

(Convenience Translation into English from the
Original Previously Issued in Portuguese)

Neoenergia S.A.

Report on Review of Interim Financial Information
for the Three-month Period Ended March 31, 2022

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and Management of
Neoenergia S.A.

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Neoenergia S.A. ("Company"), included in the Interim Financial Information Form (ITR) for the quarter ended March 31, 2022, which comprises the balance sheet as at March 31, 2022 and the related statements of income, of comprehensive income, of changes in shareholders' equity and of cash flows for the three-month period then ended, including the explanatory notes.

Management is responsible for the preparation of this individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information referred to above was not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34, applicable to the preparation of ITR, and presented in accordance with the standards issued by the CVM.

Other matters

Statements of value added

The interim financial information referred to above includes the individual and consolidated statements of value added (“DVA”) for the three-month period ended March 31, 2022, prepared under the responsibility of the Company’s Management and presented as supplemental information for international standard IAS 34 purposes. These statements were subject to the review procedures performed together with the review of the ITR to reach a conclusion on whether they are reconciled with the interim financial information and the accounting records, as applicable, and if their form and content are consistent with the criteria set forth in technical pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, in accordance with such standard and consistently with the individual and consolidated interim financial information taken as a whole.

Audit and review of the corresponding figures

The interim financial information referred to above includes accounting information corresponding to profit, comprehensive income, changes in shareholders’ equity, cash flows and value added for the quarter ended March 31, 2021, obtained from the interim financial information for the quarter then ended, and the statement of financial position as of December 31, 2021, obtained from the financial statements for the year ended December 31, 2021, presented for purposes of comparison. The review of the interim financial information for the quarter ended March 31, 2021 and the audit of the financial statements for the year ended December 31, 2021 were conducted by another auditor, who issued unqualified review and audit reports dated May 6, 2021 and February 17, 2022, respectively.

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

Salvador, April 26, 2022


DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.


Jônatas José Medeiros de Barcelos
Engagement Partner



NEOENERGIA

Interim Financial Statements

March 31, 2022



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STATEMENT OF INCOME

For the three months ended March 31, 2022, and 2021

(Amounts expressed in millions of reais, except for earnings per share)

	Notes	Consolidated		Parent Company	
		03/31/2022	03/31/2021	03/31/2022	03/31/2021
Operating income, net	5	10,548	8,997	-	1
Service costs		(7,212)	(6,543)	-	-
Energy costs	6	(4,577)	(4,248)	-	-
Construction costs	7	(1,651)	(1,372)	-	-
Operating costs	8	(984)	(923)	-	-
Gross profit		3,336	2,454	-	1
Expected credit loss	12.2	(130)	(113)	-	-
Sales expenses	8	(89)	(77)	-	-
Other general and administrative income (expenses)	8	(422)	(375)	(49)	(54)
Amortization of appreciation	15	(61)	(48)	(40)	(41)
Equity in income (losses) of subsidiaries	15	8	10	1,426	1,117
Operating income		2,642	1,851	1,337	1,023
Financial income (expenses)	9	(917)	(382)	(133)	(22)
Financial income		341	163	52	41
Financial expenses		(1,056)	(578)	(148)	(62)
Other financial income (expenses), net		(202)	33	(37)	(1)
Income before taxes		1,725	1,469	1,204	1,001
Income taxes	10.1.1	(487)	(430)	-	-
Current		(253)	(208)	-	-
Deferred		(234)	(222)	-	-
Net income for the period		1,238	1,039	1,204	1,001
Attributable to:					
Controlling interest		1,212	1,007	1,204	1,001
Non-controlling interest		26	32	-	-
Basic and diluted earnings per share – R\$:	23.2	1.02	0.83	0.99	0.82

The explanatory notes are an integral part of these interim financial statements.

STATEMENT OF COMPREHENSIVE INCOME
For the three months ended March 31, 2022, and 2021
(Amounts expressed in millions of reais)

	Consolidated		Parent Company	
	<u>03/31/2022</u>	<u>03/31/2021</u>	<u>03/31/2022</u>	<u>03/31/2021</u>
Net income for the period	1,238	1,039	1,204	1,001
Other comprehensive income				
Items which will not be reclassified to profit and loss:				
Cash flow hedge	(34)	(222)	-	-
Gain (loss) on hedge operations and obligations with benefits to employees from the investees	-	-	(34)	(222)
Sum of the items that will not be classified to profit and loss	(34)	(222)	(34)	(222)
Items which will be classified to profit and loss:				
Cash flow hedge	(215)	(94)	(91)	(53)
Deferred taxes on comprehensive income	53	18	-	-
Gain (loss) on hedge operations and obligations with benefits to employees from the investees	--	-	(68)	(21)
Sum of the items that will be classified to profit and loss	(162)	(76)	(159)	(74)
Other comprehensive income/loss for the period, net of taxes	(196)	(298)	(193)	(296)
Comprehensive income for the period	1,042	741	1,011	705
Attributable to:				
Controlling interest	1,019	711	1,011	705
Non-controlling interest	23	30	-	-

The explanatory notes are an integral part of these interim financial statements.

STATEMENT OF CASH FLOWS
For the three months ended March 31, 2022, and 2021
(Amounts expressed in millions of reais)

	Consolidated		Parent Company	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Cash flow from operating activities				
Net income for the period	1,238	1,039	1,204	1,001
Adjusted by:				
Depreciation and amortization (*)	475	392	3	1
Writtle-off on non-current assets	42	39	-	-
Amortization of appreciation	61	48	40	41
Equity income (loss) from investees	(8)	(10)	(1,426)	(1,117)
Income taxes	487	430	-	-
Financial income (expenses), net	917	382	134	22
Concession's estimated replacement value	(532)	(323)	-	-
Others	(3)	(157)	-	-
Changes in working capital:				
Trade accounts and other receivables	118	137	-	-
Public Service Concession (Contract and financial assets)	(615)	(818)	-	-
Suppliers and accounts payable to contractors	(1,367)	(1,039)	14	24
Wages, employment benefits and charges payable, net	(95)	(75)	(15)	(14)
Sectorial financial assets and liabilities, net (Portion A and others)	490	(315)	-	-
Other recoverable (payable) taxes and sectorial charges, net	(99)	(236)	(10)	13
Provisions, net of judicial deposits	(11)	(4)	(2)	-
Other assets and liabilities, net	(418)	(106)	213	(250)
Cash flow from operating activities, net	680	(616)	155	(279)
Dividends and interest on own capital received	-	-	229	239
Payment of debts charges	(372)	(242)	(83)	-
Derivative financial instruments paid, net	(212)	75	(26)	15
Income from financial investment	123	18	16	1
Payment of interest – Leases	(6)	(3)	-	-
Income taxes paid	(36)	(85)	-	-
Cash flow generated by operating activities	177	(853)	291	(24)
Cash flow from investing activities				
Acquisition of fixed and intangible assets	(813)	(410)	-	-
CEB's acquisition of control, net of cash obtained in the acquisition	-	(2,415)	-	-
Capital increase in investees	-	-	(951)	(2,606)
Public Service Concession (Contract and financial asset)	(1,314)	(1,065)	-	-
Investments in securities and marketable securities	(119)	(59)	-	-
Redemption of securities and marketable securities	69	2	-	-
Cash flow used in investing activities	(2,177)	(3,947)	(951)	(2,606)
Cash flow from financing activities				
Funds raised through loans and financing	3,129	4,792	550	2,500
Payment of fundraising costs	(11)	(22)	-	(9)
Amortization of principal from loans and financing	(1,143)	(1,491)	(500)	-
Collateral deposits	(2)	-	-	-
Public Service Concessions obligations	(49)	42	-	-
Payment of principal – leases	(10)	(8)	-	-
Derivative financial instruments received, net	26	417	-	-
Dividends and interest on own capital paid to Neoenergia's shareholders	(145)	-	(145)	-

STATEMENT OF CASH FLOWS
For the three months ended March 31, 2022, and 2021
(Amounts expressed in millions of reais)

Dividends and interest on own capital paid to non-controlling interest	(5)	(16)	-	-
Cash flow generated by (used) in financing activities	1,790	3,714	(95)	2,491
Increase (decrease) in cash and cash equivalents for the period	(210)	(1,086)	(755)	(139)
Cash and cash equivalents at the beginning of the period	5,545	5,060	1,131	367
Cash and cash equivalents at the end of the period	5,335	3,974	376	228
Non-cash transactions:				
Capitalized interest and financial charges – Contract asset	32	9	-	-
Capitalized interest and financial charges – fixed and intangible assets	8	-	-	-
Leasing contracts - IFRS 16	22	12	-	-
Net asset – business combination (note 15.3)	-	1,920	-	-
Addition of special obligations	-	9	-	-
Addition and adjustment to capitalized provisions – Contract asset	9	8	-	-
Addition and adjustment to capitalized provisions – fixed and intangible	4	4	-	-

*Gross value, not excluding PIS/COFINS credits.

The explanatory notes are an integral part of these interim financial statements.

STATEMENT OF FINANCIAL POSITION
As of March 31, 2022 and December 31, 2021
(Amounts expressed in millions of Reais)

	Notes	Consolidated		Parent Company	
		03/31/2022	12/31/2021	03/31/2022	12/31/2021
Assets					
Current					
Cash and cash equivalents	11	5,335	5,545	376	1,131
Trade accounts receivable and others	12	8,670	8,626	-	-
Securities and marketable securities		95	72	-	-
Derivative financial instruments	19.3	441	738	-	-
Recoverable income taxes	10.1.3	828	848	175	192
Other recoverable taxes	10.2.1	2,525	2,085	1	1
Dividends and interest on own capital receivable		25	25	541	629
Sectorial financial asset (Portion A and others)	13	2,300	1,681	-	-
Public Service Concession (Contract asset)	14.2	549	492	-	-
Other current assets		941	871	456	634
Assets held for sale		797	797	797	797
Total current assets		22,506	21,780	2,346	3,384
Non-current					
Trade accounts receivable and others	12	351	378	-	-
Securities and marketable securities		426	387	-	-
Derivative financial instruments	19.3	750	1,463	-	-
Recoverable income taxes	10.1.3	7	7	-	-
Other recoverable taxes	10.2.1	4,311	4,863	-	-
Deferred income taxes	10.1.2	672	727	-	-
Judicial deposits	20	1,127	1,087	56	55
Sectorial financial asset (Portion A and others)	13	17	352	-	-
Public Service Concession (Financial asset)	14.1	19,802	18,516	-	-
Public Service Concession (Contract asset)	14.2	13,260	12,447	-	-
Other non-current assets		79	94	9	9
Investments in subsidiaries, associates and joint ventures	15	1,213	1,200	29,014	26,942
Right of use		168	138	-	-
Property, Plant & Equipment ("PP&E")	16	10,305	9,560	26	26
Intangible assets	17	12,718	12,801	2	2
Total non-current assets		65,206	64,020	29,107	27,034
Total assets		87,712	85,800	31,453	30,418

The explanatory notes are an integral part of these interim financial statements.

STATEMENT OF FINANCIAL POSITION
As of March 31, 2022 and December 31, 2021
(Amounts expressed in millions of Reais)

Liabilities	Notes	Consolidated		Parent Company	
		03/31/2022	12/31/2021	03/31/2022	12/31/2021
Current					
Suppliers and trade accounts payable to contractors	18	4,167	5,538	136	122
Loans and financing	19.2	7,751	7,940	1,781	2,276
Lease obligations		48	38	-	-
Derivative financial instruments	19.3	336	134	78	27
Wages, employment benefits and charges payable	22	571	661	7	22
Payable income taxes	10.1.3	211	29	-	-
Other taxes and sectorial charges payable	10.2.2	1,676	1,690	36	67
Reimbursements to consumers – Federal taxes	10.3	1,951	1,500	-	-
Dividends and interest on own capital		661	805	642	786
Provisions	20	296	256	-	-
Other current liabilities	21	1,010	1,349	47	51
Total current liabilities		18,678	19,940	2,727	3,351
Non-current					
Suppliers and trade accounts payable to contractors	18	152	148	-	-
Loans and financing	19.2	31,599	30,683	3,441	3,097
Lease obligations		132	108	-	-
Derivative financial instruments	19.3	1,048	197	397	101
Wages, employment benefits and charges payable	22	803	789	-	-
Income taxes	10.1.3	28	27	7	7
Deferred income taxes	10.1.2	1,892	1,766	3	3
Other taxes and sectorial charges payable	10.2.2	1,170	1,128	-	-
Sectorial financial liability (Portion A and others)	13	1,043	342	-	-
Reimbursements to consumers – Federal taxes	10.3	3,922	4,529	-	-
Provisions	20	1,647	1,601	1	1
Other non-current liabilities	21	313	304	22	22
Total non-current liabilities		43,749	41,622	3,871	3,231
Shareholders' equity	23				
Attributable to controlling interest		24,913	23,886	24,855	23,836
Attributable to non-controlling interest		372	352	-	-
Total shareholders' equity		25,285	24,238	24,855	23,836
Total liabilities and shareholders' equity		87,712	85,800	31,453	30,418

The explanatory notes are an integral part of these interim financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the three months ended March 31, 2022 and 2021
(Amounts expressed in millions of Reais)



	Consolidated										
	Share capital	Capital reserve	Shareholders' transaction reserve	Other comprehensive income	Profit reserves			Retained earnings	Attributed to controlling interest	Attributed to non-controlling interest	Total
					Legal reserve	Unrealized profit reserve	Profit retention reserve				
Balance as of December 31, 2021	12,920	129	(1,579)	(281)	1,200	284	11,213	-	23,886	352	24,238
Net income for the period	-	-	-	-	-	-	-	1,212	1,212	26	1,238
Other comprehensive income	-	-	-	(193)	-	-	-	-	(193)	(3)	(196)
Share-based payments	-	8	-	-	-	-	-	-	8	-	8
Remuneration to non-controlling interest	-	-	-	-	-	-	-	-	-	(3)	(3)
Balance as of March 31, 2022	12,920	137	(1,579)	(474)	1,200	284	11,213	1,212	24,913	372	25,285
Balance as of December 31, 2020	12,920	96	(1,597)	3	1,006	247	8,492	-	21,167	342	21,509
Net income for the period	-	-	-	-	-	-	-	1,007	1,007	32	1,039
Other comprehensive income	-	-	-	(296)	-	-	-	-	(296)	(2)	(298)
Share-based payments	-	6	-	-	-	-	-	-	6	-	6
Balance as of March 31, 2021	12,920	102	(1,597)	(293)	1,006	247	8,492	1,007	21,884	372	22,256

The explanatory notes are an integral part of these interim financial information.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the three months ended March 31, 2022 and 2021
(Amounts expressed in millions of Reais)

	Parent Company								
	Share capital	Capital reserve	Shareholders' transaction reserve	Other comprehensive income	Profit reserves			Retained earnings	Total
					Legal reserve	Unrealized profit reserve	Profit retention reserve		
Balance as of December 31, 2021	12,920	129	(1,579)	(281)	1,200	234	11,213	-	23,836
Net income for the period	-	-	-	-	-	-	-	1,204	1,204
Other comprehensive income	-	-	-	(193)	-	-	-	-	(193)
Share-based payments	-	8	-	-	-	-	-	-	8
Balance as of March 31, 2022	12,920	137	(1,579)	(474)	1,200	234	11,213	1,204	24,855
Balance as of December 31, 2020	12,920	96	(1,597)	3	1,006	234	8,492	-	21,154
Net income for the period	-	-	-	-	-	-	-	1,001	1,001
Other comprehensive income	-	-	-	(296)	-	-	-	-	(296)
Share-based payments	-	6	-	-	-	-	-	-	6
Balance as of March 31, 2021	12,920	102	(1,597)	(293)	1,006	234	8,492	1,001	21,865

The explanatory notes are an integral part of these interim financial statements.

STATEMENT OF ADDED VALUE
For the three months ended March 31, 2022 and 2021
(Amounts expressed in millions of Reais)

	Consolidated		Parent Company	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Revenues				
Sales of energy, services and others	15,340	12,636	-	1
Revenue from the construction of own assets	267	116	-	-
Expected credit loss	(130)	(113)	-	-
	15,477	12,639	-	1
Inputs acquired from third parties				
Electricity purchased for resale	(3,462)	(3,375)	-	-
Transmission network use charges	(1,720)	(1,341)	-	-
Consumed raw materials	(2)	(95)	-	-
Materials, third-party services and others	(2,421)	(1,939)	(28)	(37)
	(7,605)	(6,750)	(28)	(37)
Gross added value	7,872	5,889	(28)	(36)
Depreciation and amortization (*)	(534)	(440)	(41)	(42)
Net added value produced by the company	7,338	5,449	(69)	(78)
Added value received through transfer				
Financial income	2,278	982	298	48
Equity income (loss) from investees	8	10	1,426	1,117
	2,286	992	1,724	1,165
Total added value for distribution	9,624	6,441	1,655	1,087
Added value distribution				
Wages	255	237	14	12
Provision for vacation and 13th salary	55	43	-	-
Social charges (except INSS)	23	27	-	-
Employee benefits	204	141	-	-
Others	(113)	(94)	1	1
Subtotal	424	354	15	13
Taxes, fees and contributions				
National Institute of Social Security (INSS) (on payroll)	77	54	3	2
Added value from State VAT (ICMS)	2,529	1,956	-	-
Taxes on revenue (PIS/COFINS)	511	594	3	2
Income taxes	487	430	-	-
Intra-sectorial obligations	1,156	624	-	-
Others	27	24	1	1
Subtotal	4,787	3,682	7	5
Lenders and lessors				
Interest and foreign exchange rate variations	3,176	1,372	429	68
Leases	(1)	(6)	-	-
Subtotal	3,175	1,366	429	68
Shareholders				
Retained earnings	1,212	1,007	1,204	1,001
Non-controlling interest	26	32	-	-
	1,238	1,039	1,204	1,001
Distributed added value	9,624	6,441	1,655	1,087

*Gross value, not excluding PIS/COFINS credits.

The explanatory notes are an integral part of these interim financial statements.

Rio de Janeiro, April 26, 2022 – Neoenergia discloses on this date its results for the first quarter 2022 (1Q22).



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HIGHLIGHTS (R\$ MM) 1Q22	1Q22	1Q21	Δ %
Net Operating Revenue	9,882	8,580	15%
Gross Margin	4,180	3,184	31%
Operating Expenses	(889)	(797)	12%
EBITDA	3,169	2,284	39%
Financial Income (Loss)	(917)	(382)	140%
Profit assigned to controlling shareholders	1,212	1,007	20%
Financial Asset (Concession)	532	323	65%
IFRS 15	210	401	(48%)
GSF Agreement	-	43	(100%)
Cash EBITDA	2,427	1,517	60%



OPERATING INDICATORS			
Distributed Energy (GW) ⁽¹⁾	16,827	17,049	(1.3%)
Injected Energy (GW) ⁽¹⁾	19,478	19,765	(1.5%)
Number of Customers (thousand) ⁽¹⁾	15,804	15,478	2.1%

Financial Debt Indicators	1Q22	2021	Variation
Net Debt(1)/EBITDA(2)	3.14	3.12	0.02
Corporate Rating (S&P)	AAA	AAA	-

(1) Merely for the purpose of comparison, Neoenergia Brasília considers data between 01/01/21 and 03/01/2021, period prior to its merger

(2) Net debt of cash and cash equivalents, short-term investments and securities

(3) EBITDA - 12 months

Highlights: Cash EBITDA grows 60% reaching R\$ 2,4 billion in 1Q22.

- 19,478 GWh of energy injected in the 1Q22, -1.45% vs. 1Q21 due to lower temperatures and higher rainfall, especially in January;
- Operating expenses of approximately R\$ 889 million in the 1Q22 (+12% vs. 1Q21). Disregarding Neoenergia Brasília, expenses amounted to R\$ 841 million (+5% vs. 1Q21) absorbing inflation, the greater number of customers, larger headcount and new businesses;
- EBITDA of R\$ 3.1 billion in the 1Q22 (+39% vs. 1Q21);
- Profit of R\$ 1.2 billion in the 1Q22 (+20% vs. 1Q21);
- Capex of R\$ 2.4 billion in 1Q22 (+34% vs. 1Q21) due to the progress of Wind and Solar projects, in addition to networks expansion in the distributors;
- Net Debt/EBITDA of 3.14x in the 1Q22 (3.12x in the 4Q21 and 3.28x in the 1Q21);
- Total 12-month losses continue to drop, decreasing in four of the five distributors compared to the 4Q21. Neoenergia Elektro and Neoenergia Cosern are still within the regulatory limit. Neoenergia Brasília carries on with a reduction for the 5th consecutive quarter;
- Tariff adjustments of Neoenergia Coelba and Neoenergia Cosern with an average effect on consumers of 21.13% and 20.36% as of April 22, 2022 and for Neoenergia Pernambuco with an average effect of 18.98% as of April 29, 2022.

TELECONFERENCE 1Q22

Wednesday, April 27, 2022

Time: 10:00 (BRT) | 9:00 (EST)

(with simultaneous translation into English)

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Access to Webcast: <https://choruscall.com.br/neoenergia/1Q22.htm>

NEOENERGIA S.A., DISCLOSES THE RESULTS FOR THE FIRST QUARTER (1Q22) BASED ON MANAGEMENT ANALYSES THAT THE BOARD OF DIRECTORS UNDERSTANDS TO TRANSLATE THE COMPANY'S BUSINESS IN THE BEST MANNER, AND RECONCILED WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS).

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1. ECONOMIC-FINANCIAL PERFORMANCE

1.1. Consolidated

CONSOLIDATED STATEMENT OF INCOME (R\$ MN)	1Q22	1Q21	Variation	
			R\$	%
Net Operating Revenue (1)	9,882	8,580	1,302	15%
Costs with Energy (2)	(6,234)	(5,719)	(515)	9%
Gross Margin w/out Concession Financial Assets	3,648	2,861	787	28%
Concession Financial Assets (VNR)	532	323	209	65%
GROSS MARGIN	4,180	3,184	996	31%
Operating Expenses	(889)	(797)	(92)	12%
Provision for Doubtful Receivables (PECLD)	(130)	(113)	(17)	15%
(+) Equity Accounting	8	10	(2)	(20%)
EBITDA	3,169	2,284	885	39%
Depreciation	(527)	(433)	(94)	22%
Financial Income (Loss)	(917)	(382)	(535)	140%
IR/CS	(487)	(430)	(57)	13%
Minority shareholdings	(26)	(32)	6	(19%)
NET INCOME	1,212	1,007	205	20%

(1) Considers Construction Revenue

(2) Considers Construction Costs

As expressed in Technical Guideline CPC 08, the recognition and measurement of the variations between the non-manageable costs actually incurred compared to the approved tariffs are always classified in the Operating Revenue line as Amounts Receivable/Returnable of Portion A and Other Financial Items. Considering that a large portion of Portion A is recorded as energy cost, the isolated analysis of variations in revenue and cost may lead to misinterpretation of the result for the period. Accordingly, the Company believes it is more appropriate to explain the variations in the result based on Gross Margin.

Neoenergia ended the 1Q22 with a Gross Margin of R\$ 4,180 million, +31% vs. 1Q21, driven by the effects of (i) the 2021 Tariff Readjustments of Neoenergia Coelba, Neoenergia Cosern and Neoenergia Elektro (Portion B variation: +29.90%, +30.63% and +32.49% respectively); (ii) the Tariff Reviews of Neoenergia Pernambuco (+8.99%) and Neoenergia Brasília (+11.10%); (iii) better results in the Wind business due to the start-up of the Chafariz Wind Complex and; (vi) better margin of Termopernambuco.

Operating expenses totaled R\$ 889 million in the 1Q22, +12% vs. 1Q21, slightly above the 12-month IPCA, which was 11.3%, explained by the expenses of Neoenergia Brasília, given that in the 1Q21 it was only consolidated as of March 2, 2021. Disregarding the values of Neoenergia Brasília in January and February 2022, the expenses totaled R\$ 841 million (+5% vs. 1Q21), absorbing inflation, the higher number of customers, higher headcount and new businesses (start-up of the transmission projects – Santa Luzia and Jalapão, and the Chafariz Wind Power Complex).

The Allowance for Doubtful Accounts - AFDA for the quarter was R\$ 130 million, +R\$ 17 million vs. 1Q21, due to the larger volume of billing.

Equity for the 1Q22 was R\$ 8 million vs. R\$ 10 million in the 1Q21, mainly explained by the renegotiation of the GSF of Teles Pires that took place in the 1Q21 in the amount of R\$6 million.

As a result of the abovementioned effects, EBITDA was R\$ 3,169 million in the 1Q22 (+39% vs. 1Q21). Cash EBITDA was R\$ 2,427 million in the 1Q22 (+60% vs. 1Q21) due to the 2021 Tariff Readjustments and Tariff Reviews, the maintenance of efficiency and cost discipline, as well as the progress in the construction of transmission projects, and the start of operation of the Chafariz Wind Complex, which added R\$ 31 million in the quarter.

The Financial Result was -R\$ 917 million in the quarter, down by R\$ 535 million vs. 1Q21, mainly explained by higher expenses with debt charges due to a higher CDI, as well as the increase in the average balance of the debt due to funding for the Capex of new transmission, wind and solar projects, in addition to Distributors.

Net income ended the quarter at R\$ 1,212 million, 20% above that of the 1Q21.

1.2. Networks

The result of the Networks segment contemplates both, the performance of the distributors and that of transmission assets.

NETWORKS STATEMENT OF INCOME (R\$ MN)	1Q22	1Q21	Variation	
			R\$	%
Net Revenue	9,541	8,287	1,254	15%
Costs with energy	(6,467)	(5,845)	(622)	11%
Gross Margin w/out Concession Financial Assets	3,074	2,442	632	26%
Concession Financial Assets (VNR)	532	323	209	65%
Gross Margin	3,606	2,765	841	30%
Operating Expenses	(758)	(652)	(106)	16%
Provision for Doubtful Receivables (PECLD)	(130)	(113)	(17)	15%
EBITDA	2,718	2,000	718	36%
Depreciation	(384)	(325)	(59)	18%
Financial Income (Loss)	(686)	(314)	(372)	118%
IR CS	(419)	(381)	(38)	10%
NET INCOME	1,229	980	249	25%

The Networks segment ended the 1Q22 with a Gross Margin of R\$3,606 million, +30% vs. 1Q21, driven by the effects (i) of the 2021 Tariff Readjustments of Neoenergia Coelba, Neoenergia Cosern and Neoenergia Elektro (Parcel B variation: +29.90%, +30.63% and +32.49% respectively) and (ii) the Tariff Review of Neoenergia Pernambuco (+8.99%) and Neoenergia Brasília (+11.10%), also in 2021.

Operating expenses totaled R\$758 million in the 1Q22, +16% vs. 1Q21, explained by the expenses of Neoenergia Brasília, given that in the 1Q21 it was only consolidated as of March 2, 2021. Excluding the values of Neoenergia Brasília in January and February 2022, expenses totaled R\$ 710 million (+9% vs. 1Q21), absorbing the inflation for the period, the higher number of customers, higher headcount and new businesses (start of operation of the Santa Luzia and Jalapão transmission projects, in addition to the fourth and fifth sections of Dourados).

AFDA was R\$ 130 million in the quarter, +R\$ 17 million vs. 1Q21, due to the higher volume of billing.

As a result of the effects presented, EBITDA amounted to R\$ 2,718 million in the 1Q22 (+36% vs. 1Q21), due to the 2021 Tariff Readjustments and Tariff Reviews, cost discipline, and the progress in the construction of transmission projects.

Net income ended the quarter at R\$1,229 million, 25% in excess of that of the 1Q21.

S/I TRANSMISSION (R\$ MM)	1Q22	1Q21	Variation	
			R\$	%
Net Revenue	686	801	(115)	(14%)
Cosntruction Costs	(355)	(356)	1	(0%)
Gross Margin	331	445	(114)	(26%)
Operating Expenses	(26)	(13)	(13)	100%
Contingencies	-	(1)	1	(100%)
EBITDA	305	431	(126)	(29%)
Depreciation	-	-	-	-
Financial Income (Loss)	(98)	(98)	-	-
IR CS	(62)	(108)	46	(43%)
NET INCOME	145	225	(80)	(36%)
IFRS15	210	401	(191)	(48%)

For the quarter, the transmission line showed a Gross Margin of R\$ 331 million (-26% vs. 1Q21).

The operating expenses amounted to R\$ 26 million in the 1Q22, R\$ 13 million in excess of the amount of the previous year, due to higher costs with personnel with the start of operation of the December 2017 auction lots, and the conclusion of deliveries of the April 2017 lots (Dourados).

Transmission EBITDA ended the quarter at R\$ 305 million (-29% vs. 1Q21). Cash EBITDA for the quarter was R\$ 95 million (+217% vs. 1Q21) as a result of the deliveries of the April and December 2017 auction lots.

The use of IFRS15 had an impact of R\$ 210 million on EBITDA for the quarter (-R\$ 191 million vs. 1Q21).

Net income was R\$ 145 million in the 1Q22 (-R\$ 80 million vs. 1Q21).

1.2.1. NEOENERGIA COELBA

STATEMENT OF INCOME (R\$ MN)	1Q22	1Q21	Variation	
			R\$	%
Net Revenue	3,357	2,935	422	14%
Costs with Energy	(2,154)	(2,069)	(85)	4%
Gross Margin w/out Concession Financial Assets	1,203	866	337	39%
Concession Financial Assets (VNR)	271	164	107	65%
Gross Margin	1,474	1,030	444	43%
Operating Expenses	(305)	(284)	(21)	7%
Provision for Doubtful Receivables (PECLD)	(57)	(41)	(16)	39%
EBITDA	1,112	705	407	58%
Depreciation	(173)	(151)	(22)	15%
Financial Income (Loss)	(285)	(113)	(172)	152%
IR CS	(136)	(104)	(32)	31%
NET INCOME	518	337	181	54%

Neoenergia Coelba ended the 1Q22 with a Gross Margin of R\$ 1,474 million (+43% vs. 1Q21) driven by Portion B variation of +29,90% in April/21, by the increase in the customer base and by the higher Concession Financial Assets - VNR (+R\$ 107 million), explained by the higher IPCA in the period (+1.15 p.p. of variation between 1Q22 vs. 1Q21).

Operating expenses were R\$ 305 million in the 1Q22 (+7% vs. 1Q21), absorbing inflation, customer-base growth and insourcing of operating activities.

In the 1Q22, AFDA was R\$57 million, +R\$16 million vs. 1Q21, reflecting higher revenue.

As a result of the abovementioned variations, EBITDA in the 1Q22 was R\$1,112 million, an increase of 58% vs. 1Q21.

Net Income was R\$518 million in the 1Q22 (+54% vs. 1Q21).

1.2.2. NEOENERGIA PERNAMBUCO

STATEMENT OF INCOME (R\$ MN)	1Q22	1Q21	Variation	
			R\$	%
Net Revenue	1,870	1,773	97	5%
Energy costs	(1,380)	(1,351)	(29)	2%
Gross Margin w/out Concession Financial Assets	490	422	68	16%
Concession Financial Assets (VNR)	103	62	41	66%
Gross Margin	593	484	109	23%
Operating Expenses	(171)	(158)	(13)	8%
Provision for Doubtful Receivables (PECLD)	(57)	(43)	(14)	33%
EBITDA	365	283	82	29%
Depreciation	(86)	(76)	(10)	13%
Financial Income (Loss)	(157)	(73)	(84)	115%
IR CS	(39)	(34)	(5)	15%
NET INCOME	83	100	(17)	(17%)

Neoenergia Pernambuco ended the 1Q22 with a Gross Margin of R\$ 593 million (+23% vs. 1Q21) driven by the average tariff readjustment of April/21 of 8.99%, the increase in the customer base and higher VNR (+R\$ 41 million), explained by the higher IPCA in the period.

Operating expenses amounted to R\$ 171 million in the 1Q22 (+8% vs. 1Q21), absorbing inflation, customer-base growth and higher headcount, confirming cost discipline and the search for efficiencies.

In the quarter, AFDA totaled R\$ 57 million, R\$ 14 million in excess of that of the same period in the previous year, due to higher revenues.

As a result of the aforementioned variations, EBITDA in the quarter was R\$ 365 million, an increase of 29% vs. 1Q21.

Net Income was R\$ 83 million in the 1Q22 (-R\$ 17 million vs. 1Q21), mainly impacted by the worsening of the financial result for the period.

1.2.3. NEOENERGIA COSERN

STATEMENT OF INCOME (R\$ MN)	1Q22	1Q21	Variation	
			R\$	%
Net Revenue	806	709	97	14%
Costs with Energy	(558)	(510)	(48)	9%
Gross Margin w/out Concession Financial Assets	248	199	49	25%
Concession Financial Assets (VNR)	54	33	21	64%
Gross Margin	302	232	70	30%
Operating Expenses	(59)	(56)	(3)	5%
Provision for Doubtful Receivables (PECLD)	2	1	1	100%
EBITDA	245	177	68	38%
Depreciation	(33)	(28)	(5)	18%
Financial Income (Loss)	(35)	(6)	(29)	483%
IR CS	(35)	(31)	(4)	13%
NET INCOME	142	112	30	27%

Neoenergia Cosern ended the 1Q22 with a Gross Margin of R\$ 302 million, +30% vs. 1Q21, driven by Portion B variation of +30,63% in April/21, increase in the customer base and higher VNR (+R\$ 21 million), explained by the higher IPCA in the period.

Operating expenses amounted to R\$ 59 million in the 1Q22, +R\$ 3 million compared to the same period of the previous year, absorbing inflation and customer-base growth, confirming cost discipline and the search for efficiencies.

As a result of the abovementioned variations, EBITDA in the 1Q22 was R\$ 245 million, an increase of 38% vs. 1Q21.

Net Income was R\$ 142 million in the 1Q22 (+27% vs. 1Q21).

1.2.4. NEOENERGIA ELEKTRO

STATEMENT OF INCOME (R\$ MN)	1Q22	1Q21	Variation	
			R\$	%
Net Revenue	2,032	1,837	195	11%
Costs with Energy	(1,364)	(1,354)	(10)	1%
Gross Margin w/out Concession Financial Assets	668	483	185	38%
Concession Financial Assets (VNR)	99	62	37	60%
Gross Margin	767	545	222	41%
Operating Expenses	(132)	(123)	(9)	7%
Provision for Doubtful Receivables (PECLD)	(23)	(25)	2	(8%)
EBITDA	612	397	215	54%
Depreciation	(71)	(64)	(7)	11%
Financial Income (Loss)	(92)	(24)	(68)	283%
IR CS	(135)	(104)	(31)	30%
NET INCOME	314	205	109	53%

Neoenergia Elektro ended the 1Q22 with a Gross Margin of R\$ 767 million (+41% vs. 1Q21) driven by Portion B variation of +32,49% in August/21, market growth and increase to the number of customers in the concession area, in addition to the higher VNR, given the higher IPCA (variation of +1.15 p.p. in 1Q22 vs. 1Q21).

Operating expenses amounted to R\$ 132 million in the 1Q22 (+7% vs. 1Q21), operating below inflation for the period (11.30%), demonstrating efficiency gains with growth of customer base.

In the quarter, AFDA totaled R\$ 23 million, -R\$2 million lower than that of the 1Q21 as a result of collection actions and debt renegotiations.

As a result of the abovementioned variations, EBITDA in the period was R\$ 612 million, an increase of 54% vs. 1Q21.

Net Income was R\$ 314 million in the 1Q22 (+53% vs. 1Q21).

1.2.5. NEOENERGIA BRASÍLIA

STATEMENT OF INCOME (R\$ MN)	1Q22	1Q21	Variation	
			R\$	%
Gross Margin w/out Concession Financial Assets	136	70	66	94%
Concession Financial Assets (VNR)	5	5	-	-
Gross Margin	141	75	66	88%
Operating Expenses	(65)	(74)	9	(12%)
Provision for Doubtful Receivables (PECLD)	5	(32)	37	N/A
EBITDA	81	(31)	112	N/A
Depreciation	(15)	(12)	(3)	25%
Financial Income (Loss)	(20)	(4)	(16)	400%
IR CS	(17)	20	(37)	N/A
NET INCOME	29	(27)	56	N/A

Neoenergia Brasília was merged into the Group on March 2, 2021 and from that date onwards the results were 100% consolidated. The comparison with the 1Q21 is merely pro forma, and it is not included in the consolidated economic result of the group for the 1Q21, which started to be recorded as of March 02, 2021.

Neoenergia Brasília ended the 1Q22 with a Gross Margin of R\$ 141 million (+88% vs. 1Q21), mainly explained by the 11.1% average increase of the October/21 tariff review and by the increase in the customer base (+ 3.6%).

Operating expenses amounted to R\$ 65 million in the quarter, R\$9 million (12%) lower than that of the 1Q21, reflecting the turnaround carried out, which provided efficiency gains for being part of the Neoenergia Group.

In the quarter, AFDA was positive by R\$ 5 million, R\$ 37 million better than in the 1Q21, explained by the adjustment to the methodology already used by the Neoenergia group. It is worth noting that, previously, CEB-D had a policy of provisioning a large portion of the unpaid debt balance, given that practically a year went by without collection actions; the compliance with Neoenergia's methodology allowed the current levels of AFDA.

As a result of the aforementioned variations, EBITDA in the quarter was R\$ 81 million, compared to a negative EBITDA of R\$ 31 million in the 1Q21.

Net Income in the 1Q22 was R\$ 29 million compared to a loss of 27 million in the 1Q21.

1.3. Renewables

The result of the Renewables segment contemplates the performance of the wind farms and hydroelectric plants of the Neoenergia Group.

RENEWABLES STATEMENT OF INCOME (R\$ MN)	1Q22	1Q21	Variation	
			R\$	%
Net Revenue	406	243	163	67%
Costs with Energy	(119)	7	(126)	N/A
GROSS MARGIN	287	250	37	15%
Operating Expenses	(60)	(46)	(14)	30%
(+) Equity Accounting	8	10	(2)	(20%)
EBITDA	235	214	21	10%
Depreciation	(72)	(46)	(26)	57%
Financial Income (Loss)	(72)	(38)	(34)	89%
IR/CS	(28)	(29)	1	(3%)
NET INCOME	63	101	(38)	(38%)

HYDRO PLANTS STATEMENT OF INCOME (R\$ MN)	1Q22	1Q21	Variation	
			R\$	%
Net revenue	167	144	23	16%
Costs with Energy	(20)	18	(38)	N/A
GROSS MARGIN	147	162	(15)	(9%)
Operating Expenses	(26)	(20)	(6)	30%
(+) Equity Accounting	8	10	(2)	(20%)
EBITDA	129	152	(23)	(15%)
Depreciation	(24)	(19)	(5)	26%
Financial Income (Loss)	(18)	(18)	-	-
IR/CS	(16)	(29)	13	(45%)
NET INCOME (LOSS)	71	86	(15)	(17%)

WIND FARMS STATEMENT OF INCOME (R\$ MN)	1Q22	1Q21	Variation	
			R\$	%
Net revenue	239	99	140	141%
Costs with Energy	(99)	(11)	(88)	800%
GROSS MARGIN	140	88	52	59%
Operating Expenses	(34)	(26)	(8)	31%
EBITDA	106	62	44	71%
Depreciation	(48)	(27)	(21)	78%
Financial Income (Loss)	(54)	(20)	(34)	170%
IR/CS	(12)	-	(12)	-
NET INCOME	(8)	15	(23)	(153%)

The Renewables segment ended the 1Q22 with a gross margin of R\$ 287 million (+R\$37 million vs. 1Q21) positively impacted by wind power (+R\$ 52 million vs. 1Q21), and explained by the start of operations of the Chafariz Complex. The hydroelectric plants' margin was R\$ 147 million, R\$ 15 million lower than that of the 1Q21 due to the non-recurring effect of the renegotiation of the Itapebi GSF (revenue of +R\$ 37 million) in the 1Q21. Excluding this effect, the margin would be R\$ 22 million higher.

Operating expenses ended the 1Q22 at R\$ 60 million (+R\$ 14 million vs. 1Q21), mainly due to the start of operations of the Chafariz Complex wind farms and payroll adjustments, in addition to O&M contracts.

Equity in the quarter amounted to R\$ 8 million (+R\$ 2 million vs. 1Q21), mainly explained by the renegotiation of the GSF of Teles Pires that took place in the 1Q21.

Due to these effects, EBITDA from the Renewables segment in the quarter was R\$ 235 million (+R\$ 21 million vs. 1Q21), as a result of the good performance of wind farms and hydroelectric plants, worth highlighting the contribution arising from the start of the Chafariz Wind Complex operation (R\$ 31 million in 1Q22).

Income recorded in the 1Q22 was R\$ 63 million (-R\$ 38 million vs. 1Q21), impacted by higher depreciation and higher financial expenses due to the start of the Chafariz operation.

1.4. Liberalized

LIBERALIZED STATEMENT OF INCOME (R\$ MN)	1Q22	1Q21	Variation	
			R\$	%
Net Revenue	770	565	205	36%
Costs with Energy	(471)	(393)	(78)	20%
Gross Margin	299	172	127	74%
Operating Expenses	(34)	(48)	14	(29%)
EBITDA	265	124	141	114%
Depreciation	(16)	(15)	(1)	7%
Financial Income (Loss)	(38)	(17)	(21)	124%
IR CS	(36)	(17)	(19)	112%
NET INCOME	175	75	100	133%

TERMOPERNAMBUCO STATEMENT OF INCOME (R\$ MN)	1Q22	1Q21	Variation	
			R\$	%
Net Revenue	355	300	55	18%
Costs with Energy	(70)	(142)	72	(51%)
Gross Margin	285	158	127	80%
Operating Expenses	(20)	(39)	19	(49%)
EBITDA	265	119	146	123%
Depreciation	(16)	(15)	(1)	7%
Financial Income (Loss)	(38)	(14)	(24)	171%
IR CS	(35)	(16)	(19)	119%
NET INCOME	176	74	102	138%

COMERC. STATEMENT OF INCOME (R\$ MN)	1Q22	1Q21	Variation	
			R\$	%
Net Revenue	410	262	148	56%
Costs with Energy	(396)	(248)	(148)	60%
Gross Margin	14	14	-	-
Operating Expenses	(13)	(8)	(5)	63%
EBITDA	1	6	(5)	(83%)
Financial Income (Loss)	-	(3)	3	(100%)
IR CS	(1)	(1)	-	-
NET INCOME	-	2	(2)	(100%)

The Liberalized segment consolidated a gross margin of R\$ 299 million in the 1Q22 (+R\$ 127 million vs. 1Q21), impacted by the higher margin at Termopernambuco (+R\$ 127 million vs. 1Q21), mainly explained by the impact of the tariff readjustment (dollarized) and by the purchasing of energy at a lower Spot Price. The trading company contributed with R\$ 14 million to the gross margin, in line with the 1Q21.

Operating expenses amounted to R\$ 34 million in the 1Q22, 29% lower than in the 1Q21, mainly due to the smaller number of days in operation of Termopernambuco in 2022.

As a result of these variations, Liberalized EBITDA was R\$ 265 million in the 1Q22 (+R\$ 141 million vs. 1Q21) and net income was R\$ 175 million in the quarter (+R\$ 100 million vs. 1Q21).

2. EBITDA

In compliance with CVM Instruction 527 we show below the reconciliation of EBITDA (Earnings Before Income Tax, Depreciation and Amortization), and we further state that the calculations shown are in line with the criteria in that same instruction:

EBITDA (R\$ MN)	1Q22	1Q21	Variation	
			R\$	%
Net Income for the Period (A)	1,212	1,007	205	20%
Profit assigned to minority shareholders (B)	(26)	(32)	6	(19%)
Financial Expenses (C)	(1,056)	(578)	(478)	83%
Financial Revenues (D)	341	163	178	109%
Other net financial income (loss) (E)	(202)	33	(235)	(712%)
Income tax and social contribution (F)	(487)	(430)	(57)	13%
Depreciation and amortization (G)	(527)	(433)	(94)	22%
EBITDA = (A-(B+C+D+E+F+G))	3,169	2,284	885	39%

3. FINANCIAL RESULT

NET FINANCIAL INCOME (R\$ MN)	1Q22	1Q21	Variation	
			R\$	%
Revenue from financial investments	123	18	105	583%
Charges, monetary and exchange variations and debt derivative financial instruments	(1,080)	(426)	(654)	154%
Other financial income (loss) not related to debt	40	26	14	54%
Interest, commissions and arrears interest	135	136	(1)	(1%)
Monetary and exchange variations - other	(12)	-	(12)	-
Adjustment to provision for contingencies / judicial deposits	(49)	(50)	1	(2%)
Adjustment to sector financial assets / liabilities	73	(3)	76	N/A
Post-employment liabilities	(19)	(20)	1	(5%)
Other net financial revenues (expenses)	(88)	(37)	(51)	138%
Total	(917)	(382)	(535)	140%

The Consolidated Financial Result was -R\$ 917 million in the 1Q22, R\$ 535 million worse than that of the 1Q21, a variation mainly explained by higher expenses with debt charges (+R\$ 654 million), due to the 49.4% increase in the average debt balance, given the funding for the Capex of new transmission and wind projects, in addition to Distributors. Additionally, we observed in the period an increase in the CDI (61% of indebtedness is linked to that index).

Income from financial investments showed an improvement of R\$ 105 million when compared to the 1Q21, as a result of the higher CDI.

4. INVESTMENTS

The Capex of Neoenergia ended the 1Q22 at R\$ 2.4 billion, as shown below:

CAPEX Neoenergia (R\$ million)	1Q22	1Q21	Δ %
Networks	1,635	1,350	21%
Distributors	1,278	873	46%
Transmission Lines	357	477	(25%)
Renewables	808	461	75%
Hydroelectric plants	30	45	(34%)
Wind Farms	413	416	(1%)
Solar	364	-	-
Liberalized	4	12	(68%)
TOTAL	2,446	1,822	34%

4.1. Networks

4.1.1. Distribution

In the 1Q22, the Capex of the distributors was R\$ 1.3 billion, of which R\$ 703 million were used for network expansion. Below is a table with the breakdown of Capex by distributor:

INVESTMENTS MADE (amounts in R\$ MN)	    					CONSOLIDATED	
	1T22					1T22	
Network Expansion	(427)	(93)	(59)	(114)	(9)	(703)	61%
Program Luz para Todos	(207)	-	-	-	-	(207)	
New Connections	(129)	(77)	(39)	(67)	(5)	(317)	
New SE's and RD's	(92)	(16)	(20)	(46)	(5)	(179)	
Assets Renewal	(80)	(32)	(25)	(41)	(7)	(184)	14%
Network Improvement	(34)	(16)	(20)	(22)	(28)	(120)	9%
Losses and Default	(30)	(25)	(7)	(4)	(6)	(72)	6%
Other	(37)	(14)	(12)	(49)	(12)	(123)	10%
Movement of Material (Inventory x Works)	(47)	(44)	(12)	(35)	15	(124)	
(=) Gross Investment	(656)	(225)	(134)	(265)	(47)	(1,326)	1.2
GRANTS	(89)	3	1	8	2	(75)	
(=) Net Investment	(745)	(222)	(133)	(257)	(45)	(1,401)	
Movement of Material (Inventory x Works)	47	44	12	35	(15)	124	
(-) CAPEX	(698)	(177)	(121)	(221)	(60)	(1,278)	
RAB	(37)	(14)	(12)	(49)	(12)	(123)	10%
RRB	(572)	(167)	(111)	(180)	(50)	(1,079)	90%

4.1.2. Transmission

In the 1Q22, total Capex invested in the transmissions companies was R\$ 357 million, R\$120 million less than that invested in the 1Q21.

It is worth mentioning the advances in the December 2018 auction lots: start of works of the substation and transmission line of Itabapoana, continuity of the commissioning phase of the Synchronous Compensators (SE Marmeleiro and SE Livramento III) of Lagoa dos Patos, and environmental licensing of the others sections, as well as that of the Itajaí Valley. Progress of the Rio Formoso works (December 2019 auction), and the process of licensing and landholding regularization of Morro do Chapeú (December 2020 auction).

4.2. Renewables

4.2.1. Wind Farms

Investments made in the wind farms amounted to R\$ 413.4 million in the 1Q22, in line with that of the 1Q21:

- (i) Chafariz Complex: start of operation of all farms;
- (ii) Oitis Complex: continuation of the construction of the complex.

4.2.2. Solar Parks

Investments made in the solar park Luzia, works, which have already started, and more than 90% of the modules having been delivered over the quarter, amounted to R\$ 364.3 million.

4.2.3. Hydroelectric Plants

Investments of approximately R\$ 29.9 million in the 1Q22 compared to the amount of R\$ 45.3 million in the 1Q21. Highlight on the recording of the Itapebi intangible asset arising from the GSF agreement, which took place in the 1Q21.

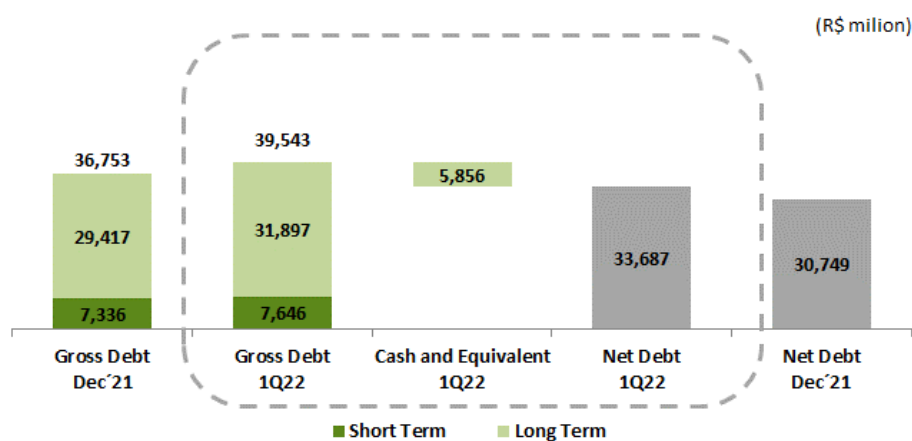
4.3. Liberalized

Termopernambuco made investments in the amount of R\$ 3.3 million in the 1Q22, 71.1% less than those made in the 1Q21.

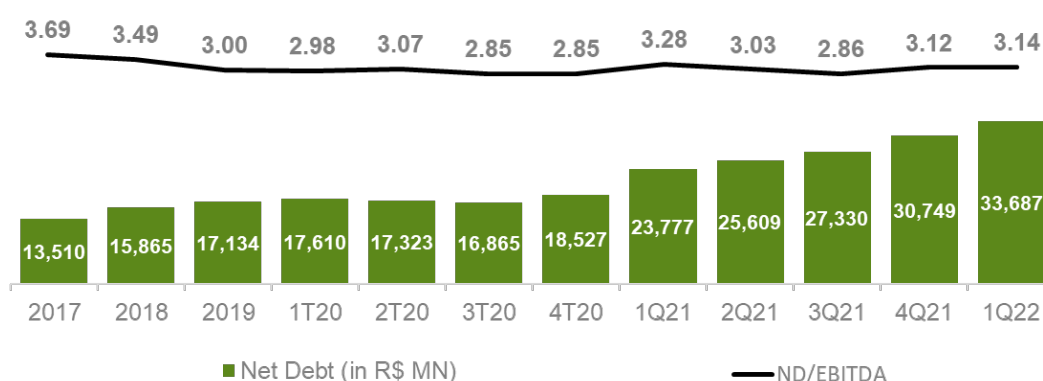
5. INDEBTEDNESS

5.1. Debt Situation and Financial Leverage

In December 2021, the consolidated net debt of Neoenergia, including cash, cash equivalents and securities, reached R\$ 33,687 million (gross debt of R\$ 39,543 million), showing an increase of 10% (R\$ 2,938 million) compared to December 2021, mainly explained by the actual Capex of networks and renewables projects. As regards the segregation of the debt balance, Neoenergia has 81% of its debt recorded in the long term and 19% in the short term.



The financial indicator Total net debt/EBITDA increased from 3.12x in December 2021 to 3.14x in March 2022.

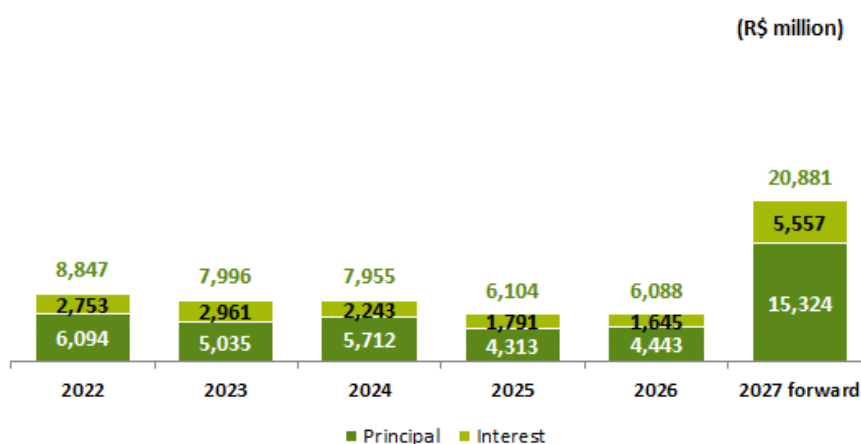


5.2. Debt amortization schedule

The Company seeks to structure its debt in line with the financial cycle of its business, observing the particularities of each company and the characteristics of its concessions and authorizations. In order to reduce the cost of the debt and extend its amortization profile, the Company also actively manages its financial liabilities in order to avoid concentration of debt maturities, resulting in effective extensions. The amounts due in the coming years are not concentrated in any specific period, and are consistent with the volumes due in recent years.

In 2022, the holding anticipates amortizations in the amount of R\$ 1,728 million, referring to the issue of debentures for the acquisition of Neoenergia Brasília, payments by Neoenergia Coelba in the estimated amount of R\$1,042 million, by Neoenergia Pernambuco in the estimated amount of R\$ 706 million and by Neoenergia Elektro in the amount of R\$ 526 million. The total amortizations by the Holding and the three distributors represent 66% of the consolidated amount to be amortized in this period.

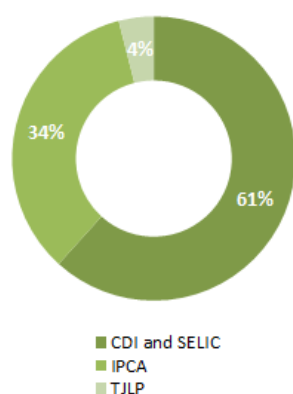
Neoenergia's average debt term in March 2022 was 4.98 years (vs. 5.06 years in December 2021). The chart below displays the maturity schedule of the debt principal and interest, using market forward curves for the indexes and currencies linked to the indebtedness effective at the end of the 1Q22.



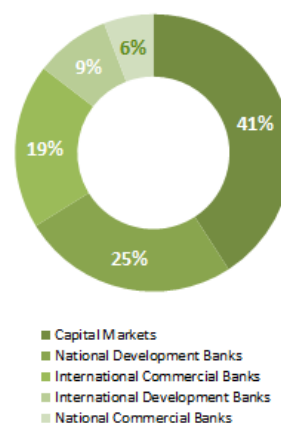
5.3. Debt profile

The charts below display the debt balances segregated by funding source and by index. The average cost of the consolidated debt in the 1Q22 was 9.3% (vs. 8.1% in December 2021) due to the increase of Selic.

DEBT PER INDEX (post swap)



DEBT PER FUNDING



In the 1Q22 we funded a total of R\$ 3,129 million. We point out the debt funding lines that follow:

- i. Contracting of 4131 with MUFG by Neoenergia Elektro (R\$ 200 million) and Neoenergia Coelba (R\$ 105 million), both with a 5-year term;
- ii. BNDES payout to the Chafariz Complex, in the total amount of R\$ 502 million, with a 24-year term;
- iii. Contracting of 4131 with BNP by Neoenergia Lagoa dos Patos in the amount of R\$ 120 million, with a one-year term;
- iv. BNDES payout to Neoenergia Coelba in the amount of R\$ 366 million, and to Neoenergia Pernambuco in the amount of R\$ 254 million, both with a 19-year term;
- v. Contracting of 4131 with BOFA by Neoenergia Guanabara (R\$ 270 million), Neoenergia Itabapoana (R\$ 200 million) and Neoenergia Lagoa dos Patos (R\$ 80 million), all with a one-year term;
- vi. BNB payout to Oitis Complex in the total amount of R\$ 149 million, with a 24-year term;
- vii. Contracting of 4131 with Sumitomo by Neoenergia Coelba (R\$ 200 million), with a 2-year term;
- viii. Contracting of 4131 with BNP by Neoenergia Holding (R\$ 550 million), with a 2-year term.

6. RECONCILIATION NOTE

Neoenergia discloses the first quarter results based on managerial analyses that Management understands to best translate the company's business, reconciled with the International Financial Reporting Standards (IFRS).

Calculation Memory (CONSOLIDATED)	Current Year	Previous Year	Corresponding Explanatory Notes
	Quarter	Quarter	
(+) Net Revenue	10,548	8,997	Incement Statement
(-) Estimated Replacement Value of Concession	(532)	(323)	Note 5
(-) Other revenues	(157)	(111)	Note 5
(+) Gain/Loss on RAP	(16)	(5)	Note 5.4
(+) Revenue from Operation and Maintenance	33	10	Note 5.4
(+) Photovoltaic Operations	5	5	Note 5.4
(+) Other revenues - Other revenues	1	7	Note 5.4
= Net Operating REVENUE	9,882	8,580	
(+) Costs with electric energy	(4,577)	(4,248)	Incement Statement
(+) Fuel for energy production	(2)	(95)	Note 8
(+) Construction costs	(1,651)	(1,372)	Incement Statement
(+) Photovoltaic Operations	(4)	(4)	Note 8
= Energy costs	(6,234)	(5,719)	
(+) Estimated replacement value of concession	532	323	Note 5
= GROSS MARGIN	4,180	3,184	
(+) Operating costs	(984)	(923)	Incement Statement
(+) Sales expenses	(89)	(77)	Incement Statement
(+) Other general and administrative revenues/expenses	(422)	(375)	Incement Statement
(-) Fuel for energy production	2	95	Note 8
(-) Photovoltaic Operations	4	4	Note 8
(-) Depreciation	466	385	Note 8
(+) Gain/Loss on RAP	157	111	Note 5
(-) Gain/Loss on RAP	16	5	Note 5.4
(-) Revenue from operation and maintenance	(33)	(10)	Note 5.4
(-) Photovoltaic Operations	(5)	(5)	Note 5.4
(-) Other revenues - Other revenues	(1)	(7)	Note 5.4
= Operating Expenses (PMSO)	(889)	(797)	
Provision for Doubtful Receivables (PECLD)	(130)	(113)	Incement Statement
(+) Equity Accounting	8	10	Incement Statement
EBITDA	3,169	2,284	
(+) Depreciation and Amortization	(527)	(433)	Incement Statement e Note 8
(+) Financial Income/Loss	(917)	(382)	Incement Statement
(+) IR/CS	(487)	(430)	Incement Statement
(+) Minority shareholders	(26)	(32)	Incement Statement
NET INCOME	1,212	1,007	Incement Statement



DISCLAIMER

This documents was prepared by NEOENERGIA S.A. with a view at indicating the general situation and progress of the Company's business. The document is a property of NEOENERGIA and should not be used for any purpose without prior written consent of NEOENERGIA.

The information contained in this document reflects current conditions and our view to date, and is subject to change. The document contains statements that represent NEOENERGIA expectations and projections about future events, which the Company cannot guarantee that will materialize, since they involve a number of risks and uncertainties and may have results or consequences other than those discussed and anticipated herein.

All relevant information regarding the period and used by the Management in the management of the Company is evidenced in this document and in the Financial Statements.

Further information about the Company can be obtained on the Reference Form available on CVM website and on the Neoenergia Group Investor Relations website (ri.neoenergia.com).

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the period ended March 31, 2022
(Amounts expressed in millions of Reais, unless otherwise indicated)

1. OPERATIONAL CONTEXT

Neoenergia S.A. (“Parent Company”) based in Praia do Flamengo, 78 - 3rd floor- Flamengo - Rio de Janeiro - RJ, is a publicly-held company, (NEOE3) with shares traded on the stock market at B3 S.A. – *Brasil, Bolsa, Balcão* (“B3”), in the “Novo Mercado, Bolsa, Balcão” segment, and was established for the main purpose of acting as a holding company, thus investing in other companies.

Neoenergia S.A and its direct and indirect subsidiaries (“Company” or “Group”) are mainly engaged in activities of distribution, transmission, generation and commercialization of electrical energy, represented by three strategic business segments (i) Networks, (ii) Renewable and (iii) Liberalized.

1.1 Public Service Concessions and authorizations for services related to electrical energy

During the first quarter ended March 31, 2022, the following changes in the structures regarding the concession contracts and authorizations of the Public Services operated by the Company occurred.

a) Public Service Concessions

Networks

On January 05, 2022, the transmission line Jalapão began its commercial operation (Batch 04 – Transmission Auction 02/2017, from December 2017). The line, LT 500 kV Miracema – Gilbués II – Barreiras II, has an extension of 729 km and is Neoenergia’s largest operating transmission line, passing through the states of Tocantins, Piauí and Bahia.

The Jalapão batch has a total annualized RAP (Annual Allowed Revenue) of R\$ 149 and was delivered 14 months in advance, with a Capex saving of 34%, both measures being compared with that estimated by Aneel. With this implementation, Neoenergia finishes the delivery of all acquired projects in the Auction from December 2017, with average advance of 15.6 months concerning Aneel’s deadline and a saving Capex of 33% in relation to the initial estimation by the Regulator.

On March 31, 2022, the concession contract 04/2022-ANEEL, regarding Batch 04, which was acquired by the Group during the Transmission Auction 02/2021 conducted by Aneel on December 17, 2021, was signed. This batch comprises the installation of three synchronous compensators in the Estreiro substation, located in the state of Minas Gerais, with an Annual Allowed Revenue (RAP) of R\$ 37.

The complete information on the Company’s concession contracts is disclosed in the Consolidated Financial Statements for the period ended December 31, 2021; therefore, the current interim financial statements must be read together with the aforementioned financial statements.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the period ended March 31, 2022
(Amounts expressed in millions of Reais, unless otherwise indicated)

1.2 Financial and operational risks management

The Group's financial and operational risk policies were updated in relation to the policies disclosed in the consolidated financial statements for December 31, 2021, according to the expected review process.

The Financial Risk Policy applies to every business that is part of the Neoenergia group, within the projected limits and applicable to the regulated activities that generate exposure to financial risks; therefore, they must also be applied by its subsidiaries and in accordance with their bylaws and applicable legislation. The following guidelines and specific limits for risk management are included: exchange rate and commodities risk; interest rate and price index risks; liquidity and solvency risk, as well as the use of derivative instruments for protection purpose, whose application for speculative purpose is strictly prohibited. The Operational Risk Policy related to Market Transactions establishes the control and management of risks in long- and short-term transactions regarding the management of energy and treasury.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of preparation

The Company's consolidated and individual interim financial statements have been prepared and are disclosed according with IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (“IASB”) and CPC 21 – Interim Financial Statements (accounting practices adopted in Brazil) and must be read together with the Group's consolidated annual financial statements for December 31, 2021, that were previously disclosed. The financial statements are presented in compliance with the laws issued by CVM and applicable to quarterly information.

The interim financial statements disclose the main variations for the period, thus avoiding repetition of certain notes related to the previously disclosed annual financial statements and in comparison, are presented on the same basis of consolidation and order of tables and explanatory notes.

The Company also makes use of guidelines from the Accounting Manual from the Brazilian electric sector and regulations defined by ANEEL, when they are not in conflict with the accounting practices adopted in Brazil and/or the international accounting practices.

The interim financial statements have been prepared based on the historical cost and adjusted to reflect (i) the fair value of the financial instruments measured by fair value; and (ii) the losses due to assets' reduction to their recoverable value (impairment).

During the preparation of these interim financial statements, the subsidiaries are consolidated from the date on which the Company assumes control until the date on which this control ceases. All transactions between Neoenergia S.A and its direct and indirect subsidiaries are fully eliminated. The Company's share of the gain (loss) on the investments in joint ventures and associates is included in the financial statements from the date on which the significant influence or joint control begins until the date on which this significant influence or control ceases.

All relevant information in the interim financial statements, and only this information, is being disclosed and correspond to the information used by Management in the Company's management.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 For the period ended March 31, 2022
 (Amounts expressed in millions of Reais, unless otherwise indicated)

The disclosure of these interim financial statements was authorized by the Board of Directors on April 26, 2022.

2.2 Functional and presentation currency

The functional currency from the Company and its subsidiaries is the Brazilian real (R\$), which is the currency from its main operating economic environment. The interim financial statements are expressed in millions of R\$, unless otherwise indicated.

Transactions in foreign currency are initially recorded at the exchange rate of the functional currency in force on the date of the transaction involving monetary assets and liabilities denominated in foreign currency are translated into the functional currency, using the exchange rate in force on the respective balance sheet date. Foreign exchange gains and losses resulting from the adjustment to these assets and liabilities are recognized in financial income (expenses).

2.3 Accounting policies and critical estimates

The regulations, accounting practices and critical estimates applied to these interim financial statements are the same as those applied to the complete financial statements for the year ended December 31, 2021; therefore, they must be read together.

2.4 New standards and effective and non-effective interpretations

The main regulations amended, issued or under discussion by the International Accounting Standards Board ('IASB') and the Accounting Pronouncements Committee ('CPC') that comply with the Company's operational and financial context are as follows:

a) Changes in current accounting pronouncements

Standards	Description of the change	Effective date
IAS 37 / CPC 25: Provisions, Contingent Liabilities and Contingent Assets	Specify which costs a company should include when assessing whether a contract is onerous or not. The costs directly related to the fulfilment of the contract must be considered in the cash flow assumptions (e.g: Cost of labor, materials and other expenses related to the contract's operation)	2022/01/01
IAS 16 / CPC 27: Property, Plant and Equipment	Allow the recognition of revenues and costs concerning the amounts related to the sale of items produced during the assets' test phase.	

The changes in the Pronouncements that entered into force on January 1, 2022 did not have significant effects on the consolidated financial statements.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 For the period ended March 31, 2022
 (Amounts expressed in millions of Reais, unless otherwise indicated)

3. RECONCILIATION OF NET INCOME FOR THE PERIOD AND SHAREHOLDERS' EQUITY

The reconciliation of the net income for the period attributed to Neoenergia S/A's shareholders between the consolidated and individual financial statements is as follows:

	Net income		Shareholders' equity	
	03/31/2022	03/31/2021	03/31/2022	12/31/2021
Parent Company	1,204	1,001	24,855	23,836
Share-based compensation plan ¹	-	-	(3)	(3)
Capitalization of financial charges ²	12	9	93	81
Income taxes ²	(4)	(3)	(32)	(28)
Consolidated	1,212	1,007	24,913	23,886

- (1) Adjustment concerning the share-based compensation plan accounted for by the Group's subsidiaries.
- (2) Capitalization of financial charges from loans and financings by the Parent Company and transferred to its subsidiaries, through a capital increase to finance the construction of wind parks.

In the individual financial statements, the investment in equity interests did not meet the criteria to be a qualifying asset for the capitalization of financial charges.

4. SEGMENT INFORMATION

The Company operates the following reportable segments: Networks, Renewable, Liberalized and Others. The segments were defined based on the products and services provided and reflect the structure used by Management to assess the Company's performance in the normal course of its operations. The bodies responsible for making operational, resource allocation and performance evaluation decisions are the Executive Board and the Board of Directors.

The main activities of the operating segments are as follows: (i) Networks - comprise the business regarding the service concession arrangements related to energy distribution and transmission services; (ii) Renewable - comprise the activities regarding the service concession arrangements related to energy generation services from natural renewable resources, such as wind farms and hydroelectric plants; (iii) Liberalized - comprise energy generation activities from thermoelectric plants and energy commercialization activities; and (iv) Others - include activities that support operations.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended on March 31, 2022

(Amounts expressed in millions of Reals, unless otherwise indicated)

4.1 Results by segment

The segment information according to criteria set by the Company's Management is as follows:

	Consolidated										
	Three months ended on										
	03/31/2022										
	Distribution	Transmission	Networks Total networks	Wind generation	Hydraulic generation	Renewable Total Renewable	Gas generation	Commercialization and services	Liberalized Total liberalized	Others Total	Result
Gross revenue from third parties	14,007	727	14,734	116	89	205	(1)	403	402	(1)	15,340
Inter-segment gross revenue	3	25	28	144	99	243	480	82	562	1	834
Deductions from gross revenue	(4,489)	(67)	(4,556)	(21)	(21)	(42)	(124)	(70)	(194)	-	(4,792)
Operating costs and expenses ¹	(6,436)	(372)	(6,808)	(53)	(37)	(90)	(90)	(221)	(311)	(48)	(7,257)
Inter-segment operating costs and expenses ¹	(542)	(9)	(551)	(80)	(9)	(89)	(1)	(193)	(194)	-	(834)
Expected credit losses	(130)	-	(130)	-	-	-	-	-	-	-	(130)
Gain (loss) on equity interest	-	-	-	-	8	8	-	-	-	-	8
EBITDA	2,413	304	2,717	106	129	235	264	1	265	(48)	3,169
Depreciation and amortization ²	(384)	-	(384)	(48)	(24)	(72)	(16)	-	(16)	(55)	(527)
Operating profit	2,029	304	2,333	58	105	163	248	1	249	(103)	2,642
Financial income (expenses), net	(588)	(98)	(686)	(54)	(18)	(72)	(38)	-	(38)	(121)	(917)
Income taxes	(357)	(62)	(419)	(12)	(16)	(28)	(35)	(1)	(36)	(4)	(487)
Net profit	1,084	144	1,228	(8)	71	63	175	-	175	(228)	1,238

⁽¹⁾ Does not include depreciation and amortization.

⁽²⁾ Includes the amortization of added value

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended on March 31, 2022

(Amounts expressed in millions of Reals, unless otherwise indicated)

	Consolidated										
	Three months ended on										
	03/31/2021										
	Networks			Renewable			Liberalized		Others		
	Distribution	Transmission	Total networks	Wind generation	Hydraulic generation	Total Renewable	Gas generation	Commercialization and services	Total liberalized	Total	Result
Gross revenue from third parties	11,276	872	12,148	93	81	174	25	289	314	-	12,636
Inter-segment gross revenue	2	10	12	18	84	102	376	27	403	1	518
Deductions from gross revenue	(3,372)	(82)	(3,454)	(12)	(21)	(33)	(102)	(50)	(152)	-	(3,639)
Operating costs and expenses ¹	(5,823)	(367)	(6,190)	(30)	7	(23)	(165)	(177)	(342)	(55)	(6,610)
Inter-segment operating costs and expenses ¹	(401)	(2)	(403)	(7)	(9)	(16)	(16)	(83)	(99)	-	(518)
Expected credit losses	(113)	-	(113)	-	-	-	-	-	-	-	(113)
Gain (loss) on equity interest	-	-	-	-	10	10	-	-	-	-	10
EBITDA	1,569	431	2,000	62	152	214	118	6	124	(54)	2,284
Depreciation and amortization ²	(325)	-	(325)	(27)	(19)	(46)	(15)	-	(15)	(47)	(433)
Operating profit	1,244	431	1,675	35	133	168	103	6	109	(101)	1,851
Financial income (expenses), net	(216)	(98)	(314)	(20)	(18)	(38)	(14)	(3)	(17)	(13)	(382)
Income taxes	(273)	(108)	(381)	-	(29)	(29)	(16)	(1)	(17)	(3)	(430)
Net profit	755	225	980	15	86	101	73	2	75	(117)	1,039

⁽¹⁾ Does not include depreciation and amortization.

⁽²⁾ Includes the amortization of added value.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the period ended on March 31, 2022
(Amounts expressed in millions of Reais, unless otherwise indicated)

4.2 Assets by allocated segments

					Consolidated
					03/31/2022
	Accounts receivable	Sectorial financial assets (liabilities)	Public service concessions¹	Investments in equity interests	Right of use, PP&E and intangible assets
Networks					
Distribution	8,680	1,274	24,314	6	12,464
Transmission	48	-	9,297	-	28
	8,728	1,274	33,611	6	12,492
Renewable					
Wind farms	87	-	-	-	6,699
Hydroelectric plants	34	-	-	1,207	2,945
	121	-	-	1,207	9,644
Liberalized					
Gas generation	-	-	-	-	1,003
Commercialization and services	172	-	-	-	9
	172	-	-	-	1,012
Other	-	-	-	-	43
	9,021	1,274	33,611	1,213	23,191
					Consolidated
					12/31/2021
	Accounts receivable	Sectorial financial assets (liabilities)	Public service concessions¹	Investments in equity interests	Right of use, PP&E and intangible assets
Networks					
Distribution	8,682	1,691	22,775	1	12,509
Transmission	30	-	8,680	-	25
	8,712	1,691	31,455	1	12,534
Renewable					
Wind farms	112	-	-	-	5,959
Hydroelectric plants	24	-	-	1,199	2,939
	136	-	-	1,199	8,898
Liberalized					
Gas generation	-	-	-	-	1,015
Commercialization and services	156	-	-	-	8
	156	-	-	-	1,023
Other	-	-	-	-	44
	9,004	1,691	31,455	1,200	22,499

(¹) Only includes public service concessions classified as financial and/or contract asset

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the period ended on March 31, 2022
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4.3 Additions to the main non-current assets (economic capital expenditures - Capex)

	Consolidated			
	Three months ended			
	03/31/2022		03/31/2021	
	Public service concessions	Investments, right of use, PP&E and intangible assets	Public service concessions	Investments, right of use, PP&E and intangible assets
Networks				
Distribution	1,307	22	1,030	12
Transmission	487	3	738	1
	1,794	25	1,768	13
Renewable				
Wind generation	-	765	-	404
Hydraulic generation	-	29	-	10
	-	794	-	414
Liberalized				
Gas generation	-	3	-	13
Commercialization and services	-	1	-	-
	-	4	-	13
Others	-	-	-	-
	1,794	823	1,768	440

(1) Only include the public service concessions classified as financial and/or contract asset.

5. NET OPERATING REVENUE

	Consolidated				
	Three months ended				
	03/31/2022				
	Networks	Renewable	Liberalized	Others	Total
Energy supply (note 5.1)	6,450	116	391	-	6,957
Electric grid availability (note 5.2)	5,685	-	-	-	5,685
Concession's infrastructure construction ⁽¹⁾	1,784	-	-	-	1,784
Electric Energy Trading Chamber – CCEE	82	85	-	-	167
Surplus Sale Mechanism – MVE	(1)	-	-	-	(1)
Concession's estimated replacement value ⁽²⁾	532	-	-	-	532
Contract asset's remuneration	230	-	-	-	230
Sectorial financial assets and liabilities effects (note 5.3)	(171)	-	-	-	(171)
Other revenues (note 5.4)	143	4	11	(1)	157
Gross operating income	14,734	205	402	(1)	15,340
(-) Deductions from the gross income (note 5.5)	(4,556)	(42)	(194)	-	(4,792)
Net operating revenue	10,178	163	208	(1)	10,548

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	Consolidated			
	Three months ended			
	03/31/2021			
	Networks	Renewable	Liberalized	Others
Energy supply (note 5.1)	4,543	156	281	4,980
Electric grid availability (note 5.2)	4,748	-	-	4,748
Concession's infrastructure construction ⁽¹⁾	1,752	-	-	1,752
Electric Energy Trading Chamber – CCEE	239	13	27	279
Surplus Sale Mechanism – MVE	(2)	-	-	(2)
Concession's estimated replacement value ⁽²⁾	323	-	-	323
Contract asset's remuneration	130	-	-	130
Sectorial financial assets and liabilities effects (note 5.3)	315	-	-	315
Other revenues (note 5.4)	100	5	6	111
Gross operating income	12,148	174	314	12,636
(-) Deductions from the gross income (note 5.5)	(3,454)	(33)	(152)	(3,639)
Net operating revenue	8,694	141	162	8,997

(1) In 2022, the revenue from the concession's infrastructure construction refers to: (i) Distributors' construction of R\$1,296 (R\$ 1,015 in 2021) and (ii) Transmitters' construction of R\$ 488 (R\$ 736 in 2021).

(2) Adjustment to the financial asset due to the concession's indemnifiable instalment, through the Basis for Calculating Remuneration ('BRR').

5.1 Energy supply

	Consolidated	
	Three months ended	
	03/31/2022	03/31/2021
Residential	5,478	4,315
Commercial	2,705	1,565
Industrial	950	1,237
Rural	545	507
Government	557	348
Public lighting	404	258
Public utility	397	290
Non-billed supply	43	3
Transfer – Electric grid availability	(4,942)	(4,134)
Subsidies and state grants ¹	820	591
	6,957	4,980

5.2 Electric grid availability

The Revenue from Distribution use-of-system Charges (TUSD) basically refers to the sale of energy to free and captive consumers with the billing of tariffs for the use of the distribution grid.

	Consolidated	
	Three months ended	
	03/31/2022	03/31/2021
Free consumer	743	614
Captive consumer ¹	4,942	4,134
	5,685	4,748

(1) Revenues from the availability of the electric grid infrastructure measured with the average distribution use-of-system charges after its approval by ANEEL for the captive consumer.

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5.3 Sectorial financial assets and liabilities effects

	Consolidated	
	Three months ended o	
	03/31/2022	03/31/2021
CVA and Neutrality		
Energy (i)	(585)	122
System service charges – ESS (ii)	(854)	209
Energetic Development Account – CDE (iii)	286	93
TUST (iv)	(46)	208
Neutrality of sectorial charges	21	(34)
PROINFA	66	21
	(1,112)	619
Financial components and subsidies		
Over-contracting on-lending (v)	378	16
Hydrological risk	(23)	(65)
Excess demand/reactive surplus	74	(42)
Compensation of bilateral agreements from CCEAR	67	(38)
COVID Account - liability	(1)	(173)
Pis/Cofins credit over ICMS (vi)	376	-
Others	70	(2)
	941	(304)
Total	(171)	315

- (i) Energy: passive CVA, arising from differences between the incurred energy costs concerning ANEEL's tariff coverage, with emphasis on the decrease of expenses from the regulated purchase of energy per availability and the recognition of financial events from CCEE, in the short term in 2022, according to ANEEL's resolution, which resulted in a more passive CVA this year.
- (ii) System service charges - ESS: passive CVA, arising from differences between the incurred energy costs concerning ANEEL's tariff coverage, with emphasis on the tariff flag reducer allocated to the ESS in 2022 and Energy Security Charge itself and the Risk Aversion Curve Overtaking (ESS_CAR), according to ANEEL's resolution, which resulted in a more passive CVA this year;
- (iii) Energetic Development Account – CDE: active CVA, due to the REH 3,004/2021, which approved the temporary monthly fees from the Energetic Development Account – CDE, related to the period from January to April 2022, to be collected by the distribution concessionaires and resulting in a more active CVA;
- (iv) TUST – Basic network: passive CVA, reduced by the REH 2,896/2021, with validity from July 1, 2021 to June 1, 2022, which established the tariff readjustments related to the transmission system use, thus fulfilling them below ANEEL's tariff coverage;
- (v) Over-contracting on-lending: The group determined the financial adjustment of over-contracting and recognized the highest value between the period due to the increase of the constitution which was intended to nullify the effects on the result obtained from the purchase and sale of energy surplus in the short-term market and the amortization of the approved balances between the tariff readjustment processes;
- (vi) PIS/ COFINS credit on ICMS: Recognition of the reversal's anticipation of the values that originated from the ICMS exclusion from PIS/COFINS calculation basis as an extraordinary negative financial component to be compensated based on the collection of the taxes through the total amount approved by the Brazilian Federal Revenue Service – RFB.

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5.4 Other revenues

	Consolidated	
	Three months ended	
	03/31/2022	03/31/2021
Revenue from the provision of service	7	7
Leases and rents	103	67
Charged service	5	4
Public lighting fee	2	2
Fraud invoice management	2	1
Third party service commission	15	13
RAP gain / loss	(16)	(5)
O&M revenues	33	10
Photovoltaic operations	5	5
Other revenues	1	7
Total	157	111

5.5 Gross revenue deductions

	Consolidated	
	Three months ended	
	03/31/2022	03/31/2021
Taxes		
State VAT – ICMS	(2,529)	(1,956)
Taxes on revenue- PIS and COFINS	(1,100)	(1,053)
Service tax – ISS	(7)	(6)
	(3,636)	(3,015)
Sectorial charges		
Energy Development Account – CDE	(991)	(508)
Energy Efficiency Program – PEE	(38)	(32)
Consumers' charges – PROINFA and CCRBT	(65)	(34)
Other charges ¹	(62)	(50)
	(1,156)	(624)
	(4,792)	(3,639)

- (1) The following charges are considered: National Fund for Scientific and Technological Development-FNDCT, Energy Research Company–EPE, Research and Development-P&D, Supervision Fee for Electric Energy Services–TFSEE and Financial Compensations of Hydraulic Resources–CFURH.

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6. ENERGY COSTS

	Consolidated	
	Three months ended	
	03/31/2022	03/31/2021
Energy purchased for sale		
Energy acquired through regulated environment auction – ACR	(1,542)	(1,646)
Energy acquired in the Free Contracting Environment – ACL	(520)	(270)
Variable Costs from the Short-Term Market – MCP	(93)	(297)
Short-Term Energy – PLD and MRE	(97)	(70)
Agreements based on physical assurance quotas	(437)	(375)
Energy acquired from a bilateral agreement	(208)	(95)
Itaipu energy	(274)	(243)
Quotas from Angra I and Angra II Power Plants	(174)	(109)
Others	(117)	(270)
Subtotal	(3,462)	(3,375)
PIS and COFINS credits	397	343
Total	(3,065)	(3,032)
Transmission and distribution system usage charges		
Basic grid charges	(837)	(840)
Itaipu transport charges	(24)	(24)
Connection charges	(25)	(57)
Distribution system use charges	(18)	(90)
System service charges – ESS (i)	(637)	(400)
Reserve energy charges – EER (ii)	(178)	(6)
Other charges	(1)	75
Subtotal	(1,720)	(1,341)
PIS and COFINS credits	208	125
Total	(1,512)	(1,216)
Total energy costs	(4,577)	(4,248)

- (i) System service charges - ESS: addition due to the increase of the System service charge and also by the creation of the charge of ESS by the Incentive Program for the Voluntary Reduction of Energy Consumption and the flag of water scarcity (sep/21 to apr/22), under PRT MME 22/2021 and Aneel Order 397/2022; and
- (ii) Reserve energy charges – ERR: addition in the payment of the Reserve energy charges aiming to ensure the continuous financial balance of the CONER account.

7. CONSTRUCTION COSTS

	Consolidated	
	Three months ended	
	03/31/2022	03/31/2021
Personnel	(105)	(97)
Material	(922)	(826)
Third-party services	(524)	(524)
Interest on construction in progress	(12)	(9)
Others	(94)	37
Special obligations	6	47
Total	(1,651)	(1,372)

On March 31, 2022, the cost of the concession's infrastructure construction, in the amount of R\$ 1,296 and R\$ 355 (R\$ 1,017 and R\$ 355 on March 31, 2021) refers to the construction costs of the distributors and transmitters, respectively.

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8. OPERATING COSTS AND OPERATING EXPENSES

	Consolidated			
	Three months ended			
	03/31/2022			
	Operating costs	Sales expenses	Other general and administrative revenue/expense)	Total
Staff and employee benefits	(282)	(25)	(172)	(479)
Management	-	-	(22)	(22)
Third-party services	(208)	(62)	(127)	(397)
Photovoltaic operations	(5)	-	-	(5)
Depreciation and amortization (note 8.1)	(416)	(1)	(49)	(466)
Fuel for energy production	(2)	-	-	(2)
Provision for lawsuits	-	-	(33)	(33)
Taxes	(3)	-	(16)	(19)
Other revenues and expenses, net	(68)	(1)	(3)	(72)
Total	(984)	(89)	(422)	(1,495)

	Consolidated			
	Three months ended			
	03/31/2021			
	Operating costs	Sales expenses	Other general and administrative revenue/expen	Total
Staff and employee benefits	(209)	(24)	(139)	(372)
Management	-	-	(18)	(18)
Third-party services	(210)	(48)	(126)	(384)
Photovoltaic operations	(4)	-	-	(4)
Depreciation and amortization (note 8.1)	(351)	-	(34)	(385)
Fuel for energy production	(95)	-	-	(95)
Provision for lawsuits	-	-	(34)	(34)
Taxes	-	-	(16)	(16)
Other revenues and expenses, net	(54)	(5)	(8)	(67)
Total	(923)	(77)	(375)	(1,375)

8.1 Depreciation and amortization

	Consolidated	
	Three months ended	
	03/31/2022	03/31/2021
Depreciation and amortization quota for the period	(473)	(392)
Write-off of residual value of intangible assets	(2)	-
(-) PIS/COFINS credits	9	7
Residual depreciation and amortization in profit or loss	(466)	(385)

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9. FINANCIAL INCOME (EXPENSES)

	Consolidated	
	Three months ended	
	03/31/2022	03/31/2021
Financial income		
Income from financial investments	123	18
(-) Taxes on financial income	(19)	(10)
Interest and charges on receivables and other receivables	135	136
Monetary variation of judicial deposits	13	-
Monetary variation of sectorial financial assets	73	1
Post-employment and other benefits	-	1
Other financial income	16	17
	341	163
Financial expenses		
Charges on debt instruments ⁽¹⁾	(890)	(459)
Post-employment and other benefits	(19)	(21)
Monetary variation of sectorial financial liabilities	-	(4)
Monetary variation of provision for losses on lawsuits	(62)	(50)
IOF ("Tax on Financial Operations")	(1)	(4)
Other financial expenses	(84)	(40)
	(1,056)	(578)
Other financial income (expenses), net		
Losses on foreign exchange rate variation and fair value adjustments – Debt	(46)	(674)
Gain on foreign exchange rate variation and fair value adjustments – Debt	1,830	19
Losses on derivative financial instruments – Note 19.3.b	(2,047)	(98)
Gain on derivative financial instruments – Note 19.3.b	73	786
Losses on foreign exchange rate and monetary variation	(27)	(4)
Gain on foreign exchange rate and monetary variation	15	4
	(202)	33
	(917)	(382)

(1) Includes the variable portion of interest related to price ratios on national currency debts; such as IPCA, *Índice Geral de Preços de Mercado* - IGP-M ("General Market Price Index") among others and recognition of borrowing costs.

10. INCOME TAXES, OTHER TAXES, SECTORIAL CHARGES AND REIMBURSEMENT TO CONSUMERS

10.1 Income taxes

Current and deferred income taxes are comprised by income tax (*Imposto de Renda* - "IRPJ") and social contribution (*Contribuição Social sobre o Lucro Líquido* - "CSLL") and are calculated based on the 34% nominal rate on income before taxes (IRPJ - 25% and CSLL - 9%), and consider the offsetting of tax loss carryforwards, limited to 30% of the taxable income for the period.

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10.1.1 Income taxes recognized in the statement of income reconciliation

The reconciliation between taxes calculated at nominal rates and the amount of income taxes recognized in the statement of income is as follows:

	Consolidated	
	<u>03/31/2022</u>	<u>03/31/2021</u>
Income before taxes	1,725	1,469
Nominal income taxes rate - 34%	(586)	(499)
Adjustments to income tax calculation:		
Tax incentives	119	101
Gain (loss) on equity interests	-	48
Difference on income taxes calculated based on deemed profit	(12)	-
Additions (reversals) to unrecognized tax loss carryforwards	(6)	(45)
Other permanent additions (reversals)	(2)	(35)
Income taxes	(487)	(430)
Effective income tax rate	28%	29%
Current	(253)	(208)
Deferred	(234)	(222)

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10.1.2 Deferred tax assets and liabilities

Deferred taxes on assets and liabilities are recognized based on tax losses and temporary differences between book values for the purposes of the financial statements and the corresponding amounts used for taxation purposes.

	<u>03/31/2022</u>	<u>Consolidated 12/31/2021</u>
Tax loss (includes negative basis)	412	404
Added value and provision for maintaining the integrity of shareholders' equity	442	461
Temporary differences:		
Business combination (note 15.3)	-	(671)
Post-employment benefit obligations	285	287
Provision for lawsuits	357	353
Estimated credit losses - Accounts receivable	299	281
Right to use the overtaking revenue concession	95	96
Added value linked to property, plant and equipment, and intangible assets	(616)	48
Fair value of indemnified financial assets	(1,725)	(1,535)
Debt interest capitalization	(157)	(160)
Accelerated depreciation	(40)	(40)
Fair value of financial instruments	72	14
Hydrological risk (GSF)	-	(42)
Others	(644)	(535)
Total	(1,220)	(1,039)
Non-current assets	672	727
Non-current liabilities	(1,892)	(1,766)

The variations in deferred taxes are as follows:

	<u>Asset</u>	<u>Consolidated Liability</u>
Balance as of December 31, 2021	727	(1,766)
Recognized effects on income	(86)	(148)
Effects recognized in other comprehensive income	31	22
Balance as of March 31, 2022	672	(1,892)
Balance as of December 31, 2020	656	(503)
Addition by business combination (note 15.3)	331	(607)
Recognized effects on income	(100)	(122)
Effects recognized in other comprehensive income	14	4
Transfers between assets and liabilities	8	(8)
Balance as of March 31, 2021	909	(1,236)

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10.1.3 Current tax assets and liabilities

	<u>03/31/2022</u>	<u>Consolidated 12/31/2021</u>
IRPJ	715	732
CSLL	120	123
Asset	<u>835</u>	<u>855</u>
Current	828	848
Non-current	7	7

	<u>03/31/2022</u>	<u>Consolidated 12/31/2021</u>
IRPJ	151	38
CSLL	88	18
Liability	<u>239</u>	<u>56</u>
Current	211	29
Non-current	28	27

Uncertainties about the Treatment of Income Taxes

On March 31, 2022 and December 31, 2021, the Company had R\$ 28 and R\$ 27 recognized in income taxes payable which refers to the impact of the uncertain tax positions.

In addition to the tax uncertainties in the treatment of income taxes that were recognized, on March 31, 2022 and December 31, 2021, the Company has the amount of R\$ 3,631 and R\$ 3,674, respectively, related to the tax treatments adopted and which are subject to questions from the tax authorities, whose prognosis of Company, supported by its legal advisors, is that such tax treatments adopted are accepted by the the administrative and / or judicial authorities, when necessary. The main natures are listed below, as follows:

- (i) Non-addition of goodwill amortization expense in the IRPJ and CSLL calculation basis, in the amount of R\$ 3,207 (R\$ 3,249 on December 31, 2021).
- (ii) Administrative proceedings from the non-recognition of compensation requests made through credit rights of IRPJ and CSLL, totalling R\$ 124 (R\$ 126 on December 31, 2021)

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10.2 Other taxes

10.2.1 Other recoverable taxes

	Consolidated	
	03/31/2022	12/31/2021
State VAT - ICMS	800	755
Tax on revenue - PIS (a)	1.095	1.090
Tax on revenue - COFINS (a)	4.896	5.056
National Institute of Social Security – INSS	28	28
Others	17	19
Other recoverable taxes	6.836	6.948
Current	2.525	2.085
Non-current	4.311	4.863
(a) See note n 10.3		

10.2.2 Other taxes and sectorial charges payable

	Consolidated	
	03/31/2022	12/31/2021
State VAT - ICMS	805	808
Tax on revenue - PIS	185	169
Tax on revenue - COFINS	852	785
Withholding taxes and contributions	70	111
Others	63	67
Other taxes payable	1,975	1,940
Research and Development - R&D	192	189
Energy Efficiency Program – PEE	313	304
Others	366	385
Sectorial charges	871	878
Total other taxes and sectorial charges payable	2,846	2,818
Current	1,676	1,690
Non-current	1,170	1,128

10.3 Reimbursement to consumers – Federal taxes

In March 2017, the Federal Supreme Court (“STF”) concluded the judgment of the Extraordinary Appeal 574.706-PR, on general repercussion basis, thus confirming that the ICMS is not a part of the calculation basis of PIS and COFINS. The Federal government filed a motion for clarification seeking to modulate the effects and definition of the ICMS value that will be excluded from the calculation basis of these contributions. In May 2021, the STF judged the motions and accepted them to some extent to (i) modulate in time the unconstitutionality decision, whose effects will occur after 03.15.2017 (judgment date of the leading case’s merit), setting aside judicial or administrative lawsuits filed until the referred date; and (ii) set that the ICMS portion to be deducted from the contributions’ calculations basis is the one separately disclosed in the invoice, and not the one effectively paid.

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Considering the lawsuits filed by some subsidiaries and the modulation of the effects of the STF decision, the Company recognized a recoverable PIS and COFINS asset. The referred credits have been compensated pursuant to the regulation issued by the RFB in light of the maturing obligations. On the other hand, a corresponding liability was recognized, which is being transferred to the consumers through annual tariff events as the compensations are being made.

The balance of the liabilities recognized in the subsidiaries (Neoenergia Cosern, Neoenergia Coelba, Neoenergia Pernambuco, Neoenergia Distribuição Brasília and Neoenergia Elektro), adjusted by the SELIC rate and discounted from the compensations already made, represents the amount of R\$ 5,873 on March 31, 2022.

In any case, the matter is still pending regulation by ANEEL, therefore the public consultation 5/2021 is still open.

The variations in reimbursement to consumers are presented below:

Balance as of December 31, 2020	Consolidated 5,755
Addition by the business combination (note 15.3)	147
Recognition	53
Monetary variation	26
Balance as of March 31, 2021	5,981
Balance as of December 31, 2021	6,029
Recognition	69
Monetary variation	80
Compensation	(305)
Balance as of March 31, 2022	5,873
Current	1,951
Non-current	3,922

11. CASH AND CASH EQUIVALENTS

Cash equivalents are highly liquid operations, without use restrictions which are readily convertible into a known amount of cash and are subject to an insignificant risk of change in value.

	Consolidated		Parent company	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Cash and demand bank deposit	197	296	1	-
Bank Deposit Certificate (CDB)	1,521	1,649	183	785
Investment funds	3,617	3,600	192	346
Total	5,335	5,545	376	1,131

The financial instruments portfolio classified as cash and cash equivalents are created with the purpose of better profitability and a lower level of risk. The average remuneration of these portfolios on March 31, 2022 is 99.83% of the CDI.

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12. TRADE ACCOUNTS RECEIVABLE AND OTHERS

	03/31/2022			Consolidated 12/31/2021		
	Receivable	Expected credit loss	Accounts receivable, net	Receivable	Expected credit loss	Accounts receivable, net
Energy supply (note 12.1)	8,548	(1,578)	6,970	8,284	(1,492)	6,792
Commercialization of energy at CCEE	192	-	192	321	-	321
Distribution grid availability	699	(5)	694	668	(4)	664
Government Grants and subsidies	691	-	691	833	-	833
Other receivables	564	(90)	474	478	(84)	394
Total	10,694	(1,673)	9,021	10,584	(1,580)	9,004
Current asset			8,670			8,626
Non-current asset			351			378

12.1 Energy supply

The accounts receivable regarding energy supply comprise the receivable from distribution, generation and commercialization of energy. The breakdown of accounts receivable regarding energy supply, per consumer class, is as follows:

	03/31/2022		Consolidated 12/31/2021	
	Receivable	Expected credit loss	Receivable	Expected credit loss
Residential	3,056	(857)	2,937	(800)
Commercial	886	(285)	918	(258)
Industrial	960	(196)	919	(191)
Rural	433	(144)	457	(140)
Government	488	(55)	466	(60)
Public lighting	364	(21)	367	(20)
Public service	314	(5)	313	(7)
Unbilled services	2,047	(15)	1,907	(16)
Total	8,548	(1,578)	8,284	(1,492)

The aging list of the accounts receivable regarding the energy supply is presented as follows:

	03/31/2022		Consolidated 12/31/2021	
	Receivable	Expected credit loss	Receivable	Expected credit loss
Current receivables	4,336	(97)	4,285	(91)
Overdue receivables:				
90 days	1,741	(113)	1,728	(115)
Between 91 and 180 days	438	(130)	377	(115)
Between 181 and 360 days	513	(205)	460	(175)
Over 361 days	1,520	(1,033)	1,434	(996)
	8,548	(1,578)	8,284	(1,492)

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12.2 Variation of expected credit losses - PCE

	<u>03/31/2022</u>	<u>Consolidated 03/31/2021</u>
Balance at the beginning of the period	(1,580)	(1,271)
Addition by the business combination (note 15.3)	-	(197)
Recognized effect on profit or loss for the period	(130)	(113)
Effective losses written-off	37	50
Balance at the end of the period	<u>(1,673)</u>	<u>(1,531)</u>

13. SECTORIAL FINANCIAL ASSETS AND LIABILITIES (PORTION A AND OTHERS)

The tariffs that the concessionaires and assignees are allowed to charge from their consumers are reviewed by ANEEL: (i) annually on the concession agreement's anniversary date, for tariff adjustment purposes; and (ii) every four years, on average, aiming to recover part of the Portion B (manageable costs) and to adjust the Portion A (non-manageable costs) of certain tariff components. This tariff adjustment mechanism can cause a time difference that derives from the difference between the projected and included costs in the tariff at the beginning of the tariff period, and the ones effectively incurred throughout the tariff's period of validity. These differences comprise rights or obligations, in observance of the principle of economic and financial balance established by the contract of concession and assignment. The breakdown of the sectorial assets and liabilities is shown below:

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	03/31/2022			Consolidated 12/31/2021		
	Rights	Obligations	Net effect	Rights	Obligations	Net effect
CVA and Neutrality						
Energy	1,351	(162)	1,189	1,734	(8)	1,726
System Service Charges – ESS	1,431	(478)	953	1,766	-	1,766
Energy Development Account – CDE	340	(1)	339	82	(34)	48
Tariff on Use of Transmission Network – TUST	460	(14)	446			
Others	148	(120)	28	482	(4)	478
				67	(128)	(61)
Financial Components and Subsidiaries						
Overcontracting onlending ⁽¹⁾	267	(208)	59	111	(426)	(315)
Hydrological Risks	-	(948)	(948)	-	(912)	(912)
Demand's Overtaking / Surplus	-	(524)	(524)	-	(594)	(594)
Compensation of CCEAR Bilateral agreements	-	(36)	(36)	-	(34)	(34)
COVID account – Liability	1,320	(1,458)	(138)	917	(1,116)	(199)
PIS/COFINS credits over ICMS ⁽²⁾	288	(382)	(94)	173	(385)	(212)
Others	5,605	(4,331)	1,274	5,332	(3,641)	1,691
Total						
	1,331	(601)	730	1,742	(1,033)	709
Values Homologated by Aneel (under reversal)	4,274	(3,730)	544			
				3,590	(2,608)	982
Values to be Homologated by Aneel (under construction)	5,605	(4,331)	1,274	5,332	(3,641)	1,691
Current assets			2,300			1,681
Non-current assets			17			352
Non-current liabilities			(1,043)			(342)

- (1) In August 2020 ANEEL published order 2,508, which established the exposure values to be treated as involuntary, in the energy purchase scope concerning the 2016/2017 biennium. On a timely basis, the company presented an administrative appeal regarding these values, contesting the criteria adopted in its calculation. The discussion around the unintended over-contracting due to Covid (CP 35/2020) continued, which had an impact on the determination of the over-contracting in the year 2020.
- (2) The transfer in the tariffs of the PIS/COFINS credits over ICMS will still be a subject of regulation by ANEEL in the Public Consultation 05/2021, however, ANEEL authorized the anticipated use of these values in special situations, where there is a possibility of an expressive tariff increase. Therefore, in the 2021 Tariff Readjustment, the anticipation of the reversal of the values from these credits as a negative financial component was recognized and its deferral for the next 12 months, from April/21 to Mar/22, is based on the expectation of these credits being compensated in the future along with the Federal Revenue.

14. PUBLIC SERVICE CONCESSIONS

The Company's concessions of distribution and transmission are not onerous, therefore there are no fixed financial obligations and payments to be made for the Granting Authority. The vested concession contracts have a 30-year term with an extension of its validity, at the sole discretion of the Granting Authority, upon the concessionaire's request. In case of the concession's extinction due to the end of the contract's term or other events set forth in the contract, the assets linked to the infrastructure which is connected to the provision of services will be reversed to the Granting Authority. Thus, proceeding to the calculation, evaluations and determination of the amount of compensation owed to the Companies considering the values and incorporation dates to the electric system.

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14.1 Financial asset

The values of the assets linked to the infrastructure and that will not be amortized until the end of the concession contract is classified as a financial asset for being an unconditional right of receiving cash or other financial assets directly from the Granting Authority. The recognized value of the financial asset and the changes in the fair value are reviewed every month based on the inherent assumptions to this contract asset. These assets had the following variations in the period:

	Consolidated	
	03/31/2022	03/31/2021
Balance at the beginning of the period	18,516	14,403
Addition by the business combination (note 15.3)	-	137
Disposals	(9)	(4)
Reversals	4	1
Transfers – contract assets ⁽¹⁾	695	420
Transfers – intangible assets	2	2
Transfers – others	62	-
Fair value adjustments	532	323
Balance at the end of the period	19,802	15,282

Non-current asset 19,802 15,282

(1) Transfer of the distributor's financial asset classified as contract asset during the construction period.

The tariff revision occurs every four years on Neoenergia Pernambuco and Neoenergia Elektro, and every five years on Neoenergia Coelba, Neoenergia Cosern and Neoenergia Brasilia.

14.2 Contract asset

The assets linked to the concession infrastructure, whose right to consideration is conditioned to the fulfilment of performance obligations, are classified as Contract Assets and present the following breakdown:

	03/31/2022			Consolidated 12/21/2021		
	Transmission	Distribution	Total	Transmission	Distribution	Total
Current	549	-	549	492	-	492
Non-current	8,748	4,512	13,260	8,188	4,259	12,447
Total	9,297	4,512	13,809	8,680	4,259	12,939

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These assets had the following variations in the period:

			Consolidated
	Transmission	Distribution	Total
Balance as of December 31, 2021	8,680	4,259	12,939
Additions ⁽¹⁾	488	1,306	1,794
Disposals	-	(19)	(19)
Transfers - intangible in progress ⁽¹⁾	-	(342)	(342)
Transfers – financial assets ⁽¹⁾	-	(695)	(695)
Transfers – others	-	3	3
Contract asset amortization	(101)	-	(101)
Monetary variation	230	-	230
Balance as of March 31, 2022	9,297	4,512	13,809
Current asset			549
Non-current asset			13,260
Cost	9,297	4,903	4,200
Special obligations	-	(391)	(391)
			Consolidated
	Transmission	Distribution	Total
Balance as of December 31, 2020	5,025	3,849	8,874
Addition by business combination (note15.3)	-	134	134
Additions ⁽¹⁾	738	1,031	1,769
Disposals	-	(18)	(18)
Transfers - intangible in progress ⁽¹⁾	-	(236)	(236)
Transfers – financial assets ⁽¹⁾	-	(420)	(420)
Transfers – others	-	(2)	(2)
Contract asset amortization	(35)	-	(35)
Monetary variation	130	-	130
Balance as of March 31, 2021	5,858	4,338	10,196
Current asset			184
Non-current asset			10,012
Cost	5,858	4,767	10,625
Special obligations	-	(429)	(429)

- (1) During the construction phase, the assets linked to the distributor's concession infrastructure are registered as contract assets and measured by their acquisition cost plus the costs of the loan for the financing of the given construction, incurred in the same period. After the work's conclusion, these assets are divided between financial and intangible assets.

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15. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

15.1 Changes during the period

Changes in the investments in subsidiaries, associates and joint ventures are as follows:

	Joint ventures	Associates	Total Consolidated	Subsidiaries	Total Parent Company
Balance as of December 31, 2021	1,138	62	1,200	25,742	26,942
Capital increase	-	-	-	951	951
Equity income (loss) of investees	5	3	8	1,418	1,426
Amortization of added value	-	-	-	(40)	(40)
Participation in other comprehensive income/(loss)	-	-	-	(102)	(102)
Declared dividends	-	-	-	(166)	(166)
Others	-	5	5	(2)	3
Balance as of March 31, 2022	1,143	70	1,213	27,801	29,014
Balance as of December 31, 2020	1,026	1,401	2,427	20,350	22,777
Capital increase	-	-	-	2,606	2,606
Equity income (loss) of investees	22	(12)	10	1,107	1,117
Amortization of added value	-	-	-	(41)	(41)
Participation in other comprehensive income/(loss)	-	-	-	(243)	(243)
Declared dividends	-	-	-	(2)	(2)
Others	-	-	-	1	1
Balance as of March 31, 2021	1,048	1,389	2,437	23,778	26,215

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15.2 Breakdown by investment class

Additional information regarding the main investees are as follows:

	Segment	Equity interest and voting capital (%)	Balance of investments in		Gain (loss) on equity interest		Dividends received	
			03/31/2022	12/31/2021	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Subsidiaries								
	Networks	100.00%	6,251	5,789	156	213	197	6
	Liberalized	100.00%	889	1,519	184	104	29	15
Wholly-owned subsidiaries	Renewable	100.00%	6,691	5,229	44	61	3	2
	Others	100.00%	7	12	(14)	(5)	-	-
Other subsidiaries								
Neoenergia	Networks		6,601		512			
Coelba	Networks	98.94%		6,229		326	-	216
Neoenergia	Networks		4,089		313			
Elektro	Networks	99.68%		3,861		204	-	-
Neoenergia	Networks		1,868		75			
Pernambuco	Networks	89.65%		1,819		90	-	-
Neoenergia	Networks		1,572		132			
Cosern		93.05%		1,467		102	-	-
Afluente T	Networks	90.13%	231	223	8	5	-	-
			28,199	26,148	1,410	1,100	229	239
Associates and joint ventures								
Teles Pires Participações	Renewable	50.56%	796	808	(14)	4	-	-
Companhia Hidrelétrica Teles Pires	Renewable	51.00%	25	26	(1)	-	-	-
Águas da Pedra	Renewable	51.00%	322	304	18	17	-	-

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Norte Energia S.A. (NESA) ¹	Renewable	10.00%		-	-	(13)	-	-
Energética Corumbá III	Renewable	25.00%	65	62	3	1	-	-
Others	Others	100.00%	5					
			1,213	1,200	8	9	-	-
Shareholders' transactions			(398)	(406)	8	8	-	-
Total			29,014	26,942	1,426	1,117	229	239

(1) Risks related to legal compliance at NESA: In 2014, the *Ministério Público Federal* – MPF (“General Attorneys’ Office”) started investigations regarding irregularities involving UHE Belo Mont project’s contractors and suppliers and NESA’s other shareholders, which are still ongoing.

In 2015, NESA hired specialized law and audit firms, in connection with the internal investigation process conducted by the Independent Commission approved in the context of one of the investee’s shareholders, Centrais Elétricas Brasileiras S.A. - Eletrobrás, whose work was completed in 2016, which concluded that certain contracts contained an estimated overprice of 1% of contract amount. As a consequence, NESA recognized impairment losses in proportion to its interest in the project. Considering that the MPF investigation is still ongoing and there are no new facts, it is not possible to predict any impact on the investee.

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15.3 Business combination: acquisition of CEB Distribuição S.A. (“CEB-D”), current Neoenergia Brasília

On December 4, 2020, the Company, through its subsidiary Bahia Geração de Energia S.A. (“Bahia PCH III”), was the winner of the Public Session in the Auction 01/2020-CEB-D (“Auction”) concerning the privatization of the Electric Energy Distributor CEB-D, having presented the winning bid of R\$ 2,515 for the acquisition of 100% of the issued shares from CEB-D, whose settlement occurred on March 2, 2021, after the previous approval by the Administrative Council for Economic Defense (“CADE”) and previous approval of the National Electric Energy Agency (“ANEEL”), which occurred on January 14 and 22, 2021, respectively.

CEB-D is an energy distributor from the Federal District and holds the concession for the energy distribution in the Federal District for 30 years, until July 7, 2045. The acquisition of CEB-D was another step aligned with the Company’s expansion plan in the Brazilian Electric Sector.

Below is presented the result from the business combination through the comparison of the value paid and the fair value of the main identifiable acquired assets and liabilities assumed on March 2, 2021, the business combination date:

Paid compensation value	2,515
(-) Cash acquired in the acquisition	(100)
Net value of the cash outflow	2,415
Fair value of the assets acquired	
Accounts receivable and others	621
Recoverable taxes	164
Judicial deposits	23
Public service concession (financial asset)	137
Public service concession (contract asset)	134
Deferred income taxes	393
Other assets	97
Fixed assets	46
Intangible assets (Concession contract) (i)	2,716
Other intangible assets	8
	4,339
Fair value (-) of the assumed liabilities	
Suppliers and accounts payable to contractors	(461)
Payable sectorial taxes and charges	(460)
Loans and financing	(226)
Payable wages, benefits to employees and charges	(115)
Sectorial financial liability (Portion A and others)	(198)
Provisions (ii)	(199)
Reimbursement to consumers – Federal taxes	(148)
Deferred income taxes (iii)	(671)
Other liabilities	(117)
	(2,595)
Net asset acquired	1,744
(=) Goodwill	671

The Company is not subject to contingent compensations or has the right to indemnities that may affect the purchase price. The expenses with legal fees, financial advisors, due diligence, taxes, among others, related to the acquisition of CEB-D totalled R\$ 25.

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The assumptions and evaluation techniques of the main identified acquired assets and liabilities assumed in the acquisition of CEB-D are as follows:

(i) Intangible related to the concession contract of service provision related to the distribution of energy in the Federal District until July 7, 2045, for R\$ 2,516, where the fair value adjustment made in the process of allocating the purchase price was R\$ 1,850. The intangible's fair value (concession contract) was evaluated through the multi-period excess earnings method, which considers the present value of the concession's net expected cash flows. The key assumptions were:

- The remaining concession period of 24 years.
- Expected energy volume and respective tariffs per consumer class, based on ANEEL's established methodology.
- Operating expenses based on the Management's estimates, considering the Company's experience in the management of concession contracts.
- Investment expectations for the maintenance and improvement of the structure from CEB-D, considering the evaluation parameters which are consistent with the size and long-term strategic planning from CEB-D.
- Income taxes of 34%.
- Discount rate reflecting the Weighted Average Capital Cost – WACC, in an adequate level of perception to the Market risk and adequate remuneration to the shareholders on the acquisition date.

(ii) Contingent liabilities related to judicial proceedings under tax, civil, labor and regulatory matters, based on the best estimation of loss according to the Management's judgment in the amount of R\$ 199, where the fair value adjustment made in the process of allocating the purchase price was R\$ 93, which reflects in the Management's best expectation with regard to the disbursements concerning the ongoing judicial proceedings, based on recent judicial decisions and broad case law that was formed in relation to the claims of the referred judicial proceedings. The fair value of the judicial proceeding of civil, labor, tax and regulatory natures on the acquisition date are as follows:

Judicial proceedings	
Civil	23
Labor	58
Tax	31
Regulations	87
Provisions and contingent values at fair value	199
(-) Provision for judicial proceedings previously recognized by CEB-D	(106)
(=) Fair value adjustment	93

(iii) The deferred income taxes calculated over the adjustments between the book values and the fair values of the assets and liabilities aforementioned in the items (i) and (ii), at the nominal rate of 34%. The goodwill and the judicial proceedings provision adjustments in the amounts of R\$ 671 and R\$ 31 are not part of the calculation basis, respectively.

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16.PP&E

The PP&E variations, by asset class, are shown below:

						Consolidated	
	Wind farms	Combined cycle plants	Hydropower plants	Constructions and land	Others	Assets under development	Total
Depreciation rate p. y.	3.03% - 16.70%	2.50% - 20%	2.0% - 20%	0% - 9.1%	2.5% - 50%		
Balance at 31 December 2021	3,007	724	1,758	1,564	26	2,481	9,560
Additions	-	-	-	-	-	800	800
Capitalized costs ⁽¹⁾	-	-	-	-	-	25	25
Depreciation	(38)	(13)	(9)	(12)	(8)	-	(80)
Transfers between classes	177	-	-	14	15	(206)	-
Balance as of March 31, 2022	3,146	711	1,749	1,566	33	3,100	10,305
Cost	3,839	1,324	2,220	1,893	76	3,100	12,452
Accumulated depreciation	(693)	(613)	(471)	(327)	(43)	-	(2,147)
Balance at 31 December 2020	1,699	776	1,806	1,074	39	1,427	6,821
Addition with business combinations (note 15.3)	-	-	-	-	10	36	46
Additions	-	-	-	-	-	413	413
Capitalized costs ⁽¹⁾	-	-	-	-	-	32	32
Depreciation	(22)	(13)	(14)	(7)	(2)	-	(58)
Transfers between classes	13	-	3	(11)	1	(6)	-
Transfers - Other assets	-	-	-	-	-	(141)	(141)
Balance as of March 31, 2021	1,690	763	1,795	1,056	48	1,761	7,113
Cost	2,329	1,323	2,219	1,276	135	1,761	9,043
Accumulated depreciation	(639)	(560)	(424)	(220)	(87)	-	(1,930)

⁽¹⁾ Capitalization of costs related to personnel allocated to construction; financial charges related to loans and financing; addition (reversal) of the provision regarding the dismantling of assets and business units; as well as its respective environmental obligations.

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17. INTANGIBLE ASSETS

Changes in intangible assets, by nature, are as follows:

						Consolidated
	Goodwill	Concession	Software	Others	Assets under development	Total
Amortization rate p. y.	-	2.78% - 5.56%	6.20% - 20%	0% - 100%	-	
Balance as of December 31, 2021	671	12,073	11	33	13	12,801
Additions	-	-	-	-	1	1
Disposals	-	(16)	-	-	-	(16)
Amortization	-	(437)	(1)	(1)	-	(439)
Transfers – Financial asset ⁽¹⁾	-	(2)	-	-	-	(2)
Transfers – Contract asset ⁽²⁾	-	342	-	-	-	342
Transfers – other assets	-	31	-	-	-	31
Balance as of March 31, 2022	671	11,991	10	32	14	12,718
Cost	671	31,052	123	41	14	31,901
Accumulated amortization	-	(17,177)	(113)	(9)	-	(17,299)
Special obligations	-	(1,884)	-	-	-	(1,884)
Balance as of December 31, 2020	-	9,366	6	84	5	9,461
Addition by the business combinations (note 15.3)	671	2,454	8	-	-	3,133
Additions	-	-	-	35	5	40
Disposals	-	(15)	-	-	-	(15)
Amortization	-	(371)	(2)	(2)	-	(375)
Transfers – intangible	-	-	-	3	(3)	-
Transfers – Financial asset ⁽¹⁾	-	(2)	-	-	-	(2)
Transfers – Contract asset ⁽²⁾	-	234	2	-	-	236
Balance as of March 31, 2021	671	11,666	14	120	7	12,478
Cost	671	29,003	118	139	7	29,938
Accumulated amortization	-	(15,258)	(104)	(19)	-	(15,381)
Special obligations	-	(2,079)	-	-	-	(2,079)

(1) Refers to the power distributors' contractual right to receive cash from the users due to the services of construction and improvements of the power distribution systems, upon the entry into operation of the respective assets. After the infrastructure construction, such assets will be classified as indemnified financial assets or as intangible assets, accordingly with the remuneration arrangements.

(2) Refers to the contractual rights classified as a contract asset until the conclusion of the performance obligation established in the concession agreement.

18. SUPPLIERS AND ACCOUNTS PAYABLE TO CONTRACTORS

	Consolidated	
	03/31/2022	12/31/2021
Energy	1,545	1,650
Network usage charges	599	1,155
Materials and services	2,009	2,696
Liberalized energy	166	185
Total	4,319	5,686
Current	4,167	5,538
Non-current	152	148

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The Company negotiated with some suppliers to change the maturity for new purchases from 45 to 139 days, on average. For these new purchases, prices also changed, indicating an average financial cost of approximately 13.05% p.y.

In these circumstances, some suppliers decided to discount their receivables with financial institutions before the original maturity of the security, without any obligation or co-obligation from the Company. Eventual transactions between suppliers and financial institutions do not change the terms, prices and conditions previously established with suppliers, and, therefore, balances continue to be classified as Suppliers and accounts payable to contractors in the Balance Sheet and cash flows associated costs are included in cash flows from operating activity. The interests incurred are recognized as financial expenses in the period's result or as the construction cost of the fixed asset or as an intangible asset.

As of March 31, 2022, the present value of these operations totaled R\$ 238 (R\$ 1,034 on December 31, 2021).

19. LOANS, FINANCING AND DERIVAIVE FINANCIAL INSTRUMENTS
19.1 Net debt

The Company evaluates net debt in order to ensure the business long-term continuity, being able to add value for its shareholders, through the payment of dividends and capital appreciation. Net debt is comprised as follows:

	Consolidated		Parent company	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Loans and financing from financial institutions	9,739	9,747	550	524
Development agencies	13,360	12,699	1,382	1,621
Capital markets (debentures)	16,251	16,177	3,290	3,228
Loans and financing ⁽¹⁾	39,350	38,623	5,222	5,373
(+) Debt hedging derivative financial instruments (note 19.3)	193	(1,870)	475	128
(-) Cash and cash equivalents (note 11)	(5,335)	(5,545)	(376)	(1,131)
(-) Marketable securities	(521)	(459)	-	-
Net debt	33,687	30,749	5,321	4,370

(1) In the statement of financial position, the Company presents loans and financing net of collateral deposits related to debts. This presentation is a better representation of these transactions because such collaterals are realized exclusively by amortizing the related debts.

19.2 Loans and financing

The Company's debts are composed of funds mainly raised through bank loans, funding agencies and the capital market (debentures) and they mostly are denominated in Reais ("R\$") and U.S Dollars ("US\$"). The debts are initially recognized at fair value, which usually reflects the received value, net of transaction costs (direct costs of issuance) and eventual payments. Subsequently, the debts are recognized by the (i) amortized cost; or (ii) fair value through profit and loss.

The Company contracted derivatives to hedge its exposure to cash flow variations from the debts denominated in foreign currency, thus significantly mitigating the risk of foreign exchange exposure.

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a) Balances of contracts by currency and interest rate

	Consolidated		Parent company	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Denominated in R\$	29,494	27,920	3,878	3,792
Floating interest rates	29,107	27,522	3,878	3,792
Fixed interest rates	387	398	-	-
Denominated in US\$	8,713	9,054	1,387	1,626
Floating interest rates	972	1,187	-	-
Fixed interest rates	7,741	7,867	1,387	1,626
Denominated in other currencies	1,418	1,921	-	-
Fixed interest rates	1,418	1,921	-	-
	39,625	38,895	5,265	5,418
(-) Collateral deposits	(93)	(90)	-	-
(-) Borrowing costs	(182)	(182)	(43)	(45)
	39,350	38,623	5,222	5,373
Current liabilities	7,751	7,940	1,781	2,276
Non-current liabilities	31,599	30,683	3,441	3,097

On March 31, 2021, the debts' average cost in percentage is as follows:

	Consolidated		Parent company	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Average cost in % of CDI ¹	136.5%	171.4%	138.7%	180.2%
Average cost in fixed interest rate	9.3%	8.1%	9.4%	8.5%
Debt balance	39,350	38,623	5,222	5,373
Derivative financial instruments	193	(1,870)	475	128
Total debt, net of derivatives	39,157	36,753	5,697	5,501

(1) the rate considers the debt's average balance of 13 months and the result of the accumulated debt and average CDI for the last 12 months.

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b) Loans and financing amortization schedule

The Company aims to structure its debt according to the financial cycle of its business, observing the particularities of each company and the characteristics of its concessions and authorizations.

The future payment flow of the debt's principal and interest is shown below:

	Consolidated			Total
	Principal²	Interest²	Derivative instruments	
2022	6,489	2,069	289	8,847
2023	5,191	2,160	645	7,996
2024	6,321	1,726	(92)	7,955
2025	4,879	1,432	(207)	6,104
2026	4,868	1,374	(154)	6,088
Between 2027 and 2031	10,550	3,141	(331)	13,360
Between 2032 and 2036	3,882	1,291	(588)	4,585
2037 onwards	2,436	499	-	2,935
Total	44,616	13,692	(438)	57,870

(2) The estimated future payment flow, including the principal and interest is calculated based on the interest rate curves (pre and post rates) and exchange rate in effect on March 31, 2022 and considering that all amortizations and payments upon maturity of the loans and financing will be made in the contracted deadlines. The amount includes estimated future payment of charges to incur (still not provisioned) and the incurred charges that are already recognized in the financial statements.

c) Debt reconciliation with the cash flow and other variations

	Consolidated		Parent company	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Balance at the beginning of the period	38,623	26,380	5,373	2,128
Addition by business combination (note 15.3)	-	226	-	-
Cash transactions:				
Proceeds	3,129	4,792	550	2,500
Principal's amortization	(1,143)	(1,491)	(500)	-
Borrowing costs	(11)	(22)	-	(9)
Charges paid	(372)	(242)	(83)	-
Collateral deposits (redemption)	(2)	-	-	-
Non-cash transactions:				
Charges incurred	910	449	128	61
Foreign exchange rate variation	(1,766)	688	(246)	74
Fair value adjustments	(18)	(33)	-	-
Balance at the end of the period	39,350	30,747	5,222	4,754

In the three months ended March 31, 2022, the Group raised R\$ 3,129, as follows: (i) R\$ 1,820 through bank loans and financing in foreign currency, along with the contracting of foreign exchange swaps; and (ii) R\$ 1,309 through financing with national funding banks, including BNDES, BNB and BASA.

d) Credit lines

Type	Currency	Fundraising deadline	Consolidated	
			Total amount	Used amount
Financing lines	R\$	2024/12/29	12,377	6,410
Financing lines	€	2024/12/22	1,051	-
			13,428	6,410

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e) Restrictive financial conditions (Covenant)

Some of the Company's debts contain covenants. The Company's main covenants indicate the obligation to maintain certain ratios, such as the debt on EBITDA and EBITDA on financial income (expenses) ratios.

The Company did not identify any event of non-compliance on March 31, 2022, and December 31, 2021.

19.3 Derivative financial instruments

The Company is exposed to several risks arising from its operations, including risks related to foreign exchange rates, interest rates and price ratios. The Company uses swaps, forward contracts, options and other derivatives financial instruments for economic and financial protection purposes, as a part of the Company's risk management strategy.

a) Derivative financial instruments assets (liabilities) presented in the statement of financial position

	Consolidated		Parent company	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Loans and financing hedging instruments:				
Foreign exchange rate variation risk (NDF, Options and other derivatives)	(16)	1	(12)	(1)
Currency swap – US\$ vs R\$	(125)	1,571	(444)	(104)
Currency swap – Other currencies vs R\$	(83)	226	-	-
Interest rate swap – R\$	90	105	-	-
Other transactions hedging instruments:				
Foreign exchange rate variation risk – Goods and services	(60)	(19)	(20)	(9)
Price risk of own shares (NEOE3)	1	(14)	1	(14)
Net exposure	(193)	1,870	(475)	(128)
Current assets	441	738	-	-
Non-current assets	750	1,463	-	-
Current liabilities	(336)	(134)	(78)	(27)
Non-current liabilities	(1,048)	(197)	(397)	(101)

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The Company has derivative financial instruments contracted for hedging purposes that are designated for hedge accounting, as shown below:

	Consolidated		Parent company	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Derivatives not designated for hedge accounting				
Loans and financing hedging	2	2	-	-
Other transactions hedging	4	(12)	1	-
Hedge for the prices of the own shares (NEOE3)	1	(14)	-	(14)
Derivatives designated as hedge accounting – cash flow				
Loans and financing hedging	(659)	1.140	(456)	(105)
Other transactions hedging	(65)	(7)	(20)	(9)
Derivatives designated as hedge accounting – fair value				
Loans and financing hedging	524	761	-	-
	<u>(193)</u>	<u>1,870</u>	<u>(475)</u>	<u>(128)</u>

b) Effects of the derivative financial instruments on profit and loss, cash flow and other comprehensive income

	03/31/2022			Consolidated 03/31/2021		
	Loans and financing hedging	Other operations hedging	Total	Loans and financing hedging	Other operations hedging	Total
Opening balance	1,903	(33)	1,870	2,546	37	2,583
Gain (loss) recognized in profit or loss	(1,976)	(2)	(1,978)	688	36	724
Gain (loss) recognized as capex	-	(22)	(22)	-	1	1
Financial settlement inflow (outflow)	(190)	(59)	(249)	(120)	36	(84)
Gain (loss) recognized in other comprehensive income (loss)	128	58	186	(448)	(44)	(492)
Closing balance	(135)	(58)	(193)	2,666	66	2,732
Gain (loss) recognized in profit or loss						
Cost of operations	-	(4)	(4)	-	36	36
Financial income (expenses), net	(1,976)	2	(1,974)	688	-	688

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	03/31/2022			Parent company 03/31/2021		
	Loans and financing hedging	Other operations hedging	Total	Loans and financing hedging	Other operations hedging	Total
Opening balance	(104)	(24)	(128)	(89)	(5)	(94)
Gain (loss) recognized in profit or loss	(298)	16	(282)	73	11	84
Gain (loss) recognized as capex	(70)	(21)	(91)	(45)	(8)	(53)
Financial settlement inflow (outflow)	17	9	26	-	(15)	(15)
Closing balance	(455)	(20)	(475)	(61)	(17)	(78)
Gain (loss) recognized in profit or loss						
Cost of operations	-	-	-	-	14	14
Financial income (expenses), net	(298)	16	(282)	73	(3)	70

20. PROVISIONS AND JUDICIAL DEPOSITS

	Consolidated	
	03/31/2022	12/31/2021
Provision for lawsuits (note 20.1)	1,577	1,543
Provision for environmental obligations	127	129
Provision for asset dismantling obligations	104	101
Provision for reimbursement	135	84
	1,943	1,857
Current liabilities	296	256
Non-current liabilities	1,647	1,601

20.1 Provisions for lawsuits, contingent liabilities and judicial deposits

a) Provision for lawsuits

The Company is a party to civil, labor, tax and other ongoing lawsuits at the administrative and judicial levels. Provisions for losses arising from these lawsuits are estimated and adjusted by the Company, supported by the opinions of its legal advisors.

Provisions for losses on lawsuits are as follows:

	Consolidated				
	Civil	Labour	Tax	Regulatory	Total
Balance as of December 31, 2021	829	475	135	104	1,543
Additions and reversals, net	46	8	2	(21)	35
Payments	(48)	(19)	-	-	(67)
Monetary variation	50	16	1	(1)	66
Balance as of March 31, 2022	877	480	138	83	1,577
Balance as of December 31, 2020	623	405	149	12	1,189
Business combination (Note 15.3)	19	38	31	85	173
Additions and reversals, net	34	7	1	3	45
Payments	(29)	(17)	(38)	-	(84)
Monetary variation	42	15	-	-	57
Balance as of March 31, 2021	689	448	143	100	1,380

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Among the relevant lawsuits whose risk of loss is considered as probable, the Company highlight:

(i) Civil lawsuits: From the total of R\$ 876 (R\$ 829 on December 31, 2021) provisioned, we highlight:

- Civil lawsuits where indemnities for moral and property damage, among others, from incidents that occurred during the usual course of business, amounting to R\$ 377 (R\$ 362 on December 31, 2021).
- The Company is a party to civil lawsuits at the administrative and judicial levels, regarding landholding indemnity lawsuits, arising from discrepancies between the Company's evaluation value and the one claimed by the property owner. The provisions for losses arising from these lawsuits are estimated and adjusted by the Company, supported by the opinion of its legal advisors, in the amount of R\$ 178 (R\$163 on December 31, 2021).

(ii) Labor claims: From the total of R\$ 480 (R\$ 475 on December 31, 2021) provisioned, we highlight:

- A collective action filed by the Electricians Union of Rio Grande do Norte, for the implementation of the Career and Salary Positions Plan, thus claiming the promotions for merit and seniority with all the legal consequences. Part of the court decision was upheld, and the process is at the sentence settlement stage. The amount provisioned of R\$ 87 (R\$ 85 on December 31, 2021) corresponds to the probable estimate of resources necessary to settle this discussion.
- Lawsuits filed by employees and former employees against the Company, involving the charges of overtime hours, additional pay for health hazard, salary equalization/reclassification, discussion about the career and salary positions plan and others, whose provisioned value is R\$ 210 (R\$ 209 on December 31, 2021);
- Lawsuits filed by former employees from contractors (joint and/or subsidiary liability) involving the charge of indemnifying installments and others, where the estimated amount is R\$ 103 (R\$ 104 on December 31, 2021).

b) Contingent liabilities

Contingent liabilities correspond to unrecognized lawsuits since they are current obligations whose outflow of resources is not probable or which obligation value cannot be estimated reliably, based on the legal opinions. The contingent liabilities are shown below:

	Consolidated	
	03/31/2022	12/31/2021
Civil lawsuits (i)	2,860	2,688
Labor lawsuits (ii)	870	800
Tax lawsuits (iii)	3,561	3,457
Regulatory lawsuits (iv)	377	353
	7,668	7,298

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The relevant lawsuits whose probability of loss was considered as possible are presented below:

(i) Civil lawsuits: Refers to actions of a commercial and indemnity nature, brought by individuals and legal entities, involving repetition of undue damages, property damages, pain and suffering, among others, whose highlights are discussed below:

- Action filed by the General Attorneys' Office in 2017 questioning the collection of home insurance by Elektro and offered to its consumers together with the electricity bill. In 2020, the lower court judged the illegitimacy of ANEEL and the federal government to be part of the lawsuit and declared the Federal Court's absolute incompetence to judge the claim. Thus, it determined the transfer of the records to the State Justice for judging the action. Elektro filed motions to clarify against such decision in order to obtain also the declaration of MPF's lack of standing to sue (sole plaintiff), which would lead to the extinction of the fact. The estimated amount of the claim is R\$ 231 (R\$ 220 on December 31, 2021).
- Judicial discussion that questions normative regulatory acts from ANEEL (Normative Resolution 387/2009 and SFF/ANEEL Order 2571/2010), which addresses the calculation methodology of the balance from free energy between the generators and distributors. The estimated value is R\$ 170 (R\$ 164 on December 31, 2021).
- Indemnity action filed by Jaguaripe Agro Industrial S / A, against Neoenergia Coelba due to a power cut at its facilities without prior notice, in the estimated amount of R\$ 65 (R\$ 63 on December 31, 2021).
- Indemnity actions filed by third parties due to accidents (Electroplession) with the electric network at Neoenergia Pernambuco. Non-compliance by the population / consumer with safety rules and distances, as well as wire breakage, due to natural phenomena or technical failures, with an estimated value of R\$ 95 (R\$ 85 on December 31, 2021).
- Lawsuits that discusses the legitimacy of invoices made by the distributors' infrastructure installations in highway stretches. As the subject still is not settled by the Courts, the Company's legal advisors maintain the loss prognostic as possible. The estimated amount is R\$ 540 (R\$ 469 on December 31, 2021).
- Lawsuits of commercial and indemnifying natures, filed by individuals and legal entities, involving the repayment in case of mistake, property and/or moral damages, among others with an estimated value of R\$ 145 (R\$ 228 on December 31, 2021).

The amounts were adjusted for inflation based on the INPC variation, plus interest of 1% p. m.

(ii) Labor lawsuits: They refer to lawsuits filed by employees and former employees against the subsidiaries, involving the collection of overtime, health hazard premiums, wage parity/reclassification, discussion of the job and salary plan and others, as well as actions filed by former employees of contractors (subsidiary and/or joint liability) involving the collection of indemnity and other installments. The values were adjusted by the variation of the IPCA in the pre-procedural stage and the SELIC rate after the filling of the labor lawsuits.

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- Lawsuits filed by employees and former employees against the Company, involving the charges of overtime hours, additional pay for health hazard, salary equalization/reclassification, discussion about the career and salary positions plan and others, whose provisioned value is R\$ 794 (R\$ 734 on December 31, 2021).
- (iii) Tax proceedings: Refer to tax lawsuits and objection against charges, subpoenas and tax assessment notices related to several taxes, such as ICMS, ISS, CPMF, IPTU, PIS/COFINS, among others, whose highlights are presented below:
- Tax assessment notices related to ICMS credit whose bookkeeping in the “Credit Control of ICMS regarding the permanent asset” (CIAP) was allegedly in disagreement with the revised rules in the tax legislation, estimated at R\$ 419 (R\$ 411 on December 31, 2021);
 - Tax assessment notices related to ICMS credit on assets for the Company’s fixed assets and fuels used in the operating fleet, estimated at R\$ 287 (R\$ 287 on December 31, 2021);
 - Tax assessment related to reversals of ICMS debts (Agreement 30) related to the re-invoicing of electricity bills, estimated at R\$ 183 (R\$179 on December 31, 2021);
 - Tax assessment for alleged use of ICMS in the acquisition of fixed assets, from micro-company suppliers, duplicate credits and in the acquisitions of purchases with future delivery, estimated at R\$ 485 (R\$ 480 on December 31, 2021);
 - Tax assessment notices related to social contributions (INSS) on amounts paid under profit sharing, private pension, healthcare, Workers’ Meal Program - PAT as well as amounts paid as labor assignments, estimated at R\$ 92 (R\$ 90 on December 31, 2021).
 - Tax assessment notice issued by the city of Salvador, for the billing of COSIP (Contribution to fund the street lighting service) from 01/2018 to 12/2019, due to alleged differences of charges under the contribution’s original value, at the estimated amount of R\$ 69 (R\$ 68 on December 31, 2021).
 - Tax lawsuits and objection against charges, subpoenas and tax infractions notices referring to several taxes, such as ICMS, PIS/COFINS, CIDE, among others, at the amount of R\$ 432 (R\$ 416 on December 31, 2021).
 - Tax assessment notice discussing the levy of withholding income tax due to operation to merge Elektro Holding into Neoenergia in August 2017, at the amount of R\$ 367 (R\$363 on December 31, 2021).

The values were monetarily adjusted by the variation of the SELIC rate.

- (iv) Regulatory lawsuits: Refer to lawsuits against the Group's distribution operators, whose subject matters are related to procedures for, individual and collective, service technical continuity ratios calculation, commercial matters, the corresponding financial compensation and recovery of global ratios, matters related to the collection or legality of tariff elements or items and issues related to the legality of administrative lawsuits filed by ANEEL.

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c) Judicial deposits

Judicial deposits are presented according to the nature of the corresponding lawsuits, whether recognized or not.

	Consolidated	
	03/31/2022	12/31/2021
Civil lawsuits	470	444
Labor lawsuits	351	359
Tax lawsuits	275	254
Other lawsuits	31	30
	1,127	1,087

21. OTHER LIABILITIES

	Consolidated	
	03/31/2022	12/31/2021
Collateral deposits ⁽¹⁾	657	663
Reimbursement to consumers	237	562
Contribution for Public Lighting Service Funding- COSIP	127	112
Use of public good- UBP	81	78
Others	221	238
Total	1,323	1,653
Current liabilities	1,010	1,349
Non-current liabilities	313	304

(1) Collateral deposits are recognized in cash to ensure the contracts' fulfillment in both, operational clauses and compulsory payment of charges regarding the employees from the companies providing services.

22. EMPLOYEE BENEFITS

As a part of its remuneration strategy, the Company grants its employees short- and long-term benefits, in addition to the salaries, vacations and other legal benefits, as well as the respective labor charges applicable to these benefits.

The short-term benefits include (i) Profit Sharing Program (PSP); (ii) medical and dental care plans; and (iii) other usual market benefits.

The post-employment long-term benefits include (i) complementary pension plan ("Pension plan – Defined benefit "); (ii) complementary pension plan ("Pension plan – Defined contribution ") and (iii) post-employment health plan.

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The values recognized in the financial statement are shown below:

	Consolidated	
	03/31/2022	12/31/2021
Salaries, vacations and 13th salary and charges payable	480	550
Short-term benefits	91	112
Long-term benefits – Post-employment ⁽¹⁾	799	784
	1,370	1,446
Non-current assets	(4)	(4)
Current liabilities	571	661
Non-current liabilities	803	789

(1) The presentation of the post-employment benefit balance is allocated in the following heading “Other non-current assets.”

23.SHAREHOLDERS’ EQUITY

23.1 Share capital

On March 31, 2022 and December 31, 2021, the share capital is R\$12,920 which corresponds to 1,213,797,248 issued common shares (“ON”), fully subscribed, paid-up and without par value.

	Shareholders		
	ON	ON %	R\$
Iberdrola Energia S A. (“Iberdrola”)	606,898,625	50,00%	6,460
Iberdrola S.A.	41,765,945	3,44%	445
Previ-Caixa de Prev. dos Func. do Banco do Brasil (“Previ”)	367,647,583	30,29%	3,913
Other shareholders – Free float	196,951,947	16,23%	2,097
Advisors and directors	532,748	0,04%	5
Treasury shares	400	0,00%	-
Total shares	1,213,797,248	100%	12,920

23.2 Earnings per share and shareholders’ remuneration

a) Earnings per share

The values of the basic and diluted earnings per share are shown below:

	Attributed to shareholders of Neoenergia S/A			
	Consolidated		Parent company	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Net income for the period	1,238	1,007	1,204	1,001
Weighted average number of the outstanding shares	1,214	1,214	1,214	1,214
Basic and diluted earnings per share	1.02	0.83	0.99	0.82

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24. TRANSACTIONS WITH RELATED PARTIES

The Company's related parties are subsidiaries, joint ventures, associates, shareholders and its related entities and the Company's key management personnel.

The main commercial transactions with related parties recognized as accounts receivable and/or accounts payable and its respective revenues and/or costs/expenses are related to (i) power purchase and sale agreements; (ii) energy distribution and transmission system usage agreements; (iii) operation and maintenance service provision; (iv) administrative service contracts.

The transactions with pension funds responsible for the management of short- and long-term benefits offered to the Company's employees are classified as "Shareholders and Others" in this explanatory note.

The information regarding transactions with related parties and their effects on the Company's consolidated financial statement is shown below:

24.1 Outstanding balance with related parties

	03/31/2022				12/31/2021			
	Joint ventures	Associates	Shareholders and others	Total	Joint ventures	Associates	Shareholders and others	Total
Consolidated								
Assets								
Accounts receivable and others	3	2	-	5	1	1	-	2
Dividends and interest on own capital receivable	23	2	-	25	23	2	-	25
Other assets	-	-	47	47	-	-	49	49
	26	4	47	77	24	3	49	76
Liabilities								
Suppliers and accounts payable	44	119	146	309	45	119	122	286
Employee benefits	-	-	44	44	-	-	44	44
Dividends and interest on own capital payable	-	-	661	661	-	-	805	805
Other liabilities	-	-	1	1	-	-	4	4
	44	119	852	1,015	45	119	975	1,139
Parent company								
	03/31/2022				12/31/2021			
	Subsidiaries	Joint ventures and associates	Shareholders and others	Total	Subsidiaries	Joint ventures and associates	Shareholders and others	Total
Assets								
Dividends and interest on own capital receivable	518	23	-	541	606	23	-	629
Other assets	451	-	-	451	636	-	-	636
	969	23	-	992	1,242	23	-	1,265
Liabilities								
Suppliers and accounts payable	-	-	126	126	-	-	105	105
Dividends and interest on own capital payable	-	-	642	642	-	-	786	786
Other liabilities	39	-	-	39	49	-	-	49
	39	-	768	807	49	-	891	940

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24.2 Transactions with related parties

	03/31/2022				Consolidated 03/31/2021			
	Joint ventures	Associates	Shareholders and others	Total	Joint ventures	Associates	Shareholders and others	Total
	Profit (loss) for the period							
Operating revenue, net	11	5	-	16	3	-	-	3
Services costs	(111)	(271)	-	(382)	(107)	(243)	(18)	(368)
General and administrative expenses	-	-	(57)	(57)	-	-	(31)	(31)
Financial income (expenses), net	-	-	(9)	(9)	-	-	(2)	(2)
	(100)	(266)	(66)	(432)	(104)	(243)	(51)	(398)

	03/31/2022				Parent company 03/31/2021			
	Subsidiaries	Joint ventures and associates	shareholders and others	Total	Subsidiaries	Joint ventures and associates	shareholders and others	Total
	Profit (loss) for the period							
Operating revenue, net	1	-	-	1	1	-	-	1
General and administrative expenses	-	-	(23)	(23)	-	-	(23)	(23)
Financial income (expenses), net	32	-	-	32	40	-	-	40
	33	-	(23)	10	41	-	23	18

24.3 Key management personnel compensation

The employees' remunerations, including those occupying executive positions and member of the Company's Board of Directors recognized in the statement of income on accrual basis, are shown below:

	Consolidated	
	03/31/2022	03/31/2021
Wages and recurring benefits	11	10
Short-term variable remuneration	5	3
Long-term benefits	6	6
	22	19

	Parent company	
	03/31/2022	03/31/2021
Wages and recurring benefits	9	7
Short-term variable remuneration	4	3
Long-term benefits	5	5
	18	15

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24.4 Provided financial guarantees

The guarantees offered by the Company are based on contractual terms that support the financial operations between the joint ventures/subsidiaries and third parties, ensuring the assumption of the obligation's fulfilment, in case the original debtor does not comply with the established financial commitments.

On March 31, 2022, the total financial guarantees granted by the Company to certain joint ventures and subsidiaries totalled R\$ 4,420.

25. CLASSIFICATION AND ESTIMATIONS OF THE FAIR VALUES FROM FINANCIAL INSTRUMENTS

25.1 Financial instruments classification and measurement

The Company classifies its financial instruments accordingly with its business model and purpose for which they were acquired. The financial instruments are classified and measured as follows:

	03/31/2022			Consolidated 12/31/2021		
	AC	FVTOCI	FVTPL	AC	FVTOCI	FVTPL
Financial assets						
Cash and cash equivalents	1,717	-	3,618	1,945	-	3,600
Securities and marketable securities	29	-	492	304	-	155
Trade and other receivables	10,694	-	-	10,584	-	-
Derivative financial instruments	-	654	537	-	1,430	771
Sectorial financial assets (Portion A and others)	2,317	-	-	2,033	-	-
Public service concession (financial asset)	-	-	19,802	-	-	18,516
Other financial assets*	3	-	-	6	-	-
	14,760	654	24,449	14,872	1,430	23,042
Financial liabilities						
Suppliers and accounts payable to contractors	4,319	-	-	5,686	-	-
Loans and financings	37,752	-	1,598	36,687	-	1,936
Sectorial financial liabilities (Portion A and others)	1,043	-	-	342	-	-
Derivative financial instruments	-	1,375	9	-	309	22
Lease obligations	180	-	-	146	-	-
Use of public asset	81	-	-	78	-	-
Other financial liabilities*	320	-	-	365	-	-
	43,695	1,375	1,607	43,304	309	1,958

AC – Amortized cost

FVTOCI – Fair value through other comprehensive income

FVTPL – Fair value through profit and loss

25.2 Fair value estimate

For the measurement and determination of the fair value, the Company uses several methods including approaches based on the following: market, result or cost, to estimate the values that the market participants would use to price the asset or liability. The financial assets and liabilities measured at fair value are classified and disclosed accordingly with the following levels:

Level 1 – Prices quoted (unadjusted) on active, liquid and visible markets for identical assets liabilities that are accessible on the measurement date

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Level 2 – Prices quoted (adjusted or not) for similar assets or liabilities on active markets; and
Level 3 – Assets and liabilities whose prices do not exist or whose prices or evaluation techniques are supported by a small or non-existent, non-observable, or illiquid market.

The impact analysis in case the results are different from Management's estimation is presented in note 25.7 (sensitivity analysis).

25.3 Financial instruments recognized by the fair value (“FVTPL” or “FVTOCI”)

The measurement level of the financial assets and liabilities recognized at the fair value is as follows:

	03/31/2022			Consolidated 12/31/2021		
	Level 2	Level 3	Total	Level	Level 3	Total
	Financial assets					
Cash and cash equivalents	3,617	-	3,617	3,600	-	3,600
Securities and marketable securities	492	-	492	433	-	433
Derivative financial instruments	1,191	-	1,191	2,201	-	2,201
Public Service concession (financial asset)	-	19,802	19,802	-	18,516	18,516
	5,300	19,802	25,102	6,234	18,516	24,750
Financial liabilities						
Loans and financing	1,598	-	1,598	1,936	-	1,936
Derivative financial instruments	1,384	-	1,384	331	-	331
	2,982	-	2,982	2,267	-	2,267

There was no transfer of financial instruments between the measurement levels at fair value.

The gains and losses recognized in profit or loss for the three months ended March 31, 2022 and 2021, related to the financial assets and liabilities measured through level 3 techniques were R\$ 532 and R\$ 323, respectively. The other transfers for these assets and liabilities are disclosed in note **Error! Reference source not found.**

25.4 Financial instruments recognized at the amortized cost (“AC”)

Financial instruments measured at the amortized cost, due to the long-term cycle for realization, can have their fair value different from the book balance. The fair values of the financial assets and liabilities recognized at the amortized cost are shown below.

	03/31/2022		Consolidated 12/31/2021	
	Book balance	Fair value estimate - Level 2	Book balance	Fair value estimate - Level 2
	Loans and financing	37,752	37,669	36,687

Due to the short-term cycle, it is assumed that the fair values of the balances regarding cash and cash equivalents, securities and marketable securities, trade accounts receivables, accounts payable to suppliers and sectorial financial assets and liabilities are equal to the amount measured at amortized cost (book balance).

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25.5 Evaluation methods and techniques

The evaluation methods and techniques are the same ones disclosed in the financial statements for the year ended December 31, 2021.

25.6 Additional information on derivative financial instruments

The Company has derivative financial instruments for the purpose of economic and financial hedge against the risk of changes in exchange and interest rates. The main instruments used are swaps, Non-Deliverable Forwards (NDF) and options.

All derivative operations of the Company's hedge programs are detailed in the tables below, which include information on the type of instrument, notional value, maturity, fair value including credit risk and amounts receivable or payable.

In order to assess the economic relationship between the hedged item and the hedging instrument, the Company adopts prospective effectiveness testing methodology through the critical terms of the hedged item and the contracted derivatives, in order to conclude whether there is an expectation that changes in the cash flows of the hedged item and the hedging instrument can be mutually offset.

On March 31, 2022, there was no deposited margin value concerning the positions with derivative financial instruments.

U.S. Dollars loans and financing hedging program

For economic and financial hedging purposes, the Company may contract swaps to translate loans and financing denominated in US\$ into R\$. In such swaps, the Company holds a payable position in R\$ pegged to the CDI and a receivable position in US\$ pegged to fixed or floating interest rates (Libor).

The programs as follows are designated for hedge accounting and measured at fair value through profit or loss:

	Notional value		Deadline (year)	Fair value		Accumulated effect on the amount receivable/received or payable/paid
	03/31/2022	12/31/2021		03/31/2022	12/31/2021	03/31/2022
Swap US\$ float vs R\$ float						
Company						
Asset	US\$ 146	US\$ 151	2021 - 2029	703	852	
Liability	R\$ 473	R\$ 487		(455)	(469)	
Net exposure				248	383	(135)

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<u>Swap US\$ fixed vs R\$ float</u>	Notional value		<u>Deadline (year)</u>	Fair value		Accumulated effect on the amount receivable/received or payable/paid 03/31/2022
	03/31/2022	12/31/2021		03/31/2022	12/31/2021	
Company						
Asset	US\$ 86	US\$ 86	2020 - 2027	413	499	
Liability	R\$ 230	R\$ 228		(227)	(224)	
Net exposure				186	275	(89)

The programs as follows are designated as hedge accounting and classified as cash flow hedge:

<u>Swap US\$ float vs R\$ float</u>	Notional value		<u>Deadline (year)</u>	Fair value		Accumulated effect on the amount receivable/received or payable/paid 03/31/2022
	03/31/2022	12/31/2021		03/31/2022	12/31/2021	
Company						
Asset	US\$ 56	US\$ 60	2021-2030	272	340	
Liability	R\$ 184	R\$ 197		(186)	(199)	
Net exposure				86	141	(55)

<u>Swap US\$ fixed vs R\$ float</u>	Notional value		<u>Deadline (year)</u>	Fair value		Accumulated effect on the amount receivable/received or payable/paid 03/31/2022
	03/31/2022	12/31/2021		03/31/2022	12/31/2021	
Company						
Asset	US\$ 1.548	US\$ 1.322	2021-2035	7.228	7.402	
Liability	R\$ 7.656	R\$ 6.425		(7.875)	(6.631)	
Net exposure				(647)	771	(1.418)

Euro loans and financing hedging program

For economic and financial hedging purposes, the Company may contract swaps to convert loans and financing denominated in EUR into R\$. In such swaps, the Company holds a payable position in R\$ pegged to the CDI and a receivable position in EUR pegged to fixed or floating interest rates (Euribor).

The programs as follows are designated as hedge accounting and classified as cash flow hedge, therefore measured at fair value through other comprehensive income:

<u>Swap EUR \$ fixed vs R\$ float</u>	Notional value		<u>Deadline (year)</u>	Fair value		Accumulated effect on the amount receivable or payable 03/31/2022
	03/31/2022	12/31/2021		03/31/2022	12/31/2021	
Asset	€ 159	€ 159	2022-2024	842	1.037	
Liability	R\$ 715	R\$ 711		(721)	(720)	
Net exposure				121	317	(196)

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Hedging program for loans and financing denominated in Reais bearing at IPCA inflation rate

For economic and financial hedging purposes, the Company may contract swaps to convert loans and financing in R\$ pegged to the IPCA into CDI. In such swaps, the Company holds a payable position in CDI and a receivable position in IPCA.

The programs as follows are designated as hedge accounting and measured at fair value through profit or loss:

<u>Swap IPCA vs CDI</u>	<u>Notional value</u>		<u>Deadline (year)</u>	<u>Fair value</u>		<u>Accumulated effect on the amount receivable or payable</u>
	<u>03/31/2022</u>	<u>12/31/2021</u>		<u>03/31/2022</u>	<u>12/31/2021</u>	<u>03/31/2022</u>
Asset	R\$ 546	R\$ 617	2021 - 2025	516	615	
Liability	R\$ 441	R\$ 504		(418)	(502)	
Net exposure				98	113	(15)

Hedging program for U.S. Dollars payments

Aiming to reduce cash flow volatility, the Company may contract NDF or options operations to mitigate foreign exchange rates variations exposure arising from disbursements denominated or subject to ratios in U.S. Dollars.

Such program is designated as hedge accounting and classified as cash flow hedge, therefore measured at fair value through other comprehensive income:

<u>NDF</u>	<u>Notional value</u>		<u>Deadline (year)</u>	<u>Fair value</u>		<u>Accumulated effect on the amount receivable or payable</u>
	<u>03/31/2022</u>	<u>12/31/2021</u>		<u>03/31/2022</u>	<u>12/31/2021</u>	<u>03/31/2022</u>
Disbursement USD						
Forward	US\$ 122	US\$ 122	2022-2023	(65)	4	
Net exposure				(65)	4	(69)

<u>NDF</u>	<u>Notional value</u>		<u>Deadline (year)</u>	<u>Fair value</u>		<u>Accumulated effect on the amount receivable or payable</u>
	<u>03/31/2022</u>	<u>12/31/2021</u>		<u>03/31/2022</u>	<u>12/31/2021</u>	<u>03/31/2022</u>
Disbursement USD						
Put options	US\$ 118	US\$ 5	2021-2022	12	-	
Net exposure				12	-	12

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Hedging program for Euro payments

Aiming to reduce cash flow volatility, the Company may contract NDF operations to mitigate foreign exchange rates variations exposure arising from disbursements denominated or subject to ratios in Euro.

Such program is designated as hedge accounting and classified as cash flow hedge, therefore measured at fair value through other comprehensive income:

<u>NDF</u>	<u>Notional value</u>		<u>Deadline (year)</u>	<u>Fair value</u>		<u>Accumulated effect on the amount receivable or payable</u>
	<u>03/31/2022</u>	<u>12/31/2021</u>		<u>03/31/2022</u>	<u>12/31/2021</u>	<u>03/31/2022</u>
Disbursement EUR						
Forward	€ 23	€ 26	2022-2024	(29)	(11)	
Net exposure				(29)	(11)	(18)

Hedge program for disbursements in Reais

For the purpose of economic and financial hedge, the Company may contract swap operations to convert the fixed-rate debts and loans into CDI. In these swaps, the Company takes a short position in CDI and a long position at a rate fixed by the creditor bank.

The programs below are classified according to the hedge accounting criteria measured at fair value through profit or loss.

<u>Swap R\$ fixed vs R\$ float</u>	<u>Reference value</u>		<u>Deadline (year)</u>	<u>Fair value</u>		<u>Accumulated effect in the amount receivable or payable</u>
	<u>03/31/2022</u>	<u>12/31/2021</u>		<u>03/31/2022</u>	<u>12/31/2021</u>	<u>03/31/2022</u>
Asset	R\$ 330	R\$ 336	2022	326	329	
Liability	R\$ 333	R\$ 335		(333)	(336)	
Net exposure				(7)	(7)	-

Hedge program regarding the stocks plan – ILP 2020/2022

On July 15, 2020, the Company's Board of Directors approved the repurchase of up to 2,555,000 shares through the contracting of derivative financial instruments (Equity Swap), to protect the Company against the volatility of its stock prices (NEOE3), since this event may negatively impact the future assumed cash flows in the scope of its Long-term Incentive Program.

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This program is classified according to an economic hedge which is not designated as hedge accounting and is measured at the fair value through profit or loss.

<u>Swap Equity</u>	<u>Notional value</u>		<u>Deadline (year)</u>	<u>Fair value</u>		<u>Accumulated effect on the amount receivable or payable</u>
	<u>03/31/2022</u>	<u>12/31/2021</u>		<u>03/31/2022</u>	<u>12/31/2021</u>	<u>03/31/2022</u>
Asset	40	40	2022	44	45	
Liability	43	59		(43)	(59)	
Net exposure				1	(14)	15

Yen loans and financing hedging program

For the purpose of economic and financial hedge, the Company contracts swap operations to convert JPY-denominated debts and loans into R\$. In these swaps, the Company assumes a short position in R\$ linked to the CDI and a long position in JPY linked to fixed rates.

<u>Swap JPY fixed vs R\$ float</u>	<u>Notional value</u>		<u>Deadline (year)</u>	<u>Fair value</u>		<u>Accumulated effect on the amount receivable or payable</u>
	<u>03/31/2022</u>	<u>12/31/2021</u>		<u>03/31/2022</u>	<u>12/31/2021</u>	<u>03/31/2022</u>
Asset	JPY 14,963	JPY 18,910	2021-2031	597	934	
Liability	JPY 774	JPY 998		(800)	(1,025)	
Net exposure				(203)	(91)	(112)

25.7 Sensitivity analysis

The sensitivity analysis estimates the potential value of derivative financial instruments and respective exposures of the hedged items, in hypothetical stress scenarios of the main market risk factors to which they are exposed, maintaining all other variables unchanged.

- Probable scenario: On the evaluation date, the future cash flows were projected, considering the balances and eventual charges and interest, estimated based on the foreign exchange and/or interest rates in effect at the market on March 31, 2022.
- Scenario II: Estimate of the fair value considering a deterioration of 25% in the associated risk variables.
- Scenario III: Estimate of the fair value considering a deterioration of 50% in the associated risk variables.

For analysis purposes of the sensitivity regarding the derivative financial instruments, the Company understands that there is the need to consider the liabilities that are being hedged, with exposure to the variations of foreign exchange rates or price indexes and that are recorded in the statement of financial position.

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As 100% of the debts in foreign currency are protected by swaps, the risk of the exchange rate variation is irrelevant, as shown below:

Operation	Currency	Risk	Rate	Exposure (Balance/ Notional)	Impact - Scenário (II)	Impact - Scenário (III)
U.S. Dollars denominated debt		Dollar appreciation	4.7378	(8,713)	(2,177)	(4,356)
Swap long position in U.S. Dollars	Dollar (US\$)	Dollar depreciation		8,617	2,154	4,310
Net exposure				(96)	(23)	(46)
Euro denominated debt		Euro appreciation	5.2561	(835)	(210)	(417)
Swap long position in Euro	Euro (€)	Euro depreciation		842	211	421
Net exposure				7	1	4
Yen denominated debt	Yen (JPY)	Yen appreciation	0,0485	(584)	(146)	(292)
Swap long position in Yen		Yen depreciation		597	149	299
Net exposure				13	3	7

For disbursements in foreign currency related to non-debt contracts, the following hedging strategies are adopted, with the impacts related to the reproduced scenarios for the exchange variation over the derivative and corresponding impact on each scenario for the hedged item being shown in the table. Therefore, the effect of elimination and/or reduction of net exchange exposure is observed through the hedging strategy:

Operation	Currency	Risk	Rate	Exposure (Balance/ Notional)	Impact - Scenário (II)	Impact - Scenário (III)
Hedge item: portion of payments in USD NDF	Dollar (\$)	Dollar appreciation	4.7378	(1,368)	317	635
		Dollar depreciation		1,368	(317)	(635)
Net exposure				-	-	-
Hedge item: portion of payments in Euro NDF	Euro (€)	Euro appreciation	6,3210	(142)	34	69
		Euro depreciation		129	(31)	(62)
Net exposure				(13)	3	7

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The table below shows the loss (gain) due to the variation of interest rates that may be recognized in the Company's profit or loss in the subsequent period, in case one of the scenarios presented below occurs:

Operation	Index	Risk	Rate at the year	Exposure (Balance/ Notional)	Probable Scenario	Impact - Scenario (II)	Impact - Scenario (III)
FINANCIAL ASSETS							
Financial investment indexed to the CDI	CDI	CDI depreciation	11.65%	5,742	155	(36)	(74)
FINANCIAL LIABILITIES							
Loans, financing and debentures							
Debt instruments at CDI	CDI	CDI appreciation	11.65%	(13,145)	(413)	(97)	(194)
Swaps Dollar x CDI (short position)	CDI	CDI appreciation	11.65%	(11,060)	(335)	(79)	(158)
Debt instruments at IPCA	IPCA	IPCA appreciation	10.54%	(14,168)	(502)	(87)	(172)
Swaps IPCA x CDI (long position)	IPCA	IPCA appreciation	10.54%	516	19	3	6
		LIBOR 6M	1.49%	(976)	(6)	(1)	(1)
Debt instruments at LIBOR 6M	LIBOR	LIBOR appreciation					
		LIBOR 6M	1.49%	976	6	1	2
Swaps Libor 6M x CDI (long position)	LIBOR	LIBOR appreciation					
Debt instruments at SELIC	SELIC	SELIC appreciation	11.65%	(142)	(5)	(1)	(2)
Debt instruments at TJLP	TJLP	TJLP appreciation	6.08%	(1,653)	(36)	(7)	(14)

The table below shows the loss (gain) on the equity swap operation, caused by the variation in Neoenergia's share price (NEOE3), under certain market scenarios. This loss (gain), if materialized, will be recognized in the Company's income statement in the following year:

Operation	Index	Risk	Rate at the year	Balance	Probable Scenario	Impact - Scenario (II)	Impact - Scenario (III)
Other financial assets							
Long Swap position in shares	NEOE3	Stock depreciation	17,2200	40	2	10	20

26. SUBSEQUENT EVENTS

Debt raising

On April 01, 2022, the subsidiary Neoenergia Coelba obtained a financing contract from Citibank, in the amount of R\$ 200, with a deadline of 18 months.

Tariff readjustment of Neoenergia Coelba and Neoenergia Cosern

On April 19, 2022, ANEEL approved the Annual Tariff Readjustment of subsidiaries Neoenergia Coelba and Neoenergia Cosern, with validity of April 22, 2022. The tariff readjustment will have an average effect on the consumers of 21.13% and 20.36%. For the high power voltage consumers, the readjustment will be 21.35% and 20.55%, meanwhile, for the ones with low power voltage, it will be 20.54% and 19.75% for Neoenergia Coelba and Neoenergia Cosern, respectively.

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The use of tax credits concerning the *res judicata* of the exclusion of the ICMS from the PIS/COFINS calculation basis, the anticipation of the reversal for the tariff affordability related to the revenues from the demand's overtaking and reactive surplus constituted until March/2022, as well as the financial related to the Flag and account of water scarcity, contributed to the reduction of the average effect on the consumer, meanwhile, the readjustment of the items from Portion B will be fully applied from this date onwards.

Public Share Offering of Shares (OPA) from Neoenergia Pernambuco

On April 20, 2022, Neoenergia's Board of Directors approved the issuance of the public offer to acquire the common shares ("ON") and Class "A" ("PNA") and Class "B" ("PNB") preferred shares, for the change of issuer register from Category A to Category B of Neoenergia Pernambuco ("OPA of Register Change" or "OPA").

The OPA of Register change will be intended to the acquisition of up to the total amount of outstanding shares of Neoenergia Pernambuco, which, on this date, corresponds to 7,795,191 shares, being 280,143 ONs, 7,102,982 PNAs and 342,066 PNBs, that represents, approximately, 10.35% of the total amount of shares of Neoenergia Pernambuco and will be launched at the price of R\$ 42.02 per ON; R\$ 42.02 per PNA and R\$ 46.22 per PNB.

The OPA issuance and its effectiveness are subject to registration with the CVM and B3 S.A. – Brasil, Bolsa, Balcão ("B3"), whereas the registration request and the initial draft of the OPA of register change will be disclosed to the referred institutions in up to 30 days, as from April 20, 2022.

Debentures issuance

On April 20, 2022, the subsidiaries Neoenergia Coelba and Neoenergia Celpe raised the amount below in the capital market through the 14th and 12th issuance of simple, respectively, non-convertible debentures, in 3 (three) series. The 1st series has a validity of 5 years with the principal's payment at the deadline. The 2nd series has a validity of 7 years with the principal's payment at the end of the 6th and 7th years and the 3rd series has a validity of 10 years with the principal's payment at the end of the 8th, 9th and 10th years.

Subsidiaries	R\$	Issuance
Neoenergia Coelba	1,200	14 th Issuance of Simple Debentures
Neoenergia Celpe	1,200	12 th Issuance of Simple Debentures

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Tariff readjustment of Neoenergia Pernambuco

On April 26, 2022, ANNEL approved the Annual Tariff Readjustment of subsidiary Neoenergia Pernambuco, with validity from April 29, 2022. The tariff readjustment will have an average effect on the consumers of 18.98%. For the high power voltage consumers, the readjustment will be 19.01%, whereas for the low power voltage ones, will be 18.97%.

The use of tax credits concerning the *res judicata* of the exclusion of the ICMS from the PIS/COFINS calculation basis, the anticipation of the reversal for the tariff affordability related to the revenues from the demand's overtaking and reactive surplus constituted until March/2022, as well as the financial related to the Flag and account of water scarcity, contributed to the reduction of the average effect on the consumer, meanwhile, the readjustment of the items from Portion B will be fully applied from this date onwards.