Financial Statements

December 31, 2022

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HIGHLIGHTS (R$ MM) 4Q22	4Q22	4Q21	Δ %	2022	2021	Δ %
Net Operating Revenue	10,921	11,388	(4%)	40,822	41,120	(1%)
Gross Margin	4,257	4,011	6%	16,201	14,146	15%
Operating Expenses	(1,118)	(1,013)	10%	(3,932)	(3,526)	12%
EBITDA	2,835	2,411	18%	11,582	9,856	18%
Financial Income (Loss)	(947)	(909)	4%	(3,800)	(2,283)	66%
Profit assigned to controlling shareholders	936	635	47%	4,718	3,925	20%
Financial Asset (Concession)	429	424	1%	1,339	1,579	(15%)
IFRS 15	122	335	(64%)	760	1,209	(37%)
GSF	-	-	-	-	222	(100%)
Asset Exchange / Belo Monte Adjustment	(201)	(482)	(58%)	(201)	(482)	(58%)
Adjusted EBITDA	2,485	2,134	16%	9,684	7,328	32%
OPERATING INDICATORS						
Distributed Energy (GWh) (1)	16,967	17,207	(1.4%)	66,777	67,322	(0.8%)
Injected Energy (GWh) (1)	19,350	19,710	(1.8%)	76,107	77,042	(1.2%)
Number of Customers (thousand) (1)	16,037	15,742	2%			

Financial Debt Indicators	2022	2021	Variation
Net Debt(2)/EBITDA(3)	3.15	3.12	0.03
Corporate Rating (S&P)	AAA	AAA	-

(1) Merely for the purpose of comparison, Neoenergia Brasilia considers data betw een 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 mounths

Adjusted EBITDA grew by 32% reaching R$9.7 billion in 2022, an increase equivalent to 16% in the quarter.

- Profit of R$936 million in the 4Q22 (+47% vs. 4Q21) and R$4.7 billion in 2022 (+20% vs. 2021);
- Capex of R$9.9 billion in 2022 (+6% vs. 2021), mainly due to the expansion and improvement of Distributors' networks and new wind, solar and transmission projects**;**
- Net Debt/EBITDA of 3.15x in the 4Q22 (3.12x in 4Q21);
- Losses continue dropping. Neoenergia Brasília met its regulatory limit 2 years ahead of the business plan forecast. Neoenergia Elektro and Cosern remain within the regulatory limit, while Neoenergia Coelba and Pernambuco continue to seek regulatory levels;
- In 2022, Neoenergia Brasília meets DEC and FEC quality indicators, 1 year ahead of the business plan;
- Success in completing the tender offer process of Neoenergia Pernambuco, with the holding of the Extraordinary General Meeting – EGM, reaching 100% of Neoenergia's interest in the company's capital, and Conversion of Registration to Category B;
- Neoenergia Brasília tariff reset with an average effect for the consumer of 11.17%, including ICMS reduction, effective as of November 3, 2022;
- Entering into an Asset Swap with Eletrobras, which will result in the consolidation of 100% of the Dardanelos hydroelectric plant and an increase in the stake of Neoenergia Coelba, Neoenergia Cosern and Afluente T, and in the divestment of the Teles Pires and Baguari hydroelectric plants.

NETWORKS

RENEWABLES

LIBERALIZED

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MESSAGE FROM THE PRESIDENT

With the resilience of our diversified and integrated business model, and supported by a sustainable growth strategy, we ended 2022 with an EBITDA of R$ 11.6 billion, 18% in excess of that of 2021, and we reached net profits of R$4.7 billion, a 20% growth compared to the previous year. We maintained our cost discipline, improved the cost efficiency indicator by some 100 bps (Opex / Gross Margin), reflecting the expansion of our business portfolio with profitability gains.

Still in 2022, in addition to solid results, we advanced in two important stages of our portfolio optimization plan: we announced the asset swap with Eletrobras, in which we will take over 100% control of the Dardanelos hydroelectric power plant, in addition to Eletrobras' residual stakes in assets under our control, in exchange for our interest in the Baguari and Teles Pires plants; and we also carried out the Tender Offer of Neoenergia Pernambuco after which we currently hold 100% of the distributor's shares.

Supported by a clear sustainable expansion strategy, in 2022 we invested more than R$ 9.9 billion in our distribution and transmission networks and in clean and affordable energy, as well as in the development of smart energy solutions.

In distribution, we invested R$5.4 billion in the expansion, reliability and intelligence of our networks, focusing on the experience and increased satisfaction of our 16 million customers. Within the Digital Connection project, we delivered the Customer Relations Management platform (CRM), an important lever for the implementation of new products and services, as well as the complete integration of service channels.

At Neoenergia Brasília, a concessionaire acquired in March 2021, we reached a record EBITDA of R$350 million and continued to improve our operating ratios: since the acquisition, we have improved DEC by 25%, FEC by 19%, and have covered regulatory losses. We also made progress in the multi-year investment plan for the distributor, focusing on standardization, and improving the quality of service and customer service in the Federal District.

In the transmission segment, we invested R$ 2.6 billion, powering the Jalapão (728 km) and Rio Formoso (210 km) lines, both ahead of schedule, in addition to delivering sections of other lots under construction, totaling an additional Permitted Annual Revenue (RAP) of R$ 200 million. We carried on investing in high profitability growth, winning Lots 2 and 11 of the June 2022 Transmission Auction.

We also invested in expanding our renewable park, with the early delivery of the Oitis Wind Complex (567 MW), between the states of Piauí and Bahia, which ended the year with 70% of its capacity in operation (commercial + tests). We also started operating our first solar park, Luzia (149 MWp), in Paraíba, which stands out for its pioneering spirit in the association process with the Chafariz Wind Farm, in Paraíba, thus optimizing transmission costs.

In addition to developing our portfolio of renewable projects, we continue to work on strategic partnerships to enable new technologies, decarbonization and clean industrial solutions. We signed memorandums of understanding with companies and state governments for the development of green hydrogen and offshore wind projects, and we have actively participated in the development of the regulation of these energy solutions in the country.

Sustainability is the basis of our business model and we remain committed to the environment and the socioeconomic development of the places where we operate. Seeking to ensure transparency to this commitment, in July 2022, we disclosed Neoenergia's 16 ESG goals, making public our drives for 2025 and 2030, such as reducing carbon emissions and increasing diversity in our workforce.

With ESG actions integrated into our daily business, we already made important progress in 2022, such as the 30% increase in the number of women in our field teams, all trained in the pioneering project of our electrician schools.

We also seek to direct incentive resources towards innovative and decarbonization solutions, such as the solar plant we are building in the Fernando de Noronha water reservoir and the Trilha Verde (Green Trail), which expands electric mobility on the island; projects that, with R&D and Energy Efficiency resources, effectively contribute to reducing the island's energy deficit.

This sustainable performance, recognized by our maintenance in the Corporate Sustainability Index (ISE) of B3 and other sustainability indices in the market, allows us access to differentiated lines of credit, such as the financing agreement between the International Finance Corporation (IFC) and Neoenergia Coelba: the Super Green Loan, the first granted to an energy distributor in the world, and which offers competitive conditions and reduces the cost of debt with the achievement of ESG goals.

I also point out Neoenergia's commitment to solid governance processes, based on the guidelines of the Brazilian Institute of Corporate Governance (IBGC). We were recognized for the second consecutive year by the Troféu Transparência (Transparency Trophy), granted by the Brazilian Association of Finance, Administration and Accounting Executives (Anefac), in addition to being featured in 'The Sustainability Yearbook 2022', by S&P.

Finally, I emphasize that the electricity sector is going through a moment of profound transformations, with the prospect of total market liberalization in the coming years. Anticipating this new reality, we have invested not only in the quality of service and the offer of solutions and services to our customers, but also in strengthening our brand, with actions focused on our values and commitments, such as diversity and women’s empowerment. .

In this context, I reinforce the commitment of the entire Neoenergia Group with our purpose and long-term strategy, and I thank all our shareholders, customers and partners for their trust!

Eduardo Capelastegui
CEO Neoenergia

1. CORPORATE PROFILE AND ORGANIZATIONAL STRUCTURE

Neoenergia is a publicly traded company, present in 18 Brazilian states and in the Federal District, operating as a holding company with majority stake in the capital of other companies, the purpose of which is the Distribution, Transmission, Generation and Sale of Electric Energy. In the Distribution segment, Neoenergia controls five Distributors, three of which are located in the Northeast – Neoenergia Coelba, Neoenergia Pernambuco, and Neoenergia Cosern, – one in the Southeast – Neoenergia Elektro – and one in the Federal District– Neoenergia Brasília.

As of December 30,2022, Neoenergia organizational structure consisted of 53.5% of Iberdrola interest, 30.3% of Previ interest and 16.2% of other shareholders.

2. MACROECONOMIC ENVIRONMENT

At the beginning of 2022, projections for the economy were marked by the uncertainties of a turbulent scenario ahead. On the one hand, the end of the water crisis and the economic recovery after the containment of the 2nd wave of the Covid-19 pandemic brought optimism to the country, and on the other, the presidential elections and consequences thereof generated uncertainties and concerns for the economic scenario.

The Focus Report of the Brazilian Central Bank of December 31, 2021, projected for 2022 a GDP (Gross Domestic Product) practically flat compared to the previous year, with only 0.36% growth, with an IPCA (Broad National Consumer Price Index) of 5.03%, and a Selic rate of 11.50%, still aiming to contain the impacts of the high inflation of the previous year.

The year confirmed the uncertainties of the presidential election, which generated speculation and concerns about the measures that would be taken, mainly at tax level and its consequences on the future of the economy.

The war between Russia and Ukraine at the beginning of 2022 impacted the world economy, raising fuel prices in the world and producing an impact on the Brazilian macro scenario.

As a measure to contain inflation, the Brazilian Central Bank promoted successive increases to the Selic Rate, which ended 2021 at 9.25%, reaching 13.75% at the end of 2022.

As a result, inflation measured by the IPCA, which reached 2 digits at the end of 2021, ended 2022 with an accumulated increase of 5.79%, according to the Brazilian Institute of Geography and Statistics (IBGE).

As regards GDP, the economy ended 2022 with perspective of 3.1% growth, according to the Institute of Applied Economic Research (IPEA), exceeding the growth projections disclosed at the beginning of the year of only 0.36%.

The Ibovespa index ended 2022 with an increase of 4.69%, a growth smaller than the inflation recorded in the period, which in a way reflects the migration of variable income investors to fixed income, due to the higher Selic rate.

As for energy consumption, according to the National Electric System Operator (ONS), there was an increase of just 0.3% compared to 2021. Consumption in the year was impacted by low temperatures and rainfall above those recorded in the previous year in the different regions of the country.

3. REGULATORY ENVIRONMENT

3.1. Networks

3.1.1. Distributors

3.1.1.1. Tariffs

In 2022, the five distributors of the Neoenergia Group were subject to Tariff Resets:

	NEOENERGIA COELBA	NEOENERGIA PERNAMBUCO	NEOENERGIA COSERN	NEOENERGIA ELEKTRO	NEOENERGIA BRASÍLIA
Consumer Group	**April-22**	**April-22**	**April-22**	**August-22**	**October-22**
HV - High Voltage (>2,3kV)	20.54%	19.01%	19.75%	23.72%	24.94%
LV - Low Voltage (<2,3kV)	21.35%	18.97%	20.55%	11.61%	21.58%
Average Tariff Effect HV+LV	**21.13%**	**18.98%**	**20.36%**	**15.77%**	**22.55%**
Start of validity	**April-22**	**April-22**	**April-22**	**August-22**	**November-22**
Revision Process	**Annual Reset**	**Annual Reset**	**Annual Reset**	**Annual Reset**	**Annual Reset**
Next Tariff review	**April-23**	**April-25**	**April-23**	**August-23**	**October-25**

Neoenergia Coelba and Neoenergia Cosern

On April 19, 2022, Neoenergia Coelba and Neoenergia Cosern were granted approval for tariff resets by Aneel, with an average effect for the consumer of 21.13% and 20.36%, respectively, in force as of April 22.

For Neoenergia Coelba, the variation of Parcel A was 11.69%, amounting to R$ 6,945.1 million, mainly impacted by the increases of 38.29% in sector charges and 10.60% in energy purchase costs. The average onlending price of energy purchase agreements was set at R$ 224.07/MWh. The variation of Parcel B was 14.14% (R$ 5,246.1 million), reflecting the year-to-date inflation (IGP-M) since the last tariff reset, of 14.77%, deducted from the Factor X of 0.63 %.

For Neoenergia Cosern, the variation of Parcel A was 10.76%, amounting to R$ 1,928.7 million, mainly impacted by the increases of 45.05% in sector charges and 9.46% in energy purchase costs. The average onlending price of energy purchasing agreements was set at R$ 242.32/MWh. The variation of Parcel B was 14.75% (R$ 1,200.6 million), reflecting the year-to-date inflation (IGP-M) since the last tariff reset, of 14.77%, deducted from Factor X of 0.02%.

Neoenergia Pernambuco

On April 26, Aneel approved the tariff reset of Neoenergia Pernambuco, with an average effect for the consumer of 18.98%, in force since April 29.

The variation of Parcel A was 10.58%, amounting to R$ 5,040.4 million, mainly impacted by the increases of 35.99% in sector charges and 9.48% in energy purchase costs. The average onlending price of energy purchase agreements was set at R$ 257.39/MWh. The variation of Parcel B was 14.82% (R$ 2,301.7 million), reflecting the year-to-date inflation (IGP-M) since the last tariff reset of 14.77%, deducted from the Factor X of -0.05%.

Neoenergia Elektro

On August 23, Aneel approved the tariff reset of Neoenergia Elektro, with an average effect of 15.77% for consumers, in force since August 27.

The use of tax credits referring to the exclusion of ICMS from the PIS/Cofins base, the early reversal to low tariffs of revenues exceeding demand and reactive surplus constituted until July 2022, the inflow of resources from CDE-Eletrobras and the deferral of the Itaipu bonus contributed to the reduction of the average effect for the consumer.

The variation of Parcel A was 21.48%, totaling R$ 6.41 billion, impacted by the increases of 41.89% in sector charges, 37.13% in transmission costs and 5.46% in costs with the purchase of energy. The variation of Parcel B was 9.32% (R$ 2.65 billion), a reflection of the year-to-date inflation (IGP-M) since the last tariff reset, of 10.08%, deducted from the Factor X of 0.76%.

Neoenergia Brasília

On November 1, Aneel approved the tariff reset of Neoenergia Brasília, with an average effect for the consumer, which includes exemptions that reduce the ICMS calculation base, of 11.17% enforced as of November 3, 2022. Parcel A was 15.0%, amounting to R$ 2,962.7 million, impacted by the increases of 29.1% in sector charges, with emphasis on CDE, and 9.4% in energy purchasing costs. The average onlending price of energy purchase contracts was set at R$ 273.32/MWh. The variation of Parcel B was 5.2% (R$ 583.7 million), reflecting the year-to-date inflation (IPCA) since the last tariff reset of 7.17%, deducted from the Factor X of 0.57%, as well as adjustments to the deductions recorded in Other Revenues and Revenues from Exceeding Demand and Reactive Surplus, without any deferral for future periods.

The tariff reset process had been postponed for 12 days by ANEEL, at the request of the distributor Neoenergia Brasília, in accordance with Ratifying Resolution No. 3.113 of October 18,2022, in view of the expectation that the Federal District Administration would set guidelines to regulate ICMS exemptions as provided for in Complementary Law No. 194 of June 23, 2022. Such regulation took place by means of the publication of Federal District Government Decree No. 43,893 of October 27, 2022, providing by means of the joint effect of the tariff reset with the ICMS reduction an effective average impact to be perceived by consumers of 11.17%.

3.1.1.2. Main Tariff discussions that took place throughout the year

Regulatory Capital Remuneration Rate – Weighted Average Capital Cost – WACC

On January 23rd, ANEEL published the updated values of the Regulatory Capital Remuneration Rates (WACC) of the Generation, Transmission and Distribution segments, applied to the proceedings initiated between March 2022 and February 2023. The WACC (actual, after taxes) applied to distributors in the period was 7.15%, while in 2021 it was approximately 7.02%; for transmission companies and quota plants it was 6.93%, while in 2021 it was approximately 6.76%.

Legal Framework Distributed Generation

On January 7, 2022, Law No. 14,300 was published, setting up the legal framework for Distributed Minigeneration and Microgeneration (MMGD). It was established that the units that already have MMGD and those that adhered within 12 months of the publication of this law would maintain the current benefit until December 2045. For consumers who adhered after 12 months of the publication of that law, a transition rule was foreseen with progressive partial charges each year until reaching, in 2029, the full collection of the tariff components that aim to remunerate the distributors (TUSD Fio B). Supplementation during the transition period will be provided by means of a subsidy with resources from the Energy Development Account (CDE).

Complementary Law nº 194 – ICMS

On June 23, Complementary Law No. 194/2022 was published establishing a ceiling for the ICMS rate on the fuel, gas, electricity, communications and public transportation sectors. The law limits the levy of the tax at 18% when classifying such services as essential. Additionally, pursuant to the presidential sanction, the provision for non-levy of ICMS on transmission and distribution services and their respective charges was maintained.

Extraordinary Tariff Review arising from Law No. 14,385/22

On July 13, new tariffs were ratified for Neoenergia Pernambuco, Neoenergia Coelba and Neoenergia Cosern, arising from the Extraordinary Tariff Review resulting from the enforcement of Law No. 14.385/2022, which provides for the return of amounts arising from final and unappealable lawsuits that provide for the exclusion of ICMS from the PIS/Cofins calculation base charged on the energy bill.

Given that Neoenergia's distributors had already proposed the early onlending of these credits in the previous tariff resets of 2021 and 2022, then the effect of the reduction in tariffs due to the new procedures was only related to the revision of the compensation projection of such credits in the next 12 months.

The table below shows the average effect on current tariffs perceived by consumers:

Neoenergia Coelba	Neoenergia Cosern	Neoenergia Pernambuco
-0.50%	-1.54%	-4.07%

Adjustment to the additional amounts of the Tariff Flags

Based on ANEEL Ratifying Resolution No. 3,051/2022, published on June 29, the new additional amounts of the Tariff Flags were set for the period from July 2022 to June 2023. The increase shown in the amounts is due to, among other factors, the data from the energy purchasing market during the period of lack of water in 2021, the cost of thermal dispatch due to the increase in fuel costs and monetary correction by the IPCA.

Additional (R$/MWh)	Green	Yellow	Red - Level I	Red - Level II
2021	-	18.74	39.71	94.92
2022	-	29.89	65.00	97.95
Var. %	**-**	**59.5%**	**63.7%**	**3.2%**

Table 1 – Comparison between new amounts and those previously in force

Onlending of CDE resources

On July 22, ANEEL released Dispatch No. 1,959, which set the amounts injected into the Energy Development Account (CDE) by Eletrobras, which should be transferred to distributors by 07/29/2022. This resource was transferred to the CDE pursuant to the provision contained in Law No. 14,182/2021 (privatization of Eletrobras), which conditioned the granting of new allowances to the payment, by Eletrobras or its subsidiaries, to the CDE, of 50% of the amount added to the concession by the new contracts. On 07/27/2022, Neoenergia's distributors received a total of R$ 829.38 million, which represents some 15.72% of total grants. Below are the figures by distributor:

DISCO	Apportionment Factor	CDE Transfer (R$)
Neoenergia Brasília	1.8149%	95,724,014.81
Neoenergia Cosern	3.5460%	187,028,131.86
Neoenergia Coelba	5.3708%	283,274,306.43
Neoenergia Cosern	1.5054%	79,399,929.41
Neoenergia Elektro	3.4878%	183,958,465.40

Over Contracting by Distributors – 2016 and 2017

On August 12, ANEEL released Order nº 2,168/2022, which partially accepted the requests for reconsideration filed by the distributors in the face of Order nº 2,508/2020, which ratified the amounts of exposure and involuntary over contracting of distribution agents for 2016 and 2017, claiming the use of an asymmetric criterion of involuntary behavior based on the value of the Spot Price, where the risk of losing would always be for the distributor and the gain would always be for the consumer. Additionally, in the analysis of the appeals filed by the distributors against said order, in Technical Note No. 121/2021, the technical department of ANEEL created a new rule to determine the involuntary migration to the ACL (free market) in 2016, in which it proposed only the recognition of the involuntary surplus above an arbitrary threshold of 102.5%.

Order nº 2.168/2022 recognized the hypothesis that there was retroactive application of a new interpretation, and altered the decision of Order nº 2,508/2022, standing against the positioning of the technical departments of ANEEL and excluding the asymmetric criterion based on the Spot Price value, a decision that favored Neoenergia Coelba. The order also created a precedent to limit innovations outside the current regulatory scope by the technical areas of ANEEL, opposing the creation of criteria that do not exist in the standard. This last decision favored Neoenergia Elektro.

3.1.1.3. Measures associated with Covid-19

Admissibility of Extraordinary Tariff Reviews (Covid-19)

On July 15, Order nº 1.890/2022 (SGT/ANEEL) was published, recognizing the admissibility of the requests for extraordinary tariff reviews arising from the Coronavirus pandemic of seven energy distribution concessionaires, including Neoenergia Pernambuco, Neoenergia Coelba, Neoenergia Cosern and Neoenergia Brasilia. This admissibility stage, which validates the compliance with the requirements for the RTE Covid claim, is provided for in the specific regulation. According to ANEEL, a proceeding was opened to analyze the merits of the requests. The next steps will be the presentation of a proposal by the technical department and the opening of public consultation.

3.1.1.4. Measures associated with the Water Crisis

Water Shortage Account

On January 14, ANEEL released Decree No. 10,939/2022, authorizing the creation of the Water Shortage Account by the Electric Energy Trading Chamber (CCEE). This account was intended to receive resources for total or partial coverage of additional costs arising from the situation of water scarcity for distributors, and deferrals established in recent tariff processes, associated with macroeconomic issues (inflation, exchange rate and high international fuel prices). On March 18, ANEEL defined the criteria and procedures for managing the Account and in May (1st onlending) R$ 371.6 million was released to Neoenergia's distributors.

End of Water Shortage Flag

In April, the Electric Sector Monitoring Committee (CMSE) defined that as of April 16, the collection of the Water Shortage Flag would end. This was created by the Chamber of Exceptional Rules for Hydro energetic Management (CREG) to cover the additional costs of coping with the lack of water.

3.1.1.5. Market Liberalization

On September 28, Ordinance No. 50/GM/MME was published, establishing that as of 01/01/2024, Group A consumers would be able to choose to purchase electricity from any SIN (Interconnected National System) electric power concessionaire, permit holder or authorized agent; and for those with an individual load of less than 500kW, the mandatory representation by a retail agent before the CCEE was thereby set forth.

3.1.2. Transmission

Transmission Auction nº 1/2022

On June 30, Transmission Auction No. 1/2022 was held with 13 lots auctioned and an average discount of 46.16%. Neoenergia won 2 lots: (i) Lot 2: for the implementation of a substation and transmission lines in the states of Minas

Gerais and São Paulo, with an offered value of R$ 360 million (50% discount); (ii) Lot 11: substation and transmission lines in the state of Mato Grosso do Sul, with an offered value of R$ 38.2 million (discount of 45.74%). The approval of the auction by ANEEL took place on the 23rd of August and the signing of the concession contracts on the 3rd of October.

Permitted Annual Revenues (RAP) of Transmission Companies for the 2022-2023 cycle

On July 14, Ratifying Resolution No. 3,067 was published, setting the Permitted Annual Revenues (RAP) of Transmission Companies for the 2022-2023 cycle. The value was readjusted by 19.6% compared to the previous cycle. The main reasons for that increase are the adjustment index provided for in the concession contracts, the expansion of the transmission system with the start of operation of 23 new contracts and authorized improvements, and the effects of revisions to the concessionaires' revenues. The overall result of the Basic Grid RAP for the 2022-2023 cycle amounts to R$ 41.9 billion.

3.1.3. Generation

Offshore Generation Regulation

On January 25, Decree nº 10,946/2022 was published. The decree provides for the assignment of the rights of use of physical spaces and use of natural resources in inland Federal Government waters, in the territorial sea, in the exclusive economic zone and on the continental platform for the generation of energy from an offshore project. Exploitation of this energy generation will require authorization from the Ministry of Mines and Energy (MME), by entering into an agreement for the assignment of the rights of use, which may be onerous where its purpose is exploiting an energy generation complex, and will be free of charge when its purpose is that of conducting research and technological development activities.

On October 20, Normative Ordinance No. 52/GM/MME was published, setting forth the complementary rules and procedures for the assignment of the onerous use for the exploitation of an offshore electric power generating complex in an energy independent production or self-production system. The Ordinance, which came into effect on November 1st, delegates to ANEEL powers to enter into the assignment of the rights of use agreement and carry out the necessary acts for its formalization.

On the same date, Inter-ministerial Ordinance MME/MMA No. 3 was also released, creating the Sole Portal for Managing the Use of Offshore Areas for Energy Generation (PUG-offshore). All requests and follow-up services for authorization to produce offshore energy must be concentrated on this portal.

Despite the publication of the ordinances, there are still complementary standards to be edited by the MME regarding the method of payment to the Union for the use of the public asset and the maximum limit of the rights to be assigned in the same assignment agreement.

Association of Chafariz Wind Complex and UFVs Luzia 2 and 3

On May 3, the request for associating the Chafariz Wind Complex (already in operation) with the Luzia 2 and 3 Photovoltaic Parks was deliberated and approved. ANEEL Normative Resolution nº 954/2021, which sets out the regulatory framework for hybrid and associated plants, prohibits the association between plants that already have an Agreement for the Use of Transmission (CUST) signed. However, exceptionally, as a transitional rule, the association between generating plants with signed CUSTs is foreseen, provided that the enforcement date of one of the agreements takes place after June 30, 2023.

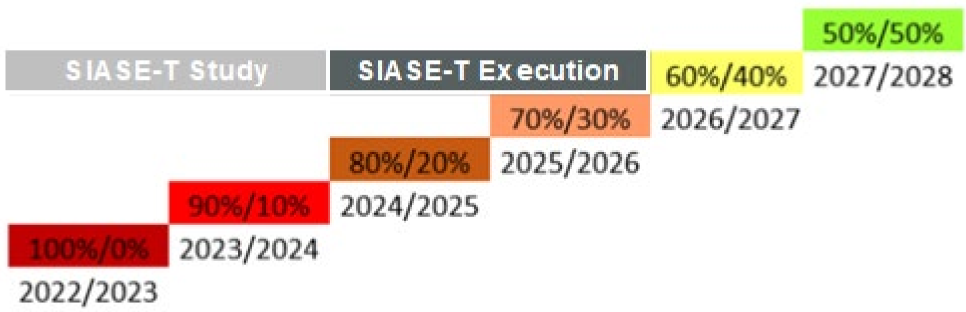
In order to enter into commercial operation in 2022, the photovoltaic parks Luzia 2 and 3 should add the CUST so that its enforcement could start in a period prior to that provided by the resolution. In order to guarantee the right of association, Neoenergia filed a request for a precautionary measure with ANEEL who granted the request. According to the decision, the addition of the CUSTs of Parks Luzia 2 and 3 occurred, at first, without changing the Amount for the Use of the Transmission System (MUST). Subsequently, the CUST Association will be entered into, so that the total contracted MUST of the complex will be reduced from 575 MW to 471 MW, ensuring an improvement to the project's profitability.

Approval of methodology for enhancing the locational signal

On June 30, ANEEL released Normative Resolution No. 1,024/2022 as a result of the 2nd phase of Public Consultation No. 39/2021, purpose of which was to improve the regulation regarding the locational signal of Tariffs for the Use of the Transmission System (TUST) and Tariffs for the Use of the Distribution System for generation plants (TUSDg) connected at 88 kV and 138 kV. This Resolution revoked REN 559/2013, thus ending the TUST stabilization mechanism for ten tariff cycles, and determined the application of the mechanism called floating tariff envelope, in which the TUSTs of the plants will be recalculated at each tariff cycle and upper and lower limits will be applied in order to reduce tariff volatility. As of July of the year of destabilization of each plant, a new TUST will be set, and will remain in force during one sole tariff cycle.

It should be noted that the projects that already have a stabilized TUST, either for ten tariff cycles or until the end of the grant, will have their rights preserved, that is, the destabilization and application of the new mechanism will only take place after the end of the stabilization period in effect.

On September 23, ANEEL published Normative Resolution No. 1,041/2022 as a result of the 3rd phase of Public Consultation No. 39/2021. It was decided to gradually intensify the location signal over five tariff cycles. The new methodology consists of weighting the TUST calculated by Alternative 1 (current methodology – dispatch by submarket) and Alternative 2A (Brazil dispatch + demand factor). This methodology will be used considering the transition period that follows:



In the 2022-23 cycle, TUST is calculated considering 100% Alt. 1 + 0% Alt. 2. Until the 2027-28 cycle the weighting of Alt. 2 is incremented in 10% steps. Simultaneously, the SIASE-T R&D will develop other TUST calculation methodologies, which will have their feasibility evaluated on a later date. The methodology will be applied to both new and existing generators.

In addition to the points discussed within the scope of Public Consultation – CP nº 39/2021, it is important to mention the impact of the result of CP nº 67/2021 on the recalculation of the TUST of some plants of the Neoenergia group. With the publication of Normative Resolution No. 559 in 2013, ANEEL set a transition period for generators, TUST of which was recalculated after the end of the stabilization period. According to the transition rule, in the recalculation cycle, the TUST applied will be equivalent to the sum of 1/3 of the new TUST and 2/3 of the old TUST; in the second cycle, the TUST applied will be equivalent to the sum of 2/3 of the new TUST and 1/3 of the old TUST; finally, in the third cycle, the TUST used will be equivalent to 100% of the new TUST.

As a result of CP 67/2021, ANEEL published Normative Resolution No. 1,021, in which the regulator decided that the previously described transition rule would only apply to plants that had TUST calculated and set pursuant to REN 559/2013. The Group's plants that were affected by the decision, that is, those that will not be subject to the application of the transition rule at the time of the recalculation are: EOL Caetité 2, EOL Caetité 3, UHE Baixo Iguaçu, UHE Teles Pires and UHE Belo Monte, given that they had their TUST defined pursuant to REN 267/2007.

Hydroelectric Plants – UHEs Physical Warranty Review

On December 2, the Ministry of Mines and Energy (MME) published Ordinance No. 709/2022, containing the new physical guarantee values for hydroelectric plants, valid as of January 1, 2023. The review covered 120 plants dispatched in a centralized manner by the National System Operator (NOS). In the case of Neoenergia, the UHEs Baguari, Corumbá III, Dardanelos, Itapebi and Teles Pires were eligible for review, as shown in the table below (values in average MW):

Plant	Current Physical guarantee	Physical guarantee from 01/01/2023	Change
Baguari	84.70	81.90	-2.80
Corumbá III	49.30	47.00	-2.30
Dardanelos	154.90	147.20	-7.70
Itapebi	209.10	202.10	-7.00
Teles Pires	939.40	964.20	+24.8
Total	**1,437.40**	**1,442.40**	**+5.0**

NOTE: Full amounts of physical guarantee - does not consider the percentage of Neoenergia's interest.

Rearrangement of the UHE Dardanelos Grant Period

On December 19, ANEEL Authorizing Resolution No. 13,297/2022 was published, referring to the rearrangement of the concession period for UHE Dardanelos requested in December 2020. The project, whose start date for supply as agreed in the “A-5” Auction of 2006, was frustrated due to the delay in the availability of the transmission system, was considered exempt from liability at the time of its start of commercial operation.

The resolution adds 220 days to the final term of the grant, which will be effective until August 11, 2043. It should be noted that, as the effectiveness of the 2,148-day extension resulting from Law No. 14,052/2020 has not yet taken place, it is necessary that the CCEE recalculates the “extension of the GSF” period to determine the effective final term of the UHE Dardanelos concession, which should be no earlier than June 28, 2049.

4. OPERATING PERFORMANCE

The Neoenergia Group has three segments, which are presented as follows: (i) Networks – distribution and transmission; (ii) Renewables – wind, hydroelectric and solar generation and (iii) Liberalized – thermal generation and energy commercialization.

4.1. NETWORKS

4.1.1. Distributors

4.1.1.1 Number of Consumers

Neoenergia distributors ended 2022 with 16 million active consumers. Compared to 2021, there was an increase of 295 thousand consumers (+1.9%). The table below reflects the number of active consumers at the end of 2022 by distributor.

Number of Customers (thousand)	4Q22						4Q21						VARIATION					
	Consolidated	NEOENERGIA COELBA	NEOENERGIA PERNAMBUCO	NEOENERGIA COSERN	NEOENERGIA ELEKTRO	NEOENERGIA BRASÍLIA	Consolidated	NEOENERGIA COELBA	NEOENERGIA PERNAMBUCO	NEOENERGIA COSERN	NEOENERGIA ELEKTRO	NEOENERGIA BRASÍLIA	Consolidated	NEOENERGIA COELBA	NEOENERGIA PERNAMBUCO	NEOENERGIA COSERN	NEOENERGIA ELEKTRO	NEOENERGIA BRASÍLIA
Residential	14,215	5,767	3,555	1,365	2,494	1,034	13,907	5,630	3,484	1,337	2,450	1,006	308	138	70	28	45	28
Industrial	37	10	5	1	20	1	40	13	5	1	20	1	(3)	(3)	0	0	(0)	(0)
Commercial	1,098	434	228	110	208	119	1,076	421	227	107	204	118	22	13	1	3	4	1
Rural	520	202	130	51	126	10	551	218	139	54	129	11	(31)	(16)	(9)	(3)	(3)	(0)
Other	168	69	33	28	31	6	167	70	34	27	31	7	1	(1)	(0)	1	1	(0)
Total	**16,037**	**6,482**	**3,950**	**1,555**	**2,879**	**1,171**	**15,742**	**6,352**	**3,888**	**1,526**	**2,833**	**1,143**	**295**	**130**	**62**	**29**	**46**	**28**

4.1.1.2. Market Evolution

Distributed energy (captive + free + supply) was 16,967 GWh in the 4Q22 (-1.4% vs. 4Q21) and 66,778 GWh in 2022 (-0.8% vs. 2021).

The distributed energy values by distributor and by type of customer are shown in the table below:

Distributed Energy (GWh)	NEOENERGIA COELBA			NEOENERGIA PERNAMBUCO			NEOENERGIA COSERN			NEOENERGIA ELEKTRO			NEOENERGIA BRASÍLIA			CONSOLIDATED		
	4Q22	4Q21	%	4Q22	4Q21	%	4Q22	4Q21	%	4Q22	4Q21	%	4Q22	4Q21	%	4Q22	4Q21	%
Residential	1,925	1,915	0.5%	1,389	1,412	(1.6%)	591	611	(3.3%)	1,235	1,293	(4.5%)	641	619	3.6%	5,780	5,850	(1.2%)
Industrial	218	236	(7.6%)	104	122	(14.8%)	46	55	(16.4%)	269	314	(14.3%)	10	15	(33.3%)	648	741	(12.6%)
Commercial	743	749	(0.8%)	520	555	(6.3%)	205	222	(7.7%)	501	543	(7.7%)	378	402	(6.0%)	2,346	2,471	(5.1%)
Rural	522	558	(6.5%)	139	183	(24.0%)	132	144	(8.3%)	209	281	(25.6%)	39	40	(2.5%)	1,040	1,206	(13.8%)
Others	665	650	2.3%	468	478	(2.1%)	158	156	1.3%	317	323	(1.9%)	316	295	7.1%	1,925	1,901	1.3%
Total Distributed Energy (captive)	**4,073**	**4,108**	**(0.9%)**	**2,620**	**2,750**	**(4.7%)**	**1,131**	**1,187**	**(4.7%)**	**2,531**	**2,753**	**(8.1%)**	**1,385**	**1,371**	**1.0%**	**11,740**	**12,169**	**(3.5%)**
Free Market + Supply	1,378	1,279	7.7%	1,030	1,058	(2.6%)	385	370	4.1%	2,109	2,018	4.5%	325	313	3.8%	5,227	5,036	3.8%
Total Distributed Energy (captive + free market)	**5,451**	**5,387**	**1.2%**	**3,650**	**3,808**	**(4.1%)**	**1,516**	**1,557**	**(2.6%)**	**4,640**	**4,771**	**(2.7%)**	**1,710**	**1,684**	**1.5%**	**16,967**	**17,207**	**(1.4%)**

Distributed Energy (GWh)	NEOENERGIA COELBA			NEOENERGIA PERNAMBUCO			NEOENERGIA COSERN			NEOENERGIA ELEKTRO			NEOENERGIA BRASÍLIA			CONSOLIDATED		
	2022	2021	%	2022	2021	%	2022	2021	%	2022	2021	%	2022	2021	%	2022	2021	%
Residential	7,536	7,614	(1.0%)	5,394	5,454	(1.1%)	2,350	2,439	(3.6%)	5,021	5,159	(2.7%)	2,448	2,458	(0.4%)	22,749	23,123	(1.6%)
Industrial	839	985	(14.8%)	445	500	(11.0%)	198	235	(15.7%)	1,125	1,222	(7.9%)	42	63	(33.3%)	2,648	3,005	(11.9%)
Commercial	2,989	2,878	3.9%	2,098	2,119	(1.0%)	821	854	(3.9%)	2,097	2,078	0.9%	1,466	1,494	(1.9%)	9,471	9,423	0.5%
Rural	2,102	2,328	(9.7%)	506	678	(25.4%)	397	476	(16.6%)	889	1,133	(21.5%)	144	152	(5.3%)	4,038	4,768	(15.3%)
Others	2,569	2,549	0.8%	1,849	1,863	(0.8%)	608	604	0.7%	1,280	1,292	(0.9%)	1,290	1,216	6.1%	7,595	7,523	1.0%
Total Distributed Energy (captive)	**16,035**	**16,355**	**(2.0%)**	**10,292**	**10,614**	**(3.0%)**	**4,374**	**4,607**	**(5.1%)**	**10,411**	**10,883**	**(4.3%)**	**5,390**	**5,382**	**0.1%**	**46,502**	**47,841**	**(2.8%)**
Free Market + Supply	5,346	4,910	8.9%	3,954	3,993	(1.0%)	1,470	1,424	3.2%	8,285	7,832	5.8%	1,220	1,322	(7.7%)	20,276	19,482	4.1%
Total Distributed Energy (captive + free market)	**21,381**	**21,265**	**0.5%**	**14,246**	**14,607**	**(2.5%)**	**5,844**	**6,031**	**(3.1%)**	**18,696**	**18,715**	**(0.1%)**	**6,610**	**6,704**	**(1.4%)**	**66,778**	**67,323**	**(0.8%)**

NOTE: Merely for the purpose of comparison, Neoenergia Brasília considers data from 01/01/21 to 03/01/2021, period prior to its merger.

In the 4Q22, residential consumption decreased in three of the five distribution companies, consolidating 5,780 GWh, 1.2% below that recorded in the 4Q21 and 22,749 GWh in 2022 (-1.6% vs. 2021), mainly influenced by lower temperatures and greater rainfall.

Consumption by the captive industrial class decreased by 12.6% in the 4Q22 vs. 4Q21. However, when free consumption is incorporated into the performance of this class, there is an increase of 1.7% in the 4Q22 and 1.9% in 2022, mainly explained by the sectors of extraction of metal minerals, paper and derivatives, oil and natural gas, and chemicals.

The captive commercial class consolidated 2,346 GWh in the 4Q22, -5.1% vs. 4Q21 and 9,471 GWh in the year, +0.5% vs. 2021 with emphasis on the 3.9% growth in Neoenergia Coelba.

The rural class showed a reduction of 13.8% vs. the 4Q21 and 15.3% vs. 2021, due to the higher volume of rainfall in the year, which generated lower demand for irrigation.

The other classes (public service, public administration, street lights and own use) totaled an increase of 1.3% in the 4Q22 vs. 4Q21 and 1.0% in 2022 vs. 2021, with emphasis on the Public Administration class.

4.1.1.3. Energy Balance

The injected energy in the 4Q22 was 19,350 GWh (-1.8% vs. 4Q21) and 76,107 GWh in 2022 (-1.2% vs. 2021) impacted by lower temperatures and higher rainfall, in addition to distributed generation. It is important to highlight that the impact of the increase in generation distributed in all concessions will be considered in the sizing of the market in the next tariff reviews, which will start in April 2023 (Neoenergia Coelba and Neoenergia Cosern) and August 2023 (Neoenergia Elektro).

ENERGY BALANCE (GWh)	4Q22	4Q21	4Q22 x 4Q21		2022	2021	2022 x 2021	
			Diff	%			Diff	%
CONSOLIDATED								
Captive Market	11,740	12,169	(429)	(3.5%)	46,502	47,841	(1,339)	(2.8%)
Free Market + Supply	5,227	5,036	191	3.8%	20,276	19,482	794	4.1%
Distributed Energy (A)	16,967	17,207	(240)	(1.4%)	66,778	67,323	(545)	(0.8%)
Lost Energy (B)	2,302	2,461	(159)	(6.5%)	9,334	9,788	(454)	(4.6%)
Non-billed (C)	81	42	39	92.9%	(6)	(68)	62	NA
Injected Energy (D) = (A) + (B) + (C)	19,350	19,710	(360)	(1.8%)	76,107	77,042	(935)	(1.2%)
NEOENERGIA COELBA								
Captive Market	4,073	4,108	(35)	(0.9%)	16,035	16,355	(320)	(2.0%)
Free Market + Supply	1,378	1,279	100	7.7%	5,346	4,910	436	8.9%
Distributed Energy (A)	5,451	5,387	64	1.2%	21,381	21,265	116	0.5%
Lost Energy (B)	922	935	(12)	(1.4%)	3,666	3,845	(178)	(4.7%)
Non-billed (C)	(58)	(73)	15	(20.5%)	32	(162)	194	NA
Injected Energy (D) = (A) + (B) + (C)	6,315	6,248	67	1.1%	25,080	24,948	132	0.5%
NEOENERGIA PERNAMBUCO								
Captive Market	2,620	2,750	(130)	(4.7%)	10,292	10,614	(322)	(3.0%)
Free Market + Supply	1,030	1,058	(27)	(2.6%)	3,954	3,993	(39)	(1.0%)
Distributed Energy (A)	3,650	3,808	(158)	(4.1%)	14,246	14,607	(361)	(2.5%)
Lost Energy (B)	680	802	(122)	(15.2%)	2,835	3,045	(210)	(6.9%)
Non-billed (C)	122	69	53	76.8%	53	(25)	78	NA
Injected Energy (D) = (A) + (B) + (C)	4,452	4,679	(227)	(4.9%)	17,135	17,628	(493)	(2.8%)

NEOENERGIA COSERN

Captive Market	1,131	1,187	(56)	(4.7%)	4,374	4,607	(233)	(5.1%)
Free Market + Supply	385	370	16	4.1%	1,470	1,424	46	3.2%
Distributed Energy (A)	1,516	1,557	(41)	(2.6%)	5,844	6,031	(187)	(3.1%)
Lost Energy (B)	140	178	(38)	(21.3%)	546	656	(110)	(16.8%)
Non-billed (C)	37	37	0	-	(24)	(0)	(24)	NA
Injected Energy (D) = (A) + (B) + (C)	1,693	1,772	(79)	(4.5%)	6,366	6,686	(320)	(4.8%)

NEOENERGIA ELEKTRO

Captive Market	2,531	2,753	(222)	(8.1%)	10,411	10,883	(472)	(4.3%)
Free Market + Supply	2,109	2,018	91	4.5%	8,285	7,832	453	5.8%
Distributed Energy (A)	4,640	4,771	(131)	(2.7%)	18,696	18,715	(19)	(0.1%)
Lost Energy (B)	342	325	17	5.2%	1,399	1,301	98	7.5%
Non-billed (C)	5	(17)	22	NA	(63)	60	(123)	NA
Injected Energy (D) = (A) + (B) + (C)	4,987	5,079	(92)	(1.8%)	20,032	20,076	(44)	(0.2%)

NEOENERGIA BRASÍLIA

Captive Market	1,385	1,371	14	1.0%	5,390	5,382	8	0.1%
Free Market + Supply	325	313	12	3.8%	1,220	1,322	(102)	(7.7%)
Distributed Energy (A)	1,710	1,684	26	1.5%	6,610	6,704	(94)	(1.4%)
Lost Energy (B)	218	222	(4)	(1.8%)	888	941	(52)	(5.6%)
Non-billed (C)	(25)	26	(51)	NA	(4)	59	(64)	NA
Injected Energy (D) = (A) + (B) + (C)	1,903	1,932	(29)	(1.5%)	7,494	7,704	(210)	(2.7%)

NOTE: Merely for the purpose of comparison, Neoenergia Brasília considers data from 01/01/21 to 03/01/2021, period prior to its merger.

4.1.1.4. Losses

Energy losses are monitored by using a percentage index that calculates the ratio between injected energy and billed energy, accumulated over a 12-month period. Based on this methodology, we show below the evolution of the indicator and the comparison with the tariff coverage.

DISCOS	Losses 12 months (%)															
	Technical Loss					Non-Technical Loss					Total Losses					
	4Q21	1Q22	2Q22	3Q22	4Q22	4Q21	1Q22	2Q22	3Q22	4Q22	4Q21	1Q22	2Q22	3Q22	4Q22	ANEEL 2022
NEOENERGIA COELBA	10.63%	10.63%	10.63%	10.66%	10.61%	4.14%	4.49%	4.47%	3.90%	4.01%	14.77%	15.12%	15.09%	14.56%	14.63%	14.24%
NEOENERGIA PERNAMBUCO	8.20%	8.38%	8.53%	8.60%	8.60%	8.93%	8.73%	8.61%	8.17%	7.98%	17.13%	17.11%	17.14%	16.77%	16.58%	14.97%
NEOENERGIA COSERN	8.39%	8.37%	8.32%	8.36%	8.28%	1.39%	1.27%	0.83%	0.23%	-0.17%	9.78%	9.63%	9.14%	8.59%	8.12%	10.72%
NEOENERGIA ELEKTRO	5.95%	6.09%	6.02%	5.99%	5.98%	0.59%	0.34%	0.27%	0.40%	0.60%	6.55%	6.43%	6.28%	6.39%	6.57%	7.95%
NEOENERGIA BRASÍLIA	7.48%	7.63%	7.77%	8.04%	8.22%	5.25%	5.02%	4.63%	4.14%	3.21%	12.73%	12.65%	12.40%	12.18%	11.42%	11.78%

DISCOS	Total Losses 12 months (GWh)															
	Technical Loss					Non-Technical Loss					Total Losses					
	4Q21	1Q22	2Q22	3Q22	4Q22	4Q21	1Q22	2Q22	3Q22	4Q22	4Q21	1Q22	2Q22	3Q22	4Q22	ANEEL 2022
NEOENERGIA COELBA	2,652	2,640	2,657	2,666	2,662	1,033	1,115	1,116	975	1,006	3,685	3,754	3,773	3,641	3,668	3,546
NEOENERGIA PERNAMBUCO	1,446	1,470	1,496	1,493	1,474	1,574	1,531	1,511	1,418	1,367	3,020	3,002	3,007	2,911	2,842	2,509
NEOENERGIA COSERN	561	555	546	539	527	93	84	54	15	(11)	654	639	600	553	517	701
NEOENERGIA ELEKTRO	1,195	1,225	1,214	1,206	1,197	119	68	54	80	120	1,314	1,293	1,268	1,285	1,317	1,614
NEOENERGIA BRASÍLIA	577	584	591	605	616	404	384	353	312	240	981	968	944	917	856	882

NOTE: (1) Due to the fact that the calculation period for the December 2022 loss indicator falls after the disclosure period of this report, the data presented are estimated. The 2021 indicators were adjusted for the final calculation. The table in 2Q22, 3Q22 and 4Q22 normalizes the impact of ANEEL Normative Resolution 1000/2021.

Total losses continued on a downward course in the last 12 months and retreated in three of the five distributors when compared to the 3Q22, with emphasis on Neoenergia Brasília, which met the regulatory limit 2 years ahead of the acquisition business plan schedule. Neoenergia Coelba and Neoenergia Pernambuco continue to seek regulatory levels.

As of the 2Q22, losses were affected by ANEEL Normative Resolution 1000/2021, which extended the period of full defense, thus increasing the period between inspections and invoice issuance, which increases the unbilled amount, affecting the loss indicator. This effect is temporary and will carry over into the 12-month view. Furthermore, there is no impact on the Company's Economic Result.

Neoenergia Coelba showed total 12-month losses in the 4Q22 of 14.75%, which excluding the impact of REN 1000 would be 14.63%, in line with the 3Q22, and is on track to reach the regulatory level of 14.24%.

At Neoenergia Pernambuco, total 12-month losses ended the 4Q22 at 16.86%, which excluding the impact of the REN 1000 it would be 16.58%, below the level of the 3Q22. Neoenergia Pernambuco is also seeking the regulatory level of 14.97%.

The total 12-month losses at Neoenergia Cosern ended the period at 8.19%, which excluding the impact of the REN 1000 it would be 8.12%, lower than that of the 3Q22 level, thus remaining below the regulatory limit of 10.72%.

Neoenergia Elektro ended the 4Q22 at 6.67%, and excluding the impact of the REN 1000 it would be 6.57%, in line with the 3Q22 and below its regulatory limit of 7.95%.

Finally, and the highlight of the quarter, in the 4Q22, Neoenergia Brasília achieved the goal of bringing the level of losses below its regulatory limit of 11.78% 2 years ahead of the business plan assumption of meeting that limit in 3 years. The distribution company recorded 12-month losses of 11.79%, which without the impact of the REN 1000 it would be 11.42%, the 8th consecutive quarter of reductions in the indicator, a reflection of the turnaround that has been carried out and consequent consolidation of the management of the Neoenergia Group.

In 2022, the anti-loss actions that follow were carried out at Neoenergia Coelba, Neoenergia Pernambuco, Neoenergia Cosern and Neoenergia Elektro:

i. More than 460 thousand inspections were carried out, recovering more than 352 GWh;

ii. Replacement of more than 452,000 obsolete meters with more modern equipment;

iii. Regularization of more than 119,000 illegal connections; and

iv. Survey and Inspection of Street Lights at more than 903 thousand points, recovering more than 65 GWh.

At Neoenergia Brasília, the actions that follow are worthy of highlight for 2022:

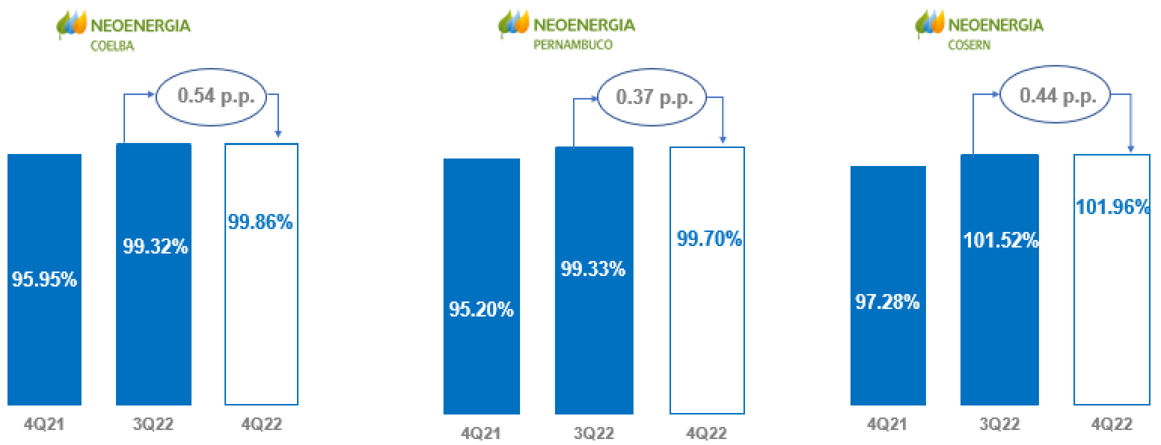
i. More than 97 thousand inspections in consumer units, recovering more than 88 GWh;

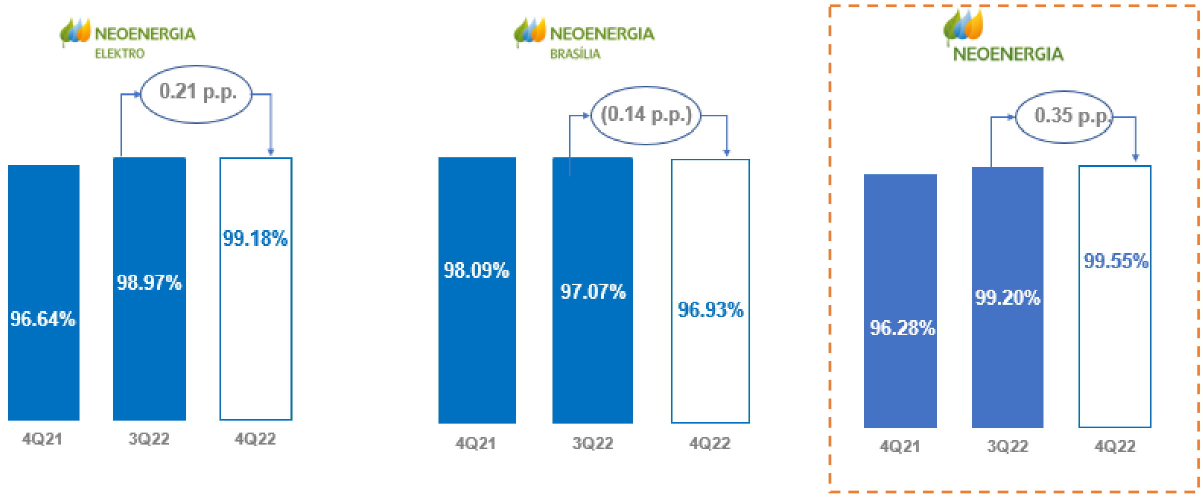
ii. Regularization of more than 10 thousand illegal connections; and

iii. Replacement of more than 21 thousand obsolete energy meters with more modern equipment.

4.1.1.5. Collection and default

The charts below display the collection rate, which is the ratio between the collection of the last 12 months over past due bills and Neoenergia's 12-month billing.





Note: the methodology for calculating Neoenergia Brasília's collection index has been adjusted to match that of the other distributors of the Group.

Based on the charts above, one can see that the collection levels in the 12-month view remain high, confirming the success of collection actions. The consolidated collection rate was 99.55% in the 4Q22 (+0.35 p.p. vs. 3Q22 and +3.27 p.p. above the 4Q21).

PECLD/ ROB		4Q21	1Q22	2Q22	3Q22	4Q22	4Q21 x 4Q22	2022	2021	Var.	Regulatory Limit
NEOENERGIA COELBA	*ROB*	3.761	3.871	3.756	3.322	3.502	*(6,90%)*	14.450	13.553	6,62%	14.450
	PECLD	42	55	50	44	45	*6,92%*	194	165	17,20%	234
	Default	**1,12%**	**1,41%**	**1,33%**	**1,33%**	**1,28%**	**0,17 p.p.**	**1,34%**	**1,22%**	**0,12 p.p.**	**1,62%**
NEOENERGIA PERNAMBUCO	*ROB*	2.603	2.555	2.367	2.021	2.223	*(14,60%)*	9.166	9.249	(0,90%)	9.166
	PECLD	57	58	49	51	38	*(34,08%)*	195	176	11,11%	153
	Default	**2,20%**	**2,25%**	**2,06%**	**2,54%**	**1,70%**	**(0,50 p.p.)**	**2,13%**	**1,90%**	**0,23 p.p.**	**1,67%**
NEOENERGIA COSERN	*ROB*	1.028	980	914	849	939	*(8,69%)*	3.682	3.652	0,83%	3.682
	PECLD	3	(2)	8	3	3	*9,94%*	12	7	62,63%	21
	Default	**0,30%**	**(0,21%)**	**0,88%**	**0,30%**	**0,36%**	**0,06 p.p.**	**0,32%**	**0,20%**	**0,12 p.p.**	**0,57%**
NEOENERGIA ELEKTRO	*ROB*	2.713	2.949	2.417	2.335	2.672	*(1,51%)*	10.374	9.769	6,19%	10.374
	PECLD	27	23	14	21	30	*12,43%*	88	87	0,34%	52
	Default	**0,99%**	**0,77%**	**0,56%**	**0,91%**	**1,13%**	**0,14 p.p.**	**0,85%**	**0,89%**	**(0,05 p.p.)**	**0,50%**
NEOENERGIA BRASÍLIA	*ROB*	1.246	1.225	1.092	942	1.122	*(9,97%)*	4.381	4.197	4,38%	4.381
	PECLD	(14)	(1)	2	15	9	*NA*	24	(36)	NA	*25*
	Default	**(1,16%)**	**(0,10%)**	**0,16%**	**1,58%**	**0,76%**	**1,92 p.p.**	**0,55%**	**(0,86%)**	**1,41 p.p.**	**0,56%**

NOTE: Provision for delinquency (PECLD) considers the accrued amount + restatement. Data regarding Neoenergia Brasília prior to 03/02/21 are shown merely for the effect of comparison

In the 4Q22, several collection actions were carried out at Neoenergia Coelba, Neoenergia Pernambuco, Neoenergia Cosern and Neoenergia Elektro in order to reduce the default rate and consequently improve collection. Among them, we point out:

i. Carrying out of 403 thousand supply interruptions by way of actions in georeferenced areas, mapping the location of customers with the highest rates of default in order to optimize actions;

ii. Follow-up of 93 thousand customers' facilities that had supply interrupted and did not request a reconnection fee, in order to avoid losses in the process due to fraud or disconnections;

iii. Negative entries of 3.3 million consumers;

iv. 3.6 million outsourced collections by collection advisory services;

v. Telephone collections totaling 47 million contacts via SMS and IVR;

vi. Collection via e-mail amounting to 34 million contacts;

vii. Systematic actions for Large Customers and negotiations with public agencies;

viii. Use of new technologies in order to make available the option to pay energy bills using a debit card and also, for customers with two or more outstanding bills, payment using a credit card;

ix. Negotiation campaign for debts overdue for more 180 days.

It is worthy of pointing out the actions implemented at Neoenergia Brasília in the quarter:

i. Carrying out of 31.7 thousand supply interruptions at commercial and industrial customers;

ii. Follow-up of 12.6 thousand facilities of customers who had supply interrupted and did not request the reconnection fee;

iii. Negative entries of 190 thousand consumers in SPC, Serasa and Boa Vista;

iv. Protests of de 236 titles with registry offices;

v. 864 thousand outsourced collections by collection advisory services;

vi. Collection of 4.3 million customers contacted via SMS and IVR;

vii. 2.8 million e-mail collections;

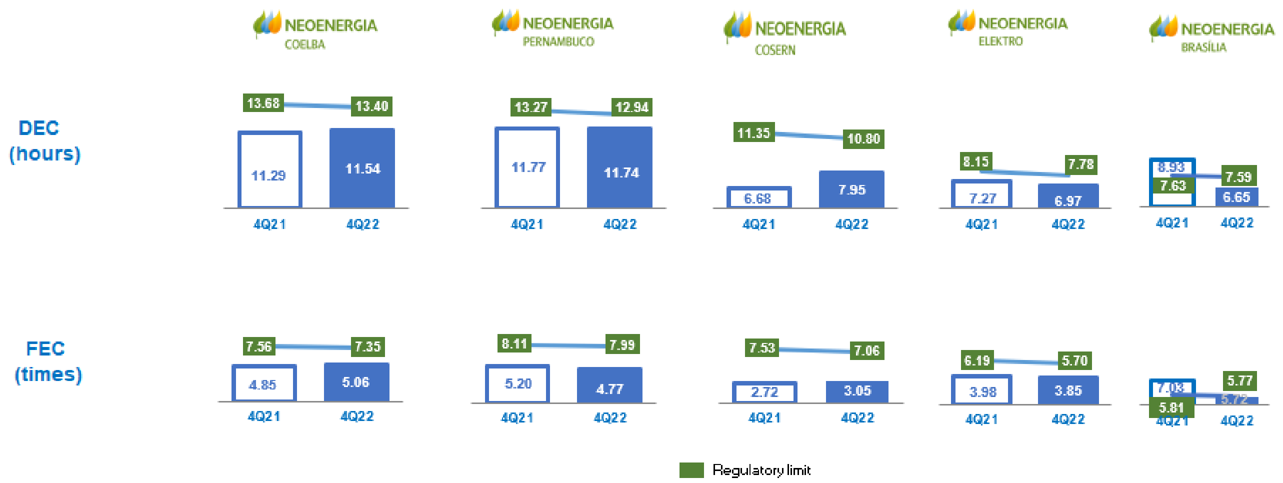
viii. Systematic actions for Large Customers and negotiations with government agencies;

ix. Use of new technologies in order to make available the option to pay energy bills using debit and credit cards;

x. Negotiation campaign for debts overdue for more 180 days.

4.1.1.6. DEC and FEC (12 months)

The quality of the energy supply is verified mainly by the indicators DEC - Equivalent Interruption Duration per Consumer and FEC - Equivalent Interruption Frequency per Consumer, which measure failures in the distribution network. All distributors are below the regulatory limit for both DEC and FEC. Highlight for Neoenergia Brasília, which met the DEC limit in this quarter and the FEC since the 1Q22. It is worth remembering that in the business plan for the acquisition, these indicators were anticipated to attain the limit by 2023. One-off worsening in the indicators of Neoenergia Coelba and Neoenergia Cosern when compared to the same period of the previous year due to heavy rains in 2022.



NOTE: Indicators 12 months without supplier. Due to the fact that the period for calculating the quality indicators falls after the publication period of this report, the data showed are estimated. The 2021 indicators were adjusted for the final calculation.

4.1.2. Transmission Lines

4.1.2.1. Transmission Assets in operation

In the 4T22, nine transmission assets were operating (Afluente T, Narandiba, Potiguar Sul, Atibaia, Biguaçu, Sobral, Dourados, Jalapão and Santa Luzia).

Dec/2019 auction

In January 2023 the Rio Formoso line also started operation. Powered in December 2022, with the release of RAP in 2023, the lot was delivered with 25% of Capex savings compared to Aneel estimate, and 14 months ahead of the regulatory term, confirming once more Neoenergia operational ability.

Auction	Lot	Name	Location	Extension (Km)	Substation	RAP² (R$ MM)	Operation Start	Line Availability Rate (%)			
								2019	2020	2021	2022
-	-	Afluente T	BA	489	3 substations	68	1990	99.88	99.97	99.83	99.90
Auction Jun' 08	E	Narandiba¹	BA	-	1 substation	16	Jun' 11	99.94	99.97	99.98	99.95
Auction Jun' 11	G	Extremoz II¹	BA	-	1 substation	5	Sep' 14	100.00	100.00	99.98	99.95
Auction May' 12	D	Brumado II¹	RN	-	1 substation	5	Jul' 15	99.94	99.97	99.98	99.95
Auction Jan' 13	G	Potiguar Sul	RN/PB	190	-	32	Nov' 16	99.68	99.93	99.98	99.91
Auction Abr' 17	4	Dourados	MS	581	1 substation	89	Aug' 21	-	-	99.98	99.99
Auction Abr' 17	20	Atibaia	SP	-	1 substation	18	Dez' 19	-	99.99	99.90	100.00
Auction Abr' 17	22	Biguaçu	SC	-	1 substation	18	Jul' 20	-	100.00	99.92	99.97
Auction Abr' 17	27	Sobral	CE	-	1 substation	16	Jan' 20	-	100.00	99.98	99.99
Auction Dec' 17	6	Santa Luzia	CE/PB	345	1 substation	76	Nov' 21	-	-	-	100.00
Auction Dec' 17	4	Jalapão	BA/TO/PI/MA	728	-	167	Jan' 22	-	-	-	99.99
Auction Dec' 19	9	Rio Formoso	BA	210	2 substations	22	Jan' 23	-	-	-	-

NOTE: Afluente T arised from the deverticalization of Neoenergia Coelba.
¹ Narandiba consists of 3 substations: SE Narandiba, SE Extremoz II and SE Brumado II.
² RAP ratified (2022-2023 Cycle). RAP Afluente T: R$ 61.1 M Active RAP and R$6.4 M RAP Anticipated (reinforcements).

The limit set out by the National System Operator (ONS) stipulates availability between 95% and 98% as normal. This indicator guides the quality of service assessed by ANEEL based on the availability of the transmission system. In the last four years, the group's transmission lines have been available above the upper limit defined by ONS, pursuant to the table above.

4.1.2.2. Environmental Licenses and Progress of Transmission Assets Construction

Transmission Projects Status				LICENSES LP	LI	LO	RAP (1) R$ (MN)	CAPEX Aneel R$ (MN)	Entry in Operation (Aneel)	End of Concession
Auction Dec'2018	Lot 2	Guanabara	81%	✓	✓	▲	149	1,331	Mar'24	Mar'49
	Lot 3	Itabapoana	85%	✓	✓	▲	88	754	Mar'24	Mar'49
	Lot 1	Vale do Itajaí	52%	✓	✓	▲	247	2,792	Mar'24	Mar'49
	Lot 14	Lagoa dos Patos	61%	□	□	□	154	1,215	Mar'24	Mar'49
Auction Dec'2020	Lot 2	Morro do Chapéu	9%	✓	✓	▲	192	1,997	Mar'26	Mar'51
Auction Dec'2021	Lot 4	Estreito	21%	N/A	N/A	N/A	41	661	Mar'26	Mar'51
Auction Jun´2022	Lot 2	Alto Paranaiba	1%	▲	▲	▲	360	4,938	Set'27	Set'52
	Lot 11	Paraíso	1%	✓	□	▲	38	499	Set'26	Set'52

(1) RAP 2022/2023 cycle.

Completed	✓
Partially Completed	□
In progress	○
To be started	▲

LP = Preliminary License

LI = Installation License

LO = Operational License

Below is the status of transmission lots projects currently under construction:

December/2018 auction:

- Lot 1 (Vale do Itajaí) – Licenses granted for all substations and transmission lines. Works in progress in all sections.
- Lot 2 (Guanabara) – Licenses granted for all substations and transmission lines. Works in progress in all sections.
- Lot 3 (Itabapoana) – Licenses issued. Works in progress.
- Lot 14 (Lagoa dos Patos) – Approval of Installation license (IL) for section 6 underway (LT Siderópolis 2 – Forquilhinha). Works of LT Sta. Maria – Livramento and LT Povo Novo – Guaíba 3 in progress, operation anticipated to start in 2023. Pending PL – Prior License for the section Capivari do Sul - Siderópolis 2 corresponding to 36% of the RAP of the lot.

December/2020 auction:

- Lot 2 (Morro do Chapéu) – Licenses granted for all sections. Medeiros Neto substation works in progress and mobilization started on the works of the transmission line.

December/2021 auction:

- Waiver of licensing issued by the environmental agency and works in progress.

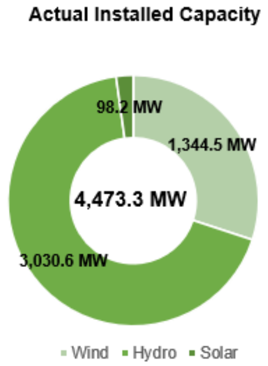
June/2022 auction:

- Lot 2 (Alto Paranaiba) – Concession agreement entered into on 09/30/22. Executive design in progress and 92% of Capex contracted, with currency and commodity hedging.

- Lot 11 (Paraíso) – Concession contract entered into on 09/30/22. Executive design in progress. PL already completed and IL ratified by the agency. The rectification of PSAs (Plant Suppression Authorization) is under analysis. 97% of Capex contracted, hedged with currencies and commodities.

4.2. Renewables

The assets in operation and under construction amount to 44 wind farms, 7 hydroelectric plants and e 2 solar parks.



4.2.1. Wind Farms and Solar Parks

The Company ended 2022 with 42 wind farms in operation with an installed capacity of 1,345 MW and 2 solar parks with an installed capacity of 98 MW.

The portfolio of wind assets will total 1.6 GW in the coming months, of which 51% will be allocated to the Regulated Contracting Environment (ACR) and 49% to the Free Contracting Environment (ACL), in line with the positioning strategy in the Brazilian energy market liberalization.

Wind in Operation	Neoenergia Share (Direct and Indirect)	State	Location	Installed Capacity (MW)	Assured Energy (MW)	Concession Date	End of Concession
EOL Caetité 1	100%	BA	Caetité	30.0	13.0	10/29/2012	10/28/2042
EOL Caetité 2	100%	BA	Caetité	30.0	14.7	2/7/2011	2/6/2046
EOL Caetité 3	100%	BA	Caetité	30.0	11.2	2/24/2011	2/23/2046
EOL Calango 1	100%	RN	Bodó e Santana do Mato	30.0	13.9	4/28/2011	4/27/2046
EOL Calango 3	100%	RN	Bodó, Santana do Mato e Lagoa Nova	30.0	13.9	5/30/2011	5/29/2046
EOL Rio do Fogo (ENERBRASIL)	100%	RN	Rio do Fogo	49.3	17.9	12/19/2001	12/18/2031
EOL Arizona 1	100%	RN	Rio do Fogo	28.0	12.9	3/4/2011	3/3/2046
EOL Mel 2	100%	RN	Areia Branca	20.0	8.8	2/28/2011	2/27/2046
EOL Calango 6	100%	RN	Bodó e Cerro Corá	30.0	18.5	11/20/2014	11/19/2049
EOL Santana 1	100%	RN	Bodó, Lagoa Nova e Cerro Corá	30.0	17.3	11/14/2014	11/13/2049
EOL Santana 2	100%	RN	Bodó e Lagoa Nova	24.0	13.1	11/14/2014	11/13/2049
EOL Calango 2	100%	RN	Bodó	30.0	12.8	5/9/2011	5/8/2046
EOL Calango 4	100%	RN	Bodó	30.0	13.5	5/19/2011	5/18/2046
EOL Calango 5	100%	RN	Bodó	30.0	13.7	6/2/2011	6/1/2046
EOL Canoas	100%	PB	São José do Sabugi e Junco do Seridó	31.5	17.7	8/4/2015	8/3/2050
EOL Lagoa 2	100%	PB	São José do Sabugi e Santa Luzia	31.5	17.5	8/4/2015	8/3/2050
EOL Lagoa 1	100%	PB	São José do Sabugi e Santa Luzia	31.5	18.7	8/4/2015	8/3/2050
CHAFARIZ 1	100%	PB	Santa Luzia	34.7	18.2	6/21/2018	6/20/2053
CHAFARIZ 2	100%	PB	Santa Luzia	34.7	17.4	6/21/2018	6/20/2053
CHAFARIZ 3	100%	PB	Santa Luzia	34.7	18.2	6/21/2018	6/20/2053
CHAFARIZ 4	100%	PB	Santa Luzia e Areia de Baraúnas	34.7	17.8	2/5/2019	2/4/2054
CHAFARIZ 5	100%	PB	Santa Luzia	34.7	16.6	2/5/2019	2/4/2054
CHAFARIZ 6	100%	PB	Santa Luzia	31.2	15.2	6/21/2018	6/20/2053
CHAFARIZ 7	100%	PB	Santa Luzia	34.7	18.3	6/21/2018	6/20/2053
LAGOA 3	100%	PB	São José do Sabugi	34.7	17.2	6/26/2018	6/25/2053
LAGOA 4	100%	PB	São José do Sabugi e Santa Luzia	20.8	10.2	6/26/2018	6/25/2053
CANOAS 2	100%	PB	São José do Sabugi e Santa Luzia	34.7	16.3	6/26/2018	6/25/2053
CANOAS 3	100%	PB	São José do Sabugi e Santa Luzia	34.7	16.8	2/5/2019	2/4/2054
CANOAS 4	100%	PB	São José do Sabugi	34.7	16.5	6/26/2018	6/25/2053
VENTOS DE ARAPUÁ 1	100%	PB	Areia de Baraúnas	24.3	11.6	2/5/2019	2/4/2054
VENTOS DE ARAPUÁ 2	100%	PB	Areia de Baraúnas, São Mamede e Santa Luzia	34.7	17.2	2/5/2019	2/4/2054
VENTOS DE ARAPUÁ 3	100%	PB	Areia de Baraúnas e São Mamede	13.9	5.8	2/5/2019	2/4/2054
OITIS 1	100%	PI	Dom Inocêncio	49.5	26.1	11/29/2019	11/28/2054
OITIS 2	100%	PI/BA	Dom Inocêncio	27.5	14.3	12/24/2019	12/23/2054
OITIS 3	100%	PI/BA	Dom Inocêncio	49.50	24.4	12/24/2019	12/23/2054
OITIS 4	100%	PI/BA	Dom Inocêncio	49.50	24	12/24/2019	12/23/2054
OITIS 5	100%	PI/BA	Dom Inocêncio	49.5	23.8	12/24/2019	12/23/2054
OITIS 6	100%	PI/BA	Dom Inocêncio	49.50	24.3	12/24/2019	12/23/2054
OITIS 7	100%	PI/BA	Dom Inocêncio	49.5	25.6	12/24/2019	12/23/2054
OITIS 8	100%	PI	Dom Inocêncio	49.5	25.5	11/29/2019	11/28/2054
OITIS 21	100%	PI/BA	Casa Nova	44.00	20.8	12/24/2019	12/23/2054
OITIS 22	100%	PI/BA	Casa Nova	49.50	22.22	12/24/2019	12/23/2054

Notes: (1) Oitis 3 is partially completed, with 22MW in operation; (2) Oitis 4 is partially completed, with 11 MW in operation; (3) Oitis 5 is partially completed, with 16.5 MW in operation; (4) Oitis 6 is partially completed, with 44 MW in operation; (5) Oitis 21 is partially completed, with 38.5 MW in operation.

In the coming months, the portfolio of solar assets will amount to 118 MW with the completion of the Luzia Solar Complex.

Fotovoltaicas em operação	Neoenergia Share (Direct and Indirect)	State	Location	Installed Capacity (MW)	Assured Energy (MW)	Concession Date	End of Concession
LUZIA 2	100%	PB	Santa Luzia	58.93	17.3	5/29/2020	5/29/2055
LUZIA 3	100%	PB	Santa Luzia	58.93	17.3	5/29/2020	5/29/2055

Note: The Luzia Solar Complex is partially completed, with 98 MW already in operation.

In the 4Q22 wind and solar energy generated was 1,072 GWh, 41.46% above the 4Q21. In the year, generation reached 3,934 GWh, +70.07% in excess of that of 2021. Highlight on higher wind power in the quarter and the start of partial commercial operation in the 3Q22 of the Oitis Wind Complex and the Luzia Solar Complex, in addition to the generation from Chafariz. Availability for the quarter was above 97% as scheduled.

4.2.1.1. Evolution of wind farms and solar parks construction

Physical Progress	LICENSES LP	LI	LO
Oitis Complex	✓	✓	■
Luzia Solar Complex	✓	✓	■

Completed	✓
Partially Completed	■
In Progress	●
To be started	▲

LP = Prior License
LI = Installation License
LO = Operational License

Oitis ended 2022 with 357.5 MW in operation (commercial and in test). In all, there will be 103 windmills, GE 158 model, with a unit capacity of 5.5 MW, one of the most modern and efficient on the global market. OL's have already been issued for the 12 parks of the complex, and the forecast is that the start of operation of the entire complex, which has total installed capacity of 566.5 MW, will take place in the coming months.

In December 2020, Neoenergia announced the Luzia solar project, in Paraíba, which comprises 149MWp and 118MW of installed capacity. All of its energy is traded on the ACL, 100% of which has already been sold until 2026. The project has high synergy with the Chafariz Complex and TL Santa Luzia. On May 31, 2022, the generation of the park began in the form of test operation and in the 3Q22 part of the complex started commercial operation. By the end of 2022, 145 MWp were already in operation. The complete start of full commercial operation will take place in the coming months. It is worth mentioning that Luzia has the guaranteed right of association with the Chafariz Wind Complex, thus having a reduced TUST cost.

4.2.2. Hydroelectric Plants

Neoenergia has a stake in 7 hydroelectric plants (with direct and indirect interest): Itapebi, Corumbá, Baguari, Dardanelos, Teles Pires, Baixo Iguaçu and Belo Monte.

Hydro Plants in Operation	Neoenergia Share (Direct and Indirect)	State	Location	Installed Capacity (MW)	Assured Energy (MW)	Date of Concession Authorization	End of Concession
UHE Itapebi	100%	BA	Rio Jequitinhonha	462.0	209.1	5/28/1999	5/15/2039
UHE Corumbá III	70%	GO	Rio Corumbá	96.5	49.3	11/7/2001	4/22/2040
UHE Baguari I	51%	MG	Rio Doce	140.0	84.7	8/15/2006	3/19/2046
UHE Dardanelos - Águas da Pedra	51%	MT	Rio Aripuanã	261.0	154.9	7/3/2007	6/28/2049
Teles Pires	51%	MT / PA	Rio Teles Pires	1,819.8	939.4	6/7/2011	1/28/2047
Belo Monte	10%	PA	Rio Xingu	11,233.1	4,571.0	8/26/2010	7/10/2046
Baixo Iguaçu - Geração Céu Azul	70%	PR	Rio Iguaçu	350.2	172.4	8/20/2012	12/3/2049

NOTE: On September 17, 2021, Aneel approved an extension of the grant deadlines granting of hydroelectric plants participating in the Energy Reallocation Mechanism – MRE. On December 13, 2022, Aneel postponed the concession period of UHE Dardanelos by 220 days, by means of authorizing resolution No. 13,297.

4.3. Liberalized

4.3.1. Termopernambuco

Termopernambuco is a thermal plant included in the PPT (Priority Program for Thermal Plants). It has PPAs with Neoenergia Coelba (65MW) and Neoenergia Pernambuco (390MW) valid until 2024, which guarantee the plant's revenue. It has an installed capacity of 533 MW and assured energy of 504 MW. It is worth remembering that Termopernambuco won the Capacity Reserve Auction in December 2021, where all of its capacity available, 498 MW, was sold at a power price of R$ 487,412.70 MW/year, with the start of supply on July 1, 2026, ensuring a fixed power revenue of R$ 207 million per year. The contract is valid for 15 years.

In the 4Q22 Termopernambuco was not dispatched. In the year, mainly due to the lack of gas supply, there was also no generation. The effect on the Company's results is offset by the purchase of energy to meet its sales contracts at a Spot Price lower than the plant’s variable unit cost.

5. ECONOMIC-FINANCIAL PERFORMANCE

5.1. Consolidated

CONSOLIDATED STATEMENT OF INCOME (R$ MN)	4Q22	4Q21	Variation		2022	2021	Variation	
			R$	%			R$	%
Net Operating Revenue (1)	10,921	11,388	(467)	(4%)	40,822	41,120	(298)	(1%)
Costs with Energy (2)	(7,093)	(7,801)	708	(9%)	(25,960)	(28,553)	2,593	(9%)
Gross Margin w/out Concession Financial Assets	**3,828**	**3,587**	**241**	**7%**	**14,862**	**12,567**	**2,295**	**18%**
Concession Financial Assets (VNR)	429	424	5	1%	1,339	1,579	(240)	(15%)
GROSS MARGIN	**4,257**	**4,011**	**246**	**6%**	**16,201**	**14,146**	**2,055**	**15%**
Operating Expenses	(1,118)	(1,013)	(105)	10%	(3,932)	(3,526)	(406)	12%
Provisions for Delinquency (PECLD)	(120)	(104)	(16)	15%	(505)	(350)	(155)	44%
Fair Value Adj.	(201)	(482)	281	(58%)	(201)	(482)	281	(58%)
(+) Equity Accounting	17	(1)	18	N/A	19	68	(49)	(72%)
EBITDA	**2,835**	**2,411**	**424**	**18%**	**11,582**	**9,856**	**1,726**	**18%**
Depreciation	(611)	(531)	(80)	15%	(2,243)	(1,984)	(259)	13%
Financial Income (Loss)	(947)	(909)	(38)	4%	(3,800)	(2,283)	(1,517)	66%
IR/CS	(323)	(310)	(13)	4%	(752)	(1,523)	771	(51%)
Minority shareholdings	(18)	(26)	8	(31%)	(69)	(141)	72	(51%)
NET INCOME	**936**	**635**	**301**	**47%**	**4,718**	**3,925**	**793**	**20%**

(1) Considers Construction Revenue
(2) Considers Construction Costs

As expressed in Technical Guidance CPC 08, the recognition and measurement of variations between non-manageable costs effectively incurred in relation to approved tariffs are always classified in the Operating Revenue line as Amounts Receivable/Returnable from Parcel A and Other Financial Items. Considering that a large part of Parcel A is recorded as energy cost, the isolated analysis of revenue and cost variations can lead to distortions in the interpretation of the result for the period. In this way, the Company believes that it is more appropriate to explain the variations in the result based on the Gross Margin.

Neoenergia ended the 4Q22 with Gross Margin excluding Concession Financial Assets of R$3,828 million, +7% vs. 4Q21, impacted by the effects: (i) of the 2022 Tariff Resets of Neoenergia Coelba, Neoenergia Pernambuco and Neoenergia Cosern effective as of the end of April/22 (variation of Parcel B: +14.14%, +14.82% and +14.75% respectively), of Neoenergia Elektro, effective as of the end of August/22 (variation of Parcel B: +9.32%) and of Neoenergia Brasília, effective as of the beginning of November/22 (variation of Parcel B: + 5.2%); (ii) the 2021 Tariff Review of Neoenergia Brasília (+11.10%); and (iii) better results in the wind businesses due to the start of operation of the Chafariz and the Oitis Wind Farms.

In the year, Gross Margin without Concession Financial Assets was R$14,862 million (+18% vs. 2021), explained by the same effects of the quarter, in addition to the 2021 Tariff Reviews and Tariff Resets of the distributors, and the higher margin in Termopernambuco.

Operating expenses amounted to R$1,118 million in the 4Q22, +10% vs. 4Q21 and R$3,932 million in 2022 (+12% vs. 2021). Normalizing the effect of Neoenergia Brasília in January and February 2021, the variation in the year is +10%, and excluding the new transmission and renewable businesses in 2022, that variation is reduced to +9%.

PECLD was R$ 120 million in the quarter, +R$16 million vs. 4Q21 and R$ 505 million in 2022, higher by R$ 155 million vs. 2021. Disregarding the positive R$ 62 million from Neoenergia Brasília in 2Q21, the variation would be R$ 93 million in the year. It is worth mentioning that Neoenergia ended the year with a consolidated collection of 99.55%, which demonstrates the control of the timely payment.

In the 4Q22, a -R$ 201 million adjustment to fair value was recorded for the Teles Pires and Baguari hydroelectric plants, within the scope of the asset swap operation with Eletrobrás. It should be noted that, at the closing of the operation, there would be a positive adjustment for the Dardanelos hydroelectric plant, which will be accounted for in 2023, with a positive net effect for the Company. In the 4Q21, it is worth highlighting the negative impact of -R$ 482 million relating to the Belo Monte adjustment to fair value, due to the decision to disinvest in the asset. Accordingly, the balances of investments in Belo Monte, Teles Pires and Baguari were transferred to the section “Non-current assets held for sale”.

As a result of the effects presented, EBITDA was R$ 2,835 million in the 4Q22 and R$ 11,582 million in 2022 (+18% vs. 4Q21 and 2021). Adjusted EBITDA was R$2,485 million in the 4Q22 (+16% vs. 4Q21) and R$ 9,684 million in 2022 (+32% vs. 2021).

The Consolidated Financial Result was -R$ 947 million in the 4Q22, -R$ 38 million vs. 4Q21 and -R$ 3,800 million, -R$ 1,517 million vs. 2022. This variation is mainly explained by higher expenses with debt charges, higher CDI, in addition to the increase in the average debt balance due to funding to Capex for new transmission, wind and solar projects, in addition to the Distributors.

Net income ended the quarter at R$ 936 million (+47% vs. 4Q21) and the year at R$ 4,718 million (+20% vs. 2021). It is worth highlighting the positive impact of the write-off of deferred liabilities, resulting from the merger of Bahia PCH III by Neoenergia Brasília, in the amount of R$ 678 million in 3Q22.

5.2. Networks

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

NETWORKS STATEMENT OF INCOME (R$ MN)	4Q22	4Q21	Variation		2022	2021	Variation	
			R$	%			R$	%
Net Revenue	10,475	11,024	(549)	(5%)	39,218	39,678	(460)	(1%)
Costs with energy	(7,233)	(7,991)	758	(9%)	(26,908)	(29,162)	2,254	(8%)
Gross Margin w/out Concession Financial Assets	**3,242**	**3,033**	**209**	**7%**	**12,310**	**10,516**	**1,794**	**17%**
Concession Financial Assets (VNR)	429	424	5	1%	1,339	1,579	(240)	(15%)
Gross Margin	**3,671**	**3,457**	**214**	**6%**	**13,649**	**12,095**	**1,554**	**13%**
Operating Expenses	(889)	(810)	(79)	10%	(3,243)	(2,854)	(389)	14%
Provisions for Delinquency (PECLD)	(119)	(103)	(16)	16%	(500)	(349)	(151)	43%
EBITDA	**2,663**	**2,544**	**119**	**5%**	**9,906**	**8,892**	**1,014**	**11%**
Depreciation	(471)	(398)	(73)	18%	(1,695)	(1,515)	(180)	12%
Financial Income (Loss)	(857)	(751)	(106)	14%	(3,146)	(1,850)	(1,296)	70%
IR CS	(281)	(260)	(21)	8%	(477)	(1,303)	826	(63%)
NET INCOME	**1,054**	**1,135**	**(81)**	**(7%)**	**4,588**	**4,224**	**364**	**9%**

The Networks segment ended the 4Q22 with a Gross Margin, without Financial Concession Assets, of R$ 3,242 million, +7% vs. 4Q21, impacted by the effects: (i) of the 2022 Tariff Resets of Neoenergia Coelba, Neoenergia Pernambuco and Neoenergia Cosern effective as of the end of April/22 (variation of Parcel B: +14.14%, +14.82% and +14.75%, respectively), of Neoenergia Elektro, effective as of the end of August/22 (variation of Parcel B: +9.32%) and of Neoenergia Brasília, effective as of the beginning of November/22 (variation of Parcel B: + 5.2%); and (ii) the 2021 Tariff Review of Neoenergia Brasília (+11.10%);

In the year, Gross Margin without Financial Concession Assets was R$ 12,310 million (+17% vs. 2021), explained by the same effects of the quarter, in addition to the 2021 Tariff Reset of Neoenergia Coelba, Neoenergia Cosern and Neoenergia Elektro (variation of Parcel B: +29.90%, +30.63% and +32.49%, respectively) and the 2021 Tariff Reviews of Neoenergia Pernambuco (+8.99%) and Neoenergia Brasília (+11.10%).

Operating expenses amounted to R$ 889 million in the 4Q22, +10% vs. 4Q21 and R$ 3,243 million in 2022 (+14% vs. 2021). Normalizing the effect of Neoenergia Brasília in January and February 2021 and new businesses (start of operation of the transmission projects of Santa Luzia, Jalapão, in addition to the fourth and fifth sections of Dourados) in 2022, the variation in the year is +11%.

PECLD was R$ 119 million in the quarter, +R$16 million vs. 4Q21 and R$500 million in 2022, higher by R$ 151 million vs. 2021. Disregarding the positive R$ 62 million from Neoenergia Brasília in 2Q21, the variation would be R$ 89 million in the year. It is worth mentioning that Neoenergia's distributors ended the year with a consolidated collection of 99.55%, which demonstrates the control of timely payment.

As a result of these effects, EBITDA was R$ 2,663 million in the 4Q22 (+5% vs. 4Q21) and R$ 9,906 million in 2022 (+11% vs. 2021). Adjusted EBITDA was R$ 2,112 million in the 4Q22 (+18% vs. 4Q21) and R$ 7,807 million in 2022 (+28% vs. 2021).

Net income ended the quarter at R$ 1,054 million (-7% vs. 4Q21) and the year at R$ 4,588 million (+9% vs. 2021). It is worth highlighting the positive impact of the write-off of deferred liabilities, resulting from the merger of Bahia PCH III by Neoenergia Brasília, in the amount of R$ 678 million in the 3Q22.

S/I TRANSMISSION (R$ MM)	4Q22	4Q21	Variation		2022	2021	Variation	
			R$	%			R$	%
Net Revenue	**1,358**	**1,146**	**212**	**18%**	**3,895**	**3,562**	**333**	**9%**
Cosntruction Costs	(1,101)	(728)	(373)	51%	(2,620)	(2,118)	(502)	24%
Gross Margin	**257**	**418**	**(161)**	**(39%)**	**1,275**	**1,444**	**(169)**	**(12%)**
Operating Expenses	(44)	(32)	(12)	38%	(152)	(81)	(71)	88%
Contingencies	-	7	(7)	(100%)	(1)	6	(7)	N/A
EBITDA	**213**	**393**	**(180)**	**(46%)**	**1,122**	**1,369**	**(247)**	**(18%)**
Depreciation	(3)	-	(3)	N/A	(3)	-	(3)	-
Financial Income (Loss)	(90)	(108)	18	(17%)	(391)	(336)	(55)	16%
IR CS	(43)	(58)	15	(26%)	(224)	(296)	72	(24%)
NET INCOME	**77**	**227**	**(150)**	**(66%)**	**504**	**737**	**(233)**	**(32%)**
IFRS15	122	335	(213)	(64%)	760	1,209	(449)	(37%)

Transmission companies had Gross Margin of R$ 257 million in the quarter (-39% vs. 4Q21) and R$ 1,275 million in the year (-12% vs. 2021), explained by the lower RAP inflation adjustment performed annually in the calculation model of contractual assets between the compared periods.

Operating expenses amounted to R$ 44 million in the 4Q22, +R$ 12 million in excess of those recorded in the 4Q21, as a result of the start of operation of the 2017 auction lots. In the year, expenses amounted to R$ 152 million (+R$ 71 million vs. 2021), for the same reasons as in the quarter, and R$ 12 million in one-off expenses relating to studies for the June 2022 auction.

Transmission EBITDA ended the quarter at R$ 213 million (-46% vs. 4Q21) and 2022 at R$ 1,122 million (-18% vs. 2021). Adjusted EBITDA Ajustado (ex-IFRS 15) for the quarter was R$ 91 million (+57% vs. 4Q21) and R$ 362 million in 2022 (+126% vs. 2021), as a result of the deliveries of the lots of the April and December 2017 auctions.

Net Income was R$ 77 million in the 4Q22 (-R$ 150 million vs. 4Q21) and R$ 504 million in 2022 (-R$ 233 million vs. 2021).

5.2.1. NEOENERGIA COELBA

STATEMENT OF INCOME (R$ MN)	4Q22	4Q21	Variation		2022	2021	Variation	
			R$	%			R$	%
Net Revenue	3,225	3,516	(291)	(8%)	13,212	13,367	(155)	(1%)
Costs with Energy	(1,980)	(2,430)	450	(19%)	(8,372)	(9,313)	941	(10%)
Gross Margin w/out Concession Financial Assets	1,245	1,086	159	15%	4,840	4,054	786	19%
Concession Financial Assets (VNR)	176	225	(49)	(22%)	610	748	(138)	(18%)
Gross Margin	**1,421**	**1,311**	**110**	**8%**	**5,450**	**4,802**	**648**	**13%**
Operating Expenses	(355)	(303)	(52)	17%	(1,304)	(1,170)	(134)	11%
Provisions for Delinquency (PECLD)	(44)	(38)	(6)	16%	(190)	(155)	(35)	23%
EBITDA	**1,022**	**970**	**52**	**5%**	**3,956**	**3,477**	**479**	**14%**
Depreciation	(205)	(172)	(33)	19%	(754)	(659)	(95)	14%
Financial Income (Loss)	(361)	(293)	(68)	23%	(1,315)	(757)	(558)	74%
IR CS	(69)	(74)	5	(7%)	(320)	(392)	72	(18%)
NET INCOME	**387**	**431**	**(44)**	**(10%)**	**1,567**	**1,669**	**(102)**	**(6%)**

Neoenergia Coelba ended the 4Q22 with a Gross Margin of R$ 1,421 million (+8% vs. 4Q21) impacted by the +14.14% variation in Parcel B in April/22. In the year, the Gross Margin was R$ 5,450 million, (+13% vs. 2021), also due to the variation of Parcel B of +14.14% in April/22 and +29.9% in April/ 21, in addition to the increase in the customer base.

Operating expenses were R$ 355 million in the 4Q22 (+17% vs. 4Q21) and R$ 1,304 million in 2022 (+11% vs. 2021).

In the quarter, PECLD amounted to R$ 44 million (+R$ 6 million vs. 4Q21) and in the year it was R$ 190 million (+R$ 35 million vs. 2021). When we analyze the default ratio (PECLD/ROB) in the 4Q22, it ended at 1.28%, below the 3Q22 level of 1.33% and the regulatory limit of 1.62%.

As a result of the aforementioned variations, EBITDA was R$ 1,022 million in the 4Q22 (+5% vs. 4Q21) and R$ 3,956 million in 2022 (+14% vs. 2021). Adjusted EBITDA (ex-Concession Financial Assets) in the 4Q22 it was R$ 846 million, +14% vs. 4Q21 and in the year it was R$ 3,346 million, +23% vs. 2021.

Net Income was R$ 387 million in the 4Q22, -10% vs. 4Q21 and R$ 1,567 million in 2022, -6% vs. 2021, impacted by the worsening of the financial result, due to the increase in the CDI rate and its impact on debt charges.

5.2.2. NEOENERGIA PERNAMBUCO

STATEMENT OF INCOME (R$ MN)	4Q22	4Q21	Variation		2022	2021	Variation	
			R$	%			R$	%
Net Revenue	2,038	2,075	(37)	(2%)	7,602	7,998	(396)	(5%)
Energy costs	(1,451)	(1,629)	178	(11%)	(5,585)	(6,280)	695	(11%)
Gross Margin w/out Concession Financial Assets	587	446	141	32%	2,017	1,718	299	17%
Concession Financial Assets (VNR)	56	91	(35)	(38%)	199	406	(207)	(51%)
Gross Margin	**643**	**537**	**106**	**20%**	**2,216**	**2,124**	**92**	**4%**
Operating Expenses	(173)	(195)	22	(11%)	(708)	(670)	(38)	6%
Provisions for Delinquency (PECLD)	(33)	(47)	14	(30%)	(177)	(167)	(10)	6%
EBITDA	**437**	**295**	**142**	**48%**	**1,331**	**1,287**	**44**	**3%**
Depreciation	(95)	(93)	(2)	2%	(361)	(342)	(19)	6%
Financial Income (Loss)	(215)	(176)	(39)	22%	(747)	(439)	(308)	70%
IR CS	(30)	(3)	(27)	900%	(66)	(130)	64	(49%)
NET INCOME	**97**	**23**	**74**	**322%**	**157**	**376**	**(219)**	**(58%)**

Neoenergia Pernambuco ended the 4Q22 with a Gross Margin of R$ 643 million (+20% vs. 4Q21), driven by the +14.82% variation in Parcel B in April/22. In the year, Gross Margin was R$ 2,216 million (+4% vs. 2021), driven by the +14.82% variation in Parcel B in April/22 and the tariff review of April 2021, in addition to the increase in the customer base.

Operating expenses amounted to R$ 173 million in the 4Q22 (-11% vs. 4Q21) and R$ 708 million in 2022 (+6% vs. 2021), in line with inflation, absorbing customer growth and higher headcount, confirming cost discipline and the search for efficiencies.

In the quarter, PECLD amounted to R$ 33 million, R$ 14 million less than the in same period of the previous year. In 2022, it was R$ 177 million, R$ 10 million in excess of that of 2021. It is worth noting that the default indicator (PECLD/ROB) ended the 4Q22 at 1.70%, close to the regulatory limit of 1.67% and the collection at 99.70%, which is proof of the control of default.

As a result of the aforementioned variations, EBITDA in the quarter was R$437 million, an increase of 48% vs. 4Q21 and R$1,331 million in 2022, +3% vs. 2021. Adjusted EBITDA (ex-Concession Financial Assets) in the 4Q22 was R$381 million, +87% vs. 4Q21 and in the year it was R$ 1,132 million, +28% vs. 2021.

Net Income was R$ 97 million in the 4Q22 (+R$ 74 million vs. 4Q21) and R$ 157 million in 2022 (-R$ 219 million vs. 2021).

5.2.3. NEOENERGIA COSERN

STATEMENT OF INCOME (R$ MN)	4Q22	4Q21	Variation		2022	2021	Variation	
			R$	%			R$	%
Net Revenue	817	894	(77)	(9%)	3,277	3,414	(137)	(4%)
Costs with Energy	(512)	(621)	109	(18%)	(2,167)	(2,464)	297	(12%)
Gross Margin w/out Concession Financial Assets	305	273	32	12%	1,110	950	160	17%
Concession Financial Assets (VNR)	136	44	92	209%	207	152	55	36%
Gross Margin	**441**	**317**	**124**	**39%**	**1,317**	**1,102**	**215**	**20%**
Operating Expenses	(67)	(72)	5	(7%)	(254)	(244)	(10)	4%
Provisions for Delinquency (PECLD)	(4)	(3)	(1)	33%	(12)	(7)	(5)	71%
EBITDA	**370**	**242**	**128**	**53%**	**1,051**	**851**	**200**	**24%**
Depreciation	(42)	(36)	(6)	17%	(150)	(131)	(19)	15%
Financial Income (Loss)	(60)	(34)	(26)	76%	(180)	(69)	(111)	161%
IR CS	(64)	(26)	(38)	146%	(140)	(118)	(22)	19%
NET INCOME	**204**	**146**	**58**	**40%**	**581**	**533**	**48**	**9%**

Neoenergia Cosern ended the 4Q22 with Gross Margin of R$ 441 million, +39% vs. 4Q21, reflecting the variation in Parcel B of +14.75% of the April/22 tariff reset and higher Concession Financial Assets, impacted by the increase in the Regulatory Asset Base (RAB). In the year, Gross Margin was R$ 1,317 million, +20% in excess of that of 2021, due to the variation of Parcel B of +14.75% in April/22 and +30.63% in April/21, in addition to the increase in the customer base and the Concession Financial Assets.

Operating expenses amounted to R$ 67 million in the 4Q22 (-7% vs. 4Q21) and R$ 254 million in 2022 (+4% vs. 2021), below inflation, absorbing the growth of the customer base and confirming the continuous search for efficiencies.

PECLD totaled R$ 4 million in the 4Q22 (+R$ 1 million vs. 4Q21) and in 2022 it was R$ 12 million (+R$ 5 million vs. 2021). When we analyze the default indicator (PECLD/ROB), the year ended at 0.32%, below the regulatory limit of 0.57%.

As a result of the aforementioned variations, EBITDA in the 4Q22 was R$ 370 million, an increase of +53% vs. 4Q21 and in 2022 it was R$ 1,051 million, +24% above 2021. Adjusted EBITDA (ex-Concession Financial Assets) in the 4Q22 was R$ 234 million, +18% vs. 4Q21 and in the year it was R$ 844 million, +21% vs. 2021.

Net Income was R$ 204 million in the 4Q22 (+40% vs. 4Q21) and R$ 581 million in the year (+9% vs. 2021).

5.2.4. NEOENERGIA ELEKTRO

STATEMENT OF INCOME (R$ MN)	4Q22	4Q21	Variation		2022	2021	Variation	
			R$	%			R$	%
Net Revenue	2,103	2,269	(166)	(7%)	7,916	8,117	(201)	(2%)
Costs with Energy	(1,470)	(1,609)	139	(9%)	(5,449)	(6,096)	647	(11%)
Gross Margin w/out Concession Financial Assets	633	660	(27)	(4%)	2,467	2,021	446	22%
Concession Financial Assets (VNR)	57	85	(28)	(33%)	313	281	32	11%
Gross Margin	**690**	**745**	**(55)**	**(7%)**	**2,780**	**2,302**	**478**	**21%**
Operating Expenses	(173)	(138)	(35)	25%	(592)	(514)	(78)	15%
Provisions for Delinquency (PECLD)	(30)	(30)	-	-	(89)	(90)	1	(1%)
EBITDA	**487**	**577**	**(90)**	**(16%)**	**2,099**	**1,698**	**401**	**24%**
Depreciation	(82)	(73)	(9)	12%	(311)	(297)	(14)	5%
Financial Income (Loss)	(124)	(119)	(5)	4%	(406)	(244)	(162)	66%
IR CS	(74)	(99)	25	(25%)	(396)	(335)	(61)	18%
NET INCOME	**207**	**286**	**(79)**	**(28%)**	**986**	**822**	**164**	**20%**

Neoenergia Elektro ended the 4Q22 with a Gross Margin of R$ 690 million (-7% vs. 4Q21) impacted by a lower volume and a one-off over contracting, in addition to the lower Concession Financial Assets in the period. In the year, the Gross Margin was R$ 2,780 million (+21% vs. 2021), driven by the variation of Parcel B of +32.49% in August/21 and +9.32% in August/22 and the increase in the customer base, in addition to higher Concession Financial Assets.

Operating expenses amounted to R$ 173 million in the 4Q22 (+25% vs. 4Q21), due to one-off expenses with litigation, training and fines, and R$ 592 million in 2022 (+15% vs. 2021).

In the quarter, PECLD totaled R$ 30 million, in line with the 4Q21, and in the year it accounted for R$ 89 million, +1% vs. 2021, as a result of collection actions and debt renegotiations.

As a result of the aforementioned variations, EBITDA was R$ 487 million in the quarter (-16% vs. 4Q21) and R$ 2,099 million in the year (+24% vs. 2021). Adjusted EBITDA (ex-Concession Financial Assets) in the quarter was R$ 430 million, -13% vs. 4Q21, and R$ 1,786 million in 2022, +26% vs. 2021.

Net Income was R$ 207 million in the 4Q22 (-28% vs. 4Q21) and R$ 986 million in 2022 (+20% vs. 2021).

5.2.5. NEOENERGIA BRASÍLIA

STATEMENT OF INCOME (R$ MN)	4Q22	4Q21	Variation		2022	2021	Variation	
			R$	%			R$	%
Net Revenue	943	1,109	(166)	(15%)	3,345	3,245	100	3%
Costs with Energy	(717)	(975)	258	(26%)	(2,715)	(2,891)	176	(6%)
Gross Margin w/out Concession Financial Assets	226	134	92	69%	630	354	276	78%
Concession Financial Assets (VNR)	2	(19)	21	(111%)	9	(7)	16	N/A
Gross Margin	**228**	**115**	**113**	**98%**	**639**	**347**	**292**	**84%**
Operating Expenses	(82)	(86)	4	(5%)	(257)	(227)	(30)	13%
Provisions for Delinquency (PECLD)	(8)	13	(21)	(162%)	(32)	69	(101)	N/A
EBITDA	**138**	**41**	**97**	**237%**	**350**	**189**	**161**	**85%**
Depreciation	(45)	(16)	(29)	181%	(103)	(51)	(52)	102%
Financial Income (Loss)	(8)	(17)	9	(53%)	(105)	-	(105)	-
IR CS	(1)	(3)	2	(67%)	654	(48)	702	N/A
NET INCOME	**84**	**5**	**79**	**1,580%**	**796**	**90**	**706**	**784%**

Neoenergia Brasília was merged into the Group on March 2, 2021 and from that date on the results were 100% consolidated. The 2021 data reflect the result from its merger.

Neoenergia Brasília ended the 4Q22 with Gross Margin of R$ 228 million (+102% vs. 4Q21) and R$ 639 million in the year (+84% vs. 2021), mainly due to the average increase of 11, 1% of the tariff review of October/21, of the tariff reset of November/22 (variation of Parcel B: + 5.2%), due to the increase in the customer base and two further months of consolidation.

Operating expenses amounted to R$ 82 million in the quarter (-4% vs. 4Q21) and R$ 257 million in the year (+13% vs. 2021). Normalizing the consolidation effect in January and February 2021, the variation in the year is -9%, a reflection of the turnaround carried out that provided efficiency gains for being part of the Neoenergia Group.

In the quarter, PECLD was R$ 8 million, R$ 21 million higher than in the 4Q21 and R$ 32 million in 2022, R$ 101 million higher compared to 2021, explained by reversals that occurred in the previous year due to the adjustment to the methodology already practiced by the Neoenergia group. It is worth pointing out that previously CEB-D had a policy of provisioning a high portion of the unpaid debt balance, given that practically a year went by without collection actions, and the adjustment to Neoenergia's methodology allowed the current levels of PECLD. It is important to point out that the Company ended the year with a default ratio (PECLD/ROB) of 0.55%, achieving the regulatory limit of 0.56%.

EBITDA for the quarter was R$ 138 million (+237% vs. 4Q21) and in 2022 it was R$ 350 million (+85% vs. 2021). Adjusted EBITDA (ex-Concession Financial Assets) was R$ 136 million in the 4Q22 (+127% vs. 4Q21) and R$ 341 million in 2022 (+74% vs. 2021), exceeding the assumption of the acquisition business plan.

The result of Income Tax/Social Contribution for the year was + R$ 654 million, vs. -R$ 48 million in 2021 due to the write-off of the unamortized balance of the deferred tax liability in the amount of R$ 656 million and the constitution of a deferred tax asset relating to the amortized portion of the goodwill by Bahia PCH III in the amount of R$ 22 million, totaling the recognition of the positive effect of R$ 678 million with the merger of Bahia PCH III and Neoenergia Brasília, and consequently the transfer of the direct corporate control of Neoenergia Brasília to Neoenergia S.A.

Net Income in the 4Q22 was R$ 84 million (+R$ 79 million vs. 4Q21) and R$ 796 million in 2022 (+R$ 706 million vs. 2021).

5.3. 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)	4Q22	4Q21	Variation		2022	2021	Variation	
			R$	%			R$	%
Net Revenue	463	314	149	47%	1,747	1,154	593	51%
Costs with Energy	(79)	(36)	(43)	119%	(331)	12	(343)	(2858%)
GROSS MARGIN	**384**	**278**	**106**	**38%**	**1,416**	**1,166**	**250**	**21%**
Operating Expenses	(98)	(83)	(15)	18%	(286)	(231)	(55)	24%
Fair Value Adj.	(201)	(482)	281	(58%)	(201)	(482)	281	(58%)
(+)Equity Accounting	17	(1)	18	N/A	19	68	(49)	(72%)
EBITDA	**102**	**(288)**	**390**	**N/A**	**948**	**521**	**427**	**82%**
Depreciation	(82)	(59)	(23)	39%	(282)	(208)	(74)	36%
Financial Income (Loss)	(42)	(50)	8	(16%)	(221)	(164)	(57)	35%
IR/CS	(25)	(21)	(4)	19%	(131)	(124)	(7)	6%
NET INCOME	**(47)**	**(418)**	**371**	**(89%)**	**314**	**25**	**289**	**1156%**

HYDRO PLANTS STATEMENT OF INCOME (R$ MN)	4Q22	4Q21	Variation		2022	2021	Variation	
			R$	%			R$	%
Net revenue	148	147	1	1%	604	558	46	8%
Costs with Energy	(23)	(22)	(1)	5%	(89)	67	(156)	(233%)
GROSS MARGIN	**125**	**125**	**-**	**-**	**515**	**625**	**(110)**	**(18%)**
Operating Expenses	(32)	(32)	-	-	(116)	(97)	(19)	20%
Fair Value Adj.	(201)	(482)	281	(58%)	(201)	(482)	281	(58%)
(+) Equity Accounting	17	(1)	18	N/A	19	68	(49)	(72%)
EBITDA	**(91)**	**(390)**	**299**	**(77%)**	**217**	**114**	**103**	**90%**
Depreciation	(22)	(21)	(1)	5%	(86)	(86)	-	-
Financial Income (Loss)	(15)	(15)	-	-	(51)	(66)	15	(23%)
IR/CS	(5)	(9)	4	(44%)	(57)	(104)	47	(45%)
NET INCOME (LOSS)	**(133)**	**(435)**	**302**	**(69%)**	**23**	**(142)**	**165**	**N/A**

WIND FARMS STATEMENT OF INCOME (R$ MN)	4Q22	4Q21	Variation		2022	2021	Variation	
			R$	%			R$	%
Net revenue	308	167	141	84%	1,136	596	540	91%
Costs with Energy	(53)	(14)	(39)	279%	(239)	(55)	(184)	335%
GROSS MARGIN	**255**	**153**	**102**	**67%**	**897**	**541**	**356**	**66%**
Operating Expenses	(65)	(51)	(14)	27%	(169)	(134)	(35)	26%
EBITDA	**190**	**102**	**88**	**86%**	**728**	**407**	**321**	**79%**
Depreciation	(56)	(38)	(18)	47%	(192)	(122)	(70)	57%
Financial Income (Loss)	(26)	(35)	9	(26%)	(169)	(98)	(71)	72%
IR/CS	(20)	(12)	(8)	67%	(74)	(20)	(54)	270%
NET INCOME	**88**	**17**	**71**	**418%**	**293**	**167**	**126**	**75%**

SOLAR FARMS STATEMENT OF INCOME (R$ MN)	4T22	4T21	Variation		2022	2021	Variation	
			R$	%			R$	%
Net revenue	7	-	7	-	7	-	7	-
Costs with Energy	(3)	-	(3)	-	(3)	-	(3)	-
GROSS MARGIN	**4**	**-**	**4**	**-**	**4**	**-**	**4**	**-**
Operating Expenses	(1)	-	(1)	-	(1)	-	(1)	-
EBITDA	**3**	**-**	**3**	**-**	**3**	**-**	**3**	**-**
Depreciation	(4)	-	(4)	-	(4)	-	(4)	-
Financial Income (Loss)	(1)	-	(1)	-	(1)	-	(1)	-
NET INCOME	**(2)**	**-**	**(2)**	**-**	**(2)**	**-**	**(2)**	**-**

The Renewables segment ended the 4Q22 with a gross margin of R$ 384 million (+R$ 106 million vs. 4Q21) positively impacted by wind (+R$ 102 million vs. 4Q21), due to higher wind power in the quarter and the start of partial commercial operation in he 3Q22 of the Oitis Wind Complex and the Luzia Solar Complex, in addition to full generation at Chafariz.

In the year, the segment gross margin was R$ 1,416 million (+21% vs. 2021), impacted by +R$ 360 million from the wind and solar businesses for the same reasons as in the quarter, which offset the lower hydroelectric plants margin (-R$ 110 million vs. 2021), explained by the non-recurring effect of the GSF renegotiation of Itapebi (-R$ 130 million), Baguari (-R$ 18 million) and Corumbá (-R$ 14 million) in 2021. Without that effect, the margin of the renewables segment would have grown by 41%.

Operating expenses ended the 4Q22 at R$ 98 million (+18% vs. 4Q21), mainly due to the partial start of commercial operations in the 3Q22 of the Oitis Wind Complex and the Luzia Solar Complex, in addition to Chafariz at the end of 2021. In the year, they amounted to R$ 286 million (+24% vs. 2021), for the same reasons mentioned above. Disregarding the new businesses, the variation would be +10% in the year.

In the 4Q22, a -R$ 201 million adjustment to fair value was recorded for the Teles Pires and Baguari hydroelectric plants, within the scope of the asset swap operation with Eletrobrás. It should be noted that, at the closing of the operation, there would be a positive adjustment for the Dardanelos hydroelectric plant, which will be accounted for in 2023, with a positive net effect for the Company. In the 4Q21, it is worth pointing out the negative impact of -R$ 482 million related to the adjustment to fair value of Belo Monte, due to the decision to disinvest in the asset. Accordingly, the balances of investments in Belo Monte, Teles Pires and Baguari were transferred to the section “Non-current assets held for sale”.

Equity in the quarter amounted to R$ 17 million (+R$ 18 million vs. 4Q21) and R$ 19 million in the year (-R$ 49 million vs. 2021), mainly explained by the renegotiation of Teles Pires, Belo Monte and Dardanelos GSF in the amount of R$ 58 million in 2021.

Due to these effects, EBITDA of the Renewables segment in the quarter was R$ 102 million (+R$ 390 million vs. 4Q21) and R$ 948 million in the year (+R$ 427 million vs. 2021). Disregarding the effect of the GSF in 2021 and the adjustment to fair value of Teles Pires and Baguari in 2022 and Belo Monte in 2021, these variations would be +R$ 109 million in the quarter (+56%) and +R$ 368 million (+47%) in the year.

The Result recorded in the 4Q22 was -R$ 47 million (+R$ 371 million vs. 4Q21) and in the year it was R$ 314 million (+R$ 289 million vs. 2021).

5.4. Liberalized

LIBERALIZED STATEMENT OF INCOME (R$ MN)	4Q22	4Q21	Variation		2022	2021	Variation	
			R$	%			R$	%
Net Revenue	857	709	148	21%	3,314	2,776	538	19%
Costs with Energy	(642)	(429)	(213)	50%	(2,132)	(1,893)	(239)	13%
Gross Margin	**215**	**280**	**(65)**	**(23%)**	**1,182**	**883**	**299**	**34%**
Operating Expenses	(51)	(69)	18	(26%)	(166)	(217)	51	(24%)
Provisions for Delinquency (PECLD)	(1)	(1)	-	-	(5)	(1)	(4)	400%
EBITDA	**163**	**210**	**(47)**	**(22%)**	**1,011**	**665**	**346**	**52%**
Depreciation	(15)	(17)	2	(12%)	(67)	(64)	(3)	5%
Financial Income (Loss)	(13)	(18)	5	(28%)	(105)	(66)	(39)	59%
IR CS	(10)	(20)	10	(50%)	(125)	(83)	(42)	51%
NET INCOME	**125**	**155**	**(30)**	**(19%)**	**714**	**452**	**262**	**58%**

TERMOPERNAMBUCO STATEMENT OF INCOME (R$ MN)	4Q22	4Q21	Variation		2022	2021	Variation	
			R$	%			R$	%
Net Revenue	414	411	3	1%	1,586	1,503	83	6%
Costs with Energy	(236)	(159)	(77)	48%	(506)	(703)	197	(28%)
Gross Margin	**178**	**252**	**(74)**	**(29%)**	**1,080**	**800**	**280**	**35%**
Operating Expenses	(32)	(53)	21	(40%)	(104)	(171)	67	(39%)
EBITDA	**146**	**199**	**(53)**	**(27%)**	**976**	**629**	**347**	**55%**
Depreciation	(15)	(17)	2	(12%)	(65)	(63)	(2)	3%
Financial Income (Loss)	(17)	(19)	2	(11%)	(112)	(60)	(52)	87%
IR CS	(14)	(21)	7	(33%)	(122)	(78)	(44)	56%
NET INCOME	**100**	**142**	**(42)**	**(30%)**	**677**	**428**	**249**	**58%**

COMERC. STATEMENT OF INCOME (R$ MN)	4Q22	4Q21	Variation		2022	2021	Variation	
			R$	%			R$	%
Net Revenue	429	295	134	45%	1,707	1,260	447	35%
Costs with Energy	(400)	(268)	(132)	49%	(1,605)	(1,178)	(427)	36%
Gross Margin	**29**	**27**	**2**	**7%**	**102**	**82**	**20**	**24%**
Operating Expenses	(11)	(16)	5	(31%)	(62)	(46)	(16)	35%
Provisions for Delinquency (PECLD)	(1)	(1)	-	-	(5)	(1)	(4)	400%
EBITDA	**17**	**10**	**7**	**70%**	**35**	**35**	**-**	**-**
Depreciation	(1)	-	(1)	N/A	(2)	(1)	(1)	100%
Financial Income (Loss)	4	1	3	300%	7	(6)	13	N/A
IR CS	4	1	3	300%	(3)	(5)	2	(40%)
NET INCOME	**24**	**12**	**12**	**100%**	**37**	**23**	**14**	**61%**

The Liberalized segment consolidated gross margin of R$ 215 million in the 4Q22 (-R$ 65 million vs. 4Q21). In the year, it was R$ 1,182 million (+R$ 299 million vs. 2021), impacted by the higher margin at Termopernambuco (+R$ 280 million vs. 2021), mainly explained by the impact of the tariff reset (dollarized) and the energy purchase at a lower Spot Price. The trading company contributed with R$ 29 million to gross margin in the quarter (+R$ 2 million vs. 4Q21) and R$ 102 million in the year (+R$ 20 million vs. 2021).

Operating expenses were R$ 51 million in the 4Q22 (-R$ 18 million vs. 4Q21) and R$ 166 million in the year, -R$ 51 million compared to 2021, due to the lack of operation of Termopernambuco in the year.

As a result of these variations, EBITDA from Liberalized was R$ 163 million in the 4Q22 (-R$ 47 million vs. 4Q21) and R$ 1,011 million in 2022 (+R$ 346 million vs. 2021).

Net income was R$ 125 million in the quarter (-R$ 30 million vs. 4Q21) and R$ 714 million in 2022 (+R$ 262 million vs. 2021).

6. EBITDA

In compliance with CVM Resolution No. 527, the table below displays the reconciliation of EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) and, we add that the calculations shown are in line with the criteria of that same resolution:

EBITDA (R$ MN)	4Q22	4Q21	Variation		2022	2021	Variation	
			R$	%			R$	%
Net Income for the Period (A)	936	635	301	47%	4,718	3,925	793	20%
Profit assigned to minority shareholders (B)	(18)	(26)	8	(31%)	(69)	(141)	72	(51%)
Financial Expenses (C)	(1,100)	(1,015)	(85)	8%	(4,339)	(2,934)	(1,405)	48%
Financial Revenues (D)	362	194	168	87%	1,548	755	793	105%
Other net financial income (loss) (E)	(209)	(88)	(121)	138%	(1,009)	(104)	(905)	870%
Income tax and social contribution (F)	(323)	(310)	(13)	4%	(752)	(1,523)	771	(51%)
Depreciation and amortization (G)	(611)	(531)	(80)	15%	(2,243)	(1,984)	(259)	13%
EBITDA = (A-(B+C+D+E+F+G))	**2,835**	**2,411**	**424**	**18%**	**11,582**	**9,856**	**1,726**	**18%**
Financial Asset (Concession) (H)	429	424	5	1%	1,339	1,579	(240)	(15%)
IFRS 15 (I)	122	335	(213)	(64%)	760	1,209	(449)	(37%)
GSF (J)	-	-	-	-	-	222	(222)	(100%)
Asset Exchange / Belo Monte Adjustment (K)	(201)	(482)	281	(58%)	(201)	(482)	281	(58%)
Adjusted EBITDA = (EBITDA -(H+I+J+K))	**2,485**	**2,134**	**351**	**16%**	**9,684**	**7,328**	**2,356**	**32%**

7. FINANCIAL INCOME

NET FINANCIAL INCOME (R$ MN)	4Q22	4Q21	Variation		2022	2021	Variation	
			R$	%			R$	%
Revenue from financial investments	**225**	**85**	140	165%	**822**	**186**	636	342%
Charges, monetary and exchange variations and debt derivative financial Instruments	**(1,156)**	**(918)**	(238)	26%	**(4,692)**	**(2,417)**	(2,275)	94%
Other financial income (loss) not related to debt	**(16)**	**(76)**	60	(79%)	**70**	**(52)**	122	(235%)
Interest, commissions and arrears interest	41	72	(31)	(43%)	389	500	(111)	(22%)
Monetary and exchange variations - other	82	5	77	1540%	39	(23)	62	(270%)
Adjustment to provision for contingencies / judicial deposits	(22)	(54)	32	(59%)	(110)	(196)	86	(44%)
Adjustment to sector financial assets / liabilities	77	31	46	148%	294	38	256	674%
Post-employment liabilities	(19)	(23)	4	(17%)	(80)	(85)	5	(6%)
Other net financial revenues (expenses)	(175)	(107)	(68)	64%	(462)	(286)	(176)	62%
Total	**(947)**	**(909)**	**(38)**	**4%**	**(3,800)**	**(2,283)**	**(1,517)**	**66%**

The Consolidated Financial Income (Loss) was -R$ 947 million in the 4Q22, -R$ 38 million vs. 4Q21, a variation mainly explained by higher expenses with debt charges (+R$ 238 million), due to the 26% increase in the average debt balance arising from funding for the Capex of new transmission and wind projects, in addition to Distributors. Additionally, in the period, we observed an increase in the CDI (57% of the company's debt), which was partially offset by the increase in income from financial investments (+R$ 140 million), resulting from the increase in the average yield and 33% of the amount invested. In the year, the Financial Result was -R$ 3,800 million, -R$ 1,517 million vs. 2022, for the same reasons as in the quarter.

8. INVESTMENTS

Capex of Neoenergia closed the year at R$ 9.9 billion, as shown below:

CAPEX Neoenergia (R$ million)	4Q22	4Q21	∆ %	2022	2021	∆ %
Networks	**2,520**	**1,863**	**35%**	**8,091**	**6,176**	**31%**
Distributors	1,414	1,124	26%	5,458	3,917	39%
Transmission Lines	1,106	739	50%	2,633	2,259	17%
Renewables	**213**	**1,121**	**(81%)**	**1,736**	**3,106**	**(44%)**
Liberalized	**39**	**30**	**27%**	**62**	**84**	**(27%)**
TOTAL	**2,774**	**3,016**	**(8%)**	**9,892**	**9,369**	**6%**

8.1. Networks

8.1.1. Distribution

In 2022, the distributors' Capex was R$ 5.5 billion, of which R$ 3.2 billion were allocated to network expansion. Below is a table with the breakdown of Capex by distributor.

INVESTMENTS MADE (amounts in R$ MN)	NEOENERGIA COELBA	NEOENERGIA PERNAMBUCO	NEOENERGIA COSERN	NEOENERGIA ELEKTRO	NEOENERGIA BRASÍLIA	CONSOLIDATED		
	4Q22					4Q22	2022	
Network Expansion	**(472)**	**(140)**	**(52)**	**(154)**	**(25)**	**(844)**	**(3,232)**	**53%**
Program Luz para Todos	(72)	-	-	-	-	(72)	(685)	
New Connections	(247)	(72)	(27)	(88)	(7)	(441)	(1,474)	
New SE's and RD's	(153)	(61)	(25)	(66)	(18)	(324)	(1,064)	
ECV Commitment	0	(6)	-	-	-	(6)	(9)	
Assets Renewal	**(106)**	**(40)**	**(9)**	**(50)**	**(25)**	**(229)**	**(858)**	**16%**
Network Improvement	**(46)**	**(27)**	**(10)**	**(39)**	**(6)**	**(128)**	**(567)**	**10%**
Losses and Default	**(40)**	**(51)**	**(5)**	**(5)**	**(5)**	**(107)**	**(378)**	**7%**
Other	**(86)**	**(57)**	**(17)**	**(128)**	**(50)**	**(339)**	**(761)**	**14%**
Movement of Material (Inventory x Works)	**59**	**39**	**5**	**25**	**16**	**143**	**(81)**	
(=) Gross Investment	**(692)**	**(277)**	**(88)**	**(352)**	**(96)**	**(1,504)**	**(5,878)**	
GRANTS	209	12	1	9	2	233	339	
(=) Net Investment	**(483)**	**(265)**	**(87)**	**(343)**	**(94)**	**(1,271)**	**(5,539)**	
Movement of Material (Inventory x Works)	(59)	(39)	(5)	(25)	(16)	(143)	81	
(=) CAPEX	**(541)**	**(304)**	**(91)**	**(367)**	**(110)**	**(1,414)**	**(5,458)**	
Regulatory Annuity Basis	(86)	(57)	(17)	(128)	(50)	(339)	(761)	13%
Regulatory Remuneration Basis	(664)	(259)	(76)	(248)	(62)	(1,308)	(5,036)	87%

8.1.2. Transmission

In 2022, the Capex of the transmission companies was R$ 2.6 billion, 17% higher than that of 2021, fully dedicated to the construction of lines and substations of the lots acquired in recent auctions.

8.2. Renewables

8.2.1. Wind Farms

Investments made in wind farms amounted to R$ 1,213 million in 2022, R$ 1,625 million less than in 2021, since investments in windmills have already been made and we are now starting the final phase of the assembling of Oitis.

(i) Chafariz Complex: start of operation of all parks in the 4Q21 with actual capex in early 2022;

(ii) Oitis Complex: construction works of the complex in progress; currently 74 windmills are already assembled, of which 65 are in operation.

8.2.2. Solar Parks

Investments made in the Luzia parks totaled R$ 464 million in 2022. Works are being completed, and 145 MWp are already in operation (commercial and testing).

8.2.3. Hydroelectric Plants

Investments of R$ 59 million in 2022, compared to the amount of R$ 206 million in 2021. Highlight on R$ 130 million of recognition in the intangible assets of Itapebi resulting from the GSF agreement in September 2021.

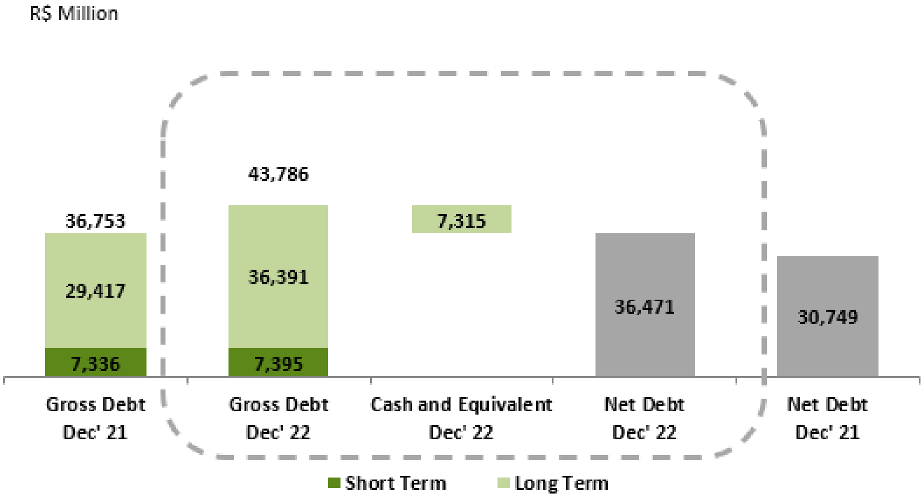
8.3. Liberalized

Termopernambuco invested R$ 54 million in 2022, 35% less than in 2021, according to its maintenance schedule.

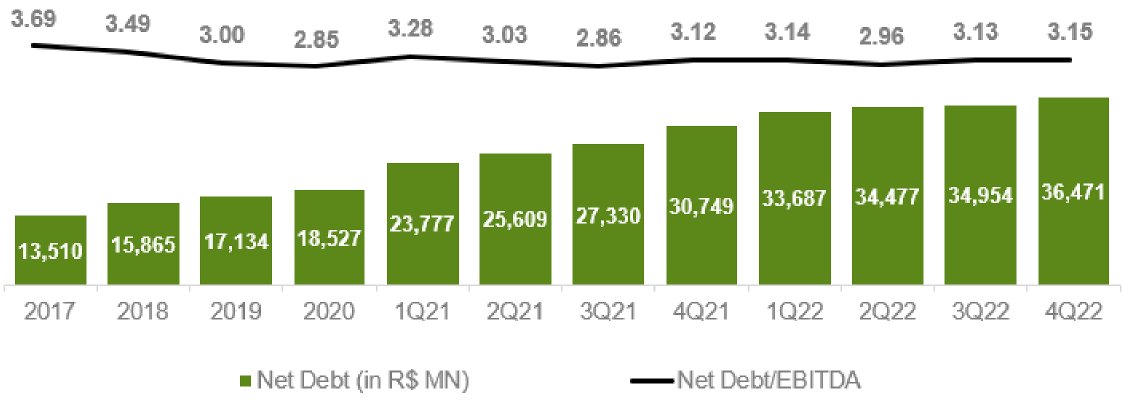
9. INDEBTEDNESS

9.1. Debt Situation and Financial Leverage

In December 2022, Neoenergia's consolidated net debt, including cash, cash equivalents and marketable securities reached R$ 36,471 million (gross debt of R$ 43,786 million), showing a growth of 19% (R$ 5,722 million) compared to December 2021, mainly explained by the actual Capex for grid and renewable projects. Regarding the segregation of the outstanding balance, Neoenergia has 83% of the debt accounted for in the long term and 17% in the short term.



The financial indicator Total Net Debt/EBITDA increased from 3.12 in December 2021 to 3.15 in December 2022.



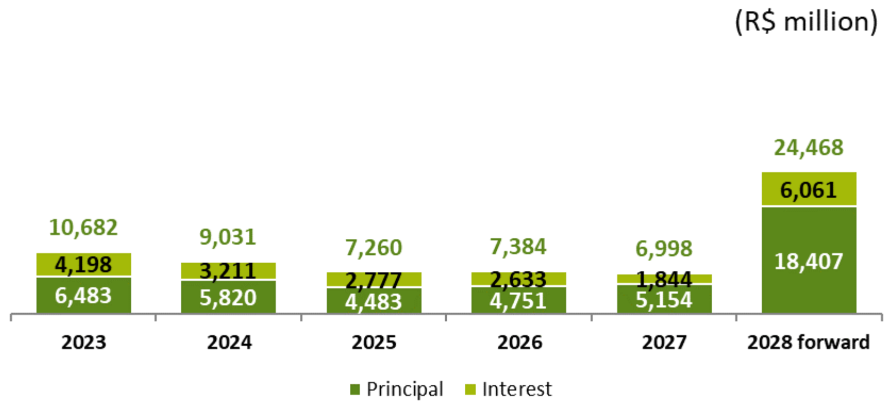
9.2 Debt amortization schedule

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

In 2023, Neoenergia Coelba anticipates amortizations in the amount of R$ 2,098 million, payments by Neoenergia Pernambuco in the estimated amount of R$ 720 million, by the Holding in the estimated amount of R$ 665 million, by Neoenergia Lagoa dos Patos in the amount of R$ 660 million and by Neoenergia Elektro in the amount of R$ 525 million. The total amortization of the Holding, the three distributors and the transmission company represents 72% of the consolidated volume to be amortized in this period.

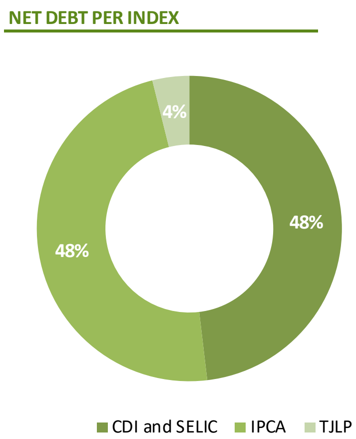
In 2024, Neoenergia Coelba foresees amortizations in the estimated amount of R$ 2,144 million, by Neoenergia Pernambuco in the estimated amount of R$ 1,370 million and by Neoenergia Elektro in the amount of R$ 595 million. The total amortization of these three distributors represents 71% of the consolidated volume to be amortized in the period in question.

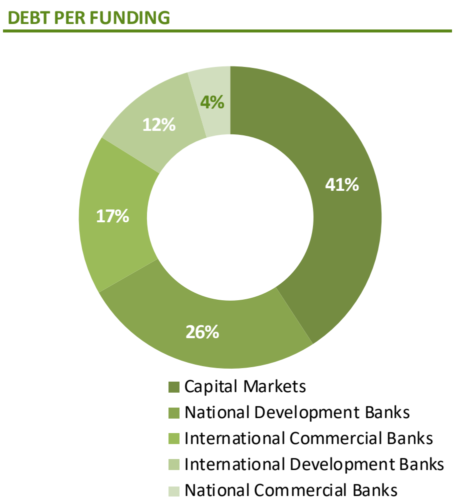
The average term of Neoenergia's debt in December 2022 was 5.29 years (vs. 5.06 years in December 2021). The chart below shows the debt principal and interest maturity schedule, using market forward curves for the indexes and currencies pegged to the debt in force at the end of 2022.



9.3. Debt Profile

The charts below show the debt balance broken down by funding source and index. The average cost of the consolidated debt in the 4Q22 was 11.4% (vs. 8.1% in December 2021) due to the increase in the Selic rate.





In the 4T22 we funded a total of R$ 1.799 million. We point out the debt contracting lines that follow:

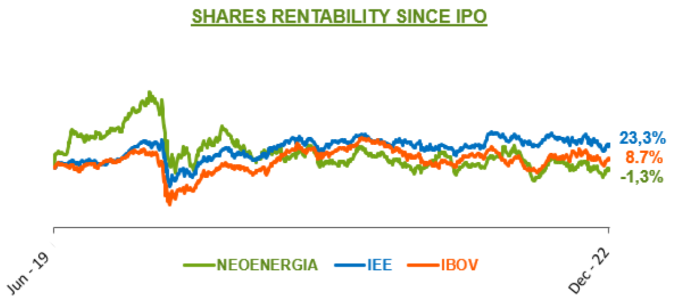
I. BNDES payout to the Chafariz Complex, amounting to R$ 101 million with a 24-year term;
II. BNDES release to Neoenergia Cosern, in the amount of R$ 125 million with a 24-year term;
III. EIB payout to Neoenergia, in the amount of R$ 922 million with a 10-year term;
IV. BNDES payout to Neoenergia Vale do Itajaí, in the amount of R$ 650 million with a 24-year term.

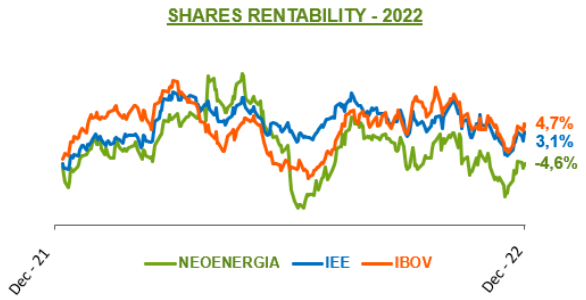
10. RATING

On March 29, 2022, Standard & Poor's – S&P reaffirmed the rating of Neoenergia and its distributors at "BB-" on the Global Scale and 'brAAA` on the Brazilian National Scale, limited to the sovereign rating.

11. CAPITAL MARKETS

On December 31, 2022, the Company's market value was R$ 18.75 billion with shares (NEOE3) quoted at R$ 15.45. As to 2022, the shares depreciated by 4.6%, as shown in the charts below:





Below is a table with the amounts of share quote and Market value:

Capital Markets	IPO	4Q22
Number of shares (thousand)	1,213,797,248	1,213,797,248
Share value	15.65	15.45
Market value[1] (R$ million)	18,996	18,753

[1]Market value = number of shares x share value

12. OTHER MATTERS

12.1. Low-Income Customers

	4Q22						4Q21					
Nº of Residential Customers (thousand)	Consolidated	NEOENERGIA COELBA	NEOENERGIA PERNAMBUCO	NEOENERGIA COSERN	NEOENERGIA ELEKTRO	NEOENERGIA BRASÍLIA	Consolidated	NEOENERGIA COELBA	NEOENERGIA PERNAMBUCO	NEOENERGIA COSERN	NEOENERGIA ELEKTRO	NEOENERGIA BRASÍLIA
Conventional	10,392	3,911	2,341	962	2,217	961	10,603	4,018	2,414	985	2,217	969
Low Income	3,824	1,857	1,214	403	277	73	3,303	1,612	1,070	352	233	37
Total	**14,215**	**5,767**	**3,555**	**1,365**	**2,494**	**1,034**	**13,907**	**5,630**	**3,484**	**1,337**	**2,450**	**1,006**

12.2. Tender Offer Neoenergia Pernambuco, EGM and Conversion of Registration to Category B

On 04/20/2022, together, Neoenergia and Neoenergia Pernambuco disclosed a Material Fact to the market informing that the Board of Directors of Neoenergia approved the launch of a public tender offer for the acquisition of common shares ("ON") and preferred shares Class “A” (“PNA”) and Class “B” (“PNB”), for conversion from issuer registration Category A to Category B of Neoenergia Pernambuco. Neoenergia acquired, through a Public Offering of Shares for Conversion of Registration, and in an auction held at B3, on October 3, 2022, 29,637 ONs, 6,620,985 PNAs and 162,156 PNBs, representing 9.13% of the share capital of Neoenergia Pernambuco.

After said auction, and as provided for in the Notice of Public Offer for Conversion of Registration, the Extraordinary General Meeting, held on October 28, 2022, approved the redemption and cancellation of all shares issued by Neoenergia Pernambuco and that remained in circulation after the Auction of the Public Tender of Registration Conversion, totaling 250,506 ONs, 481,997 PNAs and 179,910 PNBs issued by Neoenergia Pernambuco, representing 1.22% of its total capital stock. As a result, the Company's total share capital decreased from 74,612,388 (66,302,693 ON, 7,567,254 PNA and 742,441 PNB) to 73,699,975 (66,052,187 ON, 7,085,257 PNA and 562,531 PNB). Finally, on November 1, 2022, the conversion of the Company's registration to Category B was approved by the Brazilian Securities Commission.

12.3. Assets Swap with Eletrobras

In December 2022, the Asset Swap operation between Neoenergia and Eletrobras was announced, where Neoenergia will receive 49% of the shares in the Dardanelos hydroelectric plant, starting the consolidation of 100% of its result, in addition to minority interests of 0.04% of the shares of Neoenergia Coelba, Neoenergia Cosern and Afluente T, held by Eletrobras, now holding 98.98%, 93.09% and 90.17% of the companies' shares, respectively. On the other hand, it transfers its 49% stake in the Teles Pires hydroelectric plant and 51% of the UHE Baguari Consortium.

The operation, whose total value is R$ 788 million without any cash disbursement, generates value for Neoenergia with the simplification of the corporate structure. The closing of the operation is expected to take place in the 2nd half of 2023.

12.4. Management Practices

12.4.1. Shareholders’ Compensation

The Bylaws of Neoenergia provides for the payment of a minimum dividend of 25% of net income, according to the Dividend Distribution Policy available on the Company's website (https://www.neoenergia.com/pt-br/governanca-corporativa/sistema-de-governanca-corporativa/Paginas/politicas-governanca-corporativa.aspx).

In 2022, the Company decided on the following payments:

(i) Dividends of R$ 642,268 thousand resolved at the Shareholders General Meeting of April 25, 2022 and paid on December 28, 2022;

(ii) Interest on Equity of R$ 167,136 thousand, resolved at the Board of Directors' Meeting on June 15, 2022 and paid on December 28, 2022;

(iii) Interest on Own Capital of R$ 308,249 thousand, resolved at the Board of Directors' Meeting on December 13, 2022 and expected to be paid by December 31, 2023.

The Company informs that the full allocation of the 2022 income will be approved at the Annual General Meeting to be held in 2023.

12.4.2. Corporate Governance

Neoenergia's Governance and Sustainability System brings together the policies and principles that govern the organization, operation and relations of subsidiary companies and Neoenergia, meeting the highest levels of Corporate Governance of Brazilian companies, which qualifies Neoenergia for listing its shares on the B3 Novo Mercado.

The System sets standards, recommendations and practices that aim to ensure compliance with the bylaws, in particular, the corporate purpose, as well as the corporate interest of Neoenergia and its shareholders while respecting the provisions of the Shareholders' Agreement currently in force.

The Purpose and Values of the Neoenergia Group also gather and endorse all key elements of the Governance and Sustainability System, whose development is the responsibility of the Board of Directors, without prejudice to other competences.

<u>Board of Directors</u>

It comprises thirteen regular members and nine deputy members, with a two-year term of office, reelection being permitted. Among the full members, seven are appointed by Iberdrola, three by Previ and three are independent members. The Board's duties include the general guidance of the business and the election and removal of directors. Members meet regularly 8 times a year to assess the Company's economic, environmental and social performance. The members may also meet extraordinarily when called by its Chairman or, in his absence, by the director elected in his place or, even, by a third of the directors, in a joint request.

<u>Fiscal Council</u>

With an independent role, it comprises five regular members and five deputy members. Members are elected by the General Meeting for one-year terms. The Fiscal Council ordinarily meets to (i) issue an opinion on the annual management report and the respective financial statements; and (ii) to analyze the interim balance sheet and other financial statements prepared quarterly by the Company, and extraordinarily if necessary.

<u>Executive Board</u>

It is responsible for the administration and management of the Company's businesses, currently comprising eleven members, including the Chief Executive Officer. The Executive Board members are appointed by the Board of Directors for three-year terms of office, subject to renewal. The officers meet ordinarily once a week or whenever called by any Director.

<u>Committees</u>

Neoenergia has five advisory committees to the Board of Directors: Audit, Finance, Compensation and Succession, Related Parties and, since 2021, Sustainability. Each committee is made up of five regular members and four deputy members, with the exception of the Related Parties Committee, which comprises three regular members, two of whom are mandatorily independent and one is from the market. Members of the Audit, Sustainability and Compensation and Succession committees are members of the Board of Directors. The Finance Committee may have members of the Board of Directors or persons appointed by them, who meet in accordance with the guidelines required by the Board. Independent members became part of the committees in 2019, providing greater transparency for their functioning. The committees, within their scope, are responsible for analyzing and recommending a large part of the Board's decisions.

As an integral part of the Governance practices, the Neoenergia Group has an Internal Controls model that ensures reliability in the generation and disclosure of financial and non-financial information. The model is supported by a tool and based on two main pillars: (i) identification of risks and design / implementation of controls and (ii) certification of information by the main Executives.

The certification takes place so that the Executives can assure that the financial and non-financial information under their responsibility is reliable and the internal controls to support them were properly carried out.

12.4.3. People Management

Neoenergia adopts a Human Resources Policy Structure that aims to define, develop and disseminate a human resources management model that allows attracting, driving and retaining talent, in addition to building loyalty. It is also intended to encourage the personal and professional growth of the group's employees, causing them to participate in their successful corporate projects and guaranteeing dignified and safe work in a diversified and inclusive environment.

Throughout 2022, the Neoenergia Group continued to invest in training, making it possible to carry out 1,369,545.83 hours of training, exceeding the previous year by 4.7%. Our gain was greater because we expanded the possibility of internal learning by reinforcing the digital and online channels, in addition to focusing on the development of internal educators.

Maintaining our alignment with the Sustainable Development Goals, we maintained the School of Electricians, training 723 electricians. This year, we had 375 women in our workforce as electricians, confirming our belief in gender equality.

Health and Safety, Diversity, Cybersecurity, Ethics, Focus on the Customer and Sustainability, were the themes that were present in the Neoenergia agenda. Each of these subjects had a month of activities focused on discussion in lectures held online and open to all employees. Self-care, ethics and innovation, social engineering and WhatsApp scams, sustainable finance, carbon market, diverse employability and many other subjects were discussed throughout the year, bolstering Neoenergia's culture and commitment to ESG goals.

With regard to Volunteering, in 2022, the Program recorded 3,234 voluntary participations engaged in 35 opportunities across the country, covering all companies. Some highlights:

• Collection of more than 150 thousand units of sanitary pads for women;

• Teaching Professions (lectures focused on contributing to quality employment for young people): took place in five states, impacting more than 700 people;

• Donation of clothing campaign: collection of over 23,000 items donated to 64 beneficiary institutions;

• Operation kilo: donation of more than 28 thousand kilos of food collected and distributed to thousands of people through 96 benefited NGOs;

• Iberdrola International Volunteer Day: held in 2022, it was marked by the return of face-to-face activities, with 2,065 employees participating in all Neoenergia companies, more than 14 NGOs and 2,000 people directly and indirectly impacted. Another voluntary action was Esporte Solidário (Solidary Sport), through which Neoenergia employees used a cell phone application to record walks, runs and cycling, covering more than 12,000 kilometers, which were converted into donations of 600 pairs of sneakers to five institutions that benefit children and young people in the states of Pernambuco, Bahia, São Paulo, Rio Grande do Norte and the Federal District. In the activity "I take care of my square", the volunteers carried out cleaning actions with their family, close to their home, collecting more than 1.5 tons of waste from the streets;

• Skateboard Assembly: During the Leaders' Convention, more than 100 leaders showed maximum energy in the assembly of 50 skateboards that were donated to children and youngsters from the institution Esporte e Vida (Sport and Life);

• Solidarity Tree: The traditional Christmas campaign took place in Bahia, the Federal District, Rio Grande do Norte, Rio de Janeiro, Pernambuco and São Paulo, where volunteers mobilized and delivered more than 2,495 gifts to children assisted by some 35 NGOs of the concession areas.

In 2022, we adopted hybrid work as an option for employees who carry out activities compatible with this model. Our experience during the pandemic has shown us that with this prospect it is possible to add quality of life to the teams, without loss of productivity, in addition to aligning Neoenergia with the reality of the job market.

2022 was a year of great challenges and achievements, but we have teams that are engaged and committed to the quality of service provided to the communities where we operate. And it is gratifying to see the results achieved with the commitment of all Neoenergia employees. And with that same strength and determination we will persist in 2023.

13. SUSTAINABILITY, INNOVATION AND CORPORATE RESPONSIBILITY

13.1. ESG

Neoenergia's strategy and business model were designed anticipating the role that the electricity sector can play in fighting climate change and creating opportunities for economic, social and environmental development.

As a result of dialogue with its stakeholders and aware of the impact of all its activities, Neoenergia has a sustainable development strategy aligned with the implementation of a business project that aims to create value in a sustainable way, having as main references its Purpose and Values, and the respect for Human Rights.

The company has allied its business and sustainability strategy to the SDGs since its definition and, in 2018, approved the redesign of its Corporate Governance System whose main purpose was to formalize the group's commitment to this agenda, highlighting the contribution to the fulfillment of the social dividend generated by its business activity.

Neoenergia focuses its efforts on the SDGs to which its contribution is most relevant: providing clean and affordable energy (goal 7) and global action against climate change (goal 13). The company is also committed to other SDGs concerning strategic matters that directly contribute to the sustainable management of its businesses: drinking water and sanitation (SDG 6), industrialization, innovation and infrastructure (SDG 9), life on earth (SDG 15) and partnerships and means of implementation (SDG 17). The company has been a signatory to the ten principles of the Global Compact since 2007, with actions based on respect for human rights, labor rights, environmental conservation and the fight against corruption.

As part of this continuous evolution, in 2022 the Group took on 16 ESG goals for the years 2025 and 2030. With these commitments, the company specifies its engagement in providing transparency to relevant and measurable goals, which represent the priority aspects in its contribution to sustainable development.

With great pride, we announce the results achieved in these indicators in 2022 and the targets for 2025 and 2030:

	ESG Targets	Parameters	2022	2025	2030
E	Emissions	Generated gCO2/kWh emissions (scope 1)	1	36	20
	Fleet electrification	% of company light-duty vehicles electrified within Neoenergia's fleet	8%	13%	50%
	Sustainable financing	Annual review and update of the company's green financing framework	✔	Maintain current Pactice	
	Digitalization of Networks	% of HV and MV networks digitalized	74.5%	83%	90%
S	Women in relevant positions	Presence of women in executive board and oversight positions	28.3%	29.10%	31.80%
	Women in leadership positions	Presence of women in leadership in executive board, oversight and management positions	28.8%	30%	35%
	Female journeyperson electricians	% of women that have complete electrician training	36.7%	30%	35%
	Female electricians	% of women occupying electrician positions	5.6%	9%	12%
	Racial diversity	% of Black and multiracial employees in executive board, oversight, management and supervisors positions	30%	20%	25%
	Contributions to the community	Body of corporate volunteers (number of individuals volunteering)	3,501	2,321	2,623
	Safety (ISO 45001)	% company workers assigned to ISO45001-certified sites	48%	40%	42%
	Safety	TRIR (company staff)	0.26	0.43	0.39
	Training	Three-year average for hours dedicated to training employees and professionals in the communities in which we operate	89.2	67	70
	Suppliers	% R$ of purchases carried out with sustainable suppliers	75%	80%	85%
G	ESG Variable Remuneration	% of variable remuneration included in long-term incentives linked to ESG	30%	30%	33%
	Governance	Best Practices for Corporate Governance	✔	Maintain current Pactice	

Note: The unusual intensity of emission verified in 2022 is due to the lack of operation of Termopernambuco. In the year, the use of gas and its emissions are related to underlying operation activities and equipment maintenance.

The operation of Neoenergia's ESG strategy revolves around three pillars, emphasizing that the themes are integrated into the company's business model:

- Environmental performance, the fight against climate change and the conservation and recovery of biodiversity, by means of environmental policies;
- Social commitment, which is expressed in social policies;
- Corporate governance standards and policies, in line with best market practices.

In this way, Neoenergia seeks to ensure that all corporate and business activities are committed to and promote the creation of sustainable value for all stakeholders (clients, shareholders, employees, third-party contractors, suppliers, regulatory bodies, governments and communities impacted by its business), equitably rewarding all those who contribute to the success of its project.

Neoenergia's sustainable practices integrated into its business model enable the company to stand out and to occupy a prominent position in important sustainability and governance indices and ratings. In 2022, the company was part of the FTSE4 Good Index Series and the B3 Corporate Sustainability Index for the third consecutive year. Neoenergia is also part of The Sustainability Yearbook, by S&P and featured in the CDP, with a score of A- in Climate Change and B in Water Safety.

13.2. Innovation

Innovation is a priority for Neoenergia to ensure sustainability, efficiency, and competitiveness, and to remain at the forefront of the development of products, services and business models that allow it to face the challenges and take advantage of opportunities for transformation in the electricity sector. The company understands innovation as a decentralized, open and coherent process across all business units.

The innovation strategy is in line with the sustainable development strategy taken on by Neoenergia, with a focus on promoting renewable energy, taking advantage of opportunities that enable the digitalization and automation of its business, as well as investing in emerging technologies and driving the digital transformation of its businesses in order to contribute to the achievement of the ninth and eleventh Sustainable Development Goals approved by the United Nations (“SDG”).

The governance of the innovation process is supported by the collaborative platform Go In, implemented in 2021, as a technological solution for managing the innovation portfolio and which encourages the diversity of ideas to seek promising solutions for the company's businesses and the electricity sector.

During 2022, Neoenergia invested a total of R$ 164.3 million in R&D+I. The company's efforts are organized around five major axes aligned with the fundamental vectors of the transformation of the energy sector, decarbonizing and electrifying the economy:

- Disruptive technologies that are increasingly efficient, sustainable and ecologically correct that optimize the operation of facilities and processes. Green hydrogen, innovative renewable energies, sustainable mobility, smart grids, storage and electrification of thermal systems that contribute to industrial transformation with a focus on sustainability;
- New competitive products and services that meet customers’ needs, with greater customization of content and offers;
- Digitization and automation in all businesses and processes using technologies such as the Internet of Things (IoT), virtual and augmented reality, big data, artificial intelligence, machine learning and easy-to-use tools such as Power BI and Power Apps;
- Innovation with startups, entrepreneurs and suppliers with the aim of developing new business models and boosting innovations additional to the disruptive ones;
- Culture of innovation and talent as the basis for the organization's transformation pillars.

In 2022, Neoenergia participated in Inova 2030 – Young Innovators in SDG, a program carried out by the Global Compact of the United Nations (UN), the largest corporate sustainability initiative in the world. In partnership with Fundação Dom Cabral (FDC) and Liga de Empreendedores, the initiative seeks to identify and develop young intra-entrepreneurs and accelerate ideas with potential to transform in order to collaborate with the UN Sustainable Development Goals (SDGs).

It is worth mentioning the inauguration of Lab Neoenergia, an initiative carried out with scholarship students from the Federal University of Rio Grande do Norte (UFRN), technically tutored by professors and Neoenergia employees to understand and propose technological solutions that solve problems presented by the company.

Also noteworthy is the recognition in one of the largest innovation rankings in Brazil, the TOP 100 Open Corps 2022. The award, carried out by 100 Open Startups, identifies the corporations that most practiced open innovation with startups in the country. Between July/2021 and June/2022, Neoenergia maintained a relationship with more than 47 startups. Startup Automa, winner of the Startup Challenge for Non-Technical Losses, is developing a customized and integrated Digital Twins solution, which is based on the use of drones, computer vision and artificial intelligence. The startup Dispor Energia, selected through the so-called Cidade Zero Carbono (Zero Carbon City), launched by the Municipality of Salvador and SENAI CIMATEC, carries out a PoC (Proof of Concept) that seeks to engage with conscious consumption via intelligence in meters to generate environmental credits. Still on the subject of conscious consumption, the pilot project Plataforma Educativa de Consumo Consciente (Educational Platform of Conscious

Consumption), in partnership with Smartiks, aims to change consumption habits through real-time monitoring and educational content.

Another relevant open innovation project is the Coralizar, which includes the participation of the startup Biofábrica de Corais. This initiative formed between WWF-Brasil and Neoenergia Institute aims to make the restoration, maintenance and adjustment of coral reefs a priority agenda in Brazil. Also worthy of highlight is a project carried out by the Neoenergia Institute, the Balcão de Ideias e Práticas Educativas (Educational Ideas and Practices Desk), which by means of social innovation promotes education in several cities within the Group's areas of operation.

13.3. Education and Culture

In the field of **education**, the project **Balcão de Ideias e Práticas Educativas** stands out, which, under the management of the Neoenergia Institute, trained 983 education professionals, including teachers and school administrators, from the education systems of 13 municipalities in the states of Paraíba, Rio Grande do Norte, Pernambuco, Bahia and São Paulo. In 2022, the project supported the creation and implementation of tutored courses focused on early childhood education, elementary education and training of school managers, in addition to the co-creation of educational practices and training plans that focus on the development of competences of the National Common Curricular Base – BNCC.

In terms of education and training for territorial development, we developed the **Ventos da Mudança** (Winds of Change) project, an innovative partnership between Neoenergia Renováveis and Rio Energia with the Technical Center for Professional Education of Sertão Produtivo (Cetep), a technical school located in Caetité (BA), to contribute to the citizenship and professional training of local young people, who have few opportunities to carry out extracurricular activities, essential for those who are studying technical training. A pedagogical calendar was created together with Cetep, which involves Working Groups on Environmental Education and Youth, Theoretical-Practical Activities in Environmental Education and Guided Tours in wind farms, along with conversation round tables with professionals from both companies about careers, jobs and the professional market. In 2022, more than 100 students were contemplated. Also in the region, as part of the **Energia Produtiva de Caetité** project, digital training courses were held for students of technical courses at the Territorial Center for Professional Education in Sertão Produtivo, which also involved people from neighboring communities, with a view to facilitating access to the job market and local entrepreneurship.

The young audience was also the focus of the activities of the Young Rural Entrepreneur Program, a course on rural entrepreneurship and social leadership, for young people living in rural communities in the area of the wind farms in Paraíba and Rio Grande do Norte, which certified 47 students who presented sustainable business propositions in the communities where they live. The initiative is part of the SER – Health, Education and Income Program, conceived by Neoenergia, with the support of the Neoenergia Institute, and implemented since 2020 by the Local Economic Development Agency (ADEL), with resources from the BNDES social sub-credit. The initiative operates on pillars that have a direct impact on the Municipal Human Development Index (HDI) in the regions of wind farms and transmission lines, meeting the three axes of the Index and which also represent the project's Portuguese acronym SER (Saúde, Educação e Renda): Health, Education and Income.

Thinking about creating opportunities for **free professional training**, Neoenergia develops the School of Electricians, which supports the access to the job market to residents of the areas where the company's electricity distributors operate – Bahia, Pernambuco, Rio Grande do Norte, São Paulo and the Federal District. The school promotes the education and training of future professionals, who, upon completing the program, become able to perform the role of electricians in a technical and precise manner. Committed to promoting **gender equality** since 2019, the company has offered exclusive classes for women in special editions of the courses, breaking the paradigm that being an electrician is a male profession. With the evolution of the project, the classes became mixed, proving that it is possible for women to occupy previously predominantly men spaces. This has fostered the growth of women on the company's electrician staff with excellent results.

In the **cultural** arena, the company's main initiatives were carried out by the Neoenergia Institute, such as:

(i) the public notice Transforming Energy into Culture, in Rio Grande do Norte, Bahia and the Federal District, expanding participation to 42 projects aimed at initiatives intended to valuing the rich Brazilian cultural diversity and contributing to SDGs 4, 8, 11 and 17.

Furthermore, the Institute monitored the 25 projects selected in 2021 to be carried out in 2022, by mean of its Call Center;

(ii) the 2nd edition of the Inspirar Award, an announcement aimed at recognizing 16 female leaders who work with Art and Culture projects, was expanded to all Neoenergia's concession areas;

(iii) the Programa de Iluminação Cultural (Cultural Lighting Program) was developed in a new phase aimed at the rich historical heritage of the interior of Brazil. It was the turn of Theatro Cinema Guarany, an iconic and century-old building located in Triunfo, in the backlands of Pernambuco.

In addition to the scenic lighting inaugurated in December 2022, the program operated on two fronts throughout 2022: heritage education action in 14 public schools, benefiting more than 400 students, and cultural intervention for the community during its inauguration, involving more than 100 artists, cultural producers and local businesses, fostering the generation of work and income;

(iv) Caravana Energia que Transforma, carried on developing activities focused on training actions for socio-cultural managers in several Brazilian states.

In addition to the online modules, in 2022, the first face-to-face event was held: “Trilhas da Caravana, caminhos para uma boa gestão (Trails of the Caravan, paths to good management), a time of exchange and networking for 40 participants from the cultural sector of the DF;

(v) the Institute, in partnership with Termopernambuco, supported the first project part of Resgatando a História (Redeeming History), the largest program for valuing cultural heritage in Brazil, created by the BNDES, which has the support of large Brazilian companies. Termopernambuco allocated R$ 2 million to the Refurbishing of the property to re-qualify the *Portomídia*, by way of the Federal Law of Incentive to Culture, to be implemented between 2023 and 2025. Inserted in the architectural, urban and landscape complex of a neighborhood in Recife, the building listed by IPHAN (Institute of National Historic and Artistic Heritage) will be renovated and expanded to strengthen six creative economy business chains focused on technology such as games, cine-video-animation, multimedia, design, photography and music;

(vi) the Cultural and Artistic Workshops (OCA) offered 240 seats for young people between 16 and 24 years of age and women in situation of social vulnerability, in the cities of Campos do Jordão, Santa Isabel and Capão Bonito, in the state of São Paulo. With training actions in the fields of creative economy - digital culture, fashion and product design, the project promoted possibilities for generating work and income. The initiative is developed with resources from ProAC – Cultural Action Program of São Paulo;

(vii) Entre o Céu e a Favela (Between the Sky and the Slum), supported by the Rio de Janeiro Municipal Culture Incentive Law, has been operating for 10 years in Morro da Providência, a vulnerable region in the port area of Rio de Janeiro, developing multidisciplinary workshops after school hours for children and young people in the community, as well as professional training workshops for the mothers of beneficiaries.

13.4. Neoenergia Institute

In a year of resilience and growth, Neoenergia Institute expanded its projects, guaranteeing expressive results and achieving its pursued purpose of improving the lives of people and the planet. Together with its partners, the initiatives reinforced the sharing of knowledge, the preservation of marine species and ecosystems, the promotion of Brazilian cultural diversity and the promotion of human development. In synergy with several Sustainable Development Goals (SDGs) proposed by the United Nations (UN), the positive impacts are visible to thousands of benefited lives.

Among the five pillars of action of the Institute – Training and Research, Biodiversity and Climate Change, Art and Culture, Social Action and Institutional Collaboration, initiatives were carried out promoting difference during 2022, in 12 Brazilian states and in the Federal District.

13.5. Energy Efficiency

The Neoenergia Group's Energy Efficiency Program (PEE) is focused on promoting the efficient use of electricity. In 2022, it had an investment of some R$ 124 million in the five distributors.

Among the actions worthy of mention are:

• Implementation of projects with **action in popular communities** with the replacement of more than 701 thousand lamp bulbs for LED for residential consumers of the 5 distributors and more than 143 thousand lamp bulbs in more than 1.4 thousand institutions of these communities, in addition to 4 photovoltaic solar system of 242 .78 kWp at an institution in Bahia and replacement of 5,192 old refrigerators, mostly for consumers in municipalities affected by heavy rains in the Northeast, others donated to consumers in an isolated community with microgrid generation in the municipality of Remanso/BA and also to consumers served by the home care program (homecare);

• Execution of the **Vale Luz** project, which exchanges solid waste for a discount on the energy bill, recycling more than 1,600 tons of waste with a discount of more than R$ 785,000 on the electricity bills of more than 32,000 consumers in the 3 northeastern distributors, who also replaced more than 115,000 customer light bulbs for LED;

• Implementation of **educational** projects in public schools and distance learning training, training more than 15,000 teachers and more than 484,000 students in the concession areas of the distributors on the topic of efficient use of electricity. Projects heavily impacted by the pandemic;

• Implementation of **Efficiency projects for 1,149 public and assistance buildings** (public schools, health units – hospitals and medical centers, philanthropic institutions, etc.) in the concession area of the distributors of which 157 units in Bahia, 1682 units in Pernambuco,65 units in Rio Grande do Norte, 726 units in São Paulo and 19 units in Brasília, amounting to more than 286,000 lamp bulbs replaced and 35 photovoltaic solar systems installed, totaling 2.6 MWp;

• Implementation of the **Neoenergia Solar** project, which granted a 50% discount for the installation of solar energy in 437 homes in Bahia, Pernambuco, Rio Grande do Norte and São Paulo, totaling 1.6 MWp installed, in addition to replacing 795 customers’ lamp bulbs with LED;

• Implementation of **Public Lighting Efficiency projects** in 45 municipalities in the distributors' concession areas, with the replacement of more than 24 thousand Street Light points by LED technology;

• Execution of a project for the **Efficiency of Sanitation Companies** of 3 distributors (with the exception of Neoenergia Cosern and Neoenergia Brasília) in units of Embasa Feira de Santana (BA), Compesa Salgueiro (PE), SAAE Pirassununga (SP), with the replacement of 4 engines;

• Execution of the **Conscious Consumption Platform** project, which provides for the installation of a piece of equipment in the residence's energy meter, which collects data to be made available on a low-cost real-time consumption monitoring platform and interactions with educational content, alerts and guidance on conscious consumption. In March 2022, a contract was signed with the partner Smartiks to supply the equipment and make the monitoring platform available, and the approval process with ANATEL for the manufacture of the equipment begun. The delivery of the first batch of 100 (units) took place in November and the installations will start in 2023 with the opening of registrations on the website for customers who may be interested.

13.6. Research and Development

In 2022, R$ 219.41 million were invested in the ANEEL R&D Program, R$83.01 million of which in the development of projects by Neoenergia companies, R$75.78 million to the National Fund for Scientific and Technological

Development (FNDTC), R$37.89 million to the Ministry of Mines and Energy (MME) and R$22.73 million to the Energy Development Account (CDE). The Group's main projects are listed below:

Smart Technologies/Energy Recovery: the following projects stand out: (i) **GODEL – Observatório de Redes**, recognized in 2022 as the best project presented at the 39th National Circuit of the Electric Sector – CINASE in the Technological Innovation category, consisting of modules that delivered products already incorporated into Neoenergia's business processes and others under development and/or improvement, such as the GODEL Analytics module, an application that presents the mapping of technical and commercial losses, indicating the areas with the greatest opportunities for actions aimed at recovering revenues, in the Godel Multilink module, a measurement data concentrator with national technology for radiofrequency communication in order to ensure interoperability between field equipment in the distribution network, in addition to enabling the sending of measurement data to the distributor's management systems through multiple communication links, and in the GODEL Hosting Capacity module, a pioneering system in Brazil for determining the accommodation capacity of distributed generation and new loads on the medium voltage network, providing increased efficiency for responding to access requests by customers, enabling them to carry out their queries and obtain immediate answers; the (ii) **Smart Antennas**, which consists of a set of electronic circuits that form a reliable system of antennas with a 360° coverage for communication between the Operations Center and the reclosers of the distribution network, and can be applied to any substation that uses radio link; and (iii) **Digital Connection**, which will deliver important products to transform Neoenergia's customer experience, offering more efficient and personalized digital channels, making human and digital service more effective.

Safety: among the main R&D projects we have: the (i) **Robotic Arm**, which makes it possible to perform the tree trimming close to hot networks in a robotic way and with remote operation, with greater safety and efficiency; the (ii) **Proximity Sensor**, which consists of technology to mitigate electrical accidents with field teams, through sensors installed in the truck's overhead basket and a processing center that will signal and act to avoid a possible risk situation; the (iii) **Smart Safety Eye**, a system with artificial intelligence to identify inappropriate actions by field teams, such as non-use or inappropriate use of personal protective equipment (PPE), as well as incorrect procedures; the (iv) **Ground Network Measurement**, equipment capable of measuring ground network impedance without the need to switch off the substation; and (v) **Dam Safety**, which develops an innovative georeferenced system for intelligent management, in real time, of the Dam Safety Plan (PSB), which works as a support for decision-making, based on risk analysis of the projects and of data consistency.

Quality and Reliability: we point out the (i) **Qualimeter with Constant Oscillography**, equipment for assessing the quality of the energy supply and for integration with the fault location system in distribution networks, in order to improve the quality and safety of the network; the (ii) **Pioneer batch of meter gauges**, which developed and delivered to the operation of Neoenergia distributors, 24 units of equipment named ADR 9000, used to gauge electric energy meters in the field, without the need for interrupting the energy supply of the consumer; (iii) **Storage Technology for Reclosers** that uses ultra-capacitors with batteries, being a pioneer for the reliability of automated equipment; the (iv) **SIERF (Radio Frequency Equipment Identification System),** which developed and delivered for testing the identification, registration and traceability system for distribution network equipment, consisting of a radio frequency data collector and high durability electronic tag for identifying assets with metallic surface, such as transformers and meters; and the (v) **SMARTF (Simulation and Modeling of the Future Regulatory and Technological Environment of Distributors),** which developed and delivered a computer tool for defining the business strategy of the Neoenergia distribution companies, considering scenarios of alternative regulatory paths, evolution of the networks, consumer behavior and deployment of distributed energy resources such as generation, storage, electric vehicles and demand response schemes. In addition to the following R&D projects under development:

• Vehicle with intelligent system for **Washing the Insulators** of the distribution networks considering the measured level of salinity;

• Self-loading Unmanned Aerial Vehicle (**UAV**) with an automatic system for the remote registration of assets and inspections in distribution and transmission lines;

• **Mobile Emergency Tower** for emergency replacement of structures at 69kV and/or 138kV (suspension and/or anchoring), including the development of removable national anchors

• **Climate Forecast: development of algorithm and computer application** to forecast the evolution of air temperature and "feels like", using results from numerical models of the climate system, combined with machine learning techniques, aiming at more assertive projections of the distributed energy market;

• **Electricity Sector Analytical Intelligence System (SIASE-T)** which consists of developing an information portal for the electricity transmission segment, which will restructure and integrate the databases currently used by the Ministry of Mines and Energy (MME), Energy Research Company (EPE), National Electric System Operator (ONS) and National Electric Energy Agency (ANEEL), improving the efficiency of the management process and allowing access to qualified information by society.

Business Sustainability: the projects that follow were developed: (i) **Electric Truck**, currently with 2 vehicles in operation that have an electro-hydraulic overhead basket for electricity distribution network services with an intelligent system for managing truck recharge and with an efficient system for recharging the vehicle on occasion in the distributor's own low voltage network; (ii) **Green Corridor**, which consists of a 1,200 km electroway connecting Salvador (BA) and Natal (RN), containing 11 highway charging stations (50kW) plus 6 stations in urban shopping malls (22kW), offering a wide infrastructure for users of electric vehicles in the northeast region, proposing a new business model for recharge services within companies in the electricity sector; (iii) **Electric Mobility Trilha Verde**, a project under development in Fernando de Noronha that aims to establish, in a sustainable way, solutions and business models for tourism activities, public services and the operation of Neoenergia Pernambuco, with the use of electric vehicles and charging stations, distributed in strategic locations on the island, ensuring supply through renewable sources with an energy storage system; (iv) **Intelligent Energy Storage System (SIAE),** completed in 2022, consists of a storage system with lithium-ion batteries, used to optimize the dispatch of generators at the Tubarão thermoelectric plant, in Fernando de Noronha, considering the existence of centralized solar plants and distributed generation on the island; (v) **Microgrid**, also completed in 2022, is a centralized solar energy system with batteries and distribution network, an alternative to meet the regulatory requirements of the Luz Para Todos (LPT) program with proposals for improvements from a technical and regulatory point of view, which benefits 113 consumer units in the backlands of Bahia; (vi) **Management of PCB** (polychlorinated biphenyls) computer system for the management, monitoring and control of equipment that operates with synthetic oils containing polychlorinated biphenyls (PCBs) or contaminated mineral/vegetable oils in the electrical system of Neoenergia Brasília; (vii) **Sustainable and eco-efficient solutions for Coexistence of the Lear Blue Macaw (Anodorhynchus leari)**, which aims to develop solutions for the Lear Macaw to coexist with the electricity distribution network and create a broad Conservation Program for the species, consisting of environmental, social, educational and technological aspects; (viii) **Golden Mussel**, which develops technology to control the population of the golden mussel present in hydroelectric plant reservoirs; (ix) **Hidrodigital**, which will develop regulatory instruments to encourage improved performance in the operation of existing hydroelectric power plants, through the evaluation, using artificial intelligence techniques, of the data provided by sensors installed in the hydraulic turbines, with the expected result of an increase of the annual energy generation and/or reserve capacity; and the (x) **Green Hydrogen** R&D project, which will implement a solution for the local production of green hydrogen, based on photovoltaic solar energy to meet the internal demand for cooling turbo generators, application in forklifts and in electric mobility (vehicle charge).

14. NEOENERGIA GROUP AWARDS AND RECOGNITIONS

The Neoenergia Group's actions are guided by the constant search for quality and efficiency, results of which are evidenced on the basis of the awards and recognitions achieved over the years. Below are the main highlights of 2022.

The Sustainability Yearbook 2022 	Neoenergia remained in The Sustainability Yearbook 2022, by S&P Global, for the second consecutive year. The recognition ensured its ranking among the top 15% of rated companies with the best performance in the electrical sector and only 30% below the industry leader in the S&P Global ESG. Launched in 1999 and indexed on the New York Stock Exchange, the index is considered the greatest reference for integrating sustainability into business strategy and an important driver for a number of institutional investors.
Award 100 Open Corps	Neoenergia stood out once again by securing the 100 Open Corps Award, being elected the fourth most innovative company in the electricity and renewable energy sector.
FTSE4Good Index	Neoenergia improved seven positions compared to 2020 in the FTSE4 Good Index, one of the most important international sustainability indices, measured by the Financial Times Stock Exchange (FTSE) Russell, a division of the London Stock Exchange. Additionally, its environmental, social and governance practices showed averages that exceed those of the electric energy sector.
Award ClienteSA 	Neoenergia won the Gold award with the End-to-End Management Case. The initiative is the main recognition of the customer management and customer experience area, highlighting the best practices in the Brazilian market with gold, silver and bronze trophies.
Investor's 2022	Neoenergia was a positive highlight among electricity companies in the Institutional Investor's 2022 award, promoted by Institutional Investor magazine, specialized in the financial market. The company, in the view of sell side analysts, was among the first ones in the rankings referring to the best CFO and best Investor Relations professional, in addition to gaining recognition in the categories of ESG practices and "Best Analyst Day".
Trophy Transparência	For the second consecutive year, Neoenergia won the Transparency Trophy, awarded by the National Association of Finance, Administration and Accounting Executives (ANEFAC). Known as the "Oscar of

	Accounting", this is the only award of its kind in the country. The recognition places Neoenergia among the ten companies with net revenues above R$ 20 billion that present high quality and transparency of the financial information provided to the market, as well as consistency of management reporting and adherence to accounting principles.
Award O Setor Elétrico	In the fourth year of the "OSE Award", Neoenergia was recognized with three first place trophies among 6 possible categories. The O Setor Elétrico Quality of Electrical Installations Award is an initiative of the O Setor Elétrico Magazine in partnership with the National Electric Sector Circuit (CINASE) created to recognize successful efforts in the preparation, specification and installation of electrical engineering projects in the country.
Award SMART CUSTOMER 2022	Neoenergia received the gold award for the "Technology and Customer" case and bronze for the "End to end management" case. The SMART CUSTOMER Award recognizes business practices that offer the best experience for customers and employees.
Award CONAREC 2022	Neoenergia won the CONAREC 2022 Award, aimed at companies, suppliers and service providers that stand out in the customer service and relationship segment, winning in the Energy and Utilities category. In this edition, the highlight was relational intelligence, especially in digital service channels, measuring quality, resolution and the consumer journey.
Melhores e Maiores of Exame Magazine	Neoenergia and six of its businesses were ranked in the special edition of Exame magazine "Melhores e Maiores 2022". In the energy sector, Neoenergia Brasília, incorporated in March 2021, made its debut. The ranking also includes: the holding company; two transmission companies (Neoenergia Guanabara and Neoenergia Dourados) and three distributors - Neoenergia Coelba (BA), Neoenergia Pernambuco (PE) and Neoenergia Elektro (SP and MS).
	Neoenergia won the silver trophy of the ABT Award with the end-to-end Management case. The initiative is the biggest award in customer relations in Brazil and its purpose is to recognize and publicize the best practices

Award ABT	presented by the participating companies, transforming the winning cases into a reference for the market.
Award Aberje 2022	Neoenergia won the Diversity and Inclusion category with the Junt+s diversity program, earning the most important recognition in business communication in Brazil, the Aberje 2022 Award in the regional stage. Aberje - Brazilian Association of Business Communication - promotes one of the major awards in the communication sector every year.
CDP Clima 2022	Neoenergia reached the A- score of the 2022 CDP Climate (index used to evaluate the performance of the companies participating in the selection process for the ISE B3 portfolio at the Climate Change level), remaining on the A list, and score B in the water safety paper, reinforcing its leading role in the environmental agenda.
B3 Corporate Sustainability Index	For the third consecutive year, Neoenergia remains in the portfolio of the B3 Corporate Sustainability Index (ISE) – Brasil, Bolsa, Balcão. The 18th portfolio of the ISE B3 will be in effect from January 2023, bringing together 70 shares.

15. INDEPENDENT AUDITORS

Pursuant to CVM Instruction No. 162, of July 14, 2022, the Company states that it maintains an agreement with Deloitte Touche Tohmatsu Auditores Independentes Ltda. ("Deloitte"), entered into on 03/01/2022, effective for 60 (sixty) months.

In 2022, Deloitte provided audit services for the amount of R$ 5,576,167.70, of which R$ 4,773,939.53 refer to the audit of the financial statements (including quarterly reviews) and R$ 802,228.17 refer to other audit-related services, such as review of translation of statements into English, limited assurance report on Covenants, review of cash flow projections for dividend payment purposes, audit of regulatory statements and previously agreed procedures on equity control report. The Company's policy regarding the contracting of external audit services is based on the principles that preserve the auditor's independence and consist of: (a) the auditor must not audit his own work, (b) the auditor must not perform managerial functions in the Company and (c) the auditor must not promote the interests of the Company.

16. SOCIAL BALANCE

The company's Annual Sustainability Report for 2022 will be disclosed by March 31, 2023 on the company's website (www.neoenergia.com). Neoenergia has been disclosing its performance in environmental, social, economic and governance aspects annually since 2004, when it published its first Annual Report, as a way of demonstrating its commitment to transparency and a sustainable growth model. As of 2010, it started preparing the report based on the rules of the Global Reporting Initiative (GRI), in addition to following the Socio-Environmental and Economic-Financial Report Preparation Manual of the National Electric Energy Agency (Aneel). Since 2020, it also considers the guidelines of the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards (SASB) for the electricity sector, and the recommendations contained in the Corporate Sustainability Assessment (CSA), by S&P Global, for the Dow Jones Sustainability Index (DJSI). Starting in 2021, the report added the Task Force on Climate-Related Financial Disclosure (TCFD) recommendations. The document also meets commitments with the Global Compact and the Sustainable Development Goals (SDGs) of the United Nations (UN).

17. RECONCILIATION NOTE

Neoenergia S.A. presents the results for the 4Q22 and 2022 based on managerial analyzes that management understands to best translate the company's business, reconciled with International Financial Reporting Standards - IFRS.

	Current Year		Previous Year		
Calculation Memory (CONSOLIDATED)	**4Q22**	**2022**	**4Q21**	**2021**	**Corresponding Explanatory Notes**
(+) Net Revenue	11,536	42,787	11,944	43,165	Incoment Statement
(-) Estimated Replacement Value of Concession	(429)	(1,339)	(424)	(1,579)	Note 5
(-) Other revenues	(129)	(824)	(241)	(610)	Note 5
(+) Gain/Loss on RAP	(99)	34	62	36	Note 5.3
(+) Revenue from Operation and Maintenance	34	131	27	70	Note 5.3
(+) Photovoltaic Operations	7	28	3	14	Note 5.3
(+) Other revenues - Other revenues	1	5	17	24	Note 5.3
= Net Operating REVENUE	**10,921**	**40,822**	**11,388**	**41,120**	
(+) Costs with electric energy	(4,622)	(17,813)	(5,693)	(21,620)	Incoment Statement
(+) Fuel for energy production	(109)	(125)	(132)	(558)	Note 8
(+) Construction costs	(2,356)	(8,001)	(1,973)	(6,362)	Incoment Statement
(+) Operações fotovoltaicas	(6)	(21)	(3)	(13)	Note 8
= Energy costs	**(7,093)**	**(25,960)**	**(7,801)**	**(28,553)**	
(+) Estimated replacement value of concession	429	1,339	424	1,579	Note 5
= GROSS MARGIN	**4,257**	**16,201**	**4,011**	**14,146**	
(+) Operating costs	(1,472)	(4,507)	(1,180)	(4,279)	Incoment Statement
(+) Sales expenses	(93)	(360)	(118)	(374)	Incoment Statement
(+) Other general and administrative revenues/expenses	(634)	(2,080)	(448)	(1,661)	Incoment Statement
(-) Fuel for energy production	109	125	132	558	Note 8
(-) Operações fotovoltaicas	6	21	3	13	Note 8
(-) Depreciation	780	2,243	466	1,751	Note 8
(+) Gain/Loss on RAP	129	824	241	610	Note 5
(-) Gain/Loss on RAP	99	(34)	(62)	(36)	Note 5.3
(-) Revenue from operation and maintenance	(34)	(131)	(27)	(70)	Note 5.3
(-) Photovoltaic Operations	(7)	(28)	(3)	(14)	Note 5.3
(-) Other revenues - Other revenues	(1)	(5)	(17)	(24)	Note 5.3
= Operating Expenses (PMSO)	**(1,118)**	**(3,932)**	**(1,013)**	**(3,526)**	
(+) Provisions for Delinquency (PECLD)	(120)	(505)	(104)	(350)	Incoment Statement
(-) Fair value adjustment - investment	(201)	(201)	(482)	(482)	Incoment Statement
(+) Equity Accounting	17	19	(1)	68	Note 15.1
EBITDA	**2,835**	**11,582**	**2,411**	**9,856**	
(+) Depreciation and Amortization	(611)	(2,243)	(531)	(1,984)	Incoment Statement and Note 8
(+) Financial Income/Loss	(947)	(3,800)	(909)	(2,283)	Incoment Statement
(+) IR/CS	(323)	(752)	(310)	(1,523)	Incoment Statement
(+) Minority shareholders	(18)	(69)	(26)	(141)	Incoment Statement
NET INCOME	**936**	**4,718**	**635**	**3,925**	Incoment 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 NEONERGIA

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 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 running 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).

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

INDEPENDENT AUDITOR'S REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders, Directors and Management of
Neoenergia S.A.

Opinion

We have audited the accompanying individual and consolidated financial statements of Neoenergia S.A. ("Company"), identified as Parent and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2022, and the related statements of income, of comprehensive income, of changes in shareholders' equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Neoenergia S.A. as at December 31, 2022, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards - IFRS, issued by the International Accounting Standards Board - IASB.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements in the Code of Ethics for Professional Accountants and the professional standards issued by the Brazilian Federal Accounting Council ("CFC"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and, therefore, we do not provide a separate opinion on these matters.

Recognition of revenue from electric power supply and electric grid availability

As mentioned in note 3 to the individual and consolidated financial statements, the Company's revenue derives mainly from the supply of electric power and electric grid availability, recognized when the control over each performance obligation is transferred to the customer and can be measured reliably, what generally occurs upon delivery of the power and/or when the service is provided. The revenue from electric power supply and electric grid availability is measured based on the reading schedule established, considering the quantity of power used by the customer and the prevailing tariffs. The process also includes the measurement of the revenue not billed from the consumer, relating to electric power supply and electric grid availability, calculated on an estimated basis, up to the balance sheet date, using assumptions defined by the Company.

This matter was considered a key audit matter due to the judgment necessary for the recognition of revenue from electric power supply and electric grid availability, including the measurement of the unbilled revenue, as well as the intensive use of automated systems to process and record such revenue.

Our audit procedures on the recognition of the revenue from electric power supply and electric grid availability included, among others: (a) understanding and assessing the design and implementation of the significant internal controls relating to the recognition of the revenue from electric power supply and electric grid availability; (b) involving our information technology specialists to assess the automated systems and environment used for the recognition of the revenue from electric power supply and electric grid availability; (c) adopting analytical procedures that comprise the analyses of the correlation of variables on the occurrence, reliability and accuracy of the monthly variations in the revenue from electric power supply and electric grid availability recognized by the Company, analyzing the fluctuations that are not aligned with our independent expectations; (d) conducting revenue transaction test, on a sampling basis, comparing the amounts recognized and the supporting documents; (e) assessing and challenging whether the method used by the Company to measure the unbilled revenue from electric power supply and electric grid availability was appropriately applied and whether the calculations were consistently applied and are mathematically correct; (f) assessing whether the assumptions used in the calculation of the unbilled revenue from electric power supply and electric grid availability were appropriately applied and are consistent, specifically with respect to the volume of unbilled electric power, including an independent analysis; and (g) assessing the disclosures in the financial statements in light of technical pronouncement CPC 47/IFRS 15 - Revenue from Contracts with Customers.

In the course of our audit, we identified internal control deficiencies relating to certain information technology controls that caused us to change our audit approach and expand the extent and nature of our planned substantive procedures so as to obtain sufficient and appropriate audit evidence. The aforementioned deficiencies were remedied by the Company in the year.

Based on the audit procedures described above and the audit evidence obtained, we believe that the recognition of the revenue from electric power supply and electric grid availability and the related disclosures are acceptable within the context of the individual and consolidated financial statements taken as a whole.

Electric power distribution infrastructure

As mentioned in notes 12 and 13 to the individual and consolidated financial statements, the investments in the electric power distribution concession infrastructure are recorded as contract asset during the construction phase, in accordance with technical pronouncement CPC 47/IFRS 15 - Revenue from Contracts with Customers and, upon the startup of activities, the amounts are bifurcated, in accordance with technical interpretation ICPC 01 (R1)/IFRIC 12 - Concession Arrangements, between financial asset, relating to the portion of the infrastructure that will not be amortized until the end of concession and for which there is an unconditional right to receive cash or another financial asset directly from the concession grantor, and intangible asset, corresponding to the portion of the infrastructure that will be recovered through the tariff defined by the concession grantor during the term of the concession contract.

Due to the complexity of the concepts involved in the application of these standards, the judgment inherent in the measurement process and the relevant amounts, which are part of the criterion used by the concession grantor to determine the electric power tariffs, we consider this a key audit matter.

Our audit procedures included, among others: (a) assessing the design and implementation of the significant internal controls relating to the measurement and recognition of the distribution infrastructure assets; (b) examining, on a sampling basis, the supporting documents of the additions in the year; (c) developing independent expectation using indices independently obtained for measuring the fair value of the concession financial asset, analyzing the fluctuations that are not aligned with our independent expectations; (d) developing independent expectation on the balance of amortization of the concession intangible assets considering the applicable amortization rates; (e) examining, on a sampling basis, the bifurcation of the contract asset between concession intangible asset and financial asset; and (f) assessing the disclosures in the financial statements in light of technical pronouncement CPC 47/IFRS 15 - Revenue from Contracts with Customers.

In the course of our audit, we identified internal control deficiencies relating to certain information technology controls that caused us to change our audit approach and expand the extent of our planned substantive procedures so as to obtain sufficient and appropriate audit evidence. The aforementioned deficiencies were remedied by the Company in the year.

Based on the audit procedures described above and the audit evidence obtained, we believe that the judgment inherent in the measurement process and the balances relating to the electric power distribution infrastructure and the related disclosures are acceptable within the context of the individual and consolidated financial statements taken as a whole.

Public service concession - contract asset

As disclosed in notes 3 and 10 to the individual and consolidated financial statements, the Company operates as a service provider, under a concession contract, and is compensated for the construction and implementation of the electric power infrastructure, as well as for the maintenance and operation of such infrastructure. The recognition of the contract asset in accordance with technical pronouncement CPC 47/IFRS 15 - Revenue from Contracts with Customers requires the exercise of significant judgment when the customer obtains the asset control. Additionally, the measurement of the Company's progress in relation to the fulfillment of the performance obligation satisfied over time also requires the use of estimates and significant judgment by the Executive Board to estimate the necessary efforts or inputs to fulfill the performance obligation, such as materials and labor, expected profit margins in each performance obligation identified, and expected revenue projections. Finally, as it is a long-term contract, the identification of the discount rate that represents the financial component embedded in the flow of future receipts also requires the use of judgment by the Executive Board.

Due to the materiality of the amounts and significant judgment involved in measuring the Company's progress in relation to the fulfillment of the performance obligation satisfied over time, the profit margins and expected revenue projections, we consider the measurement of the contract asset and revenue from contracts a key audit matter.

Our audit procedures included, among others: (a) understanding the flow of recognition of the contract asset and respective revenue, by nature; (b) assessing the design and implementation of significant internal controls over the recognition of the contract asset and respective revenue; (c) understanding the criteria and assumptions used in the determination of the construction and operation and maintenance margins, the implicit rates applied to the flows of future receipt; (d) conducting substantive tests relating to the supporting documents of the additions to the contract asset, recalculation of the flows of future receipt of the infrastructure projects, recalculation of the inflation adjustments and financial compensation of the contract assets, on a sampling basis, based on the contractual conditions established and other assumptions used by the Company; and (e) assessing the disclosures in the financial statements in light of technical pronouncement CPC 47/IFRS 15 - Revenue from Contracts with Customers.

In the course of our audit, we identified internal control deficiencies relating to certain information technology controls that caused us to change our audit approach and expand the extent of our planned substantive procedures so as to obtain sufficient and appropriate audit evidence. The aforementioned deficiencies were remedied by the Company in the year.

Based on the audit procedures performed, we believe that the contract asset recognition policies and respective revenue are acceptable to support the judgments, estimates and information included in the individual and consolidated financial statements taken as a whole.

Other matters

Statements of added value

The individual and consolidated statements of added value ("DVA") for the year ended December 31, 2022, prepared under the responsibility of the Company's Executive Board and disclosed as supplemental information for purposes of the IFRS, were subject to audit procedures performed together with the audit of the Company's individual and consolidated financial statements. In forming our opinion, we assess whether these statements are reconciled with the individual and consolidated financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Added Value. In our opinion, these statements of added value were appropriately prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

Comparative information - corresponding figures

The Company's individual and consolidated financial statements for the year ended December 31, 2021 were audited by another independent auditor, who issued an unmodified opinion thereon, dated February 17, 2022.

Other information accompanying the individual and consolidated financial statements and the independent auditor's report

The Executive Board is responsible for the other information. Such other information comprises the Management Report.

Deloitte.

Our opinion on the individual and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Board and those charged with governance for the individual and consolidated financial statements

The Executive Board is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and IFRS, issued by the IASB, and for such internal control as the Executive Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, the Executive Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive Board either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with the Company's and its subsidiaries' governance are those responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board.

- Conclude on the appropriateness of the Executive Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit and, consequently, for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, when applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The accompanying individual and consolidated financial statements have been translated into English for the convenience of readers outside Brazil.

Rio de Janeiro, February 15, 2023

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.

Jônatas José Medeiros de Barcelos
Engagement Partner

2023SA019914

STATEMENT OF INCOME
For the twelve-month period ended December 31, 2022 and 2021
(Amounts expressed in millions of Reais, except for earnings per share amounts)

NEOENERGIA

	Notes	Consolidated		Parent Company	
		2022	2021	2022	2021
Operating income, net	5	**42,787**	**43,165**	**1**	**4**
Service costs		**(30,321)**	**(32,261)**	**-**	**-**
Energy costs	6	(17,813)	(21,620)	-	-
Construction costs	7	(8,001)	(6,362)	-	-
Operating costs	8	(4,507)	(4,279)	-	-
Gross profit		**12,466**	**10,904**	**1**	**4**
Expected credit loss	12.2	(505)	(350)	-	-
Sales expenses	8	(360)	(374)	-	-
Other general and administrative income (expenses)	8	(2,080)	(1,661)	(290)	(227)
Fair value adjustment of assets classified as held for sale	15	(201)	(482)	(201)	(482)
Amortization of appreciation	15	19	(165)	5,558	4,849
Operating income		**9,339**	**7,872**	**5,068**	**4,144**
Financial result	9	**(3,800)**	**(2,283)**	**(383)**	**(263)**
Financial revenues		1,548	755	335	187
Financial expenses		(4,339)	(2,934)	(523)	(418)
Other financial results, net		(1,009)	(104)	(195)	(32)
Income before taxes		**5,539**	**5,589**	**4,685**	**3,881**
Income taxes	10.1.1	**(752)**	**(1,523)**	**-**	**7**
Current		(722)	(566)	-	7
Deferred		(30)	(957)	-	-
Net income for the period		**4,787**	**4,066**	**4,685**	**3,888**
Attributable to:					
Controlling interest		4,718	3,925	4,685	3,888
Non-controlling interest		69	141	-	-
Basic and diluted earnings per share – R$:	23.2	**3.89**	**3.35**	**3.86**	**3.20**

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

STATEMENT OF COMPREHENSIVE INCOME
For the twelve-month period ended December 31, 2022 and 2021
(Amounts expressed in millions of Reais)

	Consolidated		Parent Company	
	2022	2021	2022	2021
Net income of the period	**4,787**	**4,066**	**4,685**	**3,888**
Other comprehensive income				
Items that will not be classified to profit and loss:				
Obligations with benefits to employees	(38)	254	-	-
Cash flow hedge	3	(208)	-	-
Deferred taxes on comprehensive income	12	(68)	-	-
Equity equivalence	-	-	(9)	(24)
Sum of the items that will not be classified to profit and loss	**(23)**	**(22)**	**(9)**	**(24)**
Items that will be classified to profit and loss:				
Cash flow hedge	(608)	(359)	(251)	(69)
Deferred taxes on comprehensive income	122	93	-	-
Equity equivalence	-	-	(225)	(191)
Sum of the items that will be classified to profit and loss	**(486)**	**(266)**	**(476)**	**(260)**
Other comprehensive income/loss for the period, net of taxes	**(509)**	**(288)**	**(485)**	**(284)**
Comprehensive income for the period	**4,278**	**3,778**	**4,200**	**3,604**
Attributable to:				
Controlling interest	4,233	3,641	4,200	3,604
Non-controlling interest	45	137	-	-

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

STATEMENT OF CASH FLOWS
For the twelve-month period ended December 31, 2022 and 2021
(Amounts expressed in millions of Reais)

	Consolidated		Parent Company	
	2022	2021	2022	2021
Cash flow from operating activities				
Net income for the period	**4,787**	**4,066**	**4,685**	**3,888**
Adjusted by:				
Depreciation and amortization	2,280	1,777	167	164
Writtle-off on non-current assets	213	126	-	-
Amortization of appreciation	(19)	165	(5,719)	(5,009)
Fair value adjustment of assets classified as held for sale	201	482	201	482
Income taxes	752	1,523	-	(7)
Financial income (expenses), net	3,800	2,283	383	263
Concession's estimated replacement value	(1,339)	(1,579)	-	-
Hydrological Risk reimbursement – GSF	-	(164)	-	-
Others	(2)	(252)	-	-
Changes in working capital:				
Trade accounts and other receivables	1,234	(1,318)	-	-
Public Service Concession (Contract assets - Transmission)	(3,646)	(3,591)	-	-
Suppliers and accounts payable to contractors and operations of invoice discounting	(1,341)	685	35	(12)
Wages, employment benefits and charges payable, net	(36)	(31)	(4)	(3)
Sectoral financial assets and liabilities, net (Portion A and others)	2,559	(2,485)	-	-
Other recoverable (payable) taxes and sectoral charges, net	(1,293)	20	(57)	(47)
Provisions, net of judicial deposits	(145)	(101)	-	(5)
Other assets and liabilities, net	(719)	62	307	(380)
Cash flow from operating activities	**7,286**	**1,668**	**(2)**	**(666)**
Dividends and interest on own capital received	87	46	4,738	3,411
Payment of debt charges	(2,649)	(1,250)	(330)	(144)
Derivative financial instruments paid, net	(840)	71	(210)	(6)
Income from financial investments	822	186	95	14
Payment of interest – Leases	(26)	(15)	-	-
Income taxes paid	(60)	(574)	-	-
Cash flow generated by operating activities	**4,620**	**132**	**4,291**	**2,609**
Cash flow from investing activities				
Acquisition of fixed and intangible assets	(1,656)	(2,998)	(3)	(2)
CEB's acquisition of control, net of cash obtained in the acquisition	-	(2,415)	-	-
Public Offering for acquisition of shares from Neoenergia Pernambuco	-	-	(287)	-
Reclassification of cash from non-current assets held for sale	(22)	-	-	-
Public Service Concession (Contract assets - Distribution)	(5,698)	(4,637)	-	-
Capital increase in investees	(47)	(40)	(3,148)	(4,239)
Investments in securities and marketable securities	(983)	(318)	(424)	-
Redemption in securities and marketable securities	997	84	374	-
Received loans with investees	-	-	543	-
Cash flow used by investing activities	**(7,409)**	**(10,324)**	**(2,945)**	**(4,241)**
Cash flow from financing activities				
Funds raised through loans and financing	12,923	15,718	1,473	3,296
Payment of fundraising costs	(94)	(77)	-	(8)
Amortization of principal from loans and financing	(8,171)	(5,230)	(2,204)	(296)
Collateral deposits	(30)	11	-	-
Public Service Concessions obligations	326	376	-	-
Payment of principal – leases	(47)	(44)	-	-
Derivative financial instruments received, net	501	631	-	-
Public Offering for acquisition of shares from Neoenergia Pernambuco	(326)	-	-	-
Dividends and interest on own capital paid to Neoenergia's shareholders	(938)	(596)	(938)	(596)
Dividends and interest on own capital paid to non-controlling interest	(98)	(112)	-	-
Received loans with investees	-	-	(31)	-
Cash flow generated (used) by financing activities	**4,046**	**10,677**	**(1,700)**	**2,396**
Increase (decrease) in cash and cash equivalents for the period	**1,257**	**485**	**(354)**	**764**
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	6,802	5,545	777	1,131
Non-cash transactions:				
Net Assets of business combination (note 15.3)	-	1,744	-	-
Addition and adjustment to capitalized provisions	215	206	-	-
Addition of Special Obligations – incorporated through goods donation	31	45	-	-
Leasing contracts - IFRS 16	90	67	-	-
Suppliers and account payable to contractors and operations of invoice discounting	376	1,034	-	-

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

(Amounts expressed in millions of Reais)

NEOENERGIA

		Consolidated		Parent Company	
	Notes	2022	2021	2022	2021
Assets					
Current					
Cash and cash equivalents	**11**	6,802	5,545	777	1,131
Trade accounts receivable and others	**12**	7,805	8,626	-	-
Securities and marketable securities		99	72	-	-
Derivative financial instruments	**19.3**	183	738	-	-
Recoverable income taxes	**10.1.3**	1,040	848	259	192
Other recoverable taxes	**10.3.1**	1,876	2,085	1	1
Dividends and interest on own capital receivable	**15**	49	25	763	629
Sectoral financial asset (Portion A and others)	**13**	252	1,681	-	-
Public Service Concession (Contract asset)	**14.2**	715	492	-	-
Other current assets		1,037	871	87	634
		19,858	**20,983**	**1,887**	**2,587**
Non-current asset held for sale	**15.3**	1,730	797	1,577	797
Total current assets		**21,588**	**21,780**	**3,464**	**3,384**
Non-current					
Trade accounts receivable and others	**12**	340	378	-	-
Securities and marketable securities		414	387	61	-
Derivative financial instruments	**19.3**	774	1,463	-	-
Recoverable income taxes	**10.1.3**	30	7	-	-
Other recoverable taxes	**10.3.1**	3,749	4,863	-	-
Deferred income taxes	**10.1.2**	611	727	-	-
Judicial deposits	**20.1**	1,244	1,087	62	55
Sectoral financial asset (Portion A and others)	**13**	-	352	-	-
Public Service Concession (Financial asset)	**14.1**	23,493	18,516	-	-
Public Service Concession (Contract asset)	**14.2**	15,980	12,447	-	-
Other non-current assets		102	94	75	9
Investments in subsidiaries, associates and joint ventures	**15**	359	1,200	29,487	26,942
Right of use		182	138	-	-
Property, Plant & Equipment (“PP&E”)	**16**	10,846	9,560	26	26
Intangible assets	**17**	12,606	12,801	3	2
Total non-current assets		**70,730**	**64,020**	**29,714**	**27,034**
Total assets		**92,318**	**85,800**	**33,178**	**30,418**

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

(Amounts expressed in millions of Reais)

	Notes	Consolidated 2022	Consolidated 2021	Parent Company 2022	Parent Company 2021
Liabilities					
Current					
Suppliers and trade accounts payable to contractors and operations of invoice discount	**18**	4,287	5,538	158	122
Loans and financings	**19.2**	7,289	7,940	720	2,276
Lease obligations		48	38	-	-
Derivative financial instruments	**19.3**	289	134	41	27
Wages, employment benefits and charges payable	**22**	806	661	18	22
Payable income taxes	**10.1.3**	132	29	-	-
Other taxes and sectoral charges payable	**10.3.2**	1,222	1,690	96	67
Sectoral Financial Liability (Portion A and others)	**13**	124	-	-	-
Reimbursements to consumers – Federal taxes	**10.4**	1,451	1,500	-	-
Dividends and interest on own capital	**23.2**	1,001	805	985	786
Provisions and other obligations	**20**	378	256	-	-
Other current liabilities	**21**	1,236	1,349	125	51
		18,263	**19,940**	**2,143**	**3,351**
Liabilities directly associated to non-current assets held for sale		153	-	-	-
Total current liabilities		**18,416**	**19,940**	**2,143**	**3,351**
Non-current					
Suppliers and trade accounts payable to contractors	**18**	164	148	-	-
Loans and financing	**19.2**	36,214	30,683	3,881	3,097
Lease obligations		158	108	-	-
Derivative financial instruments	**19.3**	951	197	467	101
Wages, employment benefits and charges payable	**22**	744	789	-	-
Payable income taxes	**10.1.3**	28	27	7	7
Deferred income taxes	**10.1.2**	1,524	1,766	3	3
Other taxes and sectoral charges payable	**10.3.2**	1,438	1,128	-	-
Sectoral financial liability (Portion A and others)	**13**	702	342	-	-
Reimbursement to consumers – Federal taxes	**10.4**	3,134	4,529	-	-
Provisions and other obligations	**20.1**	1,639	1,601	1	1
Other non-current liabilities	**21**	269	304	23	22
Total non-current liabilities		**46,965**	**41,622**	**4,382**	**3,231**
Shareholders' equity	**23**				
Attributable to controlling interest		26,739	23,886	26,653	23,836
Attributable to non-controlling interest		198	352	-	-
Total shareholders' equity		**26,937**	**24,238**	**26,653**	**23,836**
Total liabilities and shareholders' equity		**92,318**	**85,800**	**33,178**	**30,418**

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the twelve-month period ended December 31, 2022 and 2021
(Amounts expressed in millions of Reais)

Consolidated

					Profit reserves						
	Share capital	Capital reserve	Shareholders' transaction reserve and others	Other comprehensive income	Legal reserve	Unrealized profit reserve	Profit retention reserve	Retained earnings	Attributed to controlling interest	Attributed to non-controlling interest	Total
Balance as of December 31, 2021	**12,920**	**129**	**(1,542)**	**(281)**	**1,200**	**247**	**11,213**	**-**	**23,886**	**352**	**24,238**
Net income for the period	-	-	-	-	-	-	-	4,718	**4,718**	69	**4,787**
Other comprehensive income (note 23.3)	-	-	-	(485)	-	-	-	-	**(485)**	(24)	**(509)**
Allocation:											
Recognition of profit reserves (note 23.6)	-	-	33	-	234	-	3,267	(3,534)	**-**	-	**-**
Remuneration to controlling interest (note 23.2)	-	-	-	-	-	-	-	(1,184)	**(1,184)**	-	**(1,184)**
Remuneration to non-controlling interest									**-**	(99)	**(99)**
Shareholders' transactions											
Share-based payments (note 22.2)	-	30	-	-	-	-	-	-	**30**	-	**30**
Purchase of additional interest in investees	-	-	(226)	-	-	-	-	-	**(226)**	(100)	**(326)**
Balance as of December 31, 2022	**12,920**	**159**	**(1,735)**	**(766)**	**1,434**	**247**	**14,480**	**-**	**26,739**	**198**	**26,937**
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	-	-	-	-	-	-	-	3,925	**3,925**	141	**4,066**
Other comprehensive income (note 23.3)	-	-	-	(284)	-	-	-	-	**(284)**	(4)	**(288)**
Allocation:											
Recognition of profit reserves (note 23.6)			37		194	-	2,721	(2,952)	**-**	-	**-**
Remuneration to controlling interest (note 23.2)	-	-	-	-	-	-	-	(973)	**(973)**	-	**(973)**
Remuneration to non-controlling interest	-	-	-	-	-	-	-	-	**-**	(95)	**(95)**
Shareholders' transactions											
Share-based payments (note 22.2)	-	33	-	-	-	-	-	-	**33**	1	**34**
Purchase of additional interest in investees	-	-	18	-	-	-	-	-	**18**	(33)	**(15)**
Balance as of December 31, 2021	**12,920**	**129**	**(1,542)**	**(281)**	**1,200**	**247**	**11,213**	**-**	**23,886**	**352**	**24,238**

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

STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY
For the twelve-month period ended December 31, 2022 and 2021
(Amounts expressed in millions of Reais)

NEOENERGIA

Parent Company

	Share capital	Capital reserve	Shareholders’ transaction reserve and others	Other comprehensive income	Profit reserves: Legal reserve	Profit reserves: Unrealized profit reserve	Profit reserves: Profit retention reserve	Retained earnings	Total
Balance as of December 31, 2021	**12,920**	**129**	**(1,579)**	**(281)**	**1,200**	**234**	**11,213**	**-**	**23,836**
Net income for the period	-	-	-	-	-	-	-	4,685	**4,685**
Other comprehensive income (note 23.3)	-	-	-	(485)	-	-	-	-	**(485)**
Allocation:									
Recognition of profit reserves (note 23.6)	-	-	-	-	234	-	3,267	(3,501)	**-**
Remuneration to controlling interest (note 23.2)	-	-	-	-	-	-	-		**(1,184)**
Shareholders’ transactions									
Share-based payments (note 22.2)	-	27	-	-	-	-	-	-	**27**
Purchase of additional participation on investees	-	-	(226)	-	-	-	-	-	**(226)**
Balance as of December 31, 2022	**12,920**	**156**	**(1,805)**	**(766)**	**1,434**	**234**	**14,480**	**-**	**26,653**
Balance as of December 31, 2020	**12,920**	**96**	**(1,597)**	**3**	**1,006**	**234**	**8,492**	**-**	**21,154**
Net income for the period	-	-	-	-	-	-	-	3,888	**3,888**
Other comprehensive income (note 23.3)	-	-	-	(284)	-	-	-	-	**(284)**
Allocation:									
Constitution of profit reserves (note 23.6)	-	-	-	-	194	-	2,721	(2,915)	**-**
Remuneration to controlling interest (note 23.2)	-	-	-	-	-	-	-	(973)	**(973)**
Shareholders’ transactions									
Share-based payments (note 22.2)	-	33	-	-	-	-	-	-	**33**
Purchase of additional interest in investees	-	-	18	-	-	-	-	-	**18**
Balance as of December 31, 2021	**12,920**	**129**	**(1,579)**	**(281)**	**1,200**	**234**	**11,213**	**-**	**23,836**

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

STATEMENT OF ADDED VALUE

For the twelve-month period ended December 31, 2022 and 2021
(Amounts expressed in millions of Reais)

NEOENERGIA

	Consolidated		Parent Company	
	2022	2021	2022	2021
Revenues				
Sales of energy, services and others	59,941	59,378	1	4
Revenue from the construction of own assets	1,031	790	-	-
Expected credit loss	(505)	(350)	-	-
	60,467	**59,818**	**1**	**4**
Inputs acquired from third parties				
Electricity purchased for resale	(14,445)	(17,531)	-	-
Transmission network use charges	(5,518)	(6,345)	-	-
Consumed raw materials	(139)	(554)	-	-
Materials, third-party services and others	(11,413)	(9,182)	(211)	(162)
	(31,515)	**(33,612)**	**(211)**	**(162)**
Gross added value	**28,952**	**26,206**	**(210)**	**(158)**
Depreciation and amortization	(2,280)	(1,782)	(167)	(164)
Fair value adjustment of assets classified as held for sale	(201)	(482)	(201)	(482)
Net added value produced by the Company	**26,471**	**23,942**	**(578)**	**(804)**
Added value received through transfer				
Financial income	6,830	4,415	760	314
Equity income (loss) from investees	19	(165)	5,719	5,009
	6,849	**4,250**	**6,479**	**5,323**
Total added value for distribution	**33,320**	**28,192**	**5,901**	**4,519**
Added value distribution				
Personnel				
Wages	1,240	936	57	47
Provision for vacation and 13th salary	251	217	-	-
Social charges (except INSS)	112	118	-	-
Employee benefits	751	744	-	-
Others	(557)	(409)	4	4
Subtotal	**1,797**	**1,606**	**61**	**51**
Taxes, fees and contributions				
National Institute of Social Security (INSS) (on payroll)	334	252	10	8
Added value from State VAT (ICMS)	8,165	8,725	-	-
Taxes on revenue (PIS/COFINS)	2,306	2,366	18	10
Income taxes	752	1,523	-	(7)
Intra-sectoral obligations	4,568	2,867	-	-
Others	64	52	1	1
Subtotal	**16,189**	**15,785**	**29**	**12**
Lenders and lessors				
Interest and foreign exchange rate variations	10,533	6,729	1,126	568
Leases	14	6	-	-
Subtotal	**10,547**	**6,735**	**1,126**	**568**
Shareholders				
Remuneration to controlling interest	1,184	973	1,184	973
Retained earnings	3,534	2,952	3,501	2,915
Non-controlling interest	69	141	-	-
Subtotal	**4,787**	**4,066**	**4,685**	**3,888**
Distributed added value	**33,320**	**28,192**	**5,901**	**4,519**

(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

The Company is entitled to determine its own operating and financial policies concerning the assets within the scope of the concession contracts and/or public service authorization. The operating and financial policies encompass measures related to the investment of capital, personnel, and technology. In general, this right is limited only to restrictions included in the contracts signed with the Granting Power, legislation or specific regulations from the electrical energy sector issued by the Granting Power and/or by the Brazilian Electric Regulatory Agency – ANEEL.

The infrastructure assets used in the generation, distribution and transmission of energy are bound to these services and cannot be removed, sold, transferred or mortgaged without previous and express authorization of ANEEL.

The Group and its subsidiary companies and with joint control have the right to indirectly utilize the following concessions, authorizations/permissions of distribution, commercialization, transmission and generation of energy:

Distribution

Company	State	Date of granting	Due date	Number of cities	Tariff cycle	Last revision
Neoenergia Coelba	Bahía	08/08/1997	08/07/2027	415	5 years	Apr/2018
Neoenergia Cosern	Rio Grande do Norte	12/31/1997	12/30/2027	167	5 years	Apr/2018
Neoenergia Elektro	São Paulo	08/27/1998	08/26/2028	223	4 years	Aug/2019
Neoenergia Elektro	Mato Grosso do Sul	08/27/1998	08/26/2028	5	4 years	Aug/2019
Neoenergia Brasília	Distrito Federal	08/26/1999	07/07/2045	1	5 years	Oct/2021
Neoenergia Pernambuco	Pernambuco	03/30/2000	03/29/2030	184	4 years	Apr/2021
Neoenergia Pernambuco	Distrito de Fernando de Noronha	03/30/2000	03/29/2030	1	4 years	Apr/2021
Neoenergia Pernambuco	Paraíba	03/30/2000	03/29/2030	1	4 years	Apr/2021

Transmission in operation

Company	State	Date of granting	Due date	Tariff cycle	Last revision
Afluente T	Bahia	08/08/1997	08/08/2027	5 years	2020
SPE SE Narandiba S.A. (SE Narandiba)	Bahia	01/28/2009	01/28/2039	5 years	2019
SPE SE Narandiba S.A. (SE Extremoz)	Rio Grande do Norte	05/10/2012	05/10/2042	5 years	2022
SPE SE Narandiba S.A. (SE Brumado)	Bahia	08/27/2012	08/27/2042	5 years	2018
Potiguar Sul	Paraíba and Rio Grande do Norte	08/01/2013	08/01/2043	5 years	2019
Sobral	Ceará	07/31/2017	07/31/2047	5 years	-
Atibaia	São Paulo	07/31/2017	07/31/2047	5 years	-
Biguaçu	Santa Catarina	07/31/2017	07/31/2047	5 years	-
Dourados	Mato Grosso do Sul and São Paulo	07/31/2017	07/31/2047	5 years	-
Santa Luzia	Paraíba e Ceará	03/08/2018	03/08/2048	5 years	-
Jalapão	Tocantins, Bahia and Piauí	03/08/2018	03/08/2048	5 years	-

In January 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.

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

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.

On August 22, 2022, the construction related to the sectioning of the Transmission Line 230 kV Ivinhema 2 – Dourados in the substation Dourados 2 was concluded. The conclusion of this construction allowed the issuance of the definitive clearance term – DCT and thus, the Dourados transmitter began having the right to 100% of the RAP.

Transmission under construction

Company	State	Date of granting	Due date
Guanabara	Rio de Janeiro	03/22/2019	03/22/2049
Itabapoana	Rio de Janeiro	03/22/2019	03/22/2049
Lagos dos Patos	Rio Grande do Sul and Santa Catarina	03/22/2019	03/22/2049
Vale do Itajaí	Paraná e Santa Catarina	03/22/2019	03/22/2049
Rio Formoso	Bahia	03/20/2020	03/20/2050
Morro do Chapéu	Bahia	03/31/2021	03/31/2051
EKTT 8	Minas Gerais	03/31/2022	03/31/2052

In September 2022, the concession contracts nº 07/2022 and 16/2022 concerning batches 02 and 11, respectively, were signed. They were obtained by Neoenergia Group in the Transmission Auction No. 01/2022 promoted by ANEEL. Batch 02 foresees the construction of 1,707 km of lines between the states of Minas Gerais and São Paulo and was obtained with an Annual Allowed Revenue (RAP) of R$ 360, with a discount of 50.33%. The investment projection made by the Regulatory Agency in this Project is around R$ 4,938. Batch 11 was obtained with a RAP of R$ 38, a discount of 45.75% and foresees facilities located in Mato Grosso do Sul.

The batches obtained in the Transmission Auction nº 01/2022-ANEEL are under the preparation stage of the basic Project concerning the transmission facilities bound to its respective concession contracts with a deadline of up to 180 days counted from the signature date of the concession contract.

Commercialization

Company	Location, state	Authorization date
NC Energia	Rio de Janeiro, RJ	11/22/2000
Elektro Comercializadora	Campinas, SP	05/26/2003

Generating units in operation

Company	Type of Power Plant	Location, state	Authorization date	Due date	Installed capacity (MW)	Physical guarantee (MW avg)
Neoenergia Pernambuco – Fernando de Noronha	Diesel Thermal Power Plant	District of Fernando de Noronha, PE	12/21/1989	03/30/2030	4.8 MW	1,9
Itapebi	Hydro Power Plant - HPP	Jequitinhonha River, BA	05/28/1999	05/15/2039	462,011 MW	209,1
Termopernambuco	Thermal Power Plant – TPP	Complexo Portuário do Suape, PE	12/18/2000	12/18/2030	532,756 MW	504,12
Geração CIII - Corumbá III	Hydro Power Plant - HPP	Corumbá River, GO	11/07/2001	04/22/2040	96,447 MW	49,3
Baguari I	Hydro Power Plant - HPP	Doce River, MG	08/15/2006	03/20/2046	140.0 MW	84,7
Energética Águas da Pedra – Dardanelos	Hydro Power Plant - HPP	Aripuanã River, MT	07/03/2007	11/19/2048	261.0 MW	154,9
Belo Monte – Norte Energia	Hydro Power Plant - HPP	Xingu River, PA	08/26/2010	07/11/2046	11,233.1MW	4.571,0
Companhia Hidrelétrica Teles Pires	Hydro Power Plant - HPP	Teles Pires River, MT	06/07/2011	01/28/2047	1,819.8 MW	939,4
Geração Céu Azul – Baixo Iguaçu	Hydro Power Plant - HPP	Iguaçu River, PR	08/20/2012	12/03/2049	350.2 MW	172,4

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

Wind power plants in operation

Company	Location, state	Authorization date	Due date	Installed capacity (MW)	Physical guarantee (MW avg)
Enerbrasil	Rio do Fogo, RN	12/20/2001	12/20/2031	49.3 MW	20.74
Caetité 2	Caetité, BA	02/07/2011	02/07/2046	30.0 MW	14.7
Caetité 3	Caetité, BA	02/24/2011	02/24/2046	30.0 MW	11.2
Mel 2	Areia Branca, RN	02/28/2011	02/28/2046	20.0 MW	8.8
Arizona 01	Rio do Fogo, RN	03/04/2011	03/04/2046	28.0 MW	12.9
Calango 1	Bodó, Santana do Matos, Lagoa Nova, RN	04/28/2011	04/28/2046	30.0 MW	13.9
Calango 2	Bodó, Santana do Matos, Lagoa Nova, RN	05/09/2011	05/09/2046	30.0 MW	12.8
Calango 4	Bodó, Santana do Matos, Lagoa Nova, RN	05/19/2011	05/19/2046	30.0 MW	13.5
Calango 3	Bodó, Santana do Matos, Lagoa Nova, RN	05/30/2011	05/30/2046	30.0 MW	13.9
Calango 5	Bodó, Santana do Matos, Lagoa Nova, RN	06/02/2011	06/02/2046	30.0 MW	13.7
Caetité 1	Caetité, BA	10/29/2012	10/29/2042	30.0 MW	13.0
Santana 1	Bodó, RN	11/14/2014	11/14/2049	30.0 MW	17.3
Santana 2	Lagoa Nova, RN	11/14/2014	11/14/2049	24.0 MW	13.1
Calango 6	Bodó, RN	11/20/2014	11/20/2049	30.0 MW	18.5
Canoas	São José do Sabugi, PB	08/04/2015	08/04/2050	31.5 MW	17.7
Lagoa 1	Santa Luzia, PB	08/04/2015	08/04/2050	31.5 MW	18.7
Lagoa 2	São José do Sabugi, PB	08/04/2015	08/04/2050	31.5 MW	17.5
Chafariz 1	Santa Luzia, PB	06/21/2018	06/21/2053	34.65 MW	18.2
Chafariz 2	Santa Luzia, PB	06/21/2018	06/21/2053	34.65 MW	17.4
Chafariz 3	Santa Luzia, PB	06/21/2018	06/21/2053	34.65 MW	18.2
Chafariz 6	Santa Luzia, PB	06/21/2018	06/21/2053	31.185 MW	15.2
Chafariz 7	Santa Luzia, PB	06/21/2018	06/21/2053	34.65 MW	18.3
Lagoa 3	São José do Sabugi, PB	06/26/2018	06/26/2053	34.65 MW	17.2
Lagoa 4	Santa Luzia, PB	06/26/2018	06/26/2053	20.79 MW	10.2
Canoas 2	Santa Luzia, PB	06/26/2018	06/26/2053	34.65 MW	16.3
Canoas 4	São José do Sabugi, PB	06/26/2018	06/26/2053	34.65 MW	16.5
Chafariz 4	Santa Luzia e Areia de Baraúnas, PB	02/05/2019	02/05/2054	34.65 MW	18.2
Chafariz 5	Santa Luzia, PB	02/05/2019	02/05/2054	34.65 MW	16.8
Canoas 3	Santa Luzia e São José do Sabugi, PB	02/05/2019	02/05/2054	34.65 MW	17.5
Ventos de Arapuá 1	Santa Luzia, Areia de Baraúnas e São Mamede, PB	02/05/2019	02/05/2054	24.255 MW	11.8
Ventos de Arapuá 2	Santa Luzia, Areia de Baraúnas e São Mamede, PB	02/05/2019	02/05/2054	34.65 MW	17.5
Ventos de Arapuá 3	Santa Luzia, Areia de Baraúnas e São Mamede, PB	02/05/2019	02/05/2054	13.86 MW	5.9
Oitis 1	Dom Inocêncio, PI	11/29/2019	11/29/2054	49.50 MW	26.1
Oitis 8	Dom Inocêncio, PI	11/29/2019	11/29/2054	49.50 MW	25.5
Oitis 2	Dom Inocêncio, PI	12/24/2019	12/24/2054	27.50 MW	-
Oitis 3	Dom Inocêncio, PI	12/24/2019	12/24/2054	49.50 MW	-
Oitis 4	Dom Inocêncio, PI	12/24/2019	12/24/2054	49.50 MW	-
Oitis 5	Dom Inocêncio, PI	12/24/2019	12/24/2054	49.50 MW	-
Oitis 6	Dom Inocêncio, PI	12/24/2019	12/24/2054	49.50 MW	-
Oitis 7	Dom Inocêncio, PI	12/24/2019	12/24/2054	49.50 MW	-
Oitis 21	Casa Nova, BA	12/24/2019	12/24/2054	44.00 MW	-
Oitis 22	Casa Nova, BA	12/24/2019	12/24/2054	49.50 MW	-

The Oitis Complex is located in the states of Piauí and Bahia, will have a total installed capacity of 566.5 MW, with 103 wind turbines, each one having a power of 5.5 MW, and it will be composed of 12 Wind Power Plants with 96% of its energy generation being used for commercialization in the regulated energy market and 4% to commercialization in the regulated energy market.

The forecast is that the complex's full operation will occur in the second semester of 2023.

Wind Power Plants under construction

Company	Location, state	Authorization date	Due date	Installed capacity (MW)	Physical guarantee (MW avg)
Oitis 9	Dom Inocêncio, PI	12/24/2019	12/23/2054	49.50 MW	-
Oitis 10	Dom Inocêncio, PI	12/24/2019	12/23/2054	49.50 MW	-

Solar Power Plant in operation

Company	Location, state	Authorization date	Due date	Installed capacity (MW)
Luzia 2	Santa Luzia, PB	05/26/2020	05/25/2055	58.932 MW
Luzia 3	Santa Luzia, PB	05/26/2020	05/25/2055	58.932 MW

1.2 Financial and operational risk management

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.

1.2.1 Management of Financial Risks

General considerations and internal politics

The Risk Management Policy approved by the Board of Directors defines the principles, guidelines and structure for the Company's risk management, including, but not limited to, the management of operational and financial risks, with emphasis on market and credit risks.

This system of risk management is adherent to the current model of the controlling shareholder and its global risk policy.

The Company's organizational control structure of Market risk management is composed of the Executive Committee, Board of Directors, Financial Executive Board, Risk Management Superintendency and Audit Committee, in addition to the Internal Audit and Internal Control structures.

The Superintendency of Risk defines the strategies to mitigate the Market risk involving other exposure and derivatives, meanwhile the Financial Corporate Superintendency is responsible for the execution of operations regarding derivatives. The independence between these fields assures effective control concerning these operations.

The approval of transactions involving derivatives is carried out by a competent body under the Neoenergia Group's Limits and Levels Policy and the bylaws of the Company's subsidiaries.

The main guidelines concerning hedge strategies are:

- Any debt instrument denominated in or indexed to a foreign currency must be hedged and converted into reais through hedge operations.
- Exchange rate and commodities risk must be controlled and mitigated for all investment projects, regardless of the amount.
- Non-debt instruments with disbursements that are subject to currency exposure should be evaluated and, if deemed necessary, hedge operations should be carried out to mitigate currency risk.
- Assess the risk of debt in local currency and, if deemed necessary, contract hedge operations to mitigate interest rate risk, according to the desired profile of pre- and post-fixed debts and considering both the natural indexation to price indices in revenues and costs and in the composition of interest rates that remunerate the investment portfolio.
- Derivatives are not permitted for speculative purposes. Its use is exclusively for hedge purposes; and
- The contracting of 'exotic' or 'leveraged' derivatives is not permitted.

The Company's strategy was developed through an integrated overview of the risks to which it is exposed, and it considers not only the market risks, generated by the possible changes in prices and quotations of active and passive variables in which it maintains positions, and the liquidity risk, but also the credit risk from obligations undertaken by third parties with the Company, among others.

Risks	Source of exposure	Management
Market risk – Exchange rate	Loans and financings and other financial instruments which are not denominated in BRL.	Swap and forward operations.
Market risk – Interest rate (including inflationary indicators)	Actuarial liabilities, loans and financings indexed to different interest rates including, but not limited to, LIBOR [(1)] and CDI.	Swap operations, management of the exposure limits of assets and liabilities by components of interest rate and inflationary indices.
Market risk – Prices of products and inputs	The volatility of prices from metal commodities and electric energy.	Long-term contracts with price fixing which are adherent to internal projections; or forward operations.
Credit risk	Receivables, transactions with derivatives, guarantees, advancements made to suppliers and financial investments.	Diversification of portfolio and monitoring policies of solvency and liquidity indicators of counterparties.
Liquidity risk	Contracts or undertaken obligations.	Availability of revolving credit lines.
Solvency risk	Financial liabilities, contracts or assumed obligations.	Monitoring of financial covenants and the Company's economic-financial situation.

(1) The Group is in the process of transitioning the LIBOR interest rate to a new one and this process is expected to finish in 2023. The Company is not expecting any impact on the current hedge's relationship since this substitution will occur in the debt's contract and the derivative instrument.

Management understands that these are adequate and aligned with the best market practices concerning the Company's operating structure and internal controls to ensure the fulfilment of the guidelines from the Policy of Financial Risk and Policy of Credit Risk.

(a) Market risk management

(i) Exchange rate risk

The Company, aiming to ensure that oscillations in the exchange rates do not affect its results and cash flow, had on December 31, 2022, exchange hedge operations, for the total amount of its debts in foreign currency and its main expected disbursements and investments in foreign currency. The exchange hedge strategies are prescribed in note 25.7.

(ii) Interest rate risk

This risk comes from the possibility of financial losses due to fluctuations in the interest rate or other debt indices that can, mainly, affect financial expenses related to loans and financings or earnings from financial investments. Therefore, the Company, continuously, keep track of the market's interest rates to evaluate a possible need for contracting protection against the volatility risk of these rates. The hedge strategies for interest rates are prescribed in note 25.7.

(iii) Inflation risk

The increase in inflation rates and possible anti-inflationary policies adopted by the Federal Government may lead to an increase in financial expenses related to loans and financing indexed to price indexes. The Company seeks to maintain the balance between assets and liabilities indexed to highly correlated price indexers, seeking to mitigate any risks arising from inflation. The strategies to protect inflation rates are described in note 25.7.

(iv) Commodities price risk

This risk comes from the possibility of financial losses due to the rising commodities prices that are used by the Company in its operating activities.

Metal commodities: variations in metal commodities prices may affect the profitability of investment projects, contracts with suppliers and higher payment of Capex, thus implying an undesired increase in the Company's debt.

Energy commodities: the prices of energy commodities are influenced by specific factors of the energy generation business such as demand and supply, hydrology, wind and solar resources, in addition to the entry or delay of new projects in the energy matrix. The variations in energy commodities prices may cause a potential loss of margin and/or value. The management of the energy price risk is accomplished in the analysis of energy over contracting from the group's distributors, in the coverage of ballast concerning the commercialized energy and the energy sale to the final consumer.

(b) Liquidity risk

The liquidity risk is associated with the possibility of the Company not honoring its commitments in the respective maturities. The financial management adopted by the Company constantly seeks to mitigate liquidity risk, having as main points the extension of the terms of loans and financing, the non-concentration of maturities, the diversification of financial instruments and the hedge of debts in foreign currency. The permanent monitoring of the cash flow allows the identification of eventual fundraising needs with the necessary progress for structuring and choosing the best sources. If there is surplus cash, financial investments are made with surplus funds, to preserve and make profitable the Company's liquidity, so investments are preferably allocated in exclusive funds and have as a guideline to allocate resources in assets with daily liquidity.

The Company manages liquidity risk and also maintains a reserve of resources and credit lines approved in some of the main institutions in the country (see note 19.2).

Additionally, the Company monitors, every month, through liquidity ratios, its cash generation capacity to honor the commitments assumed within 12 (twelve) months.

As of December 31, 2022, the Company had cash and cash equivalents and marketable securities, in an amount adequate to cover its operating and financial cycle. The Company's obligations flow, by maturity, are explained in its notes. The information on loans and financings and their respective derivative instruments are highlighted in this report (see note 19.3).

(c) Solvency risk

The solvency risk is associated with the possibility of a deterioration concerning the economic-financial situation that results in the worsening of the credit quality or in the breach of financial covenants that can generate a close-out netting, thus generating an impact on the credit classification (rating), on the debt cost and the liquidity.

(d) Credit risk management

Credit risk refers to the possibility of the Company incurring losses due to non-compliance with financial or third parties' contract obligations, such as the failure to pay or the "non-performance" of counterparties.

(i) Credit risk of commercial counterparties

It comes from the possibility of the Company incurring losses due to not receiving billed amounts from its commercial counterparties in the distribution, transmission, generation, and commercialization businesses. To reduce this risk and assist in the management of default risk, the Company monitors the volume of accounts receivable from customers, requests guarantee and accomplishes several collection actions under the regulation of the electricity sector. In addition, for energy trading counterparties, specific criteria are adopted to assess their solvency and approval of limits.

(ii) Credit risk of financial institutions

For operations involving cash and cash equivalents, marketable securities and derivatives, the Company follows the provisions of its Credit Risk Policy, which aims to mitigate risk through diversification along with financial institutions that have good credit quality. The Company monitors its exposure with each counterparty, their credit quality and long-term ratings published by the rating agencies. The following table shows the long-term ratings on a national scale of Moody's, S&P or Fitch agencies for the main institutions with which the Company had outstanding positions as of December 31, 2022.

Long-term ratings in a national scale (1)	Moody's	S&P	Fitch
Banco do Brasil			AA
BNP Paribas	AAA	AAA	AAA
Bradesco	AAA	AAA	AAA
Caixa Econômica Federal	AAA	AAA	AA
Citibank			AAA
Goldman Sachs			AAA
Itaú	AAA		AAA
Santander	AAA	AAA	
BNDES	AAA	AAA	
Votorantim	AA	AAA	
Safra	AAA		
Bank of America			AAA
JP Morgan		AAA	
Morgan Stanley		AAA	
Mitsubishi UFJ (1)	A1	A-	A-
Sumitomo Mitsui		AAA	AAA
Scotiabank	AAA		

(1) Mitsubishi UFJ Financial Group, Inc - MUFG Only has rating in a global scale

1.2.2 Management of Operating Risks

(a) Regulatory risk

Regulatory environment

The Company is submitted to the application of regulatory penalties in case it violates the obligations inserted in the concession contract and the resolutions issued by the Brazilian Electric Regulatory Agency – ANEEL. The procedures, parameters and conditions for the imposition of penalties on the energy sector agents and the agency's standard guidelines, are provided in Normative Resolution No. 846/2019 and it can reach up to 2% of the Company's net operating revenue, depending on the infraction.

Concessions' economic-financial balance

As defined in Law No. 8,987/1995, the concessions' balance occurs when the foreseen conditions of the concession contract are fulfilled. In the contract, the mechanisms to change the tariffs were established as follows, the annual tariff readjustment, the periodic tariff review and the extraordinary tariff review.

To preserve the concessions' economic-financial balance, ANEEL computes and authorizes the application of new tariffs, which are the consequence of revision or readjustment in the conditions of its respective contracts.

In the tariff processes, the CVA values (Clearing accounts concerning variations in the values of the items from Portion A) which cover the economical parts of the price differences of Portion A (energy, transport and sectoral charges), in face of the tariff coverage established by ANEEL in the previous tariff process.

Upon the possibility of imbalance, the concession contract also provides for the right to an RTE (extraordinary tariff revision). However, the recognition of some imbalance and the accomplishment of the RTE is dependent on the services provided in the PRORET (Tariff Regulation Procedures).

The distribution service is regulated by the Price Cap model (characterized by the regulation through incentives) based on the economic rules (efficient operating costs, adequate remuneration, among others) defined in the tariff revision and updated in the tariff readjustments whose purpose is to reproduce in the performance the results that would be obtained in competitive markets, where the efficiency in the provision of services and service management are highlighted. This way, such risks related to the efficiency in the service provision and management are undertaken by the distributors. Additionaly, the market variations are also a risk to the distributors.

ANEEL, when exercising its functions, has the discretionary power in the definition and assessment of the parameters which will be used to define the tariffs, such as regulatory levels of operating costs, weighted average capital cost, X Factor, remuneration basis, Loss Indces, Quality indicators, the efficiency to supply, among others. These parameters may have their methodologies reviewed or defined on adverse thresholds to the Company, thus negatively affecting revenues that were originally predicted.

Economical and financial indicators of Sustainability

The Distributors must preserve, through specific disposition in its Concession Contracts or through general provisions in appendix VIII of Normative Resolution No. 948/2021, the latter with validity as of 2022, the economical and financial sustainability conditions concerning the efficiency when handling its costs, debt, investment, in addition of the accountability regarding the payment of taxes and the proceeds distribution.

Such condition is annually measured by ANEEL through indicators based on the regulatory Net Debt, EBITA adjusted by regulatory conditions, in the share of regulatory reintegration and the SELIC interest rate level. The breach of these indicators may lead to a restriction regime concerning business agreements between related parties, limitation on proceeds distributions, need for the controlling shareholders to inject capital and, in case of recurrence, ANEEL should establish a punitive administrative process guided towards the application of a statement to invalidate the concession.

Indicators concerning the continuity of supply

ANEEL monitors the efficiency concerning the continuity of supply from the electric energy distribution concessionaires. This is measured, at each calendar year, through the following collective continuity indicators: DECi – Equivalent Duration of Interruption of Internal Origin per Consumer Unit and FECi – Equivalent Frequency of Interruption of Internal Origin per Consumer Unit. The breach of these regulatory limits may lead to sanctions from ANEEL. The Agency may mandate the presentation of an action plan, limit the proceeds distributions and, in case of recurrence, ANEEL should establish a punitive administrative process guided towards the application of a statement to invalidate the concession.

Postponement of readjustments

The date of the tariff readjustment is provided in the concession contract if the distributor has the right to the readjustment processed on the aforementioned date. In a few cases of postponement of tariff readjustments which happened in the energy sector, the economic right for the readjustment was recognized since the scheduled date. Therefore, due to decisions from the government or the regulatory agency, the risk of postponement of readjustments exists.

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

In case of default by the concessionaire concerning the collection of sectoral charges and in the payment of energy from Itaipu Binacional, there is the risk of impediment concerning the application of new tariffs in the Reajustments and Tariff Revisions, except for the extraordinary ones, as well as the suspension of occasional transfers of RGR, CDE and CCC, as per Law 8,631/1993.

Basis for calculating remuneration (BRR) and recognition of investments

The concession contracts establish that ANEEL's regulation must define Portion B based on incentives for efficiency and on a comparative manner. Therefore, the BRR's valuation methodology is based on the recognition of prudential investments. The investments made by the Company are evaluated at the end of each cycle. The prudential investments compose the BRR on the revision date, being already depreciated since the capitalization date.

The risks concerning the investments' recognition from the remuneration basis are of regulatory order. The assets' valuation derives from market uncertainties, mainly the fluctuations in the value of Commodities (it affects the mix of indicators ascertained by the Committee Foundation of Business Management – FUNCOGE) which are applied to evaluate the main pieces of equipment; changes in the assumptions of assets' valuation during the current tariff cycle, including the Bank update for Benchmark Prices; and the application, by part of the regulating agency, of conditions during inspections which are not prescribed by the regulatory ruling.

(b) Hydrological risk

The energy sold by the business of Hydro Power Generation depends on the climate and hydrological conditions of the reservoirs. The revenues are bound to a physical guarantee, whose volume is determined by the Minister of Mines and Energy. An extended period of rain scarcity may result in the reduction of the reservoirs' water volume, thus reducing the hydroelectric generation due to its substitution by thermal sources or a consumption reduction brought by the implementation of comprehensive programs concerning the rational use of electric energy. The extension of Generation through thermal sources may force the Company to buy energy in the short-term market to face its sales contracts at a higher short-term price (PLD). The mitigation of this risk is given by the MRE, which is a financial mechanism responsible for sharing hydrological risks between the Power Plants that are part of the National Interconnected System – SIN.

To reduce the exposure to this risk of hydroelectric generation, the Company adhered to the proposal to renegotiate the hydrological risk.

(c) Insurances

The Group maintains insurance coverage compatible with the risks of the activities carried out, which are considered by Management to be sufficient to safeguard the assets and business of any claims. The specification by risk category and effective date of the main insurances, according to the insurance brokers contracted by the Company, are presented below:

Risks	Consolidated	
	Effective date	Insured amount
Operating Risk - Substations and Power Plants	05/31/2022 to 05/31/2023	R$ 2,100
Terrorism	05/31/2022 to 05/31/2023	R$ 499
D&O	08/23/2022 to 08/23/2023	R$ 150
Standard Civil Liability – Transmission/Generation	05/31/2022 to 05/31/2023	R$ 144
Corporate	05/31/2022 to 05/31/2023	R$ 60
Standard Civil Liability – EKT – NDB	05/31/2022 to 05/31/2023	R$ 44
Civil Liability – Environment	05/31/2022 to 05/31/2023	R$ 36
Cybersecurity	05/31/2022 to 05/31/2023	R$ 26.2

Standard Civil Liability - Neoserv	05/31/2022 to 05/31/2023	R$ 25
Standard Civil Liability – Northeast Distribution	10/08/2021 to 10/08/2023	R$ 22
Vehicles – Executive	05/31/2022 to 05/31/2023	100% FIPE
Portable measuring instruments	06/30/2022 to 06/30/2023	Equipment value

The Group's insurances are contracted under their respective policies of risk management and insurances in force and given its nature.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of preparation

The Company's consolidated and individual financial statements have been prepared in conformity with International Financial Reporting Standards ("IFRS"), issued by the IASB and following accounting practices adopted in Brazil through the Accounting Pronouncements Committee ("CPC"), imposed by the Brazilian Securities and Exchange Commission ("CVM") and the Federal Accounting Council ("CFC").

The Company also uses the guidelines contained in the Brazilian Electricity Sector Accounting Manual and the standards defined by ANEEL, when those do not conflict with the accounting practices adopted in Brazil and/or IFRS.

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

In the preparation of these financial statements, the subsidiaries are consolidated from the date on which the Company assumes their control until the date on which its 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 significant influence or joint control begins, until the date on which it ceases.

All relevant information in the financial statements, and only this information, is being disclosed and corresponds to that used by Management.

These financial statements were approved and authorized for issuance by the Company's Board of Directors on February 15, 2023.

2.2 Functional and presentation currency

The functional currency of the Parent and its subsidiaries is the Real (R$), which is the main currency of its most relevant operational environment. The financial statements are presented in millions of R$ 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 date of 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).

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

2.3 Accounting standards and critical estimates

The accounting policies and critical estimates applied to these financial statements are included in their respective notes when deemed to be relevant. Accounting policies are consistent in all years presented, except for the implementation of the new standards, interpretation and guidelines listed in note 2.5 (a).

2.4 Use of estimates and judgments

The preparation of the financial statements requires the use of estimates and judgments for certain transactions that reflect in the recognition and measurement of assets, liabilities, income and expenses. The assumptions used are based on history and other factors considered relevant and are periodically reviewed by Management. Actual results may differ from the estimated values.

The significant estimates and judgments applied by the Company in preparing these financial statements are presented in the following notes:

Note	Estimates and significant judgments
5.1	Revenue from energy supply and use of the distribution system network –
Error! Reference source not	Deferred income taxes
12.2	Expected credit losses
Error! Reference source not	Sectoral financial assets and liabilities
14	Public service concession (financial asset and contractual asset)
15.3	Fair value estimation of Non-current Asset held for sale
15.4	Equity interest and business combination
20.1	Provision for lawsuits
Error! Reference source not	Retirement benefit obligations

2.5 Effective and non-effective standards and interpretations

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

a) Changes in current accounting pronouncements

Norm	Change description	Effective date
IAS 37 / CPC 25: Provisions, Contingent Liabilities and Contingent Assets	Specification of 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).	01/01/2022, retrospective application with specific rules.
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.	01/01/2022, retrospective application with specific rules.

The changes in the Pronouncements that entered into force on January 1, 2021, did not have significant effects on the consolidated financial statements.

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

b) Changes in the pronouncements with validity as of 2023

Norm	Change description	Effective date
IAS 1/ CPC 26: Presentation of Financial Statements	The amendments establish requirements for the classification and disclosure of a liability with covenant clauses, being current and non-current.	01/01/2024, retrospective application.

Concerning regulations under discussion at the IASB or with an effective date established in a future year, the Company is following the discussions and until now did not identify the possibility of significant impacts.

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

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

	Net income		Shareholders' equity	
	2022	2021	2022	2021
Parent Company	**4,685**	**3,888**	**26,653**	**23,836**
Capitalization of financial charges, net [1]	37	40	93	53
Others	(4)	(3)	(7)	(3)
Consolidated	**4,718**	**3,925**	**26,739**	**23,886**

[1] 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.

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.

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

4.1 Results by segment

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

					Consolidated
					2022
	Network	Renewable	Liberalized	Others	Result
Gross revenue from third parties	57,320	811	1,811	(1)	**59,941**
Inter-segment gross revenue	108	1,104	2,244	2	**3,458**
Deductions from gross revenue	(16,245)	(168)	(741)	-	**(17,154)**
Operating costs and expenses [(1)]	(28,507)	(417)	(1,310)	(284)	**(30,518)**
Inter-segment operating costs and expenses [(1)]	(2,270)	(200)	(988)	-	**(3,458)**
Expected credit losses	(500)	-	(5)	-	**(505)**
(-) Fair value adjustment – investment	-	(201)	-	-	**(201)**
Gain (loss) on equity interest	-	19	-	-	**19**
EBITDA	**9,906**	**948**	**1,011**	**(283)**	**11,582**
Depreciation and amortization [(2)]	(1,695)	(282)	(67)	(199)	**(2,243)**
Operating profit	**8,211**	**666**	**944**	**(482)**	**9,339**
Financial income (expenses), net	(3,146)	(221)	(105)	(328)	**(3,800)**
Income taxes	(477)	(131)	(125)	(19)	**(752)**
Net income	**4,588**	**314**	**714**	**(829)**	**4,787**

(1) Does not include depreciation and amortization.
(2) Includes the amortization of added value.

					Consolidated
					2021
	Network	Renewable	Liberalized	Others	Result
Gross revenue from third parties	57,132	762	1,484	-	**59,378**
Inter-segment gross revenue	64	514	1,938	4	**2,520**
Deductions from gross revenue	(15,445)	(122)	(646)	-	**(16,213)**
Operating costs and expenses [(1)]	(30,498)	(143)	(1,679)	(225)	**(32,545)**
Inter-segment operating costs and expenses [(1)]	(2,013)	(76)	(431)	-	**(2,520)**
Expected credit losses	(349)	-	(1)	-	**(350)**
(-) Fair value adjustment – investment	-	(482)	-	-	**(482)**
Gain (loss) on equity interest	-	68	-	-	**68**
EBITDA	**8,891**	**521**	**665**	**(221)**	**9,856**
Depreciation and amortization [(2)]	(1,515)	(208)	(64)	(197)	**(1,984)**
Operating profit	**7,376**	**313**	**601**	**(418)**	**7,872**
Financial income (expenses), net	(1,850)	(164)	(66)	(203)	**(2,283)**
Income taxes	(1,303)	(124)	(83)	(13)	**(1,523)**
Net income	**4,223**	**25**	**452**	**(634)**	**4,066**

(1) Does not include depreciation and amortization.
(2) Includes the amortization of added value.

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

4.2 Assets by allocated segments

	Consolidated 2022				
	Accounts receivable	Sectoral financial assets (liabilities	Service concession arrangements[1]	Investments in subsidiaries, associates and joint ventures	Right of Use, PP&E and Intangible Assets
Network	7,855	(574)	52,472	-	167
Renewable	102	-	310	359	9,823
Liberalized	188	-	9	-	1,000
Others	-	-	3	-	38
Total	**8,145**	**(574)**	**52,794**	**359**	**11,028**

	Consolidated 2021				
	Accounts receivable	Sectoral financial assets (liabilities	Service concession arrangements[1]	Investments in subsidiaries, associates and joint ventures	Right of Use, PP&E and Intangible Assets
Network	8,712	1,691	43,879	1	111
Renewable	136	-	370	1,199	8,526
Liberalized	156	-	5	-	1,018
Others	-	-	2	-	43
Total	**9,004**	**1,691**	**44,256**	**1,200**	**9,698**

(1) Only includes public service concessions classified as a financial asset and/or contractual asset.

4.3 Additions to the main non-current assets (Economical execution)

	Consolidated 2022		2021	
	Public service concessions[1]	Investments right of use immobilized and Intangible assets	Public service concessions[1]	Investments right of use immobilized and Intangible assets
Network	8,521	103	7,479	74
Renewable	19	1,990	174	2,903
Liberalized	-	65	-	95
Others	-	7	-	42
Total	**8,540**	**2,165**	**7,653**	**3,114**

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

5. NET OPERATING REVENUE

	Consolidated 2022			
	Network	Renewable	Liberalized	Total
Energy supply (note 5.1)	22,122	661	1,746	24,529
Electric grid availability [1]	23,599	-	-	23,599
Concession's infrastructure construction [2]	8,375	-	-	8,375
Electric Energy Trading Chamber – CCEE	512	131	6	649
Concession's estimated replacement value [3]	1,339	-	-	1,339
Contract asset's remuneration	1,044	-	-	1,044
Sectoral financial assets and liabilities effects (note 5.2)	(418)	-	-	(418)
Other revenues (note 5.3)	747	19	58	824
Gross operating revenue	**57,320**	**811**	**1,810**	**59,941**
(-) Deductions from the gross income (note 5.4)	(16,245)	(168)	(741)	(17,154)
Net operating revenue	**41,075**	**643**	**1,069**	**42,787**

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

	Consolidated			
	2021			
	Network	Renewable	Liberalized	Total
Energy supply (note 5.1)	22,071	648	1,244	23,963
Electric grid availability [(1)]	19,797	-	-	19,797
Concession's infrastructure construction [(2)]	7,341	-	-	7,341
Electric Energy Trading Chamber – CCEE	988	78	212	1,278
Surplus Sale Mechanism – MVE	401	-	-	401
Concession's estimated replacement value [(3)]	1,579	-	-	1,579
Contract asset's remuneration	670	-	-	670
Sectoral financial assets and liabilities effects (note 5.2)	3,739	-	-	3,739
Other revenues (note 5.3)	546	36	28	610
Gross operating revenue	**57,132**	**762**	**1,484**	**59,378**
(-) Deductions from the gross income (note 5.4)	(15,445)	(122)	(646)	(16,213)
Net operating revenue	**41,687**	**640**	**838**	**43,165**

(1) The revenue from the Distribution System Usage Charges (TUSD), basically refers to the billing for the use of the distribution network, it is made for captive and free consumers.

(2) In 2022, the revenue from the concession's infrastructure construction refers: (i) Distributors' construction of R$ 5,381 (R$ 4,245 in 2021); and (ii) Transmitters' construction of R$ 2,994 (R$ 3,096 in 2021), respectively.

(3) Adjustment to the financial asset due to the concession's indemnifiable installment through the Basis for Calculating Remuneration ('BRR').

Readjustment and Tariff Review in 2022

In 2022, all Distributors will go through tariff readjustments and three, through tariff review, as shown below:

	Neoenergia Coelba	Neoenergia Cosern	Neoenergia Pernambuco	Neoenergia Elektro	Neoenergia Brasília
High tension consumers	20.54%	19.75%	19.01%	23.72%	24.94%
Low tension consumers	21.34%	20.55%	18.97%	11.61%	21.58%
Average tariff readjustment	21.13%	20.36%	18.98%	15.77%	22.55%
Process model:	RTA	RTA	RTA	RTA	RTA
Resolution No.	3,024	3,025	3,032	3,100	3,134
Resolution date	04/22/2022	04/22/2022	04/29/2022	08/27/2022	11/03/2022

	Neoenergia Coelba	Neoenergia Cosern	Neoenergia Pernambuco
Average tariff readjustment	-0.50%	-1.54%	-4.07%
Process model:	RTE	RTE	RTE
Resolution No.	3,056	3,057	3,055
Resolution date	07/13/2022	07/13/2022	07/13/2022

RTA – Annual Tariff Readjustment.
RTE – Extraordinary Tariff Review.

The use of tax credit by excluding the ICMS from the calculation basis of PIS/COFINS and the reversal's anticipation of the tariff affordability from the revenues related to exceeding demand and reactive surplus constituted until the date of its respective readjustments contributed to the reduction of the average effect to the consumer, in addition to this, the readjustment of the items from Portion B will be completely applied from the date of the resolution's approval.

Tariff flag – Water scarcity

In August 2021, through Resolution No. 3, the Chamber of Exceptional Rules for Hydropower Management ('CREG') determined that ANEEL should implement a specific threshold of tariff flag, denominated as Water Scarcity Flag in the amount of R$ 142.00/MWh.

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

This threshold was created to fund, with resources from the tariff flag, the triggering of thermal power plants and energy import, which are provided in the appendix of the referred resolution. The billing will be valid for all consumers of the National Interconnected System – SIN from September 2021 to April 2022, with an exception for the low-income residential subclass which is a beneficiary of the electric social tariff. This subclass will continue to pay the same discounts that are already present in the tariff. This benefit varies from 10% to 65%, depending on the consumption range. In addition to this, the flag for this subclass is monthly triggered by ANEEL, being yellow or red (I and II), according to the chart below:

Flags	2022		2021	
	SIN Consumers (Except for low-income)	Low income	SIN Consumers (Except for low-income)	Low income
Jan	Water Scarcity	Green	Yellow	Yellow
Feb	Water Scarcity	Green	Yellow	Yellow
Mar	Water Scarcity	Green	Yellow	Yellow
Apr [(1)]	Water Scarcity	Green	Yellow	Yellow
Mai	Green	Green	Red Range I	Red Range I
Jun	Green	Green	Red Range II	Red Range II
Jul	Green	Green	Red Range II	Red Range II
Ago	Green	Green	Red Range II	Red Range II
Set	Green	Green	Water Scarcity	Red Range II
Out	Green	Green	Water Scarcity	Red Range II
Nov	Green	Green	Water Scarcity	Yellow
Dez	Green	Green	Water Scarcity	Green

[(1)] The Water Scarcity Flag was valid until April 15, 2022, when the Electric Sector Monitoring Committee - CMSE, during a regular meeting held on April 6, 2022, decided to interrupt the billing as of April 16, 2022.

In 2022, the additional values of the tariff flags were defined as per breakdown below:

Ranges	Until June/2021 REH nº 2,628/2019 R$/MWh	From July/2021 to June/2022 REH No. 2,888/2021 R$/MWh	From September/2021 to April/15/2022 Resolution MME No. 3/2021 R$/MWh	From July /2022 REH No. 3,051/2022 R$/MWh
Green	-	-	Does not change	-
Yellow	13,43	18,74	Does not change	29,89
Red Range I	41,69	39,71	Does not change	65,00
Red Range II	62,43	94,92	Does not change	97,95
Water Scarcity	-	-	142	-

Until December 2022, the Company billed R$ 1,862 (R$ 1,631 on December 31, 2021) regarding the Water Scarcity Flag.

5.1 Energy supply

	Consolidated	
	2022	2021
Residential	19,059	18,496
Commercial	8,889	6,972
Industrial	4,739	5,624
Rural	2,275	2,419
Government	2,117	1,753
Public lighting	1,345	1,390
Public utility	1,509	1,369
Non-billed supply	145	70
Transfer – Electric grid availability [(1)]	(20,073)	(17,117)
Subsidies and state grants [(2)]	4,524	2,987
Total	**24,529**	**23,963**

[(1)] Revenues from the availability of the electric grid's infrastructure, calculated with the TUSD by consumer class and readjusted according with resolutions, as per note 5.

[(2)] Law No. 12,783/2013 determined that the resources related to the subsidy of low-income as well as other tariff discounts should now be completely subsidized by resources from the CDE. In 2022, the recorded revenue of R$ 4,524 (R$ 2,987 in 2021), being: (i) R$ 1,206 (R$ 953 in 2021) refers to the low-income subsidy; (ii) R$ 1,599 (R$ 1,524 in 2021) refers to the CDE subsidy; (iii) R$ 53 (R$ 332 in 2021) refers to the bonus subsidy of water crisis; (iv) R$ 465 (R$ 189 in 2021) refers to the CCRBT subsidy; (v) R$ 372 refers to the subsidy of water scarcity; and (vi) R$ 829 refers to the subsidy of Eletrobrás moderateness.

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

5.2 Effects of sectoral financial assets and liabilities

	Consolidated	
	2022	**2021**
CVA and Neutrality		
Energy [1]	(1,986)	1,238
System Service Charges – ESS [2]	(2,617)	1,625
Energetic Development Account – CDE [3]	373	92
TUST	19	209
Neutrality of Sectoral charges	91	(58)
PROINFA	55	10
	(4,065)	**3,116**
Financial components and subsidies		
Over-contracting on lending [4]	1,261	(103)
Hydrological risk	28	(96)
Excess demand/reactive surplus	167	117
Readjustment deferral [5]	219	65
Compensation of bilateral agreements from CCEAR	-	(81)
COVID Account - liability	8	(218)
Pis/Cofins credit over ICMS [6]	1,645	905
Eletrobras moderateness [7]	(746)	-
Water Scarcity Flag [8]	933	-
Others	132	34
	3,647	**623**
Total	**(418)**	**3,739**

(1) Passive CVA, arising from differences between the incurred energy costs concerning ANEEL's tariff coverage, with emphasis on the reduction of expenses from the regulated purchase of energy per availability and the recognition of financial events from CCEE, in the short-term of 2022, according to ANEEL's determination, which increased the CVA payable this year.

(2) Passive CVA, arising from differences between the incurred energy costs concerning ANEEL's tariff coverage, with emphasis on the tariff flag reducer assigned in the ESS in 2022 and the Risk Aversion Curve Overtaking Charge (ESS_CAR), according to ANEEL's determination.

(3) Active CVA, due to the REH No. 3,034/2022, which approved that the Monthly quotas of the Energetic Development Account – CDE, concerning January and December 2022, should be collected by the distribution concessionaires, which increased the CVA receivable.

(4) The Company determined the financial adjustment of over-contracting and recognized the highest value between the period due to the increase of the recognition 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.

(5) It refers to the recognition of a receivable due to the deferral associated with the payments from the contracted power of Itaipu, as per Decree No. 10,665/2021, as well as a financial portion concerning the postponement of the tariff readjustment of Neoenergia Brasília from 10/22/2022 to 11/03/2022.

(6) 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 Reserve Service – RFB.

(7) It is related to the CDE contribution accomplished by Eletrobras which was transferred to the distributors and designated to the tariff fairness, as per law No. 14,182/2021 and ANEEL's report No. 1,959/2022.

(8) ANEEL recognized, in the tariff readjustment of 2022, the value of R$ (1,082), which refers to the negative financial component related to the cost's recovery through the Water Scarcity Flag, in addition to the reversal's anticipation of the costs connected to energy import and the program of voluntary consumption reduction. The value of R$ 933 was recognized until December 2022, in return for a revenue reduction.

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

5.3 Other revenues

	Consolidated	
	2022	2021
Leases and rents	476	316
O&M revenues	131	70
RAP gain / loss	34	36
Third party service commission	61	58
Revenue from the provision of service	59	55
Photovoltaic operations	28	14
Service liable to charge	14	20
Public lighting fee	8	7
Fraud invoice management	8	9
Other revenues	5	25
Total	**824**	**610**

5.4 Gross revenue deductions

	Consolidated	
	2022	2021
Taxes		
State VAT – ICMS	(8,159)	(8,725)
Taxes on revenue- PIS and COFINS	(4,394)	(4,597)
Service tax – ISS	(33)	(24)
	(12,586)	**(13,346)**
Sectoral charges		
Energy Development Account – CDE	(3,895)	(2,309)
Energy Efficiency Program – PEE	(151)	(158)
Consumers' charges – PROINFA and CCRBT	(270)	(163)
Other charges (1)	(252)	(237)
	(4,568)	**(2,867)**
Total	**(17,154)**	**(16,213)**

(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.

5.5 Accounting policy and critical judgments

a) Accounting policy

The revenue is recognized when the control of each performance obligation is transferred to the customer and can be reliably measured, which generally occurs when delivering the product or when the service is provided. It is measured by the fair value of the consideration received or receivable of each performance obligation, bearing in mind any variable consideration estimation, such as refund, price concessions, incentives, performance bonus, penalties or other similar items.

The energy supply revenue is measured according to the established reading calendar, considering the amount of energy used by the customer and the energy tariff in force. The Company can sell the produced energy in two environments: (i) a Free Contract Environment (“ACL”), where the energy commercialization occurs through free negotiation of prices and conditions between the parties, upon bilateral agreements; and (ii) a Regulated Contract Environment (“ACR”), where there is energy commercialization to the distributor’s agents.

The revenue from the concession’s infrastructure construction (transmission and distribution) is recognized over time, following the compliance of its respective performance obligations that were established between the customer and the Company and considering the fulfilment of one of the following established conditions by the standard: (i) the customer simultaneously receives and consumes the generated benefits; (ii) the performance obligation creates or improves an asset that the customer control as the asset is created or improved; (iii) the performance obligation does not create an asset with an alternative use for the entity and the Company holds the executable right to the payment of the finished benefit until the current date.

The revenue from operation and maintenance is recognized every month, starting from the entry into commercial operation as a performance obligation that is fulfilled by the transmission lines' operation and maintenance.

The revenue of the contract asset's remuneration is recognized through the implicit rate established at the beginning of each project. It is obtained after allocating the margins of construction and operation.

The operation revenues concerning the energy sale at the CCEE and short-term market transactions are recognized by the fair value of the receivable consideration when the transactions occur. The energy prices of these operations are bound to the Settlement Prices of Differences ("PLD").

b) Estimates and critical judgments

The non-billed energy supply revenue corresponds to the energy that is delivered to the consumer, but it was not billed and is calculated on an estimated basis until the balance sheet date. This non-billed revenue estimation is calculated using the following items as a basis: the total amount of energy provided in the month, the injected energy and the annualized index of technical and commercial losses.

The electric grid availability is measured through the consideration received by the customers (free and captive) when using the system and the consideration's value is linked with TUSD as a characteristic, as defined by the Granting Power.

The revenue of the concession's infrastructure construction, considering the current regulatory model for the business of energy distribution and transmission, provides a specific remuneration for the construction or improvement of the concession's infrastructure. The Company reassesses its assumptions of performance obligation margins, at least once a year, with the receipt's expectations concerning the performance obligation in the infrastructure's construction and improvement vis-à-vis its complexity and discount offered in the RAP value of each infrastructure. For the distribution business, the performance obligation margin is zero (0%).

The implicit rate that remunerates the contract asset varies between 6.5% p.y. and 11.5% p.y. and the used Internal Rate of Return for the transmission projects' variability varies between 13% p.y. and 18% p.y., being nominal and before taxes.

For the revenue concerning energy sales at CCEE, the Company uses the following items: the plant's previous measure extracted from CCEE's data collection system; previous internal loss bases in the history and basic network loss; purchase and sale contracts defined in the short-term in addition to the ones in force at the time; PLD's value (realized and predicted) disclosed by CCEE and the Generation Scaling Factor's ("GSF") preliminary according to the information provided by the National Electric System Operator ("ONS").

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

6. ENERGY COSTS

	Consolidated	
	2022	2021
Energy purchased for sale		
Energy acquired through regulated environment auction – ACR [1]	(6,320)	(8,644)
Energy acquired in the Free Contracting Environment – ACL	(1,881)	(1,280)
Variable Costs from the Short-Term Market – MCP [2]	(822)	(3,407)
Short-Term Energy – PLD and MRE	(212)	398
Agreements based on physical assurance quotas	(1,867)	(1,662)
Energy acquired from a bilateral agreement	(968)	(773)
Itaipu energy	(1,125)	(1,336)
Quotas from Angra I and Angra II Power Plants	(690)	(466)
Others	(560)	(361)
Subtotal	**(14,445)**	**(17,531)**
PIS and COFINS credits	1,586	1,724
Total	**(12,859)**	**(15,807)**
Transmission and distribution system usage charges		
Basic grid charges	(3,690)	(3,289)
Itaipu transport charges	(108)	(108)
Connection charges	(173)	(214)
Distribution systems use charges	(71)	(65)
System service charges – ESS [3]	(684)	(2,852)
Reserve energy charges – EER [4]	(800)	181
Other charges	8	2
Subtotal	**(5,518)**	**(6,345)**
PIS and COFINS credits	564	532
Total	**(4,954)**	**(5,813)**
Total energy costs	**(17,813)**	**(21,620)**

PLD – Settlement Prices of Differences.
MRE – Energy Relocation Mechanism.

(1) The reduction in the energy cost acquired at the ACR derives from the reduction of the variable portion, which is directly affected by the PLD, due to the reduction in the generation of thermal power plants.

(2) The higher availability of water in the large hydroelectric reservoirs decreased the cost with Hydrological Risk and the consequent reduction heating plant's order, thus decreasing the cost with the virtual condominium.

(3) The reduction in the ESS Brazil costs derives from the more favorable hydrological scenario in 2022. This contributes to the reduction in the billing of system service charges, especially, due to energy safety. The favorable hydrology may be perceived by having a PLD in the minimum range for most of the year (February to June /2022 and October to December /2022, which is equivalent to 10 months).

(4) An increase in the payment of Reserve Energy Charge aiming to ensure the continuous financial balance of the CONER account.

7. CONSTRUCTION COSTS

	Consolidated	
	2022	2021
Personnel	(750)	(448)
Material	(3,885)	(3,465)
Third-party services	(3,201)	(2,615)
Interest on construction in progress	(65)	(44)
Others	(515)	(189)
Special obligations	415	399
Total	**(8,001)**	**(6,362)**

In 2022, the cost of the concession's infrastructure construction, in the amount of R$ 5,381 and R$ 2,620 (In 2021, R$ 4,246 and R$ 2,116) refers to the construction costs of the distributors and transmitters, respectively.

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

8. OPERATING COSTS AND OPERATING EXPENSES

	Consolidated 2022			
	Operating costs	Sales expenses	Other standard and administrative revenue/expenses	Total
Staff and employee benefits (note 8.1)	(1,175)	(104)	(763)	(2,042)
Management	-	(1)	(88)	(89)
Third party services (note 8.2)	(914)	(264)	(678)	(1,856)
Photovoltaic operations	(21)	-	-	(21)
Depreciation and amortization (note 8.3)	(1,975)	(5)	(263)	(2,243)
Fuel for energy production	(125)	-	-	(125)
Provision for lawsuits	-	-	(150)	(150)
Taxes	(4)	-	(26)	(30)
Other revenues and expenses, net (note 8.4)	(293)	14	(112)	(391)
Total	**(4,507)**	**(360)**	**(2,080)**	**(6,947)**

	Consolidated 2021			
	Operating costs	Sales expenses	Other standard and administrative revenue/expenses	Total
Staff and employee benefits (note 8.1)	(1,006)	(129)	(630)	(1,765)
Management	-	(1)	(76)	(77)
Third party services (note 8.2)	(915)	(237)	(567)	(1,719)
Photovoltaic operations	(13)	-	-	(13)
Depreciation and amortization (note 8.3)	(1,547)	(6)	(198)	(1,751)
Fuel for energy production	(558)	-	-	(558)
Provision for lawsuits	-	-	(142)	(142)
Taxes	(4)	-	(24)	(28)
Other revenues and expenses, net (note 8.4)	(236)	(1)	(24)	(261)
Total	**(4,279)**	**(374)**	**(1,661)**	**(6,314)**

8.1 Personnel costs and expenses

	Consolidated	
	2022	2021
Wages	(1,002)	(865)
Social charges	(422)	(367)
Meal tickets	(249)	(213)
Assistance agreement and other benefits [1]	(156)	(117)
Contract termination	(27)	(64)
Vacations and 13th salary	(251)	(217)
Healthcare plan	(255)	(190)
Profit sharing	(284)	(232)
Transfers to orders	632	525
Others	(28)	(25)
Total	**(2,042)**	**(1,765)**

(1) Includes post-employment benefits and other benefits.

8.2 Third-party services

	Consolidated	
	2022	2021
Technical services and maintenance	(338)	(384)
Meter reading, printing and delivery of energy bills	(262)	(220)
Information technology	(171)	(169)
Trademark license agreement	(165)	(117)
Support and Call center	(129)	(114)
Power cut, connection and reconnection	(119)	(118)

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

Tree pruning and road cleaning	(95)	(78)
Collecting and certified agent	(93)	(92)
Legal services	(64)	(59)
Order closing – Cost of service provided	(60)	(62)
Surveillance	(41)	(38)
Communication	(33)	(26)
Consulting and audit	(25)	(23)
Administrative billing and negative entries	(19)	(18)
Technical inspection and expertise	(16)	(22)
Other services	(240)	(191)
Subtotal	**(1,870)**	**(1,731)**
PIS and COFINS credits	14	12
Total	**(1,856)**	**(1,719)**

8.3 Depreciation and amortization

	Consolidated	
	2022	**2021**
Depreciation and amortization quota of the period	(2,234)	(1,696)
Write-off of residual value of intangible assets	(46)	(81)
Subtotal	**(2,280)**	**(1,777)**
PIS/COFINS credits	37	26
Total	**(2,243)**	**(1,751)**

8.4 Other revenues and expenses, net

	Consolidated	
	2022	**2021**
Fine for non-payment	288	256
Recovery of expenses	59	54
Donations and contributions	(8)	(9)
Class entity of the electric sector	(10)	(10)
Rents	(13)	(4)
Meals	(14)	(11)
Indemnification – electric damages	(24)	(14)
Insurance	(41)	(34)
Travel expenses	(45)	(31)
Advertising and publicity	(49)	(31)
Self-consumption and electric energy	(58)	(50)
Loss / disposal / deactivation	(174)	(129)
Material	(277)	(235)
Others	(25)	(13)
Total	**(391)**	**(261)**

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

9. FINANCIAL INCOME (EXPENSES)

	Consolidated		Parent Company	
	2022	2021	2022	2021
Financial income				
Income from financial investments	822	186	95	14
Taxes on financial income	(97)	(50)	(18)	(9)
Interest and charges for accounts receivable and other receivables	389	500	-	-
Judicial deposits monetary variation	71	14	7	2
Monetary variation on sectoral financial assets	294	38	-	-
Post-employment and other benefits	1	3	-	-
Other financial income	68	64	251	180
	1,548	**755**	**335**	**187**
Financial expenses				
Charges on debt instruments [(1)]	(3,644)	(2,336)	(406)	(341)
Post-employment and other benefits	(81)	(88)	-	-
Monetary variation on provision for losses on lawsuits	(181)	(210)	(1)	-
IOF (“Tax on Financial Operations”)	(6)	(9)	-	(1)
Other financial expenses	(427)	(291)	(116)	(76)
	(4,339)	**(2,934)**	**(523)**	**(418)**
Other financial income (expenses), net				
Losses on foreign exchange rate variation and fair value adjustments – Debt	(1,948)	(1,833)	-	-
Gain on foreign exchange rate variation and fair value adjustments – Debt	2,751	1,444	117	(56)
Losses on derivative financial instruments – Note 19,3,b	(4,124)	(1,819)	(602)	(151)
Gain on derivative financial instruments – Note 19,3,b	2,273	2,127	291	172
Losses on foreign exchange rate and monetary variation	(122)	(62)	(1)	2
Gain on foreign exchange rate and monetary variation	161	39	-	1
	(1,009)	**(104)**	**(195)**	**(32)**
Financial result, net	**(3,800)**	**(2,283)**	**(383)**	**(263)**

(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, SECTORAL CHARGES AND REIMBURSEMENT TO CONSUMERS

10.1 Income taxes

Current and deferred income taxes are comprised by income tax (“IRPJ”) and social contribution (“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.

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

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	
	2022	2021
Income before taxes	**5,539**	**5,589**
Nominal income taxes rate - 34%	**(1,829)**	**(1,902)**
Adjustments to income tax calculation:		
Corporate restructuring (note 15.5)	678	-
Tax benefit on interest on own capital	136	119
Tax incentives	472	409
Difference on income taxes calculated based on assumed profit	55	123
Additions (reversals) to unrecognized tax loss carry forwards	(135)	(192)
Other additions (reversals)	(129)	(80)
Income taxes	**(752)**	**(1,523)**
Effective income tax rates	**14%**	**27%**
Current	(722)	(566)
Deferred	(30)	(957)

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 purpose of the financial statements and the corresponding amounts used for taxation purposes

	Consolidated	
	2022	2021
Tax loss (includes negative basis)	**498**	**404**
Added value and provision for maintaining the integrity of shareholders' equity	**384**	**461**
Temporary differences:		
Business combination (note 15.4)	-	(671)
Post-employment benefit obligations	292	287
Provision for lawsuits	387	353
Estimated credit losses - Accounts receivable	307	281
Right to use the overtaking revenue concession	91	96
Added value linked to property, plant and equipment, and intangible assets	98	48
Fair value of indemnified financial assets	(1,998)	(1,535)
Debt interest capitalization	(103)	(160)
Accelerated depreciation	(27)	(40)
Fair value of financial instruments	83	14
Hydrological risk (GSF)	(44)	(42)
Others	(881)	(604)
Total	**(913)**	**(1,039)**
Non-current assets	611	727
Non-current liabilities	(1,524)	(1,766)

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

The variations in deferred taxes are as follows:

	Consolidated	
	Asset	Liability
Balance as of December 31, 2021	**727**	**(1,766)**
Effects recognized in income	(183)	153
Effects recognized in other comprehensive income	67	67
Reclassification to Liabilities directly associated to non-current assets held for sale	-	22
Balance as of December 31, 2022	**611**	**(1,524)**
Balance as of December 31, 2020	**656**	**(503)**
Business combination	411	(671)
Effects recognized in income	(565)	(392)
Effects recognized in other comprehensive income	9	16
Transfers between assets and liabilities	216	(216)
Balance as of December 31, 2021	**727**	**(1,766)**

Management considers that deferred tax credits will be realized in proportion to the realization of provisions and the final resolution of future events, both based on projections based on strategic planning. As of December 31, 2022, the expectation of realization of deferred tax assets, dumped, presented as follows:

	Consolidated							
	2023	2024	2025	2026	2027	Between 2028 and 2032	Between 2033 and 2037	2038 onwards
Deferred tax assets	22	13	17	33	39	308	111	68

10.1.3 Current tax assets and liabilities

	Consolidated	
	2022	2021
IRPJ	930	732
CSLL	140	123
Asset	**1,070**	**855**
Current	1,040	848
Non-current	30	7

	Consolidated	
	2022	2021
IRPJ	73	38
CSLL	87	18
Liability	**160**	**56**
Current	132	29
Non-current	28	27

Uncertainties about the Treatment of Income Taxes

On December 31, 2022 and 2021, the Company had R$ 28 and R$ 27, respectively, recognized in income taxes payable which refers to the impact of the uncertain tax positions recorded in non-current liabilities.

In addition to the tax uncertainties in the treatment of income taxes that were recognized, on December 31, 2022 and 2021, the Company has the amount of R$ 3,913 and R$ 3,674, respectively, related to the tax treatments adopted and which are subject to inquiries from the tax authorities, whose prognosis, supported by its legal advisors, is that such tax treatments adopted are accepted by the authorities in the administrative and/or judicial spheres, when necessary. The main natures are listed below, as follows:

(i) Non-addition of goodwill amortization expense in the IRPJ and CSLL calculation bases, in the amount of R$ 3,535 (R$ 3,249 on December 31, 2021).

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

(ii) Administrative processes from the non-recognition of compensation requests made through credit rights of IRPJ and CSLL of R$ 197 (R$ 261 on December 31, 2021).

10.1.4 Tax benefit – Added value PMIPL

The tax benefit of the incorporated added value refers to the tax credit calculated on the incorporated acquisition capital gains. To prevent the amortization of added value from negatively affecting the flow of dividends to shareholders, PMIPL was recognized, whose balances are as follows:

	Consolidated	
	2022	2021
Opening balance	**461**	**540**
Amortization	(133)	(138)
Reversal	56	59
Closing balance	**384**	**461**

The amortization of added value, net of the provision reversal and corresponding tax credit, results in a zero effect on the income for the year and, consequently, on the basis for calculating the mandatory minimum dividends. The capital gains are being amortized monthly for the remaining period of operation of the concession/authorization, according to the curves below:

						Consolidated
	2023	2024	2025	2026	2027	Between 2028 and
Subsidiaries	75	72	70	70	57	40

10.1.5Accounting policy and critical judgments

a) Accounting policy

Income taxes are recognized in the period's result, except for transactions directly recognized in the equity.

Income taxes are calculated based on Brazilian rates and their recognition is based on temporary differences between the book value and the tax base value of the assets and liabilities in the tax losses determined. Deferred taxes on assets and liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities and when deferred income tax assets and liabilities are related to taxes on income levied by the same tax authority on the same taxable entity. The calculation of income tax payable is positively influenced by the SUDENE tax incentive. The SUDENE tax incentive provides the Company with the tax benefit of a 75% reduction in IRPJ, calculated based on operating profit.

Deferred tax assets recognized in the financial statements are based on technical studies, prepared by Management, which support the expectation of future taxable income. These studies consider the analysis of future results, based on economic and financial projections, which are prepared using internal assumptions and economic, commercial, and tax scenarios that may be subject to changes in the future. The deferred tax liabilities are immediately recognized in the financial statements.

The tax benefit from the added value and the goodwill incorporated in the process of corporate reorganization is recognized as deferred taxes due to the nature of the intrinsic tax benefit and for better representing the fruition of the cash benefits generated by the transaction in favor of the Company.

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

b) Estimates and critical judgments

Significant judgments, estimates, and assumptions are required to determine the number of deferred tax assets recognized when considering projected assumptions and cash flows and may be affected by the following factors but not limited to them: (i) internal assumptions about projected taxable income, based on the planning of energy production and sale, energy prices, operating costs and planning of capital costs; (ii) macroeconomic scenarios; and (iii) commercial and tax.

The Company also applies critical accounting judgment in the identification of uncertainties about tax positions on profit, which may impact the financial statements. These Uncertainties about the treatment of taxes on income represent the risks where the tax authority may not accept a certain tax treatment applied by the Company. The Company estimates the probability of the tax authority accepting the uncertain tax treatment based on technical assessments of its legal advisors, considering previous jurisprudence applicable to the current tax legislation, which may be impacted mainly by changes in tax rules or court decisions that change the analysis grounds of uncertainty, to the extent that disputes may arise with tax authorities over the interpretation of applicable laws and regulations.

10.2 Other taxes

10.2.1 Other recoverable taxes

	Consolidated	
	2022	2021
Tax over Goods and Services – ICMS	893	755
Social Integration Program - PIS [(1)]	814	1,090
Contribution to Social Security Financing - COFINS [(1)]	3,874	5,056
National Institute of Social Security – INSS	27	28
Others	17	19
Other recoverable taxes	**5,625**	**6,948**
Current	1,876	2,085
Non-current	3,749	4,863

(1) See note 10.3.

10.2.2 Other taxes and sectoral charges payable

	Consolidated	
	2022	2021
Tax over Goods and Services - ICMS	545	808
Social Integration Program - PIS	237	169
Contribution to Social Security Financing - COFINS	1,117	785
Withholding taxes and contributions	158	111
Others	76	67
Other taxes payable	**2,133**	**1,940**
Research and Development - R&D	178	189
Energy Efficiency Program – PEE	275	304
Others	74	385
Sectoral charges	**527**	**878**
Total other taxes and sectoral charges payable	**2,660**	**2,818**
Current	1,222	1,690
Non-current	1,438	1,128

10.3 Reimbursement to consumers– Federal taxes

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

In March 2017, the Federal Supreme Court ("STF") concluded the judgment of the Extraordinary Appeal nº 574.706-PR, regarding 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) to 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.

Considering the lawsuits filed by some subsidiaries and the modulation of effect from the STF decision, the Company initially recognized an asset of PIS and COFINS receivable. The credits from the referred asset are being compensated as per regulation issued by the "*Receita Federal do Brasil*" (Brazilian Federal Revenue Service – RFB) in light of the maturing obligations. On the other hand, a corresponding liability was recognized and 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 deducted from the compensations already made, represents the amount of R$ 4,585 on December 31, 2022.

With the enactment of Law No. 14,385/22, of June 27, 2022, it was defined that the values concerning the repetition of undue payments made by the distributors which are related to *res judicata* lawsuits or due to reasons of excess collection regarding the exclusion of the ICMS from the PIS and COFINS calculation basis will be allocated to the consumers through tariff proceedings.

The variations in reimbursement to consumers are presented below:

	Consolidated	
	2022	**2021**
Opening balance	**6,029**	**5,755**
Business combination (see note 15.4)	-	148
Recognition	70	911
Monetary update	424	313
Payment	-	(2)
Compensation	(1,938)	(1,096)
Closing balance	**4,585**	**6,029**

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 subject to an insignificant risk of change in value.

	Consolidated		Parent Company	
	2022	**2021**	**2022**	**2021**
Cash and demand deposits	348	296	2	-
Bank Deposit Certificate (CDB)	2,646	1,649	598	785
Investment funds	3,808	3,600	177	346
Total	**6,802**	**5,545**	**777**	**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 December 31, 2022 is 100.31% of the CDI (99% in 2021).

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

The portfolio of financial investments, on December 31, 2022 and 2021, is mainly comprised of exclusive investment funds of the Neoenergia Group which are composed of several assets, as described below:

Portfolio	Consolidated		Parent Company	
Exclusive funds	2022	2021	2022	2021
Repo operations	3,808	3,540	177	303
CD (Certificate of Deposit)	-	50	-	36
Others	-	10	-	7
Total	**3,808**	**3,600**	**177**	**346**

The group's exclusive investment funds are vehicles with specific purposes controlled by Neoenergia S.A. Their purpose is for the group to diversify its investments seeking better profitability with the lowest level of risk. The funds are subject to obligations restricted to the payment of services provided for the assets' management, which can be detailed as the investment's operations, custody, and audit fees, along with other expenses. There are no relevant financial obligations or legal or extrajudicial demands, as well as assets from the shareholders to cover these obligations.

12. TRADE ACCOUNTS RECEIVABLE AND OTHERS

	Consolidated					
	2022			2021		
	Receivables	Expected credit loss	Trade accounts receivable, net	Receivables	Expected credit loss	Trade accounts receivable, net
Energy supply (note 12.1)	7,909	(1,720)	6,189	8,284	(1,492)	6,792
Commercialization of energy at CCEE	99	-	99	321	-	321
Distribution grid availability	938	(3)	935	668	(4)	664
Government Grants and subsidies	481	-	481	833	-	833
Other receivables	549	(108)	441	478	(84)	394
Total	**9,976**	**(1,831)**	**8,145**	**10,584**	**(1,580)**	**9,004**
Current asset			7,805			8,626
Non-current asset			340			378

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

12.1 Energy supply

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

	Consolidated			
	2022		2021	
	Receivables	Expected credit loss	Receivables	Expected credit loss
Residential	2,811	(957)	2,937	(800)
Commercial	857	(316)	918	(258)
Industrial	960	(205)	919	(191)
Rural	448	(146)	457	(140)
Government	416	(32)	466	(60)
Public lighting	326	(15)	367	(20)
Public service	329	(4)	313	(7)
Unbilled services	1,762	(45)	1,907	(16)
Total	**7,909**	**(1,720)**	**8,284**	**(1,492)**

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

	Consolidated			
	2022		2021	
	Receivables	Expected credit loss	Receivables	Expected credit loss
Current receivables	3,747	(119)	4,285	(91)
Overdue receivables:				
90 days	1,440	(107)	1,728	(115)
Between 91 and 180 days	312	(101)	377	(115)
Between 181 and 360 days	602	(240)	460	(175)
After 361 days	1,808	(1,153)	1,434	(996)
Total	**7,909**	**(1,720)**	**8,284**	**(1,492)**

12.2 Variation of expected credit losses – ECL

	Consolidated	
	2022	2021
Opening balance	**(1,580)**	**(1,299)**
Addition by the business combination (note 15.4)	-	(171)
Recognized effect in the period's result	(510)	(370)
Effective losses written-off	259	260
Closing balance	**(1,831)**	**(1,580)**

12.3 Accounting policy and critical judgments

a) Accounting policy

The trade accounts receivables are financial assets measured by their amortized cost (see note 25.5) and are recognized when the receipt of the consideration value is unconditional, deducted from the expected losses.

b) Estimates and critical judgments

The Company measures the expected credit losses for the trade accounts receivable from short-term customers through the use of a provision matrix based on the non-adjusted credit loss track record, when such information represents a better reasonable and sustainable information, or adjusted, based on the current observable data to reflect the current and future conditions for each business line operated by the Company.

The group's distributors use the measurement approach through a provision matrix that considers the non-payment history for the last five years. These track records are considered in a segregated manner: regular billing, installments, and fraud invoices being divided by consumer class (residential, industrial, commercial, rural, government, public lighting, and public service). In addition to this, there is an individual analysis of the judicial proceedings with an evaluation of the probability loss and respective expected provision. If it is above 12 months, the matrix considers it a full loss.

For the big consumers, there is an individualized analysis, which evaluates the losses based on the negotiation and respective financial situation.

The group's generators do not have a non-payment history and considering the guarantees offered in the auctions and/or bilateral agreements, the exposure to risk credit is residual. Given these characteristics, the formation level of expected losses is not relevant for this class of receivables. Moreover, CCEE controls the sector's amount of accounts receivables and respective infringements, thus decreasing the credit risk in these operations.

The group's transmitters do not have a history of material losses and, therefore, use a matrix that considers growing percentages of provisions that may reach 100% in case of a delay above 12 months. The formed credit risk losses are not relevant due to the mechanisms established by ONS to mitigate credit risk.

The supplier and service companies recognized the expected credit loss based on their customers' ratings for unpaid balances and in the worse market rating for unpaid balances for more than 360 days.

13. SECTORAL 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 or five years, on average, aiming to recompose a 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 that are 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.

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

The breakdown of the sectoral assets and liabilities is demonstrated below:

						Consolidated
			2022			2021
	Rights	Obligations	Net effect	Rights	Obligations	Net effect
CVA and Neutrality						
Energy	658	(816)	**(158)**	1,734	(8)	**1,726**
System Service Charges – ESS	463	(1,281)	**(818)**	1,766	-	**1,766**
Energy Development Account – CDE	475	-	**475**	82	(34)	**48**
Tariff on Use of Transmission Network – TUST	546	(4)	**542**	482	(4)	**478**
Neutrality of sectoral charges	63	(58)	**5**	43	(126)	**(83)**
Others	95	(2)	**93**	24	(2)	**22**
Financial Components and Subsidies						
Over contracting pass-through	1,048	(83)	**965**	111	(426)	**(315)**
Hydrological Risks	-	(933)	**(933)**	-	(912)	**(912)**
Energy rearrangement - Termope	79	-	**79**	77	-	**77**
Demand's Overtaking / Surplus	15	(442)	**(427)**	-	(594)	**(594)**
Readjustment deferral	112	(206)	**(94)**	51	(220)	**(169)**
COVID account – Liability	-	(6)	**(6)**	-	(34)	**(34)**
Eletrobrás moderateness CDE	-	(792)	**(792)**	-	-	**-**
PIS/COFINS credits over ICMS [1]	928	(1,405)	**(477)**	917	(1,116)	**(199)**
Water Scarcity Flag [2]	1,065	-	**1,065**	-	-	**-**
Others	26	(119)	**(93)**	45	(165)	**(120)**
Total	**5,573**	**(6,147)**	**(574)**	**5,332**	**(3,641)**	**1,691**
Values homologated by ANEEL	1,962	(1,723)	**239**	1,742	(1,033)	**709**
Values to be homologated by ANEEL	3,611	(4,424)	**(813)**	3,590	(2,608)	**982**
Total	**5,573**	**(6,147)**	**(574)**	**5,332**	**(3,641)**	**1,691**
Current Assets			252			1,681
Non-current Assets			-			352
Current Liabilities			(124)			-
Non-current Liabilities			(702)			(342)

(1) 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 No. 05/2021, however, ANEEL, in the Tariff Readjustment process of 2022, authorized the anticipated use of these values in special situations, where there is a possibility of an expressive tariff increase. Therefore, on June 27, 2022, Law No. 14,385/2022 was published and its purpose was to regulate the return of these taxes. This triggered the Extraordinary Tariff Review on July 13, 2022. For that matter, the anticipation of the reversal concerning the values from these credits as a negative financial component, whose deferral for the next 12 months, from April 2022 to March 2023 (for the subsidiary Neoenergia Elektro from August/2022 to July/2023), is backed by the expectation of future compensation for these credits along with the Federal Revenue Service and was recognized in the Tariff Readjustment process of 2022 and updated in the Extraordinary Tariff Revision - RTE (July 2022).

(2) It was recognized in the Tariff Readjustment of 2022, as a financial component, as the distributor's balance in light of the Flag Accounts concerning January 2022. Its purpose is to exclude the effects of costs that are not covered by the Flags and will be recovered during the cycle of Scarcity Flag.

The variations in the concession's sectoral asset and liabilities are presented as follows:

			Consolidated
	Rights	Obligations	Effect
Balance as of December 31, 2021	**5,332**	**(3,641)**	**1,691**
Constitution	5,509	(4,527)	982
Amortization (Tariff Repositioning Index)	(2,969)	1,568	(1,401)
Monetary variations	676	(383)	293
Transfers	(2,975)	836	(2,139)
Balance as of December 31, 2022	**5,573**	**(6,147)**	**(574)**
Balance as of December 31, 2020	**1,446**	**(2,019)**	**(573)**
Constitution	5,528	(2,164)	3,364
Amortization (Tariff Repositioning Index)	(1,502)	2,054	552
Monetary variations	101	(62)	39
Transfers	(241)	(1,450)	(1,691)
Balance as of 31, December 2021	**5,332**	**(3,641)**	**1,691**

As from the tariff proceedings of 2021, it is occurring an inclusion of a new component of the CDE charge, denominated as CDE – COVID Account, which is related to the payment of the COVID Account loan, according to the decree No. 10,350/2020, to receive resources of the financial operation for the distributors' cash relief in 2020 from the portion allocated in TE and TUSD. For the consumer, the initiative represents the postponement and installment payment of the tariff impacts, in 60 months through the CDE.

13.1 Accounting policy and critical judgments

a) Accounting policy

The sectoral financial assets and liabilities are measured by the amortized cost (see note 25.1) and originated from the difference between the costs estimated by ANEEL and included in the tariff at the beginning of the tariff period (Portion "A"), and the ones which are effectively incurred throughout the tariff's validity period. This difference represents itself as an unconditional right of receiving cash from the Granting Power in cases where the estimated costs are lower than the costs effectively incurred or as an obligation when the estimated costs are higher than the costs effectively incurred.

Since their initial recognition the financial assets include the expectations of risks concerning non-payment and Granting Power's charge estimations.

b) Estimates and critical judgments

The present value of the rights and obligations will be effectively liquidated at the next tariff period or, in case of the concession's extinguishment, if there are balances determined that were not recovered and/or transferred, such values will be included in the compensation basis that is already foreseen in case of the concession's extinguishment for any reason.

The Company, along with its economic and regulatory advisors, reviews at the end of each period, the assumptions and expectations of approval by the Granting Authority.

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.

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

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 of this contract asset (see note 25.6). These assets had the following variations in the period:

	Consolidated	
	2022	2021
Opening balance	**18,516**	**14,403**
Addition by the business combination (note 15.4)	-	137
Disposals	(58)	(35)
Reversals	7	2
Transfers – contract assets [(1)]	3,599	2,402
Transfers – intangible assets	26	28
Transfers – others [(2)]	64	-
Fair value adjustments	1,339	1,579
Closing balance	**23,493**	**18,516**

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

(2) Portion of the refund from the "Light for all" Program – LPT Tranche 9.

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:

						Consolidated
			2022			2021
	Transmission	Distribution	Total	Transmission	Distribution	Total
Current	715	-	**715**	492	-	**492**
Non-current	11,674	4,306	**15,980**	8,188	4,259	**12,447**
Total	**12,389**	**4,306**	**16,695**	**8,680**	**4,259**	**12,939**
Concluded	5,758	-	**5,758**	3,302	-	**3,302**
Ongoing	6,631	4,306	**10,937**	5,378	4,259	**9,637**

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

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]	3,094	5,425	**8,519**
Disposals	-	(78)	**(78)**
Transfers - intangible in progress [1]	-	(1,768)	**(1,768)**
Transfers – financial assets [1]	-	(3,599)	**(3,599)**
Transfers – others	-	67	**67**
Contractual asset amortization	(429)	-	**(429)**
Monetary variation	1,044	-	**1,044**
Balance as of December 31, 2022	**12,389**	**4,306**	**16,695**
Cost	12,389	4,801	**17,190**
Special obligations	-	(495)	**(495)**

			Consolidated
	Transmission	Distribution	Total
Balance as of December 31, 2020	**5,025**	**3,849**	**8,874**
Additions [1]	-	134	134
Disposals	3,174	4,305	7,479
Transfers - intangible in progress [1]	(8)	(63)	(71)
Transfers – financial assets [1]	-	(1,525)	(1,525)
Transfers – others	-	(2,402)	(2,402)
Contractual asset amortization	-	(39)	(39)
Monetary variation	(181)	-	(181)
Additions [1]	670	-	670
Balance as of December 31, 2021	**8,680**	**4,259**	**12,939**
Cost	8,680	4,651	13,331
Special obligations	-	(392)	(392)

(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. The contract assets remeasurement concerning the transmitters composes the balance of additions.

The expected amortization cash flow of the transmitter's contract asset will occur as follows:

	Consolidated
2023	612
2024	1,344
2025	1,777
2026	1,896
2027	2,243
Between 2028 and 2032	10,695
Between 2033 and 2037	13,027
2038 onwards	43,792
Total	**75,386**

14.3 Accounting policy and critical judgments

The Contracts of Public Service Concession of Electric Energy entered into between the Federal government (Grating Authority – First Party) regulated the exploration of public service concerning distribution and transmission by the companies and establishes that:

a) Accounting policy

(i) Distributors

Under the concession contracts:

- At the concession's end, the assets linked to the infrastructure must be reversed to the granting power against payment of compensation.
- The price is regulated through the tariff mechanism established in the concession contracts based on a parametric formula (Portions A and B), as well as tariff revision modalities are defined. They must be sufficient to cover the costs, investments' amortization and the compensation for the invested capital.

Based on the concession contract's established characteristics, Management reflects the business of energy distribution and transmission, encompassing:

- Investments in the contract of concessions under construction or an improvement of the infrastructure are classified as a contract asset. The contract assets are bifurcated between financial and intangible assets, after the investment's entry into operation or the end of the infrastructure's improvement.
- The estimated portion of the investments that were finished and not fully amortized or depreciated until the end of the concession and classified as an unconditional right of receiving cash or another financial asset directly from the Granting Power.
- The residual portion related to the financial assets' determination (residual value) and classified as an intangible asset (note 17) due to its recovery being conditioned to the use of the public service, in this case, the energy consumption by the consumers.

(ii) Transmitters

Under the concession contracts, the Company is responsible for transporting the energy from the generation centers to the distribution points. To fulfill this responsibility, the transmitter has two distinct performance obligations: (i) to build and improve; and (ii) to maintain and operate the transmission infrastructure.

In complying with these performance obligations (see note 5.6(a)), the energy transmitter maintains its transmission infrastructure available for the users and in consideration, receives a cash flow denominated as Annual Allowed Revenue ("RAP") during the concession contract's validity. These payments amortize investments made in the transmission infrastructure. Occasional investments that were not amortized generate a right to receive compensation from the Granting Power (when provided in the concession contract), which in contrast, receives all the transmission infrastructure at the end of the concession contract.

The right to receive compensation is due to goods and services conditioned to the fulfillment of performance obligations and not only due to the passage of time. Therefore, the considerations are classified as a contract asset and as the performance obligations are fulfilled, they are reclassified to trade accounts receivable.

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

b) Estimates and critical judgments

(i) Concession's financial asset (Distribution)

For the fair value measurement, the Company uses the replacement costs approach based on the prices attributed by ANEEL, which are stipulated for assets which are inherent to operations subject to compensations from the Granting Power. As the estimates used consider observable assumptions, such as: (i) benchmark prices and benchmark budget, both from ANEEL, and (ii) the Company's Price Database. These assumptions may be significantly different from the ones estimated by Management upon payment of compensation from the Granting Power.

(ii) Contract asset (Transmission)

To measure its contract asset, the Company estimates the future cash flows based on the nominal values from the concession's beginning. The main assumptions are (i) the inflation component to be added to the concession's cash flow and (ii) a discount rate that reflects the financing component for the Granting Power.

The inflation component may be significantly different from the ones made by Management concerning the effective relation when receiving the RAP.

15. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

15.1 Changes during the year

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

	Joint ventures	Subsidiaries	Total Consolidated	Subsidiaries	Total Parent Company
Balance as of December 31, 2021	1,138	62	1,200	25,742	26,942
Capital increase	47	-	**47**	3,201	**3,248**
Equity equivalence	8	11	**19**	5,539	**5,558**
Equity income (loss) in investees	8	11	**19**	5,700	**5,719**
Amortization of added value	-	-	**-**	(161)	**(161)**
Participation in other comprehensive income/(loss)	-	-	**-**	(234)	**(234)**
Declared dividends	(67)	(13)	**(80)**	(4,953)	**(5,033)**
Fair value adjustment of assets classified as held for sale (note 15.3)	(493)	-	**(493)**	292	**(201)**
Reclassification of assets held for sale (note 15.3)	(334)	-	**(334)**	(446)	**(780)**
Others	-	-	**-**	(13)	**(13)**
Balance as of December 31, 2022	**299**	**60**	**359**	**29,128**	**29,487**
Balance as of December 31, 2020	1,051	1,376	2,427	20,350	22,777
Capital increase	40	-	**40**	4,199	**4,239**
Equity equivalence	**100**	**(32)**	**68**	**4,781**	**4,849**
Equity income (loss) in investees	100	(32)	**68**	4,941	**5,009**
Amortization of added value	-	-	**-**	(160)	**(160)**
Participation in other comprehensive income/(loss)	-	-	**-**	(215)	**(215)**
Declared dividends	(53)	(3)	**(56)**	(3,392)	**(3,448)**
Fair value adjustment of assets classified as held for sale (note 15.3)	-	(482)	**(482)**	-	**(482)**
Reclassification of assets held for sale (note 15.3)	-	(797)	**(797)**	-	**(797)**
Others	-	-	**-**	19	**19**
Balance as of December 31, 2021	**1,138**	**62**	**1,200**	**25,742**	**26,942**

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

Changes in dividends and interest on equity receivable as follows:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Opening balance	**25**	**16**	**629**	**684**
Declared	111	56	4,872	3,356
Received	(87)	(47)	(4,738)	(3,411)
Closing balance	**49**	**25**	**763**	**629**

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

15.2 Breakdown by investment class

Additional information regarding the main investees are as follows:

	Segment	Participation and voting capital	Balance of investments in 2022	Balance of investments in 2021	Result of participation 2022	Result of participation 2021	Dividends received 2022	Dividends received 2021
Subsidiaries								
Wholly owned subsidiaries	Network	100.00%	10,316	5,789	1,349	694	322	28
	Liberalized	100.00%	1,800	1,519	754	545	307	340
	Renewable	100.00%	6,437	5,229	460	351	304	155
	Other	100.00%	9	12	-	(39)	-	-
Other subsidiaries								
Neoenergia Coelba	Network	98.94%	5,947	6,229	1,550	1,623	1,659	1666
Neoenergia Elektro	Network	99.68%	3,403	3,861	983	820	1,423	626
Neoenergia Pernambuco	Network	89.65%	-	1,819	-	337	-	183
Neoenergia Cosern	Network	93.05%	1,357	1,467	540	490	635	333
Afluente T	Network	90.13%	235	223	34	90	13	35
			29,504	**26,148**	**5,670**	**4,911**	**4,663**	**3,366**
Associates and *joint ventures*								
Teles Pires Participações (note 15.3)	Renewable	50.56%	-	808	(55)	5	-	-
Companhia Hidrelétrica Teles Pires (note 15.3)	Renewable	51.00%	-	26	-	-	-	-
Águas da Pedra	Renewable	51.00%	299	304	63	96	75	45
Norte Energia S.A. (NESA) – (note 15.3)	Renewable	10.00%	-	-	-	(43)	-	-
Energética Corumbá III	Renewable	25.00%	60	62	11	10	12	1
			359	**1,200**	**19**	**68**	**87**	**46**
Shareholders' transactions			(376)	(406)	30	30	-	-
Total			**29,487**	**26,942**	**5,719**	**5,009**	**4,750**	**3,412**

15.3 Non-current asset held for sale

15.3.1 Norte Energia

The Norte Energia S.A. ("NESA") is a Specific Purpose Entity with open capital, whose corporate purpose consists of the implementation, operation, maintenance, and exploration of the Hydroelectric Power Plant of Belo Monte ("UHE Belo Monte"), located in the Xingu River, in the State of Pará, and the transmission facilities of interest restricted to the Powerplant. The Company indirectly holds 10% of NESA's share capital, which comprises the renewable segment, through the subsidiary Monte Participações S.A.

On December 13, 2021, the Board of Directors authorized the Company's executive board to perform the needed actions to proceed with the analysis and arrangements to determine the sale conditions of the shareholding interest in NESA. This disinvestment is aligned with the Company's strategy since it is a non-controlling interest.

The assets' fair value evaluation, net of sales expenses, resulted in a value lower than the book value of R$ 482 as reflected in "Fair value adjustment of assets classified as held for sale" (Note 15.1), thus, resulting in a fair value of R$ 797, which corresponds to the Company's share of this investment.

Therefore, the investment balance transferred from "Investments" to "Non-current assets held for sale" was R$ 797.

The valuation of the asset's fair value of R$ 804 MM (before the selling costs of R$ 7) was classified as level 2 fair value and had the price presented in the non-binding offer received by the Company in light of the disinvestment of NESA, as a basis.

During December 31, 2022, Management maintained studies and negotiations to accomplish the disinvestment of NESA. This way, it remains engaged in the sales plan of this asset in its short-term planning. Therefore, following the Company's accounting policies described in Note 15.8, Management maintained the investment classified as a non-current asset held for sale and measured at its fair value, which, on its valuation, did not have any relevant change concerning the previously recorded fair value.

15.3.2 Teles Pires and Baguari

On December 16, 2022, the Company entered into a contract of Exchange of shares and other adjustments with Eletronorte, where the agreement was to barter the following equity stakes:
Neoenergia transfers to Eletronorte its equity stake of 50.56% in Teles Pires, 0.9% in CHTP, and 100% in Baguari (leading consortium and holder of 51% of the UHE Baguari consortium), which are jointly evaluated at the fair value of R$ 788; meanwhile, Eletronorte transfers to Neoenergia its equity stake of 49% in EAPSA, 0.04% in Neoenergia Coelba, 0.04% in Neoenergia Cosern and 0.04% in Afluente T, jointly evaluated by the same amount.

The transaction closing is expected to occur within 6 months and may be postponed for another 6 months contingent on the satisfaction of a set of predetermined conditions which are usual to this type of operation, including a reorganization inside the Eletrobrás group, where Eletronorte will be the sole holder of the acquired shares; as well as the compliance of third-party rights.

HPP Teles Pires and Baguari integrate the same cash-generating unit, therefore the ascertained fair value in the period of negotiations of the terms present in the exchange of shares contract corresponds to the jointly fair value of these assets. Therefore, the accounting reclassification to "non-current assets held for sale" of Neoenergia's interest and the effect in the result of this operation considers the aforementioned group of assets.

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

Therefore, the ascertained result concerning the fair value of this group of assets was as follows:

Book value	
Teles Pires	801
CHTP	25
Baguari	155
Total book value	**981**
Fair value of the offer	788
Sales expenses	(8)
Fair value adjustment recognized in result of 2022	**(201)**

The balance transferred to the account "non-current assets held for sale" was R$ 780, net of sales expenses.

15.4 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 No. 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) [(1)]	2,716
Other intangible assets	8
	4,339
Fair value (-) of the assumed liabilities	
Suppliers and accounts payable to contractors and operations of invoice discounting	(461)
Payable sectoral taxes and charges	(460)
Loans and financings	(226)
Payable wages, benefits to employees and charges	(115)
Sectoral financial liability (Portion A and others)	(198)
Provisions [(2)]	(199)
Reimbursement to consumers – Federal taxes	(148)
Deferred income taxes [(3)]	(671)

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

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 and taxes among others, related to the acquisition of CEB-D totaled R$ 25. The assumptions and evaluation techniques of the main identified acquired assets and liabilities assumed in the acquisition of CEB-D are as follows:

(1) Intangible related to the concession contract of service provisions related to the distribution of energy in the Federal District until July 7, 2045, for R$ 2,716, where the fair value adjustment made in the process of allocating the purchase price was R$ 2,050. 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 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 of the Market risk and adequate remuneration to the shareholders on the acquisition date.

(2) Contingent liabilities related to judicial proceedings under tax, civil, labor, and regulatory matters, based on the best estimation of loss according to 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 regards to the disbursements concerning the ongoing judicial proceedings, based in 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
Regulatory	87
Provisions and contingent values at fair value	**199**
Provision for judicial proceedings previously recognized by CEB-D D	(106)
Fair value adjustment	**93**

(3) The deferred income taxes calculated over the adjustments between the book values and the fair values of the assets and liabilities aforementioned in items (i) and (ii), at the nominal rate of 34%. One highlights that the goodwill and the provision for lawsuits adjustments in the amounts of R$ 671 and

R$ 31 are not part of the calculation basis, respectively.

15.5 Corporate restructuring

On May 27, 2022, the subsidiaries *Neoenergia Distribuição Brasília* (Neoenergia Brasília) and *Bahia Geração de Energia* ("Bahia PCH III") approved in an Extraordinary General Meeting ("AGE"), the operation to downstream merge Bahia PCH III into its direct subsidiary, Neoenergia Brasilia, with the condition of ANEEL's approval, which occurred on August 15, 2022. As a consequence, the merger was conducted and the transfer of the direct corporate control of Neoenergia Brasilia to Neoenergia S.A. was accomplished.

As the Company was the sole shareholder of Bahia PCH III, it received the totality of the shares issued by Neoenergia Brasilia in the same amount, class, and category as the shares previously owned by Bahia PCH III.

The corporate restructuring allows Neoenergia Brasilia to adjust the model of the group's corporate structure concerning the other Energy Distributors, each one with the direct control of Neoenergia S.A., as well as the streamlining of the group's corporate structure with the elimination of inefficiencies in the administrative and financial scope.

The effect of this transaction on the Company's consolidated financial statements on December 31, 2022, corresponds to the write-off of the non-amortized balance of the deferred tax liability of R$ 656 and the recognition of a deferred tax asset originated from the amortized portion of the added value of Bahia PCH III of R$ 22, totaling the recognition of a positive effect of R$ 678 in the statement of income.

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

15.6 Selected information on Joint ventures and associates.

The summarized financial statements of the associates and joint ventures that are significant to the Company are presented as follows. The individual financial statements of these entities may differ from the information presented herein since they are prepared taking the Company's accounting policies into account:

	2022		2021
	Águas da Pedra	Teles Pires Participações	Águas da Pedra
Statement of Financial Position			
Cash and cash equivalents	141	83	147
Accounts receivable	41	103	39
Property, Plant & Equipment and Intangible assets	620	4,312	676
Other assets	34	416	31
Total assets	**836**	**4,914**	**893**
Loans and financings (1)	143	2,844	177
Accounts payable to suppliers	7	67	6
Other liabilities	101	388	115
Total liabilities	**251**	**3,299**	**298**
Shareholders' equity	**585**	**1,615**	**595**

	2022		2021
	Águas da Pedra	Teles Pires Participações	Águas da Pedra
Statement of income			
Operating revenue, net	304	833	286
Operating profit before financial result	178	183	240
Net profit (loss) for the period	148	9	188
Other information			
Net working capital	89	(86)	76
Operating cash flow	180	64	178
Depreciation and amortization	32	171	29

(1) The loans and financings of the investees Teles Pires and Norte Energia have financial guarantees issued by Neoenergia S/A, proportionally to their share of the aforementioned net assets, in favor of the creditors (for more information, see note 24.5).

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

15.7 Subsidiaries with the interest of non-controlling shareholders

The summary financial information, before intergroup eliminations, of the subsidiaries with the interest of non-controlling shareholders are presented as follows.

(a) Information selected from the balance sheet.

2022	Neoenergia Coelba	Neoenergia Elektro	Neoenergia Cosern	Afluente T
Balance sheet				
Cash and cash equivalents	1,002	527	241	21
Accounts receivable	2,719	1,862	593	6
Derivative instruments	493	270	93	-
Property, plant and equipment and intangible assets	3,198	1,597	697	5
Other assets	18,221	5,670	3,644	269
Total assets	**25,633**	**9,926**	**5,268**	**301**
Loans and financings	13,151	5,022	2,425	-
Accounts payable to suppliers	1,109	755	268	6
Derivative instruments	344	53	13	-
Employee benefits	729	20	-	-
Other liabilities	4,389	1,211	1,157	34
Total liabilities	**19,722**	**7,061**	**3,863**	**40**
Shareholders' equity	**5,911**	**2,865**	**1,405**	**261**

2021	Neoenergia Coelba	Neoenergia Elektro	Neoenergia Pernambuco	Neoenergia Cosern	Afluente T
Balance sheet					
Cash and cash equivalents	650	624	673	167	18
Accounts receivable	2,831	2,160	2,056	757	6
Derivative instruments	787	663	330	270	0
Property, plant and equipment and intangible assets	3,239	1,538	2,430	695	3
Other assets	16,890	5,691	7,497	3,303	249
Total assets	**24,397**	**10,676**	**12,986**	**5,192**	**276**
Loans and financings	11,406	5,013	6,706	2,140	0
Accounts payable to suppliers	1,329	699	1,072	339	7
Derivative instruments	118	2	29	3	0
Employee benefits	680	42	91	0	0
Other liabilities	4,688	1,686	3,256	1,197	21
Total liabilities	**18,221**	**7,442**	**11,154**	**3,679**	**28**
Shareholders' equity	**6,176**	**3,234**	**1,832**	**1,513**	**248**

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

(b) Information selected from the comprehensive income and other information

				2022
	Neoenergia Coelba	Neoenergia Elektro	Neoenergia Cosern	Afluente T
Comprehensive income				
Operating revenue, net	13,978	8,388	3,544	72
Operating profit before the financial result	3,202	1,788	901	38
Net income for the period	1,567	986	581	37
Total comprehensive income	22	80	(17)	-
Other information				
Net working capital	(350)	520	62	48
Operating cashflow	752	(8)	364	28
Depreciation and amortization	772	315	152	674
Remuneration paid to non-controlling interest	15	5	46	46

					2021
	Neoenergia Coelba	Neoenergia Elektro	Neoenergia Pernambuco	Neoenergia Cosern	Afluente T
Comprehensive income					
Operating revenue, net	14,265	8,505	8,498	3,616	120
Operating profit before the financial result	2,818	1,401	945	720	103
Net income for the period	1,669	822	376	533	100
Total comprehensive income	22	80	(37)	(17)	0
Other information					
Net working capital	642	1,145	544	(112)	51
Operating cashflow	752	(8)	(376)	364	28
Depreciation and amortization	298	350	133	133	674
Remuneration paid to non-controlling interest	2	23	31	31	46

15.8 Impairment of investments

Management annually reviews the events or changes in the economic, operational, or technological background of each asset or cash-generating unit (CGU).

On December 31, 2022 and 2021, the assets that presented previous indications of impairment or impairment were subjected to analysis to identify the real impact of a possible impairment loss, with the result that there was no need to recognize a loss for impairment for any of the Company's assets.

The assumptions that support the tools used to test the recovery of investments made range from changes in estimated cash flows adjusted to present value to market growth projections in the long term.

Cash flows are estimated based on the historical results, considering the Company's annual budget; for the period of time analyzed the Company considers the maturity of each service concession arrangement; and for the projected long-term market growth, the Company uses projections compatible with historical data and solid growth prospects for the Brazilian economy.

The Company recorded goodwill from the acquisition of the subsidiary Neoenergia Brasilia which was incorporated in March 2021. In this asset, the CGU of distribution is allocated, and its recoverability is evaluated every year. The impairment test from 2022, accomplished with the projected cash flows and considering a discount rate (WACC p.y.) of 10.95% before taxes, demonstrates that there was no identified loss.

15.9 Accounting policy and critical judgments

a) Accounting policy

Business combination

The Company uses the acquisition method for the operations of business combinations. The transferred consideration from the subsidiary acquisition includes the following components: (i) the transferred assets' fair value; (ii) the liabilities assumed from the acquired business; (iii) the fair value of any asset or liability resulting from a contingent consideration, where applicable; and (iv) the fair value of any previously existing equity interest in the subsidiary, where applicable.

The identifiable assets acquired, the liabilities assumed and the contingent liabilities in a business combination are initially measured by their fair values on the acquisition date. Goodwill is recognized when there is a surplus between the Company’s transferred consideration and the aggregate value of the components (i) to (vi). When the components’ aggregate value is lower than the consideration transferred due to the subsidiary’s acquisition, a gain of bargain purchase is recognized in the statement of income.

The Company recognized the non-controlling interest in an acquired subsidiary based on the proportional interest of the non-controlling shareholders in the subsidiary’s net identifiable assets.

Subsidiaries, joint ventures and associates

A subsidiary is an entity where the Company is exposed or has the right to variable returns from its involvement and has the ability to interfere in these returns due to the power it exerts over the entity (control). The subsidiaries are fully consolidated from the date control is held by the Company and the consolidation ceases from the date when the Company ceases to hold control.

An associate is an entity over which the company has significant influence, defined as the power to participate in the decisions about financial and operational policies of an investee, but without the individual or joint control of these policies.

A joint venture is an entity where two or more parties have the joint control established in a contract, it can be classified as a joint operation or joint venture, thus, depending on the parties' rights and obligations. Whereas in a joint operation, the parties have rights over the assets and obligations over the liabilities related to the business, in a joint venture, the parties have rights over the business's net assets. In the renewable segment, some activities are conducted through joint operations.

The investments in subsidiaries, joint ventures, and associates are evaluated through the equity method from the date where they become an associate, joint venture, and subsidiary. Only joint operations constituted through a separate entity with its own legal identity are evaluated through the equity method. For the other joint operations, the company recognizes these operations' assets, liabilities, and respective revenues and expenses.

The Company's share of the profits or losses of its joint ventures is recognized in the statement of income and the share of the changes in reserves is recognized in the Company's reserves. When the Company's share of the losses of an associate or joint venture is equal to or higher than the investment's book value, including any other receivables, the Company does not recognize additional losses unless it has incurred obligations or made payments in the name of the joint venture.

Non-current assets held for sale

The assets are classified as held for sale when it is highly likely that they will be recovered through selling instead of its continuous use and must be measured through the lower of its book value and the respective fair value, deducted from the sales costs. Any loss due to the fair value adjustment in the initial classification of the assets held for sale and gains and/or losses on account of subsequent measurements should be recognized in the result. When an investment that was measured through the equity method starts to be classified as held for sale, it will no longer be subject to this method's application.

b) Estimates and critical judgments

Business combination

In the measurement process of a business combination, the Company's Management applies evaluation assumptions and techniques in the main identified elements of the acquisition (assets acquired and liabilities assumed). The application of these evaluation assumptions and techniques involves Management's judgment, based on its business and management model, and the individual characteristics of the elements that are being evaluated. As a result, the fair value of the assets acquired and liabilities assumed initially measured in the business combination may be subject to significant variations between the Company's projected results and the actual results, these variations may occur due to the revision of both investment factors, strategic or operational, in addition to the growth level and the discount rate.

Non-current assets held for sale

The fair value of the non-current assets held for sale is measured based on the income approach, which is determined by the use of a discounted cash flow valuation technique using the Company's WACC. The estimated cash flows and the discount rate estimated by Management may result in a different fair value that may be determined by an effective buyer in the closing of the assets' sales.

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

15.10 List of subsidiaries, associates and joint ventures

The subsidiaries are listed as follows:

Companies	Activity	Percentage interest 2022	Percentage interest 2021
Companhia de Eletricidade do Estado da Bahia – Neoenergia Coelba	Distribution	98.94%	98.94%
Companhia Energética de Pernambuco – Neoenergia Pernambuco (1)	Distribution	100.00%	89.65%
Companhia Energética do Rio Grande do Norte – Neoenergia Cosern	Distribution	93.05%	93.05%
Elektro Network S.A. – Neoenergia Elektro	Distribution	99.68%	99.68%
Neoenergia Distribuição Brasília S.A.	Distribution	100.00%	100.00%
Afluente Transmissão de Energia Elétrica S.A. – Afluente T	Transmission	90.13%	90.13%
SE Narandiba S.A. – Narandiba	Transmission	100.00%	100.00%
Potiguar Sul Transmissão de Energia S.A. – Potiguar Sul	Transmission	100.00%	100.00%
Neoenergia Jalapão Transmissão de Energia S.A.– Jalapão	Transmission	100.00%	100.00%
Neoenergia Santa Luzia Transmissão de Energia S.A. – Santa Luzia	Transmission	100.00%	100.00%
Neoenergia Guanabara Transmissão de Energia S.A.– Guanabara	Transmission	100.00%	100.00%
Neoenergia Itapaboana Transmissão de Energia S.A. – Itapaboana	Transmission	100.00%	100.00%
Neoenergia Lagoa dos Patos Transmissão de Energia S.A. – Lagoa dos Patos	Transmission	100.00%	100.00%
Neoenergia Rio Formoso Transmissão e Energia S.A. – EKTT 6	Transmission	100.00%	100.00%
Neoenergia Morro do Chapéu Transmissão e Energia S.A. – EKTT 7	Transmission	100.00%	100.00%
EKTT 8 A Serviços de Transmissão de Energia Elétrica SPE S.A. – EKTT 8	Transmission	100.00%	100.00%
EKTT 9 A Serviços de Transmissão de Energia Elétrica SPE S.A. – EKTT 9	Transmission	100.00%	100.00%
EKTT 10 A Serviços de Transmissão de Energia Elétrica SPE S.A. – EKTT 10	Transmission	100.00%	100.00%
Neoenergia Vale do Itajaí Transmissão de Energia S.A.– Vale do Itajaí	Transmission	100.00%	100.00%
Neoenergia Dourados Transmissão de Energia S.A.– Dourados	Transmission	100.00%	100.00%
Neoenergia Atibaia Transmissão de Energia S.A.– Atibaia	Transmission	100.00%	100.00%
Neoenergia Biguaçu Transmissão de Energia S.A.– Biguaçu	Transmission	100.00%	100.00%
Neoenergia Sobral Transmissão de Energia S.A.– Sobral	Transmission	100.00%	100.00%
Neoenergia Transmissora 11 SPE S.A.	Transmission	100.00%	-
NC Energia S.A. – NC	Commercialization	100.00%	100.00%
Elektro Comercializadora de Energia Ltda – EKCE	Commercialization	100.00%	100.00%
Termopernambuco S.A. – Termope	Thermal generation	100.00%	100.00%
Itapebi Geração de Energia S.A. – Itapebi	Hydroelectric generation	100.00%	100.00%
Baguari I Geração de Energia Elétrica S.A. – Baguari	Hydroelectric generation	100.00%	100.00%
Geração CIII S.A. – Geração CIII	Hydroelectric generation	100.00%	100.00%
Geração Céu Azul S.A. – Geração Céu Azul	Hydroelectric generation	100.00%	100.00%
Bahia Pequena Central Hidrelétrica S.A. – Bahia PCH II	Hydroelectric generation	100.00%	100.00%
Santana 1 Energia Renovável S.A. – Santana 1	Wind Power Generation	100.00%	100.00%
Santana 2 Energia Renovável S.A. – Santana 2	Wind Power Generation	100.00%	100.00%
Calango 6 Energia Renovável S.A. – Calango 6	Wind Power Generation	100.00%	100.00%
Lagoa 2 Energia Renovável S.A. – Lagoa 2	Wind Power Generation	100.00%	100.00%
Canoas Energia Renovável S.A. – Canoas	Wind Power Generation	100.00%	100.00%
Lagoa 1 Energia Renovável S.A. – Lagoa 1	Wind Power Generation	100.00%	100.00%
Força Eólica do Brasil S.A. – FEB	Wind Power Generation	100.00%	100.00%
Calango 1 Energia Renovável S.A. – Calango 1	Wind Power Generation	100.00%	100.00%
Calango 4 Energia Renovável S.A. – Calango 4	Wind Power Generation	100.00%	100.00%

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

Companies	Activity	Percentage interest 2022	Percentage interest 2021
Calango 5 Energia Renovável S.A. – Calango 5	Wind Power Generation	100.00%	100.00%
Caetité 1 Energia Renovável S.A. – Caetité 1	Wind Power Generation	100.00%	100.00%
Caetité 2 Energia Renovável S.A. – Caetité 2	Wind Power Generation	100.00%	100.00%
Força Eólica do Brasil 1 S.A. - FEB 1	Wind Power Generation	100.00%	100.00%
Calango 2 Energia Renovável S.A. – Calango 2	Wind Power Generation	100.00%	100.00%
Calango 3 Energia Renovável S.A. – Calango 3	Wind Power Generation	100.00%	100.00%
Caetité 3 Energia Renovável S.A. – Caetité 3	Wind Power Generation	100.00%	100.00%
Arizona 1 Energia Renovável S.A. – Arizona 1	Wind Power Generation	100.00%	100.00%
Mel 2 Energia Renovável S.A. – Mel 2	Wind Power Generation	100.00%	100.00%
FE Participações S.A. – FPAR	Wind Power Generation	100.00%	100.00%
Força Eólica do Brasil S.A. - FEB 2	Wind Power Generation	100.00%	100.00%
Energia Renewable do Brasil S.A. - Enerbrasil	Wind Power Generation	100.00%	100.00%
Elektro Renewable do Brasil S.A. – Elektro Renewable	Wind Power Generation	100.00%	100.00%
Chafariz 1 Energia Renovável S.A. – Chafariz 1	Wind Power Generation	100.00%	100.00%
Chafariz 2 Energia Renovável S.A. – Chafariz 2	Wind Power Generation	100.00%	100.00%
Chafariz 3 Energia Renovável S.A. – Chafariz 3	Wind Power Generation	100.00%	100.00%
Chafariz 6 Energia Renovável S.A. – Chafariz 6	Wind Power Generation	100.00%	100.00%
Chafariz 7 Energia Renovável S.A. – Chafariz 7	Wind Power Generation	100.00%	100.00%
Lagoa 3 Energia Renovável S.A. – Lagoa 3	Wind Power Generation	100.00%	100.00%
Lagoa 4 Energia Renovável S.A. – Lagoa 4	Wind Power Generation	100.00%	100.00%
Canoas 2 Energia Renovável S.A. - Canoas 2	Wind Power Generation	100.00%	100.00%
Canoas 4 Energia Renovável S.A. - Canoas 4	Wind Power Generation	100.00%	100.00%
Chafariz 4 Energia Renovável S.A. – Chafariz 4	Wind Power Generation	100.00%	100.00%
Chafariz 5 Energia Renovável S.A. – Chafariz 5	Wind Power Generation	100.00%	100.00%
Canoas 3 Energia Renovável S.A. – Canoas 3	Wind Power Generation	100.00%	100.00%
Ventos de Arapuá 1 Energia Renovável S.A. – Arapuá 1	Wind Power Generation	100.00%	100.00%
Ventos de Arapuá 2 Energia Renovável S.A. – Arapuá 2	Wind Power Generation	100.00%	100.00%
Ventos de Arapuá 3 Energia Renovável S.A. – Arapuá 3	Wind Power Generation	100.00%	100.00%
Luzia 2 Energia Renovável S.A. – Luzia 2	Solar Power Generation	100.00%	100.00%
Luzia 3 Energia Renovável S.A. – Luzia 3	Solar Power Generation	100.00%	100.00%

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

Companies	Activity	Percentage interest 2022	Percentage interest 2021
Oitis 1 Energia Renovável S.A. – Oitis 1	Wind Power Generation	100.00%	100.00%
Oitis 2 Energia Renovável S.A. – Oitis 2	Wind Power Generation	100.00%	100.00%
Oitis 3 Energia Renovável S.A. – Oitis 3	Wind Power Generation	100.00%	100.00%
Oitis 4 Energia Renovável S.A. – Oitis 4	Wind Power Generation	100.00%	100.00%
Oitis 5 Energia Renovável S.A. – Oitis 5	Wind Power Generation	100.00%	100.00%
Oitis 6 Energia Renovável S.A. – Oitis 6	Wind Power Generation	100.00%	100.00%
Oitis 7 Energia Renovável S.A. – Oitis 7	Wind Power Generation	100.00%	100.00%
Oitis 8 Energia Renovável S.A. – Oitis 8	Wind Power Generation	100.00%	100.00%
Oitis 9 Energia Renovável S.A. – Oitis 9	Wind Power Generation	100.00%	100.00%
Oitis 10 Energia Renovável S.A. – Oitis 10	Wind Power Generation	100.00%	100.00%
Oitis 21 Energia Renovável S.A. – Oitis 21	Wind Power Generation	100.00%	100.00%
Oitis 22 Energia Renovável S.A. – Oitis 22	Wind Power Generation	100.00%	100.00%
Elektro Operação e Manutenção Ltda - Elektro O&M	Services	100.00%	100.00%
Neoenergia Serviços Ltda – Neoserv	Services	100.00%	100.00%
Neoenergia Operação e Manutenção S.A. - Neoenergia O&M	Services	100.00%	100.00%
Bahia Geração de Energia S.A. - Bahia PCH III (2)	Other	N/A	100.00%
Belo Monte Participações S.A. – Belo Monte	Other	100.00%	100.00%
Neoenergia investimentos S.A. - Neoinvest	Other	100.00%	100.00%

(1) In October 2022, Neoenergia acquired the remaining non-controlling interest, which represents 9.13% of the share capital of Neoenergia Pernambuco and according to the Public Offering for Register Conversion, the redemption and cancelation of all shares from Neoenergia Pernambuco that remained outstanding after the Auction and represents 1.22% of its share capital.

(2) See note 15.5

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

The associates and joint ventures are listed as follows:

Companies	Activity	Percentage of participation 2022	2021
Associates			
Norte Energia S.A. – NESA	Hydroelectric Generation	10.00%	10.00%
Energética Corumbá III S.A. – ECIII	Hydroelectric Generation	25.00%	25.00%
Joint ventures			
Teles Pires Participações S.A. – Teles Pires	Hydroelectric Generation	50.56%	50.56%
Companhia Hidrelétrica Teles Pires S.A – CHTP	Hydroelectric Generation	51.00%	51.00%
Energética Águas da Pedra S.A. – EAPSA	Hydroelectric Generation	51.00%	51.00%

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

16. PP&E

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

						Consolidated
	Wind farms	Hydroelectric Power and Combined Cycle Plants	Constructions and terrains	Others	Assets under development	Total
Depreciation rate p.y.	**3.03% - 16.70%**	**2.00% - 20%**	**0% - 9.1%**	**2.5% - 25%**	**-**	
Balance as of December 31, 2021	**3,007**	**2,482**	**1,564**	**26**	**2,481**	**9,560**
Additions	17	-	-	-	1,773	**1,790**
Capitalized costs [(1)]	-	-	-	-	95	**95**
Disposals	-	(10)	(1)	-	(10)	**(21)**
Depreciation	(150)	(113)	(54)	(8)	-	**(325)**
Transfers between classes	2,355	49	472	33	(2,909)	**-**
Transfers - Other assets	(25)	-	-	6	(7)	**(26)**
Reclassification to non-current assets held for sale	-	(192)	(24)	-	(11)	**(227)**
Balance as of December 31, 2022	**5,204**	**2,216**	**1,957**	**57**	**1,412**	**10,846**
Cost	6,009	3,206	2,321	91	1,412	**13,039**
Accumulated depreciation	(805)	(990)	(364)	(34)	-	**(2,193)**
Balance as of December 31, 2020	**1,699**	**2,582**	**1,074**	**39**	**1,427**	**6,821**
Addition with business combinations (note 15.4)	-	-	-	-	46	**46**
Additions	40	-	-	-	2,933	**2,973**
Capitalized costs [(1)]	36	-	-	-	130	**166**
Disposals	(1)	(1)	(2)	-	(9)	**(13)**
Depreciation	(83)	(107)	(46)	(6)	-	**(242)**
Transfers between classes	1,282	8	532	(6)	(1,816)	**-**
Transfers - Other assets	34	-	6	(1)	(230)	**(191)**
Balance as of December 31, 2021	**3,007**	**2,482**	**1,564**	**26**	**2,481**	**9,560**
Cost	3,662	3,543	1,879	56	2,481	**11,621**
Accumulated depreciation	(655)	(1,061)	(315)	(30)	-	**(2,061)**

(1) Capitalized costs with personnel allocated to construction; financial charges of loans and financings; addition (reversal) of provision for the dismantling of assets and business units; as well as its respective environmental obligations.

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

16.1 Accounting policy and critical judgments

a) Accounting policy

The Company classifies in PP&E, tangible assets with a defined long-term life linked to operations whose price or tariff is not controlled by the Granting Power. These operations are included in the segments of (i) Renewable, (ii) Liberalized, and (iii) Others.

The PP&E assets are comprised of acquisition or construction costs, which also include costs directly attributable to deploying the assets in condition of operation (includes financial charges), as well as, when applicable, the estimations of costs with their dismantling and the restructuring of the place where the asset is located, deducted from the accumulated depreciation and impairment losses.

The PP&E assets are depreciated under the straight-line method, based on their estimated life, beginning when the assets are available to be used and capitalized.

Significant components of certain assets which are substituted throughout the economic life of the main asset are recognized separately and depreciated by the estimated period until its substitution. The expenses with periodic maintenance are recognized in the period's statement of income when incurred.

b) Estimates and critical judgments

The Company recognizes the depreciation of its fixed assets based on the annual rates established by ANEEL, which are adopted by companies in the Brazilian electricity sector and represent the estimated useful lives of the assets. Initial investments in generation assets whose plants have a public service concession are depreciated based on the useful lives defined by ANEEL, limited to the plants' concession period. However, actual useful lives may vary based on the technological updating of the assets of each generating unit. The useful lives of property, plant, and equipment also affect the impairment tests of these assets, when applicable.

17. INTANGIBLE ASSETS

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

Consolidated

	Goodwill [1]	Concession	Software	Other	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	-	-	-	-	19	**19**
Disposals	-	(93)	-		(2)	**(95)**
Amortization	-	(1,840)	(6)	(5)	-	**(1,851)**
Transfers – between intangibles	-		5	1	(6)	**-**
Transfers – Financial asset [2]	-	(26)	-	-	-	**(26)**
Transfers – Contract asset [3]	-	1,764	4	-	-	**1,768**
Transfers – other assets [4]	-	21	2	-	-	**23**
Reclassification to non-current assets held for sale	-	(18)	-	(15)	-	**(33)**
Balance as of December 31, 2022	**671**	**11,881**	**16**	**14**	**24**	**12,606**
Cost	671	31,959	134	20	24	**32,808**
Accumulated amortization	-	(18,321)	(118)	(6)	-	**(18,445)**
Special obligations	-	(1,757)	-	-	-	**(1,757)**
Balance as of December 31, 2020	**-**	**9,366**	**6**	**84**	**5**	**9,461**

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

						Consolidated
	Goodwill [1]	Concession	Software	Other	Assets under development	Total
Amortization rate p. y.	**-**	**2.78% - 5.56%**	**6.20% – 20%**	**0% - 100%**	**-**	
Addition by business combination (note 15.4)	671	2,716	8	-	-	**3,395**
Additions	-	164	-	-	10	**174**
Disposals	-	(83)	(1)	(4)	-	**(88)**
Amortization	-	(1,629)	(10)	(8)	-	**(1,647)**
Transfers – between intangibles	-	38	2	(34)	(6)	**-**
Transfers – Financial asset [2]	-	(28)	-	-	-	**(28)**
Transfers – Contract asset [3]	-	1,519	6	-	-	**1,525**
Transfers – other assets	-	10	-	(5)	4	**9**
Balance as of December 31, 2021	**671**	**12,073**	**11**	**33**	**13**	**12,801**
Cost	671	30,764	123	41	13	**31,612**
Accumulated amortization	-	(16,715)	(112)	(8)	-	**(16,835)**
Special obligations	-	(1,976)	-	-	-	**(1,976)**

(1) For more details about the recoverability of this balance, see note 15.7.

(2) 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, according to the remuneration arrangements.

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

(4) Portion of the repayment of the "Light for all" Program – LPT Tranche 9.

17.1 Accounting policy

Intangible assets are stated at acquisition costs, less accumulated amortization, and impairment losses.

The assets and facilities linked to the right to use the public service concession have an amortization rate that represents their useful life, limited to the concession's maturity.

18. SUPPLIERS AND ACCOUNTS PAYABLE TO CONTRACTORS AND OPERATIONS OF INVOICE DISCOUNTING

		Consolidated
	2022	2021
Energy	1,589	1,650
Network usage charges	491	1,155
Materials and services	2,206	2,696
Liberalized energy	165	185
Total	**4,451**	**5,686**
Suppliers and accounts payable to contractors	4,094	4,676
Operations of invoice discounting	357	1,010
Current	4,287	5,538
Non-current	164	148

The Company negotiated with some suppliers to change the maturity for new purchases from 45 to 113 days, on average (141 days in 2021). For these new purchases, prices also changed, indicating an average financial cost of approximately 14.84% p.y. (9.80% p.y. for 2021). The interest incurred in 2022 in the amount of R$ 25 (R$ 20 in 2021) was recognized as financial expense in the statement of income or as construction cost of PP&E or intangible assets depending on the acquisition nature. On December 31, 2022, the current value of these operations totaled R$ 376 (R$ 1,034 on December 31, 2021).

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

Operation of invoice discounting

To strengthen the commercial relationship with a few suppliers, the Company authorized them to assign credits with financial institutions and, for the transferred securities, the Company will make their payment directly to its holder, on the due date and amounts previously settled with their original suppliers, with no postponement of the deadline by the Company. The following conditions will also not occur interest over the transferred securities, guarantee, or the existence of contract clauses which may require anticipated maturities. The Company has no influence over negotiations between suppliers and financial institutions.

The transfer of securities does not substantially change the main characteristics of the commercial conditions previously established with the supplier, therefore, these operations are classified in the statement of cash flow as operating or investing activity, depending on the nature of the product or the acquired service.

On December 31, 2022, the current value of these operations totaled R$ 357 (R$ 1,010 on December 31, 2021).

19. LOANS, FINANCINGS AND DERIVATIVE FINANCIAL INSTRUMENTS

19.1 Net debt

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

	Consolidated		Parent Company	
	2022	2021	2022	2021
Bank loans and financings	9,364	9,747	569	524
Development agencies	16,245	12,699	2,429	1,621
Capital market	17,894	16,177	1,603	3,228
Loans and financings [(1)]	**43,503**	**38,623**	**4,601**	**5,373**
(+) Derivative financial instruments (note 19.3)	283	(1,870)	508	128
(-) Cash and cash equivalents (note 11)	(6,802)	(5,545)	(777)	(1,131)
(-) Marketable securities	(513)	(459)	(61)	-
Net debt	**36,471**	**30,749**	**4,271**	**4,370**

(1) In the statement of financial position, the Company presents loans and financings 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 financings

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 or 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.

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

a) Balances of contracts by currency and interest rate

	Consolidated		Parent Company	
	2022	2021	2022	2021
Denominated in R$	**32,532**	**27,920**	**2,205**	**3,792**
Floating interest rates	32,492	27,522	2,205	3,792
Fixed interest rates	40	398	-	-
Denominated in US$	**9,670**	**9,054**	**2,434**	**1,626**
Floating interest rates	969	1,187	-	-
Fixed interest rates	8,701	7,867	2,434	1,626
Denominated in Other currencies	**1,646**	**1,921**	**-**	**-**
Fixed interest rates	1,646	1,921	-	-
	43,848	**38,895**	**4,639**	**5,418**
(-) Collateral deposits	(112)	(90)	-	-
(-) Borrowing costs	(233)	(182)	(38)	(45)
	43,503	**38,623**	**4,601**	**5,373**
Current liabilities	7,289	7,940	720	2,276
Non-current liabilities	36,214	30,683	3,881	3,097

On December 31, 2022, the debts' average cost in percentage is as follows:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Average cost of % CDI (2)	90.4%	171.4%	92.5%	180.2%
Average cost in fixed interest rate	11.4%	8.1%	11.6%	8.5%
Debt balance	43,503	38,623	4,601	5,373
Derivative financial instruments	283	(1,870)	508	128
Total debt, net of derivatives	**43,786**	**36,753**	**5,109**	**5,501**

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

b) Loans and financings amortization schedule

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

The future payment flow of the debt's principal and interest are demonstrated below:

	Consolidated			
	Principal (3)	Interest (3)	Derivative instruments	Total
2023	6,818	3,106	740	10,664
2024	6,438	2,585	(8)	9,015
2025	5,076	2,352	(184)	7,244
2026	5,244	2,313	(180)	7,377
2027	5,423	1,683	(108)	6,998
Between 2028 and 2032	13,798	3,672	(782)	16,688
Between 2033 and 2037	3,761	1,339	(441)	4,659
2038 onwards	2,578	545	-	3,123
Total	**49,136**	**17,595**	**(963)**	**65,768**

	Parent Company			
	Principal (3)	Interest (3)	Derivative instruments	Total
2023	670	237	222	1.129

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

2024	192	149	171	512
2025	204	153	144	501
2026	390	155	75	620
2027	826	150	30	1,006
Between 2028 and 2032	3,459	389	(520)	3,328
Between 2033 and 2037	1,053	48	(441)	660
Total	**6,794**	**1,281**	**(319)**	**7,756**

(3) 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 December 31, 2022 and considering that all amortizations and payments upon maturity of the loans and financings 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.

On December 31, 2022, the average deadline of the Company's debt maturities is 5.29 years (5.06 years in December 2021).

c) Debt reconciliation with the cash flow and other variations

	Consolidated		Parent Company	
	2022	**2021**	**2022**	**2021**
Opening balance	**38,623**	**26,380**	**5,373**	**2,128**
Addition by business combination (note 15.4)	-	226	-	-
Cash transactions:				
Proceeds	12,923	15,718	1,473	3,296
Principal's amortization	(8,171)	(5,230)	(2,204)	(296)
Borrowing costs	(94)	(77)	-	(8)
Charges paid	(2,649)	(1,250)	(330)	(144)
Collateral deposits (redemption)	(30)	11	-	-
Non-cash effect:				
Charges incurred	3,748	2,458	406	341
Foreign exchange rate variation	(770)	461	(117)	56
Fair value adjustments	(33)	(74)	-	-
Reclassification for liabilities directly associated with non-current assets held for sale	(44)	-	-	-
Closing balance	**43,503**	**38,623**	**4,601**	**5,373**

On December 31, 2022, the Group raised R$ 12,923, as follows: (i) R$ 4,583 through bank loans and financings in foreign currency, along with the contracting of foreign exchange swaps; (ii) R$ 550 in local currency, through a Super Green Loan, signed with IFC; (iii) R$ 4,950 through the issuance of capital market instruments (debenture and Promissory notes); and (iv) R$ 2,840 through financings with national funding banks, among them BNDES, BNB and BASA.

d) Credit lines

				Consolidated
Type	**Currency**	**Fundraising deadline**	**Total amount**	**Used amount**
Financing lines	R$	12/29/2024	8,199	4,359
Financing lines	€	12/22/2024	1,114	922
			9,313	**5,281**

The average cost to maintain these credit lines is 0.35% p.y. (0.18% p.y. in 2021) over the total amount.

e) Restrictive financial conditions (Covenants)

On December 31, 2022, the Company has 85% of the consolidated debt contracts with Covenants. The main covenants force the Company to maintain certain ratios such as the net debt on EBITDA and EBITDA on finance income (expenses) ratios. The Company did not identify any event of non-compliance on December 31, 2022 and 2021. Below are the main parameters and standard estimated measurements.

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

	Contract limits inferior (1)	Measurement (2) in 12.31.2022	Measurement (2) in 12.31.2021
Neoenergia Consolidated:			
Net debt ÷ EBITDA	≤ 4.0	3.15	3.12
EBITDA ÷ Financial result	≥ 2.0	3.05	4.32

(1) Each debt contract provides for a specific clause with the composition of indices that are measured, and the respective calculation period and which can occur quarterly or yearly. The presented ratios concern the lower level of each indicator observed in all debt contracts.

(2) Standard indices achieved with the information presented in the financial statements.

(3) Neoenergia S.A is the guarantor of its subsidiaries' debts; therefore, a few financial Covenants have the values of Neoenergia S.A as a calculation basis.

f) Accounting policy

Financial liabilities are initially recognized at fair value, net of transaction costs incurred and are subsequently measured at amortized cost (except in certain circumstances, which include certain financial liabilities at fair value through profit or loss) and updated using the effective interest and charges. Any difference between the amount raised (net of transaction costs) and the settlement value is recognized in the income statement during the period in which the instruments are in progress, using the effective interest method. Fees paid when borrowings are recognized as transaction costs.

Interest on liability financial instruments is capitalized as part of property, plant, and equipment or intangible assets if these costs are directly related to a qualified asset. Capitalization occurs until the qualified asset is ready for its intended use. Interest on non-capitalized loans is recognized in the income statement in the period they were incurred.

As of December 31, 2022 and 2021, the interest capitalization index (incurred charges) is 2.48% and 5.32%, respectively.

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. General considerations on the risk management strategy are set out in note **Error! Reference source not found.**.

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

	Consolidated		Parent Company	
	2022	2021	2022	2021
Loans and financings hedging instruments:				
Foreign exchange rate variation risk (NDF, Options and other derivatives)	(11)	1	(8)	(1)
Currency swap – US$ vs R$	(117)	1,571	(494)	(104)
Currency swap – Other currencies vs R$	(189)	226	-	-
Interest rate swap – R$	33	105	-	-
Other transactions hedging instruments:				
Foreign exchange rate variation risk – Goods and services	7	(19)	-	(9)
Price risk of own shares (NEOE3)	(6)	(14)	(6)	(14)

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

Net exposure	**(283)**	**1,870**	**(508)**	**(128)**
Current assets	183	737	-	-
Non-current assets	774	1,463	-	-
Current liabilities	(289)	(133)	(41)	(27)
Non-current liabilities	(951)	(197)	(467)	(101)

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

	Consolidated		Parent Company	
	2022	2021	2022	2021
Derivatives not designated as for hedge accounting				
Loans and financings hedging	8	2	-	-
Other transactions hedging	7	(12)	-	-
Hedge to protect the prices of the own shares (NEOE3)	(6)	(14)	(6)	(14)
Derivatives designated as for hedge accounting – cash flow				
Loans and financings hedging	(757)	1,140	(502)	(105)
Other transactions hedging	-	(7)	-	(9)
Derivatives designated as for hedge accounting – fair value				
Loans and financings hedging	465	761	-	-
	(283)	**1,870**	**(508)**	**(128)**

19.3.2 Effects of the derivative financial instruments on profit and losses, cash flow and other comprehensive income

						Consolidated
			2022			2021
	Loans and financings hedging	Other operations hedging	Total	Loans and financings hedging	Other operations hedging	Total
Opening balance	**1.903**	**(33)**	**1.870**	**2.546**	**37**	**2.583**
Gain (loss) recognized in profit or loss	(1.826)	(33)	**(1.859)**	299	30	**329**
Gain (loss) recognized as capex	-	(29)	**(29)**	-	6	**6**
Gain (loss) recognized in other comprehensive income	(613)	8	**(605)**	(294)	(52)	**(346)**
Financial settlement inflow (outflow)	252	88	**340**	(645)	(57)	**(702)**
Closing balance	**(284)**	**1**	**(283)**	**1.906**	**(36)**	**1.870**
Gain (loss) recognized in profit or loss						
Cost of operations	-	4	**4**	-	36	**36**
Financial result, net	(1.824)	(39)	**(1.863)**	300	(4)	**296**

						Parent Company
			2022			2021
	Loans and financings hedging	Other operations hedging	Total	Loans and financings hedging	Other operations hedging	Total
Opening balance	**(104)**	**(24)**	**(128)**	**(89)**	**(5)**	**(94)**
Gain (loss) recognized in profit or loss	(319)	(20)	**(339)**	25	10	**35**
Gain (loss) recognized as capex	(260)	9	**(251)**	(57)	(18)	**(75)**
Gain (loss) recognized in other comprehensive income	181	29	**210**	17	(11)	**6**
Financial settlement inflow (outflow)	**(502)**	**(6)**	**(508)**	**(104)**	**(24)**	**(128)**
Closing balance						
Gain (loss) recognized in profit or loss	-	(24)	**(24)**	-	14	**14**
Cost of operations	(319)	4	**(315)**	25	(4)	**21**

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

19.3.3 Accounting policy and critical judgments

a) Accounting policy

Derivative financial instruments are recognized as assets or liabilities in the statement of financial position and measured at fair value. Changes in the fair value of derivatives are recorded in the income statement unless they are designated as hedge accounting and derivatives used for the purchase/sale of non-controlling interest. Derivative transactions that are not qualified as hedge accounting are classified and presented as an economic hedge since the Company uses derivative instruments to manage its financial risks as a way to mitigate these risks.

The Company documents, at the beginning of the hedge accounting operation, the relationship between the hedge instruments and the hedged items, with the objective of risk management and the strategy for carrying out hedge operations. The Company documents its assessment, both initially and on an ongoing basis, that the derivatives used in hedge operations are highly effective.

Variations in the fair value of derivative financial instruments designated as cash flow hedges have their effective component recognized in equity and the ineffective component recorded in income for the year. The amounts recorded in equity are only transferred to income for the year in an appropriate account (cost, operating expense, or financial expense), when the hedged item is effectively realized. The costs of the hedging instrument are recognized in equity.

Changes in the fair value of derivative instruments used to buy/sell non-controlling interest are recognized in equity as reserves for transactions with the shareholder.

b) Estimates and critical judgments

The fair value of derivative financial instruments not traded in an active market is determined using valuation techniques. The Company uses its judgment to determine the most adherent valuation method for each derivative instrument class, as well as the assumptions to be observed. In a general manner, the assumptions are based on the existing market conditions on the balance sheet date.

The assumptions for evaluating derivatives and analyzing the impact if the actual results are different from Management's estimates are presented in notes 25.3 and 25.8, respectively.

20. PROVISIONS, OTHER OBLIGATIONS AND JUDICIAL DEPOSITS

	Consolidated	
	2022	**2021**
Provision for lawsuits (note 20.1.a)	1,638	1,543
Provision for environmental obligations	118	129
Provision for asset dismantling obligations	103	101
Provision for reimbursement	158	84
Total	**2,017**	**1,857**
Current liabilities	378	256
Non-current liabilities	1,639	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 in the administrative and judicial levels. Provisions for losses arising from these lawsuits are estimated and updated by the Company, supported by the opinions of its legal advisors.

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

Provisions for losses on lawsuits are as follows:

	Consolidated				
	Civil	**Labor**	**Tax**	**Regulatory**	**Total**
Balance as of December 31, 2021	**829**	**475**	**135**	**104**	**1,543**
Additions and reversals, net	150	39	(5)	(27)	157
Payments	(176)	(84)	(5)	-	(265)
Monetary variation	145	60	-	2	207
Reclassification of liabilities directly associated to non-current assets held for sale	(4)	-	-	-	(4)
Balance as of December 31, 2022	**944**	**490**	**125**	**79**	**1,638**
Balance as of December 31, 2020	**623**	**405**	**149**	**12**	**1,189**
Addition by Business combination (Note 15.4)	23	58	31	87	199
Additions and reversals, net	150	11	1	(3)	159
Payments	(150)	(57)	(43)	2	(248)
Monetary variation	183	58	(3)	6	244
Balance as of December 31, 2021	**829**	**475**	**135**	**104**	**1,543**

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

(1) Civil lawsuits: From the total amount recognized, we highlight:

- Civil lawsuits where indemnities for moral and material damage, among others, from incidents that occurred during the usual course of business, amounting to R$ 400 (R$ 362 on December 31, 2021).

- The Company is a party involved in 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 refreshed by the Company, supported by the opinion of its legal advisors, of R$ 201 (R$ 163 on December 31, 2021).

(2) Labor lawsuits: From the total amount recognized, we highlight:

- 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$ 92 (R$ 85 on December 31, 2021), corresponds to the probable estimate of resources 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$ 228 (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$ 96 (R$ 104 on December 31, 2021).

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

b) Contingent liabilities

Contingent liabilities correspond to unrecognized lawsuits since they are current obligations whose outflow of resources is not probable or for which it is not possible to make an estimation that is sufficiently reliable for the obligation value, based on the legal opinions. The contingent liabilities are shown below:

	Consolidated	
	2022	2021
Civil lawsuits (1)	2,763	2,668
Labor lawsuits (2)	816	800
Tax lawsuits (3)	4,043	3,457
Regulatory lawsuits (4)	311	353
Total	**7,933**	**7,278**

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

(1) Civil lawsuits: Refers to actions of a commercial and indemnity nature, brought by individuals and legal entities, involving repetition of undue damages, material 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 GA's lack of standing to sue (sole plaintiff), which would lead to the extinction of the fact. On 11.28.2022, the sentence that judged the process to be dismissed was disclosed, pending the filing of appeal by the other party. Therefore, the legal counsel that supported the legal issue began considering it with a remote probability of loss. The claim's estimated amount on December 31, 2021, was R$220.

- Judicial discussion that questions normative regulatory acts from ANEEL (Normative Resolution No. 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$ 77 (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$ 71 (R$ 63 on December 31, 2021).

- Indemnity actions filed by third parties due to accidents (Electroplession) with the electric network at Neoenergia Celpe. 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$ 106 (R$ 85 on December 31, 2021).

- Lawsuits that discuss 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$ 483 (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$ 343 (R$ 328 on December 31, 2021).

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

(2) 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 ex-employees of contractors (subsidiary and/or joint liability) involving the collection of indemnity and other instalments. 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.

- 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$ 772 (R$ 732 on December 31, 2021).

(3) 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$ 516 (R$ 411 on December 31, 2021);

- Tax assessment notices related to ICMS credit on assets destined to the Company’s fixed assets and fuels used in the operating fleet, estimated at R$ 286 (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$ 501 (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$ 105 (R$ 90 on December 31, 2021).

- Tax assessment notice issued by the city of Salvador, to promote the billing of COSIP (Contribution to fund the street lighting service) from the period of 01/2018 to 12/2019, due to alleged differences of charges under the contribution’s original value, at the estimated amount of R$ 72 (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$ 545 (R$ 416 on December 31, 2021).

- Tax assessment notice discussing about the levy of withholding income tax in the amount of R$ 384 (R$ 363 on December 31, 2021) due to operation to merge Elektro Holding into Neoenergia in August 2017.

- Annulment action to cancel the tax entry formalized in the Administrative Process No.

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

10580.729581/2011-04 concerning the billing of a fine and interest due to the non-retention of income tax when distributing interest on own capital. It refers to the period from 2006 to 2010. Estimated values of R$ 113 (R$ 104 on December 31, 2021).

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

(4) 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.

c) Judicial deposits

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

	Consolidated	
	2022	2021
Civil lawsuits	571	444
Labor lawsuits	341	359
Tax lawsuits	292	254
Other lawsuits	40	30
Total	**1,244**	**1,087**

The judicial deposits were monetarily updated by the SELIC rate, to tax lawsuits and the TR rate plus 70%, for the other lawsuits.

d) Accounting policy and critical judgments

(i) Accounting policy

Provisions are recognized when: (i) the company has a present obligation as a result of a past event; (ii) it is probable that an outflow of funds that incorporate economic benefits will be necessary to settle the obligation, and (iii) the amount of the obligation can be estimated reliably.

The value related to the main portion of the provision is recognized in operating result or PP&E/intangible assets due to the direct correlation between the Company's operations and the financial charges recognized in financial result.

Contingent assets and liabilities are not recognized. Contingent liabilities are disclosed in explanatory notes when the probability of outflow of funds is possible, including those whose values cannot be estimated. Contingent assets are disclosed in notes when the inflow of economic benefits is considered probable.

(ii) Estimates and critical judgments

Legal proceedings are contingent in nature, that is, they will be resolved when one or more future events occur or no longer occur. The occurrence or not of such events does not depend on the performance of the Company and uncertainties in the legal environment involve the exercise of significant estimates and judgments by Management regarding the potential results of future events.

21. OTHER LIABILITIES

Consolidated

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

	2022	2021
Collateral deposits (1)	799	663
Customer returns (2)	256	562
Contribution for Public Lighting Service Funding- COSIP	131	112
Use of public good- UBP	64	78
Others	255	238
Total	**1,505**	**1,653**
Current liabilities	1,236	1,349
Non-current liabilities	269	304

(1) Collateral deposits are recognized to ensure the contracts' fulfillment, added by a monetary conversion based on the projected indices (IPCA or CDI) to face the operating clauses and the requirement to pay the charges concerning companies that provides services to the group.
(2) Variation affected by the refund of the Benefit to incentive the reduction of energy consumption of R$ 332.

22. EMPLOYEE BENEFITS

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

The values recognized in the financial statement are shown below:

	Consolidated	
	2022	2021
Labor obligations and PSR	599	550
Short-term benefits – post-employment (note 22.1)	202	109
Long-term benefits – post-employment (note 22.1)	685	749
Defined contribution – CEBPREV	40	38
Total	**1,526**	**1,446**
Non-current assets (1)	(24)	(4)
Current liabilities	806	661
Non-current liabilities	744	789

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

22.1 Long-term benefits – post-employment

The Company contributes, as a sponsor, to retirement plans that provide its employees with benefits in the event of retirement, death, and disability. The Company has plans in the defined benefit and defined contribution format. The defined benefit plans were closed for new adhesions, due to exposing the Company to the risk of actuarial imbalance in the event of a deficit in the plan, so the Company would have to make extraordinary disbursements in order to ensure the granting of benefits to employees. and former employees participating in the plans (active and assisted). Currently, there is only one defined benefit plan open for new memberships.

As for defined contribution plans, the Company does not incur the risk of actuarial imbalance, since the amount is permanently adjusted according to the resources maintained in favor of the participant (individual savings model). Currently, there is only one defined contribution plan open for new members.

The management of the benefit plan is carried out by managers external to the Company's management ("Curators"). The plan trustees are responsible for governance and have a legal obligation to act exclusively in the best interest of the plan's beneficiaries. The trustees have the following functions: (i) administration of the plans and payment to the beneficiaries of the plan's assets, when required in accordance with the plan's rules; (ii) management and investment of the plan's assets; and (iii) compliance with other regulations, when applicable. The Trustees of the Company's plans are closed entities of supplementary social security or social security, non-profit and with administrative and financial autonomy.

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

Below is the list of Curators and other information on the plans:

				Consolidated
				Position in 12/31/2022
	Quantity of active beneficiaries	Quantity of assisted beneficiaries	Situation	Financial condition
Defined benefit plans				
Néos – Plan BD PE	43	3,282	Closed	Deficit
Néos – Plan BD BA	1	860	Closed	Surplus
Néos - Plan BD RN	-	275	Closed	Surplus
FACEB – Faceb paid	9	503	Closed	Deficit
FACEB – Plan BD	9	225	Closed	Deficit
Vivest - PSAP/Elektro	2,891	2,175	Open	Deficit
	2,953	**7,320**		
Defined contribution plan				
Néos – Plan CD BA	2,242	1,638	Closed	N/A
Néos – Plan CD RN	55	44	Closed	N/A
Néos – Plan CD PE	620	116	Closed	N/A
Néos – Plan CD Néos	7,416	596	Open	N/A
FACEB - CEBPREV	588	1,083	Open	N/A
	10,921	**3,477**		
Total	**13,874**	**10,797**		

For the Post-Employment Healthcare plan, the Company maintains collective corporate insurance to cover medical and hospital care and dental care expenses for active employees, retirees, pensioners, and their legal dependents. As they are non-capitalized health care plans, they have a deficit nature. This plan does not allow new participants to join. As of December 31, 2022, the plan has 6,702 beneficiaries (829 active beneficiaries, 2,899 titular assisted beneficiaries, and 2,974 dependents assisted beneficiaries).

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

a) Changes in the plan's assets and liabilities

(i) Defined benefit and post-employment healthcare

					Consolidated
				Defined benefit	Healthcare
	Actuarial obligations	Assets' fair value	Ceiling effect	Net asset (liability)	Net asset (liability)
Balance as of December 31, 2021	**(3,765)**	**3,784**	**(180)**	**(161)**	**(680)**
Service cost	(6)	-	-	(6)	4
Interest effects	(320)	309	(13)	(24)	(54)
Contributions paid by participants	(5)	5	-	-	-
Contributions paid by the sponsor	-	54	-	54	49
Benefits paid by the plan	337	(337)	-	-	-
Effects of reductions / settlements	33	(49)	(5)	(21)	(48)
Balance as of December 31, 2022	**(3,726)**	**3,766**	**(198)**	**(158)**	**(729)**
Balance as of December 31, 2020	**(3,506)**	**3,489**	**(252)**	**(269)**	**(820)**
Addition by business combination	(458)	493	(35)	-	-
Service cost	(7)	-	-	(7)	17
Interest effects	(273)	274	(17)	(16)	(58)
Contributions paid by participants	(5)	5	-	-	-
Contributions paid by the sponsor	-	52	-	52	57
Benefits paid by the plan	308	(308)	-	-	-
Effects of reductions / settlements	176	(220)	124	80	124
Balance as of December 31, 2021	**(3,765)**	**3,784**	**(180)**	**(161)**	**(680)**
Surplus plans	(737)	920	(191)	(8)	-
Deficit plans	(2,989)	2,846	(7)	(150)	(729)

(1) In 2022, the Company ascertained an actuarial gain due to the changes in financial assumptions in the value of R$ 302 and R$ 40. This occurred for the most part due to the change of the interest rate in the Defined benefit and healthcare plans, respectively.

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

b) Amount recognized in the period's result

						Consolidated
			2022			2021
	Defined benefit	Post-employment healthcare	Total	Defined benefit	Post-employment healthcare	Total
Service cost	(3)	(1)	**(4)**	(4)	(1)	**(5)**
Effects of reductions / settlements	-	5	**5**	-	18	**18**
Interest expense on liabilities	(306)	(54)	**(360)**	(242)	(59)	**(301)**
Interest income from assets	285	-	**285**	225	-	**225**
Total	**(24)**	**(50)**	**(74)**	**(21)**	**(42)**	**(63)**
Service cost allocation:						
Period's result	(3)	4	**(1)**	(4)	17	**(13)**

c) Amount recognized in other comprehensive income

						Consolidated
			2022			2021
	Defined benefit	Post-employment healthcare	Total	Defined benefit	Post-employment healthcare	Total
Opening balance	**24**	**(184)**	**(160)**	**(70)**	**(266)**	**(336)**
Resizing:						
Changes in the assumptions	33	(48)	**(15)**	208	124	**332**
Ceiling effect of the assets/onerous liability	(5)	-	**(5)**	98	-	**98**
Plan's return on assets (except for interest income)	(49)	-	**(49)**	(200)	-	**(200)**
Other effects	31	-	**31**	9	-	**9**
Gross effects	**10**	**(48)**	**(38)**	**115**	**124**	**239**
Income taxes	(4)	16	**12**	(21)	(42)	**(63)**
Net effect on Other comprehensive income	**6**	**(32)**	**(26)**	**94**	**82**	**176**
Closing balance	**30**	**(216)**	**(186)**	**24**	**(184)**	**(160)**

d) Amount recognized in the statement of financial position

				Consolidated
		2022		2021
	Defined benefit	Post-employment healthcare	Defined benefit	Post-employment healthcare
Present value of actuarial obligations	(3,727)	(729)	(3,766)	(680)
Assets' fair value	3,768	-	3,785	-
Ceiling effect of the assets/onerous liability	(199)	-	(189)	-
Total liability (asset), net	**(158)**	**(729)**	**(170)**	**(680)**
Non-current asset	24	-	4	-
Current liability	(81)	(120)	(51)	(55)
Non-current liability	(101)	(609)	(123)	(625)

On December 31, 2022 and 2021, the Company's actuarial liability included a contract of financial obligation for actuarially readjusting the defined benefit plan Néos – Plan PE of R$ 23 and R$ 44, respectively. This contract generates an extraordinary obligation for the Company which is updated by INPC + 6% p.y. and has a deadline in December 2023.

On December 31, 2022 and 2021, the Company's actuarial liability included a contract of financial obligation concerning the actuarial balance of the plans Faceb BD, Faceb Paid, and Faceb Cebprev.

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

This contract generates for the Company an extraordinary obligation which is updated by the INPC + 5% p.y. and monthly amortization.

e) Other information on defined benefit plans and post-employment healthcare

(i) Plan's assets by category

						Consolidated
			2022			2021
	Prices quoted in active markets	Prices unquoted in active markets	Total fair value	Prices quoted in active markets	Prices unquoted in active markets	Total fair value
Direct application:						
Debt security – Corporate	-	-	**-**	-	5	**5**
Debt security – Government	-	318	**318**	-	284	**284**
Real Estate Investment	-	83	**83**	-	105	**105**
Others	-	81	**81**	-	152	**152**
Applications through funds:						
Investment Fund – Shares/Quotas	401	-	**401**	475	-	**475**
Investment Fund – Multimarket	1,358	-	**1,358**	1,243	-	**1,243**
Investment Fund – Fixed income	1,501	-	**1,501**	1,521	-	**1,521**
Investment Fund – Real state	24	-	**24**			
Total	**3,283**	**482**	**3,766**	**3,239**	**546**	**3,784**

(ii) Expectations of future payments

The expectations for benefit payments that reflect future services under the plan are as follows:

		Consolidated
	Defined benefit	Post-employment healthcare
2023	322	61
2024	319	61
2025	317	61
2026	313	60
2027	308	60
2028 to 2032	1,466	284
Total	**3,045**	**587**

To capitalize the defined benefit plans, the Company expects to disburse R$ 55 in 2023.

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

(iii) Sensitivity analysis and actuarial/economic hypothesis

For the sensitivity analysis, the Company considers the effect of changes in the nominal discount rate on the present value of the Company's actuarial obligation, as follows:

							2022
	Néos - Plan BD BA	Post-employment healthcare	Néos – Plan BD PE	Vivest - PSAP / Elektro	Néos - Plan BD RN	FACEB- Plan BD	FACEB – Paid Plan
Nominal discount rate – Reduction of 0.5%							
Present value of actuarial obligations	352	761	1,071	1,930	76	135	339
% Impact on the current value of the actuarial obligation	3.93%	4.38%	4.08%	5.24%	3.40%	5.00%	4.47%
Impact on the term of the actuarial obligation	8.35	10.20	8.65	13.03	7.24	10.56	9.60
Nominal discount rate – Increase of 0.5%							
Present value of actuarial obligations	326	700	990	1,746	71	122	311
% Impact on the current value of the actuarial obligation	(3.67%)	(4.04%)	(3.79%)	(4.79%)	(3.19%)	(4.59%)	(4.14%)
Impact on the term of the actuarial obligation	7.90	9.51	8.16	12.01	6.87	9.89	8.91

							2021
	Néos - Plan BD BA	Post-employment healthcare	Néos – Plan BD PE	Vivest - PSAP / Elektro	Néos - Plan BD RN	FACEB- Plan BD	FACEB – Paid Plan
Nominal discount rate – Reduction of 0.5%							
Present value of actuarial obligations	388	713	1,031	1,926	84	149	375
% Impact on the current value of the actuarial obligation	4.40%	N/A	4.51%	5.35%	3.67%	5.69%	5.12%
Impact on the term of the actuarial obligation	9.21	10.46	9.45	14.58	7.72	11.88	10.72
Nominal discount rate – Increase of 0.5%							
Present value of actuarial obligations	356	650	946	1,731	78	133	340
% Impact in the current value of the actuarial obligation	N/A	(4.37%)	(4.17%)	(5.30%)	(3.43%)	(5.18%)	(4.69%)
Impact on the term of the actuarial obligation	8.67	9.77	8.88	13.28	7.32	11.08	10.02

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

The actuarial and economic assumptions adopted were prepared considering the long term expected for their maturity, and, therefore, should be analyzed from this perspective. In the short term, they may not necessarily be realized. In the evaluations, the following economic assumptions were adopted:

							2022
	Néos - Plan BD BA	Post-employment healthcare	Néos – Plan BD PE	Vivest - PSAP / Elektro	Néos - Plan BD RN	FACEB- Plan BD	FACEB – Paid Plan
Average nominal discount rate	9.60%	9.60%	9.60%	9.60%	9.60%	9.60%	9.60%
Average nominal growth rate of the salary cost	N/A	N/A	4.28%	5.07%	0.00%	3.25%	3.25%
Real inflation rate of the medical costs	N/A	3.25%	N/A	N/A	N/A	N/A	N/A
Average inflation rate estimated in the long-term	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Term (in years)	8.19	9.79	8.47	12.66	7.10	10.30	9.27

							2021
	Néos - Plan BD BA	Post-employment healthcare	Néos – Plan BD PE	Vivest - PSAP / Elektro	Néos - Plan BD RN	FACEB- Plan BD	FACEB – Paid Plan
Average nominal discount rate	8.17%	8.54%	8.18%	8.94%	8.16%	8.42%	8.26%
Average nominal growth rate of the salary cost	N/A	N/A	4.03%	5.58%	0.00%	3.00%	N/A
Real inflation rate of the medical costs	N/A	3.00%	N/A	N/A	N/A	N/A	N/A
Average inflation rate estimated in the long-term	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Term (in years)	8.94	10.11	9.16	13.91	7.52	11.47	10.36

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

The main actuarial assumptions adopted in the calculation, by defined benefit plan, are presented as follows:

						2022						2021
	Néos – Plan BD BA	**Néos – Plan BD RN**	**Néos – Plan BD PE**	**Vivest - PSAP/ Elektro**	**FACEB – Paid Plan**	**FACEB - Plan BD**	**Néos – Plan BD BA**	**Néos – Plan BD RN**	**Néos – Plan BD PE**	**Vivest - PSAP/ Elektro**	**FACEB – Paid Plan**	**FACEB - Plan BD**
Mortality table	SUSEP BR - EMSsb v2015 soothed in 15%	AT-2000 M&F	AT-2000 M&F soothed in 10%	AT-2000 male, soothed in 10%	AT-2000 M&F soothed in 10%	AT-2000 M&F, soothed in 10%	SUSEP BR - EMSsb v2015 (M) soothed in 15%	AT2000 (M&F)	AT-2000 M&F soothed in 10%	AT-2000 male, soothed in 10%	BR-EMSsb-v.2015 M&F	BR-EMSsb-v.2015 M&F
Disability entry table	N/A	N/A	*Light Average*	*Mercer Disability segregated by gender, soothed in 50%*	N/A	TASA 1927	N/A	N/A	*Light* average	*Light* Weak soothed in 30%	TASA 1927	N/A
Disability mortality table	BR EMS sb v2010 (male)	AT-1983 weighted (40% male e 60% female), soothed in 10%	AT-1983 male	AT-1949 male, aggravated in 10%	MI85 M&F	MI85 M&F	BR EMS sb v2010 (M)	AT1983 weighted (40% M and 60% F), soothed in 10%	AT1983 (M)	AT-49 -Male soothed in 10%	RP2000-DISABLED	RP2000-DISABLED
Family composition	Active: 95% of married man with a wife 4 years younger. Assisted: Real family.	Active: N/A Assisted: Real family	Active: 80% of married man with a wife 4 years younger Assisted: Real family	ExpCF_2014	Active and deferred proportional benefit: 95% of married man with a wife 4 years younger. Assisted: Real family	Active and DPB: 95% of married man with a wife 4 years younger. Assisted: Real family	Active: 95% of married man with a wife 4 years younger. Assisted: Real family	N/A	Active: 80% of married man with a wife 4 years younger. Assisted: Real family	ExpCF_2014	Active: 95% of married man with a wife 4 years younger. Assisted and DPB: Real family	Active: 95% of married man with a wife 4 years younger. Assisted and deferred proportional benefit: Real family

For the Post-employment healthcare Plan, the Company used the following biometric tables: (i) Mortality – AT2000 Basic, and (ii) Disability entry– *Light* average and (iii) Disability mortality – AT-1983 (M).

(iv) Main risks concerning the defined benefit plans

Standard risk – The return on the fund's assets is not sufficient to cover the increase in liabilities and benefit payments over the years, the Company will be required to finance the deficit with extraordinary contributions unless the fund has sufficient equity.

Changes in the discount rate - The interest rate that is used to calculate the defined benefit obligation (under IFRS) depends on the amount of income from government bonds (or corporate bonds of the Company) on the reporting date. A decrease in earnings increases the benefit obligation, which is partly mitigated by adjustment to the market that increases the value of fixed-income investments.

Investments and volatility - The Board of Trustees annually accepts an Investment Plan, which is based on an external analysis of the plan's assets and liabilities (‘ALM’). The assets are allocated to shares and investment funds, fixed-income instruments, and real estate. Investments are diversified in different asset classes and for different asset managers taking into account the investment allocation policy of the plans and the limits authorized by the Brazilian pension fund supervision authority (‘*Previc’*).

Actuarial and economic assumptions - Actuarial calculations involve future projections about some parameters, such as wages, interest rates, inflation, mortality, and disability. The actual result different from these assumptions will lead to an increase/decrease in the present value of the plan's obligations.

f) Accounting policy and critical judgments

(i) Accounting policy

Long-term post-employment (pension) benefit plans are financed through contributions from participants and sponsors to pension funds, as determined by periodic actuarial calculations. The Company has defined benefits and defined contribution plans.

In defined benefit plans, plan costs are assessed using the projected unit credit method. The costs of providing benefits are recognized in the income statement to distribute the cost of the service over the useful life of employees. Net interest is presented in the income statement, in the financial expenses line.

The defined benefit obligation is calculated annually at the balance sheet date and is measured as the present value of future cash flows estimated using interest rates by the market reference of Brazilian government bonds that have a maturity close to the plan disbursement terms.

Pension plan assets are valued at market value. The liability recognized in the balance sheet is the defined benefit obligation at the closing date less the fair value of the plan's assets. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future contribution payments is available. When the benefits of a plan are changed or when a plan is reduced, the resulting change in the benefit that relates to past service, or the gain or loss related to a cut is immediately recognized in the results. Gains or losses on settlements of defined benefit plans are recognized when settlement occurs. The impacts generated by changes in the actuarial assumptions are recognized in equity, within "Other comprehensive income". These effects will be reclassified to retained earnings or profit reserves, upon the extinction or settlement of the benefit of the plan that gave rise to them.

The post-employment healthcare plan has the same measurement and recognition system as defined benefit plans, except for the difference in the economic and actuarial assumptions used.

Contributions to defined contribution plans are recognized in the income statement for the period to which the contributions refer.

(ii) Estimates and critical judgments

The present value of pension obligations is based on actuarial calculations that use various assumptions. Any changes in these assumptions will impact the number of pension obligations. These assumptions are used to determine the fair value of assets and liabilities, costs, and expenses and the estimated future cash outflow values, which are recorded in the obligations with pension plans.

The Company, together with the external and internal actuaries, reviews at the end of each year, the assumptions that will be used for the following year.

22.2 Long-term benefits – Compensation based on shares (Stock option plan)

On April 20, 2020, the Extraordinary General Meeting approved the long-term incentive program - Cycles of 2020/2022 (‘Action plan’) for executives and employees in managerial positions. The program guidelines establish the maximum limit of (i) 125 beneficiaries, and (ii) the granting of 3,650,000 common shares.

The share-based compensation plan ('Share plan'), with physical delivery of the Company's own shares (NEOE3), aims to encourage and promote the alignment of the Company's, executives' and, employees' objectives, and mitigate risks in generation value of the Company due to the loss of its executives, strengthening their commitment and productivity in long-term results. The Action Plan has an evaluation period stipulated between 2020 and 2022, while the delivery of the shares to the beneficiaries will be carried out annually, in equal parts, in the years 2023 to 2025, provided that the beneficiary has maintained his employment relationship during that period. The plan was granted to the 113 elected beneficiaries on December 1, 2020, with an adjusted price of R$ 16.09 per share. In December 2022, the Company has 119 (125 in 2021) beneficiaries with 3,333,358 (3,650,000 in 2021) granted shares.

The adjusted price of R$16.09 was determined with the use of the share’s fair value quoted on B3 on the date of grant, adjusted by the discount flow of expected dividends per share in the plan’s validity period and applying a discount rate of 5.7% p.y. The plan’s term is of 3 years.

On December 31, 2022, based on the ascertainment of the assumptions concerning performance and financial conditions, Management estimates that the program’s total value will be R$ 93. The expense recognized in the statement of income from 2022 was R$ 30, including R$ 7 of charges (in 2021 the expenses were R$ 33, including R$ 7 of charges).

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

23. SHAREHOLDERS' EQUITY

23.1 Share capital

On December 31, 2022 and 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.	42,482,904	3.50%	452
Previ-Caixa de Prev. dos Func. do Banco do Brasil ("Previ")	367,647,583	30.29%	3,914
Other shareholders – Free float	196,252,888	16.17%	2,089
Advisors and directors	514,848	0.04%	5
Treasury shares	400	0.00%	-
Total shares	**1,213,797,248**	**100%**	**12,920**

In December 2022, the Company has the authorization from the Board of Directors to repurchase up to 2,555,000 common shares, which corresponds to 70% of the total amount of shares (3,650,000) that may be allocated to the share-based compensation program (see note 22.2).

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	
	2022	2021	2022	2021
Net income for the period	4,718	4,066	4,685	3,888
Weighted average number of the outstanding shares	1,214	1,214	1,214	1,214
Basic and diluted earnings per share	**3.89**	**3.35**	**3.86**	**3.20**

b) Shareholders' remuneration

The Company's Social statute determines the minimum remuneration of 25% of the net profit, after adjustments according to Brazilian legal procedures. The shareholders' remuneration is paid in the form of dividends and/or interest on their own capital ('JCP'), based on the limits defined in law and the Company's bylaws.

The remuneration proposal of the shareholders of Neoenergia S/A was calculated as follows:

	2022	2021
Net income of the period	**4,685**	**3,888**
Legal reserve	(234)	(194)
Adjusted net income	**4,451**	**3,694**
Allocation to the profit retention reserve	(3,267)	(2,721)
Mandatory minimum dividend (1)	**1,184**	**973**
Dividends	709	642
JCP	475	331
Total	**1,184**	**973**
Total earnings per share	**0.98**	**0.80**

(1) Concerning the mandatory minimum, JCP is considered net of income tax.

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

The values approved to the shareholders of Neoenergia S/A, of remuneration nature, are presented below:

Resolution	Remuneration nature	Deliberated amount	Value per share
2022			
AGOE from April 25, 2022	Minimum mandatory dividends 2021	642	0.5291396
RCA from June 15, 2022	Interest on own capital 2022	167	0.1379698
RCA from December 13, 2022	Interest on own capital 2022	308	0.2539544
Total		**1.117**	
2021			
AGOE from April 12, 2021	Minimum mandatory dividends 2020	201	0.1653482
RCA from June 28, 2021	Interest on own capital 2021	171	0.1406397
RCA from December 13, 2021	Interest on own capital 2021	160	0.1318177
Total		**532**	

The remuneration payable to the shareholders is presented as follows:

	Consolidated		Parent Company	
	2022	**2021**	**2022**	**2021**
Opening balance	**805**	**476**	**786**	**442**
Declared in the period	1,287	1,073	1,184	973
Withholding tax	(52)	(35)	(48)	(33)
Paid in the period	(1,039)	(708)	(937)	(596)
Closing balance	**1,001**	**805**	**985**	**786**

23.3 Other comprehensive income

The Company recognizes in other comprehensive income the following gains (losses), net of taxes: (i) actuarial obligations of employee benefits R$ (156); (ii) fair value of financial instruments used in a hedge accounting strategy concerning the cash flow of R$ (617); (iii) effects of the equity equivalence in similar joint ventures and associates to the items previously mentioned of R$ 7.

23.4 Capital reserve

The special goodwill reserve recognized through the Company's corporate restructuring process from the capital inflows made to Neoenergia Elektro and Neoenergia Coelba, both subsidiaries of the Company. Besides the impact of the remuneration based on shares, see note 22.2.

23.5 Shareholders' transactions and others

The values arise from the differences between the value paid and the book value concerning the variations of equity interest where there was no change in the shareholding control of the investees.

The values recognized in this reserve derive from the following transactions:

Purchase of interest in Itapebi through Termopernambuco (1)	658
Purchase of additional stake in Neoenergia Coelba and Neoenergia Cosern through Neoenergia (2)	333
Obligation to purchase the interest of Previ (3)	50
Merger's fair value (4)	530
Equity stake gain concerning Coelba (5)	8
Public offering for acquisition of the shares from Neoenergia Pernambuco (6)	226
Total	**1,805**

1) Acquisition of the remaining portion of Itapebi 58% between 2013 and 2014. For the purchase of the additional portion, the Company

disbursed R$829.

2) Acquisition of the additional portion of Neoenergia Coelba and Neoenergia Cosern of 8.5% and 7.0%, respectively. This operation took place in 2015 and the Company disbursed R$ 639 for the purchase of the additional portion.

3) In 2021, the Company and Previ agreed to the disposal of non-controlling interests, where the Company paid to Previ, on October 15, 2021, the amount of R$ 223, being (i) R$184 concerning share from Neoenergia Coelba; (ii) R$33 concerning shares from Neoenergia Cosern; and (iii) R$6, from Afluente T.

4) This adjustment refers to the difference between the revised fair value used for the Merger of Elektro Holding of R$ 4,191 and the amount used as a basis for Neoenergia's capital increase of R$ 4,694, in addition to consolidation adjustments due to the obtaining of control of FEB and FEB 2 in the amount of R$ 27.

5) In March and July 2018, increases in the share capital of Neoenergia Coelba were approved, where some non-controlling shareholders did not subscribe their shares, resulting in changes in the percentage of Neoenergia's interest in the subsidiary.

6) In October 2022, Neoenergia acquired the remaining equity from non-controlling interests, which represents 9.13% of the share capital from Neoenergia Pernambuco.

23.6 Profit reserves

23.6.1 Legal reserves:

It is a legal requirement to retain 5% of the annual net income calculated up to the limit of 20% of the share capital. The reserve can only be used to absorb losses or to increase capital.

23.6.2 Unrealized profit reserve

Its purpose is to retain a portion of net income for the year that is not realized in cash or cash equivalents and that exceeds the Company's strategic perspective of distributing amounts payable to shareholders.

23.6.3 Profit retention reserve

It has the purpose of assuring the maintenance and development of the main activities that compose the Company's corporate purpose which is part of the annual distributable net profit until the maximum limit of the share capital or the Company's capital budget proposal.

On December 31, 2022, the Company exceeded its limit concerning the profit reserve and will submit this subject matter to the Ordinary General Meeting, as per article 199 of Law No. 6,404/76.

23.7 Accounting policy

The share capital represents amounts received from shareholders and also those generated by the Company that was formally incorporated through capital reserves and profit reserves. The share capital is represented by common shares. Common shares are classified as equity instruments because they do not expose the Company to the obligation to deliver cash or other financial instruments and leave the holders of these instruments (shareholders) exposed to the variability of results and cash flows generated by the Company. Incremental expenses directly attributable to the issue of shares are presented as a deduction from equity, as capital transactions, net of tax effects.

Shareholder compensation is recognized as a liability in the Company's financial statements, based on the bylaws. Any amount above the minimum mandatory compensation approved in the bylaws will only be recognized in current liabilities on the date it is approved by the shareholders.

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.

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

The main commercial transactions with related parties recognized as accounts receivable and/or accounts payable and their 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

								Consolidated
				2022				2021
	Joint ventures	Associates	Shareholders and others	Total	Joint ventures	Associates	Shareholders and others	Total
Asset								
Accounts receivable and others (c)	46	2	-	**48**	1	1	-	**2**
Dividends and interest on own capital receivable	15	34	-	**49**	23	2	-	**25**
Other assets (e)/(g)	-	-	41	**41**	-	-	49	**49**
	61	36	41	138	24	3	49	76
Liability								
Suppliers and accounts payable (a)/(b)/ (f)	48	131	168	**347**	45	119	122	**286**
Employee benefits (e)	-	-	23	**23**	-	-	44	**44**
Dividends and interest on own capital payable (d)	-	-	1,001	**1001**	-	-	805	**805**
Other liabilities	43	-	10	**53**	-	-	4	**4**
	91	131	1,202	1,424	45	119	975	1,139

								Parent Company
				2022				2021
	Joint ventures	Associates	Shareholders and others	Total	Joint ventures	Associates	Shareholders and others	Total
Asset								
Dividends and interest on own capital receivable	748	15	-	**763**	606	23	-	**629**
Other assets	149	-	-	**149**	636	-	-	**636**
	897	15	-	912	1,242	23	-	1,265
Liabilities								
Suppliers and accounts payable (a)	-	-	145	**145**	-	-	105	**105**
Dividends and interest on own capital payable (d)	-	-	985	**985**	-	-	786	**786**
Other liabilities	125	-	-	**125**	49	-	-	**49**
	125	-	1,130	1,255	49	-	891	940

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

24.2 Transactions with related parties

	Consolidated							
	2022				2021			
	Joint ventures	Associates	Shareholders and others	Total	Joint ventures	Associates	Shareholders and others	Total
Profit (loss) for the period								
Operating revenue, net (c)	89	19	-	**108**	21	8	-	**29**
Service costs (b)/(f)/(g)	(501)	(1,101)	(4)	**(1,606)**	(436)	(992)	(65)	**(1,493)**
General and administrative expenses (a)/(e)	-	-	(230)	**(230)**	-	-	(162)	**(162)**
Financial result, net (e)	-	-	(4)	**(4)**	-	-	(9)	**(9)**
Total	(412)	(1,082)	(238)	(1,732)	(415)	(984)	(236)	(1,635)

	Parent Company							
	2022				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	2	-	-	**2**	4	-	-	**4**
General and administrative expenses (a)	-	-	(147)	**(147)**	-	-	(104)	**(104)**
Financial result, net	236	-	-	**236**	165	-	-	**165**
Total	238	-	(147)	91	169	-	(104)	65

24.3 Main transactions with related parties

The main transactions with related parties in the items 24.1 and 24.2 refer to:

Item	Related company	Transaction type	Index of adjustment / contract remuneration	Deadline	Maturity	Asset/ (Liability)	Result of the period
a)	Iberdrola, S.A.	Trademark contract from Iberdrola, S.A., used by Neoenergia and its licensed controlled companies as per contract terms.	N/A	2031	2023	(167)	(168)
b)	Norte Energia S.A.	Energy purchase in the regulated environment - CCEAR	IPCA	2044	2023	(131)	(1,101)
	Companhia Hidrelétrica Teles Pires	Energy purchase in the regulated environment - CCEAR	IPCA	2044	2023	(38)	(380)

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

Item	Related company	Transaction type	Index of adjustment / contract remuneration	Deadline	Maturity	Asset/ (Liability)	Result of the period
c)	Energética Águas da Pedra S.A.	Energy purchase in the regulated environment - CCEAR	IGPM	N/A	2023	(9)	(77)
	Norte Energia S.A.	Contract concerning the transmission usage system charges (CUST)	IPCA	Indefinite	2023	2	19
	Energética Águas da Pedra S.A.	Contract concerning the transmission usage system charges (CUST)	IPCA	Indefinite	2023	-	11
	Companhia Hidrelétrica Teles Pires	Contract concerning the transmission usage system charges (CUST)	IPCA	Indefinite	2023	3	(380)
d)	Iberdrola, S.A.	Dividends and JCP	N/A	N/A	2023	(520)	-
	Previ - Caixa de Prev. dos Func.s Banco do Brasil	Dividends and JCP	N/A	N/A	2023	(308)	-
	Non-controlling interest	Dividends and JCP	N/A	N/A	2023	(173)	
e)	Neos Previdência Complementar	Payable benefits and granted benefits	N/A	Indefinite	N/A	1	(64)
f)	Companhia Hidrelétrica Teles Pires	Energy purchase and sale in the free environment	IPCA	2036	2023	2	27
g)	Iberdrola Generacion Termica	Operation and Maintenance - O&M	IGPM	2039	2023	8	(4)

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

24.4 Key management personnel compensation

The employees' remuneration, 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		Parent Company	
	2022	2021	2022	2021
Wages and recurring benefits	46	39	38	29
Short-term variable remuneration	19	16	15	13
Long-term benefits (1)	21	21	18	16
Contract rescission	-	1	-	-
Total	**86**	**77**	**71**	**58**

(1) Includes Remuneration based on stocks attributed to Company's key management. (For more information, see note 22.2).

24.5 Granted 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 December 31, 2022, the total amount of financial guarantees granted by the Company to certain joint ventures and subsidiaries totaled R$4,406.

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:

	Consolidated					
	2022			2021		
	AC	FVOTCI	FVTPL	AC	FVOTCI	FVTPL
Financial assets						
Cash and cash equivalents	2,994	-	3,808	1,945	-	3,600
Securities and marketable securities	168	-	345	26	-	433
Trade and other receivables	9,976	-	-	10,584	-	-
Derivative financial instruments	-	480	477	-	1,430	771
Sectoral financial assets (Portion A and others)	252	-	-	2,033	-	-
Public service concession (financial asset)	-	-	23,493	-	-	18,516
Other financial assets	183	-	-	6	-	-
	13,573	**480**	**28,123**	**14,594**	**1,430**	**23,320**
Financial liabilities						
Suppliers and accounts payable to contractors and operations of invoice discounting	4,451	-	-	5,686	-	-
Loans and financing	42,345	-	1,158	36,687	-	1,936
Sectoral financial liabilities (Portion A and others)	826	-	-	342	-	-
Derivative financial instruments	-	1,233	7	-	309	22
Lease obligations	206	-	-	146	-	-
Use of public asset	64	-	-	78	-	-
Other financial liabilities	844	-	30	365	-	-
	48,736	**1,233**	**1,195**	**43,304**	**309**	**1,958**

AC – Amortized cost
FVOTCI – Fair value through other comprehensive income
FVTPL – Fair value through profit and loss

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

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 and liabilities that are accessible on the measurement date.
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 25.8 (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:

						Consolidated
			2022			2021
	Level 2	Level 3	Total	Level 2	Level 3	Total
Financial assets						
Cash and cash equivalents	3,808	-	3,808	3,600	-	3,600
Securities and marketable securities	345	-	345	433	-	433
Derivative financial instruments	957	-	957	2,201	-	2,201
Public service concession (Financial asset)	-	23,493	23,493	-	18,516	18,516
	5,110	23,493	28,603	6,234	18,516	24,750
Financial liabilities						
Loans and financing	1,158	-	1,158	1,936	-	1,936
Derivative financial instruments	1,240	-	1,240	331	-	331
Other financial liabilities	30	-	30	-	-	-
	2,428	-	2,428	2,267	-	2,267

There was no transfer of financial instruments between the measurement level as fair value.

The gains and losses recognized in profit or loss for 2022 and 2021 related to the financial assets and liabilities measured through level 3 techniques were R$ 1,339 and R$ 1,579, 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.

				Consolidated
		2022		2021
	Book Balance	Fair value estimate – Level 2	Book Balance	Fair value estimate – Level 2
Loans and financings	42,345	41,722	36,687	36,474

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 sectoral financial assets, and liabilities are equal to the amount measured at amortized cost (book balance).

25.5 Accounting policy

The Company classifies its financial assets and liabilities that are initially recognized at fair value and subsequently measured according to the following categories:

(i) Financial assets

Financial assets are generally classified as measured at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss based on both: the entity's business model for the management of financial assets; and the contractual cash flow characteristics of the financial asset, as follows:

- Amortized cost (AC): financial asset whose contractual cash flow results only from the payment of principal and interest on the principal on specific dates, and whose business model aims to maintain the asset in order to receive its contractual cash flows;
- Fair value through other comprehensive income (FVTOCI): financial asset (debt financial instrument) whose contractual cash flow results only from the receipt of principal and interest on the principal on specified dates, and whose business model aims at both receiving contractual cash flows from the asset to its sale; and
- Fair value through profit or loss (FVTPL): all other financial assets. This category generally includes derivative financial instruments.

The instruments measured by AC and FVTPL are susceptible to the recognition of expected credit losses. In general, the expected credit losses of financial instruments arising from the Company's operations (e.g.: Accounts receivable) are measured by the simplified method, based on a provision matrix that weighs the characteristics of the instruments, age of the security, history of losses, and expected future losses.

(ii) Financial liabilities

The financial liabilities are initially recognized at the fair value, net of the transaction costs incurred, and subsequently are measured by the amortized cost (except in determined situations, which include certain financial liabilities at fair value through the result) and updated through the effective interest method. Any difference between the seized value (net of transaction costs) and the settlement value, is recognized in the result during the period in which the instruments are in force, using the effective interest method. The fees paid in the loan’s borrowing are recognized as transaction costs.

25.6 Evaluation methods and technique

(i) Public service concessions

To measure fair value, the Company uses a replacement cost approach based on ANEEL's price tables, stipulated for assets inherent to operations subject to indemnification by the granting authority. The relevant factors for measuring fair value are not observable and there is no active market. Therefore, the classification of the fair value hierarchy is level 3.

(ii) Loans and financings

The fair value of loans and financings classified as level 2 are based in Revenue or Market approach.

The debentures traded in the secondary market are measured using the market approach. Their reference is the last negotiation price or UP quotation, both are available on B3 or Anbima, respectively.

Debentures are negotiated in the secondary market and the other bilateral loans and financings are measured through the revenue approach which is determined by the discounted cash flow technique using the use of free risk originating from the market (B3) and the Company's credit risk spread disclosed by the rating agencies. The Company's spread risk is adjusted to the duration and the currency of each debt instrument.

(iii) Derivative financial instruments

The derivative financial instruments were evaluated using the curves and market prices that affected each instrument on the reference date and that correctly reflect market the market conditions of the included variable in its pricing, as well as the instrument's current contract conditions. Concerning the swaps, the present value of both, the swap's long and short positions are estimated through discounts in their cash flows using interest rates of their corresponding currencies. The fixed-term contracts are measured using the future curves of the respective underlying assets. Usually, these curves are obtained at B3 and/or Bloomberg's portal.

The risk from the portfolio of derivatives is measured through the delta-normal method, considering that the future distribution of the risk factors and their correlations will tend to present the same statistical properties that were verified in the historical data. The Company monitors the derivative portfolio's credit risk with the simulation of hypothetical exposure peaks and compares if these peaks stay within the limits established by the Company's credit risk controls for each counterpart. The estimates of the value at risk consider a confidence level of 95% concerning a horizon of 10 working days.

25.7 Additional information on derivative financial instruments

The Company has derivative financial instruments for economic and financial hedge against the risk of changes in exchange and interest rates. The most used instruments are swaps and Non-Deliverable Forwards (NDF). Swap and NDF contracts were negotiated in the over-the-counter market. On December 31, 2022, there was no margin value deposited concerning the positions with derivative financial instruments.

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

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

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$. In such swaps, the Company holds a payable position in R$ indexed to the CDI and a receivable position in US$ indexed 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	Fair value

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

Swap US$ float vs R$ float	2022	2021	Deadline (Year)	2022	2021
Company					
Asset	US$ 130	US$ 151	2027-2029	689	852
Liability	R$ 423	R$ 487		(408)	(469)
Net exposure				**281**	**383**

	Notional value			Fair value	
Swap US$ fixed vs R$ float	2022	2021	Deadline (Year)	2022	2021
Company					
Asset	US$ 67	US$ 86	2025-2027	341	499
Liability	R$ 184	R$ 228		(181)	(224)
Net exposure				**160**	**275**

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

	Notional value			Fair value	
Swap US$ float vs R$ float	2022	2021	Deadline (Year)	2022	2021
Company					
Asset	US$ 54	US$ 60	2030	283	340
Liability	R$ 179	R$ 197		(180)	(199)
Net exposure				**103**	**141**

	Notional value			Fair value	
Swap US$ fixed vs R$ float	2022	2021	Deadline (Year)	2022	2021
Company					
Asset	US$ 1,428	US$ 1,322	2023-2036	7,858	7,402
Liability	R$ 7,381	R$ 6,425		(8,518)	(6,631)
Net exposure				**(660)**	**771**

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$. In such swaps, the Company holds a payable position in R$ indexed to the CDI and a receivable position in EUR indexed 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:

	Notional value			Fair value	
Swap EUR $ fixed vs R$ float	2022	2021	Deadline (Year)	2022	2021
Asset	€ 80	€ 159	2023-2024	427	1,037
Liability	R$ 357	R$ 711		(359)	(720)
Net exposure				**68**	**317**

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$ indexed 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:

	Notional value			Fair value	
Swap IPCA vs CDI	2022	2021	Deadline (Year)	2022	2021
Asset	R$ 157	R$ 617	2023 - 2025	155	615

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

Liability	R$ 122	R$ 504		(121)	(502)
Net exposure				**34**	**113**

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:

	Notional value			Fair value	
NDF	**2022**	**2021**	**Deadline (Year)**	**2022**	**2021**
Disbursement USD					
Forward	US$ 40	US$ 122	2023-2026	(14)	4
Net exposure				**(14)**	**4**

The programs as follows are designated as hedge accounting and measured at fair value through cashflow:

	Notional value			Fair value	
NDF	**2022**	**2021**	**Deadline (Year)**	**2022**	**2021**
Disbursement USD					
Put options	US$ 5	US$ -	2023	5	-
Net exposure				**5**	**-**

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:

	Notional value			Fair value	
NDF	**2022**	**2021**	**Deadline (Year)**	**2022**	**2021**
Disbursement EUR					
Forward	€ 1	€ 26	2023-2024	(1)	(11)
Net exposure				**(1)**	**(11)**

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.

	Notional value			Fair value	
Swap R$ fixed vs R$ float	**2022**	**2021**	**Deadline (Year)**	**2022**	**2021**
Asset	-	R$ 336	2022	-	329

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

Liability	-	R$ 335		-	(336)
Net exposure				-	(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.

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.

	Notional value			Fair value	
Swap Equity	2022	2021	Deadline (Year)	2022	2021
Asset	R$ 40	R$ 40	2023	42	45
Liability	R$ 47	R$ 59		(47)	(59)
Net exposure				(5)	(14)

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.

	Notional value			Fair value	
Swap JPY fixed vs R$ float	2022	2021	Deadline (Year)	2022	2021
Asset	JPY 30,434	JPY 18,910	2026-2031	1,209	934
Liability	R$ 1,434	R$ 998		(1,458)	(1,025)
Net exposure				(249)	(91)

25.8 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. The estimate of the potential value at risk considers the projected horizon for the next 63 working days (or 90 continuous days) as of December 31, 2022.

- 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 December 31, 2022.

- Scenario II: Estimate of the fair value considering a deterioration of 15% in the associated risk variables.

- Scenario III: Estimate of the fair value considering a deterioration of 30% 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.

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

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

Operation	Currency	Risk	Rate	Exposure (Balance/ Notional)	Probable scenario	Impact - scenario (II)	Impact - scenario (III)
U.S Dollars denominated debt	Dollar ($)	Dollar appreciation	5.2177	(9,671)	(9,977)	(1,498)	(2,993)
Swap long position in U.S Dollars				9,171	9,461	1,419	2,838
Net exposure				**(500)**	**(516)**	**(79)**	**(155)**
Euro denominated debt	Euro (€)	Euro appreciation	5.5694	(445)	(462)	(70)	(138)
Swap long position in Euro				427	442	66	133
Net exposure				**(18)**	**(20)**	**(4)**	**(5)**
Yen denominated debt	Yen (JPY)	Yen appreciation	0.0396	(1,204)	(1,247)	(187)	(374)
Swap long position in Yen				1,209	1,250	187	375
Net exposure				**5**	**3**	**-**	**1**

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 the 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)	Probable scenario	Impact - scenario (II)
Hedged item: portion of payments in USD	Dollar ($)	Dollar appreciation		(272)	25	51
NDF		Dollar depreciation	5.2177	272	(25)	(51)
Exposure				**-**	**-**	**-**
Hedged item: portion of payments in Euro	Euro (€)	Euro appreciation		(12)	1	3
NDF		Euro depreciation	5.5694	12	(1)	(3)
Exposure				**-**	**-**	**-**

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	Indexer	Risk	Rate	Exposure (Balance/ Notional)	Probable scenario	Impact - scenario (II)	Impact - scenario (III)
Financial assets							
Financial investments indexed to the CDI	CDI	CDI depreciation	13.65%	7,111	954	(143)	(286)
Financial liabilities							
Loans and financings							
Debt instruments at CDI	CDI	CDI appreciation	13.65%	(14,071)	(2,165)	(326)	(649)
Swaps Dollar x CDI (Short position)	CDI	CDI appreciation	13.65%	(10,320)	(1,533)	(230)	(460)
Debt instruments at IPCA	IPCA	IPCA appreciation	5.90%	(16,852)	(1,454)	(110)	(221)
Swaps IPCA x CDI (Long position)	IPCA	IPCA appreciation	5.90%	155	15	1	2
Swaps Dollar x IPCA (Short position)	IPCA	IPCA appreciation	5.90%	(904)	(79)	(6)	(12)
Debt instruments at LIBOR 6M	LIBOR	LIBOR 6M appreciation	5.14%	(972)	(59)	(7)	(16)
Swaps Libor 6M x CDI (Long position)	LIBOR	LIBOR 6M appreciation	5.14%	972	70	10	18
Debt instruments at SELIC	SELIC	SELIC appreciation	13.65%	(78)	(13)	(2)	(3)

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

Debt instruments at TJLP	TJLP	TJLP appreciation	7.37%	(1,550)	(145)	(17)	(34)

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	Indexer	Risk	Rate	Balance	Probable scenario	Impact - scenario (II)	Impact - scenario (III)
Outros Financial assets							
Swap - Long position in shares	NEOE3	Stock depreciation (NEO3)	15.22	42	3	6	12

26. COMMITMENTS

The commitments related to long-term contracts are disclosed below:

	Energy purchase [(1)]	Infrastructure construction
2024	16,021	4,720
2025	16,416	4,338
2026	17,211	5,225
2027	18,134	5,749
2028	19,104	5,974
Between 2029 and 2033	84,585	27,794
Total	**171,471**	**53,800**

(1) The values concerning the energy purchase contracts, whose validity varies from 1 to 30 years, represent the total ciontracted amount and were approved by ANEEL for meeting the commitments imposed by law.

27. SUBSEQUENT EVENTS

Entry into operation of the Rio Formoso Transmission Line

On January 29, 2023, the transmission line "Rio Formoso" began operating (Batch 9 – Transmission line nº 02/2019, in December 2019), located at Bahia and includes 1 transmission line with an extension of 210km and 2 substations. The batch has a total RAP of R$ 22 and was delivered with an anticipation of 14 months and a Capex saving of 25%, both in relation to the estimated by ANEEL.

Spin-off of Termopernambuco and Itapebi

In February 2023, the Board of Directors from Termopernambuco approved the spin-off of Itapebi *Geração de Energia*. The portion to be spun off refers to the investment in itapebi and the added value of the equity stake of the Company by Termopernambuco. The spin-off is expected to occur in the first quarter of 2023.