (11,210) | (12,663) | -11.5% | (43,555) | (51,895) | -16.1% |
| PEE | (11,210) | (12,663) | -11.5% | (43,555) | (51,895) | -16.1% |
| ANEEL Regulatory Inspection Fee | (2,280) | (1,992) | 14.5% | (8,448) | (7,942) | 6.4% |
| Other Charges | - | (51,483) | -100.0% | (70,918) | (141,180) | -49.8% |
| Net Operating Income | 2,538,280 | 2,749,498 | -7.7% | 9,908,754 | 11,087,657 | -10.6% |
| Electricity Costs | (1,674,511) | (2,046,898) | -18.2% | (6,536,729) | (8,531,122) | -23.4% |
| Electricity Purchased for Resale | (1,233,216) | (1,330,583) | -7.3% | (4,808,766) | (6,373,724) | -24.6% |
| Transmission System Use Charge | (441,295) | (668,646) | -34.0% | (1,727,963) | (1,966,722) | -12.1% |
| PROINFA | - | (47,669) | -100.0% | - | (190,676) | -100.0% |
| Operating Costs and Expenses | (729,095) | (606,099) | 20.3% | (2,737,833) | (2,026,467) | 35.1% |
| Personnel and Management | (251,859) | (229,028) | 10.0% | (749,119) | (675,487) | 10.9% |
| Actuarial Expenses | (34,567) | 3,736 | -1025.2% | (125,061) | 7,474 | -1773.3% |
| Supplies | (15,534) | (8,722) | 78.1% | (58,136) | (28,954) | 100.8% |
| Third-Party Services | (84,538) | (77,665) | 8.8% | (306,338) | (272,925) | 12.2% |
| Depreciation and Amortization | (69,950) | (69,960) | 0.0% | (271,496) | (253,050) | 7.3% |
| Net Provision | (43,307) | (54,317) | -20.3% | (250,892) | (309,386) | -18.9% |
| Reversal of Provision | 12,755 | 50,155 | -74.6% | 35,367 | 210,324 | -83.2% |
| Other Revenue/ Expenses | 52,806 | (7,278) | 825.6% | 187,030 | 6,441 | 2803.7% |
| Construction Costs | (294,901) | (213,020) | 38.4% | (1,199,188) | (710,904) | 68.7% |
| Earnings from Activities - EBIT | 134,674 | 96,501 | 39.6% | 634,192 | 530,068 | 19.6% |
| Activities Margin (%) | 5.3% | 3.5% | | 6.4% | 4.8% | 33.9% |
| EBITDA | 204,624 | 166,461 | 22.9% | 905,688 | 783,118 | 15.7% |
| EBITDA Margin (%) | 8.1% | 6.1% | | 9.1% | 7.1% | 29.4% |
| Financial Result | (36,176) | (15,457) | 134.0% | (94,301) | 32,411 | -391.0% |
| Financial Revenue | 83,017 | 69,073 | 20.2% | 444,205 | 259,356 | 71.3% |
| Financial Expenses | (119,193) | (84,530) | 41.0% | (538,506) | (226,945) | 137.3% |
| Earnings Before Income Tax | 98,498 | 81,044 | 21.5% | 539,891 | 562,479 | -4.0% |
| IR and CSLL | (20,513) | 12,338 | -266.3% | (152,922) | (125,651) | 21.7% |
| Deferred Income Tax and Social Contribution | 4,292 | (7,545) | 156.9% | 16,130 | (51,623) | 131.2% |
| Net Income | 82,277 | 85,837 | -4.1% | 403,099 | 385,205 | 4.6% |
| Net Margin (%) | 3.2% | 3.1% | | 4.1% | 3.5% | |

CELESC DISTRIBUIÇÃO S.A.

| CASH FLOW STATEMENT (CFS) | | (R\$ thousand) | |
|-----------------------------------------------------------------|--------------------|------------------|--|
| | 12M22 | 12M21 | |
| Profit/Loss Before Income Tax and Social Contribution | 539,891 | 562,479 | |
| Items not affecting cash: | 993,550 | 591,355 | |
| Amortization/Depreciation | 271,496 | 253,050 | |
| Financial Assets Adjustment – VNR | (15,685) | (20,373) | |
| Allowance for Doubtful Accounts | 74,512 | 99,033 | |
| Contingencies | (50,866) | (62,942) | |
| Interest and Monetary Variations - Net | 525,824 | 273,259 | |
| Provision for Post-Employment Benefits Plan | 125,061 | (7,474) | |
| Asset write-offs | 62,768 | 56,533 | |
| PIS/COFINS Credit Right-of-use asset depreciation | 485 | 273 | |
| Asset and Lease Liability Write-offs - Net | (45) | (4) | |
| Changes in Current and Noncurrent Assets | 1,439,155 | - | |
| Trade Receivables | 115,650 | (118,520) | |
| Inventories | (6,467) | (1,258) | |
| Taxes Recoverable | 395,511 | (882,200) | |
| Court Deposits | 11,005 | (22,091) | |
| Subsidy Decree 7,891/2013 | 2,145 | (2,199) | |
| Financial Assets | 795,330 | (516,350) | |
| Water Shortage Bonus | 101,723 | - | |
| Other Receivables | 24,258 | 3,149 | |
| Changes in Current and Noncurrent Liabilities | (1,886,399) | 993,169 | |
| Suppliers | (70,058) | (138,532) | |
| Salaries and Social Security Charges | 13,114 | (7,613) | |
| Taxes and Social Contributions | (847,296) | 553,523 | |
| Regulatory Fees | (38,656) | 746 | |
| Actuarial Liability | 134,822 | (219,248) | |
| Financial Liabilities | (778,357) | 230,260 | |
| PIS/COFINS to be refunded to consumers | (101,717) | 579,802 | |
| Water Shortage Bonus | 36,664 | - | |
| Other Liabilities | - | (5,769) | |
| Cash From Operations | 1,086,197 | 607,534 | |
| Interest Paid | (296,241) | (114,495) | |
| Interest and charges paid to Related Parties | (410) | - | |
| Interest Paid on Lease Liabilities | (869) | (1,383) | |
| Income Tax and Social Contribution Paid | (419) | (146,281) | |
| Net Cash from Operating Activities | 788,258 | 345,375 | |
| Investing Activities | (1,015,797) | (621,874) | |
| Acquisition of Concession Assets | (1,015,797) | (621,874) | |
| Financing Activities | 309,376 | (30,801) | |
| Inflow of Loans and Financing | 610,000 | 531,107 | |
| Debentures Additions | - | 545,450 | |
| Related Party Additions | (15,000) | (90,000) | |
| Amortization of Loans and Financings | (169,703) | (997,886) | |
| Dividends and Interest on Equity | (109,783) | (97,149) | |
| Amortization of Loans and Financings | - | 85,000 | |
| Principal Amortization of Lease Liabilities | (6,138) | (7,323) | |
| Total Effects of Cash and Cash Equivalents | 81,837 | (307,300) | |
| Cash and Cash Equivalents at the Beginning of the Period | 753,816 | 1,061,116 | |
| Cash and Cash Equivalents at the End of the Period | 835,653 | 753,816 | |

CELESC GERAÇÃO S.A.

(R\$
thousand)

BALANCE SHEET

| Assets | 12/31/2022 | 12/31/2021 | Liabilities and Equity | 12/31/2022 | 12/31/2021 |
|---------------------------------------------------|-------------------|-------------------|---------------------------------------|-------------------|-------------------|
| Current | | | Current | | |
| Cash and Cash Equivalents | 56,826 | 63,400 | Suppliers | 7,316 | 8,864 |
| Accounts Receivable | 15,800 | 18,980 | Taxes and Social Contributions | 21,239 | 6,507 |
| Financial Assets | 40,019 | 36,771 | Proposed Dividends | 38,724 | 39,379 |
| Financial Assets - Ind. Projects Basic Pery Plant | 17,536 | 34,115 | Hydrological Risk Renegotiation – GSF | - | |
| Taxes Recoverable | 2,300 | 2,297 | Regulatory Fees | 498 | 398 |
| Advances to suppliers | 1,805 | 1,805 | Debentures | 2,849 | 35,256 |
| Inventories | 73 | 77 | Related Parties | - | |
| Prepaid expenses | 1,043 | 125 | Other Liabilities | 2,706 | 1,513 |
| Other Receivables | 4 | 5 | | | |
| Dividends and Interest on Equity | 4,656 | 1,054 | | | |
| | 140,062 | 158,629 | | 73,332 | 91,917 |
| Noncurrent | | | Noncurrent | | |
| Related Parties | 81,701 | 71,174 | Deferred Taxes | 89,214 | 82,592 |
| Taxes Recoverable | 768 | 925 | Regulatory Fees | 1,549 | 1,031 |
| Court Deposits | 1,212 | 112 | Provision for Contingencies | - | |
| Deferred Taxes | | | Debentures | 39,611 | 57,401 |
| Advance Capital Increase | - | 15,000 | | | |
| Investments | 110,956 | 88,423 | | 130,374 | 141,024 |
| Property, Plant & Equipment | 126,094 | 114,462 | | | |
| Intangible Assets | 46,161 | 47,842 | | | |
| Concession Indemnification | 2,421 | 2,421 | | | |
| Financial Assets – Concession Bonus | 306,791 | 292,578 | | | |
| Financial Assets – Inden. Pery Plant | 139,304 | 132,798 | | | |
| | 815,408 | 765,735 | Total Liabilities | 203,706 | 232,941 |
| | | | Equity | | |
| | | | Share Capital | 450,000 | 450,000 |
| | | | Profit Reserves | 288,294 | 227,324 |
| | | | Equity Valuation Adjustments | 13,470 | - |
| | | | Adjustments for the adoption of IFRS | - | 14,099 |
| | | | Retained Earnings/Accumulated Losses | - | - |
| | | | | 751,764 | 691,423 |
| Total assets | 955,470 | 924,364 | Total Liabilities and Equity | 955,470 | 924,364 |

CELESC GERAÇÃO S.A.

INCOME STATEMENT

| | 4Q22 | 4Q21 | Var % | 12M22 | 12M21 | Var % |
|--------------------------------------------------------------------|----------------|----------------|---------------|-----------------|-----------------|----------------|
| Gross Operating Revenue (R\$ thousand) | 50,066 | 62,345 | -19.7% | 205,235 | 283,344 | -27.6% |
| Power Supply | 8,508 | 8,201 | 3.7% | 34,376 | 29,707 | 15.7% |
| Power Supply | 18,086 | 24,557 | -26.4% | 81,521 | 88,360 | -7.7% |
| Short-Term Power | 1,790 | 2,749 | -34.9% | 5,525 | 21,685 | -74.5% |
| Financial Revenue - Interest and Adjustment BO | 15,027 | 18,116 | -17.1% | 57,705 | 64,284 | -10.2% |
| Financial Revenue - Interest Adjustment Indemn. Project Pery Plant | 6,655 | 8,722 | -23.7% | 26,108 | 79,308 | -67.1% |
| Deductions from Operating Income (R\$ thousand) | (4,953) | (6,141) | -19.3% | (22,213) | (21,581) | 2.9% |
| PIS/COFINS | (3,965) | (5,284) | -25.0% | (18,069) | (17,852) | 1.2% |
| Comp. Financing for Use Water Resources | (516) | (290) | 77.9% | (1,992) | (1,381) | 44.2% |
| RGR and P&D | (280) | (356) | -21.3% | (1,326) | (1,276) | 3.9% |
| ANEEL Regulatory Inspection Fee | (192) | (211) | -9.0% | (826) | (1,072) | -22.9% |
| Net Operating Income (R\$ thousand) | 45,113 | 56,204 | -19.7% | 183,022 | 261,763 | -30.1% |
| Electricity Costs (R\$ thousand) | (6,030) | (5,064) | 19.1% | (23,903) | (48,542) | -50.8% |
| Hydrological Risk Renegotiation – GSF | - | - | | - | (28,110) | -100.0% |
| Electricity Purchased for Resale | (5,149) | (4,301) | 19.7% | (20,690) | (17,690) | 17.0% |
| Charge for the Use of the System | (881) | (763) | 15.5% | (3,213) | (2,742) | 17.2% |
| Operating Costs and Expenses (R\$ thousand) | (9,492) | (4,544) | 108.9% | 34,968 | 15,412 | -326.9% |
| Personnel, Management | (4,988) | (4,704) | 6.0% | (18,745) | (16,384) | 14.4% |
| Supplies | (112) | (233) | -51.9% | (968) | 853 | 13.5% |
| Third-Party Services | (2,518) | (3,176) | -20.7% | (10,452) | (9,239) | 13.1% |
| Depreciation / Amortization | (855) | (831) | 2.9% | (3,366) | 9,539 | -135.3% |
| Net Provisions | (624) | (2,044) | -69.5% | (752) | (11,835) | -93.6% |
| Reversal of provision for investment losses | 372 | 9,439 | -96.1% | 1,063 | 49,084 | -97.8% |
| Write-offs of Fixed Assets | - | - | | - | (1,703) | -100.0% |
| Other Revenues / Expenses | (767) | (2,995) | -74.4% | (1,748) | (3,197) | -45.3% |
| Equity Result (R\$ thousand) | 3,789 | 1,015 | 273.3% | 11,837 | 7,524 | 57.3% |
| Earnings from Activities - EBIT (thousand) | 33,380 | 47,611 | -29.9% | 135,988 | 236,157 | -42.4% |
| Activities Margin (%) | 74.0% | 84.7% | | 74.3% | 90.2% | |
| EBITDA (R\$ thousand) | 34,235 | 48,442 | -29.3% | 139,354 | 226,618 | -38.5% |
| EBITDA Margin (%) | 75.9% | 86.2% | | 76.1% | 86.6% | |
| Financial Result (R\$ thousand) | 3,163 | 2,389 | 232.4% | 8,732 | (2,093) | 517.2% |
| Financial Revenue | 4,975 | 868 | 473.2% | 18,718 | 6,396 | 192.7% |
| Financial Expenses | (1,812) | (3,257) | -44.4% | (9,986) | (8,489) | 17.6% |
| EBIT (R\$ thousand) | 36,543 | 45,222 | -19.2% | 144,720 | 234,064 | -38.2% |
| IR and CSLL | 6,081 | (1,192) | 610.2% | (24,324) | (10,134) | 140.0% |
| Deferred Income Tax and Social Contribution | (2,731) | (5,082) | -46.3% | (6,622) | (58,122) | -88.6% |
| Net Income (R\$ thousand) | 39,893 | 38,948 | 2.4% | 113,774 | 165,808 | -31.4% |
| Net Margin (%) | 88.4% | 69.3% | | 62.2% | 63.3% | |

CELESC GERAÇÃO S.A.

| CASH FLOW STATEMENT (CFS) | (R\$ thousand) | |
|----------------------------------------------------------------|-------------------|------------------|
| | 12M22 | 12M21 |
| Profit/Loss Before Income Tax and Social Contribution | 144,720 | 234,064 |
| Adjustments | (93,410) | (118,101) |
| Depreciation and Amortization | 3,366 | (9,539) |
| Write-off of Property, Plant & Equipment/Intangible Assets | - | 116,221 |
| Hydrological Risk Renegotiation – GSF | - | (45,879) |
| Equity Pickup | (11,837) | (7,524) |
| Provision for/Reversals of Contingencies | - | (490) |
| Reversal of Contingency Provision | - | 42 |
| Reversal/provision for losses on property, plant and equipment | 516 | - |
| Monetary Variations | (815) | 10,882 |
| Financial Revenue from Loans | - | (1,420) |
| Allowance for Doubtful Accounts | (827) | (36,802) |
| Financial Assets Update - Ind. Pery Plant Basic Project | (26,108) | (64,284) |
| Financial Assets Update - Concession Bonus | (57,705) | (79,308) |
| Changes in Current and Noncurrent Assets | 91,983 | (19,093) |
| Trade Receivables | 4,007 | (887) |
| Taxes to Offset or Recover | (1,435) | 47,549 |
| Inventories | 4 | 74 |
| Advance to Suppliers | - | 15 |
| Court Deposits | (1,100) | 241 |
| Financial Assets | 40,244 | 36,522 |
| Financial Assets Update - Ind. Pery Plant Basic Project | 36,181 | (87,605) |
| Advance for Future Capital Increase | 15,000 | (15,000) |
| Other Assets | (918) | (2) |
| Changes in Current and Noncurrent Liabilities | (4,080) | (4,111) |
| Suppliers | (1,548) | 1,334 |
| Regulatory Fees | 618 | (2,540) |
| Taxes and Social Contributions | (4,343) | (3,062) |
| Other Liabilities | 1,193 | 157 |
| Cash From Operations | 139,213 | 92,759 |
| Interest Paid and Received | (6,968) | (6,166) |
| Income Tax and Social Contribution Paid | (10,492) | (22,009) |
| Net Cash from Operating Activities | 121,753 | 64,584 |
| Financing Activities | (100,196) | (55,841) |
| Debentures Additions | - | - |
| Dividends paid and Interest on Equity - IoE | (47,255) | (20,546) |
| Amortization of Loans/Debentures | (52,941) | (35,295) |
| Investing Activities | (28,131) | (11) |
| Capital Decrease in Investees | - | 1,300 |
| Investments Acquisition | (18,712) | (4,633) |
| Acquisition of Property, Plant & Equipment | (13,798) | (19,134) |
| Acquisition of Intangible Assets | (35) | (200) |
| Related Parties - Loan Agreement Payments | - | (70,000) |
| Related Parties - Loan Agreement Receivables | - | 90,000 |
| Dividends received | 4,414 | 578 |
| Interest Received from Loans | - | 2,078 |
| Total Effects of Cash and Cash Equivalents | (6,574) | 8,732 |
| Cash and Cash Equivalents at the Beginning of Period | 63,400 | 54,668 |
| Cash and Cash Equivalents at the End of the Period | 56,826 | 63,400 |

8. RELEVANT EVENTS

1.1 Santa Catarina citizens from all regions can pay their electricity bills via bank slips

As of October 2022, the residents of all the cities served by Celesc in Santa Catarina will start receiving their electricity bills in a bank slip format. The innovation allows bill payments to be made at any bank, lottery, internet banking, bank applications, ATMs, digital banking, and correspondent banking, even up to six months after the due date.

1.2 Investment in the Generating Park prioritizes clean and renewable energy

In November, Celesc performed acts to launch two works of great importance for the expansion of the Company's generation park, focused on clean and renewable energy. The first act took place at the company's headquarters and foresees the installation of Celesc Geração's 2nd Photovoltaic Solar Power Plant, in Campos Novos. The second one took place at Central Geradora Hidrelétrica (CGH) Maruim, in São José, and started the reactivation project of the plant.

The installation of the 2nd Solar Power Plant in Campos Novos is part of the Photo-voltaic Plants Project, started by Celesc Geração last year. The 1st plant, in the municipality of Lages, UFV Lages I (1 MW), is a milestone of the company in the distributed generation segment. The work is already being completed and will be inaugurated next December. The Campos Novos Solar Power Plant will also have a total capacity of 1.00 MW. The value of the work is R\$4,825,000.00 and the deadline for execution is 150 days. The reactivation of Maruim Plant, on the other hand, has an estimated investment of R\$9 million. The work should be completed in 12 months and will have an installed capacity of 1,000 kW of power. This is a long-awaited project by the local population, which will benefit from the historical and cultural rescue and the generation of energy from a renewable source.

1.3 Celesc is doubly awarded at national accounting event

Also in November, Celesc was doubly awarded by the Associação Brasileira dos Contadores do Setor de Energia Elétrica (ABRACONEE) for the best disclosure of financial statements for the year 2021. Celesc Geração was the champion in the medium-sized category, and Centrais Elétricas de Santa Catarina received 2nd place as the holding company. The awarding took place during the XXVII National Meeting of Accountants of the Electric Power Sector (ENCONSEL), held at Costão do Santinho, in Florianópolis.

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.

1.4 Fitch reaffirms the Ratings of Celesc and its subsidiaries

On November 23, the risk rating agency Fitch Ratings ("Fitch") reaffirmed our "AA(bra)" Long Term National Rating for the Companies of the Celesc Group: Celesc Distribuição S.A. (and its Debenture Issues), Celesc Geração S.A. (and its Debenture Issues) and Celesc Holding.

1.5 Celesc ranks 6th in SC in a ranking that evaluates the largest companies in the South of Brazil

Celesc won the 6th position among the 100 biggest companies in Santa Catarina in the ranking of the "500 Biggest in the South", an award held for 32 years by Grupo Amanhã with technical support from PwC, the world's largest balance sheet auditor. In the overall ranking, the company ranked 20th among the 500 largest in the South.

1.6 Celesc receives Social Responsibility certification from Alesc

On December 7, Celesc was again certified by the Santa Catarina Legislative Assembly (Alesc) in recognition of the socio-environmental actions carried out by the Company, considering the requirements of transparency in institutional relations, commitment to the well-being of Santa Catarina society, and environmental preservation. The ceremony was held in the Plenary of the Barriga Verde Palace, in Florianópolis.

This certification is an important recognition of the social work that Celesc does. As a company with a public function, one of our missions is to promote the well-being of the people of Santa Catarina through Social and Environmental Responsibility actions and attitudes.

1.7 Celesc launches a portal for consumers to buy energy on the free market and from distributed generation plants

In December, Celesc launched a portal for consumers to negotiate the purchase of energy on the Free Market and from Distributed Generation Plants: <https://solucoesemenergia.celesc.com.br>. The initiative represents an important step towards the best market practices that contemplate other business models and favor the final consumers.

1.8 The Magic of Solidarity Christmas

On December 22, in a magical tradition that completes 17 years, this edition of Celesc's Solidary Christmas assisted more than 500 children in situations of social vulnerability and, in some cases, elderly nursing home residents and disabled adults. Since 2005, this initiative has mobilized the people of heaven to promote hospitality during this very special time of the year, which reminds us of the bonds of love and solidarity. This year, several actions led to happy moments with Celesc's Solidary Christmas.

1.9 Celesc is audited and maintains its quality certification in Service Processes

From December 19 to 21, Celesc underwent an external audit with the objective of maintaining its ISO 9001:2015 certification in the customer complaint handling process. The company was recommended by the certifier QMS Brazil to keep its certification, and was praised for the quality of its processes and the training and commitment of its employees.

Besides the recognition by means of certification, this work is important to prove that the activities developed by the search for excellence in service are presenting the desired results. The authentication also evidences that the process of collecting and ascertaining the telephone service data is reliable and complies with the regulations in force.

1.10 ANEEL recognizes compliance with technical indicators (DEC and FEC) and efficiency of Celesc's financial management

In 2022, Celesc completed seven years since the signing of the 5th Amendment Term to the Concession Agreement, which allowed the renewal of the concession until 2045. And, again, the distributor was able to meet all the required goals, being compliant with the contract due to the work and commitment of all areas of the company. This December, 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.