

Management report

3. Shareholding structure

The fully subscribed and paid up capital is R\$ 2,981,995,690.0 is divided into common and preferred shares as shown below. Each share is entitled to one vote in the General Meeting.

Shareholders	Common Shares	%	Preferred Shares	%	Total	%
Controlling Group	456,905,633	76.54%	1,676,184	0.59%	458,581,817	52.16%
Others*	140,050,335	23.46%	280,479,102	99.41%	420,529,437	47.84%
Treasury	2	0.00%	13	0.00%	15	0.00%
Total	596,955,970	100.00%	282,155,299	100.00%	879,111,269	100.00%

*free float

4. Economic and Financial Performance

On July 12, 2022, Homologatory Resolution No. 3,067 was published, establishing the new RAPs of Alupar's subsidiaries and affiliates, for a 12-month cycle, from July 1, 2022 to June 30, 2023, establishing readjustment of 11.73% for contracts indexed by the IPCA and 10.72% for contracts indexed by the IGP-M.

In 2022, Net Revenues reached R\$3,833.7 million, compared to the R\$5,234.2 million recorded in 2021. EBITDA reached R\$3,015.5 million, compared to the R\$3,919.6 million recorded in 2021 and Net Income totaled BRL 918.5 million, compared to BRL 1,115.4 million recorded in 2021.

5. Investments

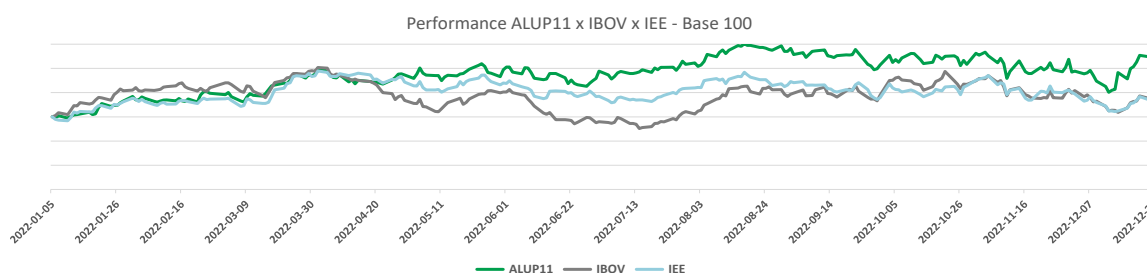
In 2022, total investments in our companies reached approximately R\$1,116.1 million, of which R\$543.3 million were invested in the transmission segment, R\$566.7 million in the generation segment, and R\$6.1 million in new businesses development, compared to the R\$1,165.2 million recorded in 2021, when R\$1,024.1 million were invested in the transmission segment, R\$138.4 million were invested in the generation segment and R\$2.7 million in new businesses development.

6. Capital Markets

Alupar was listed on the São Paulo Stock Exchange - B3 on April 23, 2013. Its UNITS are traded under the code ALUP11 and are composed of 1 common share and 2 preferred shares (1 UNIT = 1 ON + 2 PN).

Alupar's units (B3: ALUP11) ended 2022 at R\$ 28.24, an appreciation of 17.2% compared to the end of 2021. In the same period, the Electricity Index (IEE) appreciated by 3.1% and the Ibovespa index an appreciated by 4.7%. The Company's market capitalization, as of December 31, 2022, reached R\$8.3 billion.

Alupar Units (ALUP11) performance charts compared to Ibovespa (IBOV) and Electric Power Companies Index (IEE):



Throughout 2022, Alupar's Units had an average daily trading volume on B3 of BRL 25.6 million, against an average daily trading volume of BRL 22.2 million in 2021.

Management report

7. People management

The employees are considered strategic partners in exceeding the targets set by Alupar, whose main challenge is to retain this important asset - the human being. Alupar has been continuously concerned with the well-being of its employees, and for this reason has developed a Benefits Policy that is part of the Integrated Human Resources Management, with an approach that adds value to the Company's business. This policy is designed to promote the recognition and integration among employees, aiming at expanding and appreciating the Company's human capital. In order to attain its goals, the HR department drives its efforts to:

- Developing and retaining key personnel;
- Preparing managers for people management;
- Managing the organizational climate and establishing monitoring plans on improving the climate.

8. Social and environmental responsibility

Reinforcing our commitment to sustainability, since 2021, Alupar has been a signatory to the UN Global Compact. As a signatory, it is committed to following the ten universal principles and contributing to the 17 Sustainable Development Goals (SDGs). In order to maximize our impact, in 2022 we constituted the Sustainability Committee and prioritized the SDGs for the company (SDG 4, SDG 7, SDG 8, SDG 12, SDG 15), which will be part of our sustainability strategy.

In the social pillar, Alupar believes in building a more just and humane society. In this way, it is engaged in the development of social projects that bring significant improvements to the lives of the members of the communities where it operates: such as centers dedicated to artistic creation, cultural incentive and social development. In this sense, aiming to minimize and monitor the interference that its projects may generate in the lives of members of the communities where it operates, the Company develops educational and informative actions, covering both public health and environmental issues.

9. Macroeconomic scenario

The accelerated pace of growth observed in the first half of 2022, mainly resulting from the greater dynamism in the labor market due to the cooling of the Covid-19 pandemic, was interrupted throughout the second half of the year by the increase in uncertainties raised by economic agents facing international challenges (global inflationary pressures linked to supply chains, as well as the impacts of the conflict between Russia and Ukraine on international oil prices, with influence on the main components of inflation) and domestic challenges (election year and uncertainties regarding the fiscal trajectory, with greater pressure for spending and stimulus on demand). The scenario of deteriorating confidence indicators culminated, among other factors, in an increase of 4.50 p.p. in the Selic rate, which ended the year at 13.75% p.a.

The economic slowdown, following the deceleration in industrial production, trade and services indicators, led, in turn, to the accommodation of local inflation indices with a reduction of 4.27 p.p. in the Broad Consumer Price Index (IPCA) which ended 2022 at 5.79% compared to 10.06% recorded in 2021 and the General Market Price Index (IGPM) recorded 5.45% in 2021, against 17.79 % last year. Even so, the indicators remained above the range compatible to the inflation target, preventing the start an interest rate reduction cycle.

Finally, despite the current challenges, market estimates point to a positive GDP in 2022.

10. Relationship with the independent Auditors

In compliance with CVM Instruction 381/2003, we hereby inform that we hired Ernst & Young Global Limited ("EY") to provide audit services for our individual and consolidated financial statements, as well as reviews of quarterly information ("ITR"), prepared in accordance with the accounting practices adopted in Brazil and the international accounting standards International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB"). We adopted the rotation system of Independent Auditors with a periodicity of five years, and the services provided by Ernst & Young Global Limited ("EY") were contracted for the period of 2019 – 2023. The remuneration of the independent auditors for the fiscal year ended December 31, 2022 corresponds to the amount of BRL 2,004,933.31 referring to the service related to the independent audit of the financial statements for the year 2022 and the Quarterly Information ("ITR") of Alupar Investimento S.A..

Management report

11. Social Balance

	Consolidated							
	12/31/2022				12/31/2021			
Calculation basis								
Net operating revenue (NOR)	3,833,708				5,234,208			
Operating income (OI)	2,865,955				3,780,012			
Gross payroll (GP)	207,053				189,120			
Total value added (TVA)	3,865,979				4,868,013			
Internal social indicators								
		% sobre				% sobre		
		FPB	RL	VAT		FPB	RL	VAT
Statutory charges	37,918	18.31%	0.99%	0.98%	36,464	19.28%	0.70%	0.75%
Healthcare and transportation voucher	14,469	6.99%	0.38%	0.37%	12,584	6.65%	0.24%	0.26%
Private pension plan	3,020	1.46%	0.08%	0.08%	2,077	1.10%	0.04%	0.04%
Education	555	0.27%	0.01%	0.01%	864	0.46%	0.02%	0.02%
Supermarket voucher	10,133	4.89%	0.26%	0.26%	8,577	4.54%	0.16%	0.18%
Others	8,649	4.18%	0.23%	0.22%	7,800	4.12%	0.15%	0.16%
	74,744	36.10%	1.95%	1.93%	68,366	36.15%	1.31%	1.40%
External social indicators								
		% sobre				% sobre		
		LO	RL	VAT		LO	RL	VAT
Donations and contributions	3,350	0.12%	0.09%	0.09%	2,605	0.07%	0.05%	0.05%
Culture incentive projects	2,521	0.09%	0.07%	0.07%	2,924	0.08%	0.06%	0.06%
Technological research and development	26,412	0.92%	0.69%	0.68%	21,868	0.58%	0.42%	0.45%
Taxes excluding social charges	692,928	24.18%	18.07%	17.92%	1,322,574	34.99%	25.27%	27.17%
	725,211	25.30%	18.92%	18.76%	1,349,971	35.71%	25.79%	27.73%
Environmental indicators								
		% sobre				% sobre		
		LO	RL	VAT		LO	RL	VAT
Investments related to company activities								
Environment protection projects	6,645	0.23%	0.17%	0.17%	5,499	0.15%	0.11%	0.11%
Environment education projects in communities	725	0.03%	0.02%	0.02%	660	0.02%	0.01%	0.01%
Environmental permits	301	0.01%	0.01%	0.01%	915	0.02%	0.02%	0.02%
Expropriation of land	1,135	0.04%	0.03%	0.03%	9,601	0.25%	0.18%	0.20%
Vegetation management	1,971	0.07%	0.05%	0.05%	9,065	0.24%	0.17%	0.19%
	10,777	0.38%	0.28%	0.28%	25,741	0.68%	0.49%	0.53%
Workforce indicators								
Employees at the end of the period	851				781			
Employees' education level								
Higher education	443				382			
High School	408				399			
Employees' age								
Under 30 years	102				111			
From 30 to 45 years	554				484			
Over 45 years	195				186			
Employees higher for the year	219				131			
Women working for the company	226				167			
Black people working for the company	188				149			
Impaired employees	4				11			
Interns	3				1			
Significant information for corporate citizenship								
Relation between the highest and lowest salaries paid by the company	24.4				29.1			
Work accident	1				-			

Analysis of Consolidated Result

Net Operational Revenues - IFRS

Alupar and its subsidiaries registered **R\$ 732.3 mm** as Net Revenues in 4Q22, compared to **R\$ 1,127.9 mm** recorded reported in the same period of 2021.

Net Revenue (R\$ MM)							
	3Q22	4Q22	4Q21	Var.%	2022	2021	Var.%
Operation and Maintenance Revenue	151.2	150.3	113.6	32.3%	566.6	431.6	31.3%
Infrastructure Revenue	28.4	64.5	90.9	(29.1%)	250.5	1,032.9	(75.8%)
Remuneration of Concession Assets	376.4	430.0	881.6	(51.2%)	2,737.5	3,541.0	(22.7%)
Energy Supply	167.2	182.5	207.0	(11.8%)	695.4	797.6	(12.8%)
Gross Revenue – IFRS	723.1	827.4	1,293.1	(36.0%)	4,250.0	5,803.2	(26.8%)
Deductions	70.5	95.1	165.2	(42.4%)	416.3	569.0	(26.8%)
Net Revenue – IFRS	652.7	732.3	1,127.9	(35.1%)	3,833.7	5,234.2	(26.8%)

(a) reduction of **R\$ 441.3 mm** in transmission companies revenues, mainly due to:

(i) reduction of **R\$ 26.4 mm** in **Infrastructure Revenues**, as follows:

Transmitters					
Infrastructure Revenue	ESTE	TSM	ELTE	Others Transmitters	Total
4Q22	-	-	56.2	8.3	64.5
4Q21	2.0	83.8	5.2	(0.1)	90.9
Variations	(2.0)	(83.8)	51.0	8.4	(26.4)

(ii) Reduction of **R\$ 451.6 mm** in **Revenues from Remuneration of Concession Assets**, which totaled **R\$ 430.0 mm** in 4Q22, against **R\$ 881.6 mm** recorded in 4Q21.

This variation is mainly due to a decrease in the monetary correction of contractual assets, following the variation in the inflation indexes as demonstrated below:

- General Price Index - Market ("IGP-M"): 4Q22: -1.09% (4Q21: 1.54%)
- Broad Consumer Price Index ("IPCA"): 4Q22: 1.63% (4Q21: 2.96%)

(b) reduction of **R\$ 24.5 mm** in **Revenues from Energy Supply**, as detailed below:

Energy Supply	Generation Combined			Alupar Trading			Intercompany Eliminations			Generation Consolidated		
4Q22	MWh	Price	Value	MWh	Price	Value	MWh	Price	Value	MWh	Price	Value
ACR (Long Term Contract)	395,750	240.88	95,330	44,805	210	9,409				440,555	237.74	104,739
ACL (Short Term Contract)	218,802	340.63	74,531				(88,099)	242.44	(21,359)	130,703	406.82	53,172
Trading	145,608	138.44	20,157	21,679	153.11	3,319				167,287	140.34	23,477
Related Parties	223	78.92	18	24,171	55.69	1,346	(24,394)	55.90	(1,364)			-
CCEE			1,076			85						1,161
Total			191,111			14,159			(22,722)			182,548

Energy Supply	Generation Combined			Alupar Trading			Intercompany Eliminations			Generation Consolidated		
4Q21	MWh	Price	Value	MWh	Price	Value	MWh	Price	Value	MWh	Price	Value
ACR (Long Term Contract)	482,907	177.87	85,895							482,907	177.87	85,895
ACL (Short Term Contract)	255,655	246.41	62,995				(88,099)	220.27	(19,405)	167,556	260.15	43,590
Trading	195,298	208.39	40,698	200,225	123.39	24,706				395,523	165.36	65,404
Related Parties	80,496	410.38	33,034	9,413	149.05	1,403	(89,909)	383.02	(34,437)	-	-	0
CCEE			11,890			242				-		12,132
Total			234,512			26,351			(53,843)			207,020
Variations			(43,401)			(12,192)			31,119			(24,472)

Costs of Services - IFRS

In 4Q22, Cost of Services totaled **R\$ 197.5 mm**, down 42.0% compared **R\$ 340.6 mm** recorded in 4Q21. Below are the main variations for this accounting line:

(a) reduction of **R\$ 204.4 mm** in **Infrastructure Costs**. The main impacts are presented below:

Transmitters						
Infrastructure Cost	TCC	TSM	ESTE	ELTE	Others Transmitter	Total
4Q22	-	-	(0.0)	58.1	3.0	61.2
4Q21	1.9	195.5	61.1	6.6	0.4	265.5
Variations	(1.9)	(195.5)	(61.1)	51.5	2.7	(204.4)

(b) reduction of **R\$ 25.9 mm** in **Energy Purchased for Resale**, as described below:

Energy Purchase	Generation Combined			Alupar Trading			Intercompany Eliminations			Generation Consolidated		
4Q22	MWh	Price	Value	MWh	Price	Value	MWh	Price	Value	MWh	Price	Value
Trading	(114,816)	79.54	(9,132)	(2,976)	55.78	(166)				(117,792)	78.94	(9,298)
CCEE			(2,747)			(21)						(2,768)
Related Parties	(24,172)	55.70	(1,346)	(88,322)	242.03	(21,377)	112,493	202.00	22,723	-	-	-
Taxes			965			2,272						3,237
Total			(12,261)			(19,292)			22,723			(8,829)

Energy Purchase	Generation Combined			Alupar Trading			Intercompany Eliminations			Generation Consolidated		
4Q21	MWh	Price	Value	MWh	Price	Value	MWh	Price	Value	MWh	Price	Value
Trading	(136,373)	193.48	(26,386)	(44,160)	207.00	(9,141)	-	-	-	(180,533)	196.79	(35,527)
CCEE			(2,008)									(2,008)
Related Parties	(9,413)	149.11	(1,404)	(168,595)	311.03	(52,438)	(178,008)	(302.48)	53,843	(356,016)	-	2
Taxes			(333)			3,136						2,803
Total			(30,130)			(58,443)			53,843			(34,730)
Variations			17,870			39,151			(31,120)			25,901

(c) **R\$ 83.6 mm** increase in **Costs of Services Provided**, mainly due to:

(+) a **R\$ 71.3 mm** increase in **Costs of Services Provided**, which registered **R\$ 30.2 mm** expenses in this quarter against a positive balance of **R\$ 41.1 mm** recorded in 4Q21. Such non recurring positive balance recorded in 4Q21 derives from acknowledgment of the extension rights of the Grants, due to the signature of the Terms of Acceptance, according to the Homologatory Resolutions No. 2,919 and No. 2,932 that ratified the extension period of the grants of the hydroelectric plants participating in the Energy Reallocation Mechanism - MRE. Below is the breakdown of financial recognition by plant:

GRANTS EXTENSION					
Asset	Signature Contract / Authorization	Homologatory Resolution	Extension (number of days)	Final Concession	Final Impact Extension Rights
Queluz	04/07/2004	nº 2,919	1,467	04/13/2038	R\$ 5.6 mm
Lavrinhas	04/07/2004	nº 2,919	1,468	04/14/2038	R\$ 7.0 mm
Verde 08	10/24/2012	nº 2,919	161	11/23/2044	R\$ 0.7 mm
Foz do Rio Claro	08/15/2006	nº 2,932	1,953	12/20/2046	R\$ 18.9 mm
Ijuí	08/15/2006	nº 2,932	1,648	02/18/2046	R\$ 13.1 mm
Ferreira Gomes	11/09/2010	nº 2,932	584	06/16/2047	R\$ 17.4 mm
Total					R\$ 62.8 mm

(+) **R\$ 10.9 mm** transmission segment, being:

(+) R\$ 2.5 mm following the comercial start-up of TSM and ESTE transmission companies;

(+) R\$ 5.8 mm in ETSE, EATE, ETEP, EBTE, STC and ERTE transmission companies mainly due to a 10.07% impact from labor agreement registered in 3Q22.

The composition of Costs is presented below:

Cost of Service R\$ (MM)							
Operating Costs	3Q22	4Q22	4Q21	Var.%	2022	2021	Var.%
Cost of Services Rendered	66.5	78.3	(5.3)	-	255.2	141.9	79.8%
Energy Purchased for Resale	14.2	8.8	34.7	(74.6%)	42.5	146.2	(70.9%)
Charges of Electric Grid – CUST	10.7	11.4	9.2	23.7%	40.5	34.6	17.2%
Hydro Resources – CFURH	2.3	1.4	1.6	(14.7%)	9.6	9.1	4.8%
Infrastructure Cost	37.7	61.2	265.5	(77.0%)	203.1	933.3	(78.2%)
Depreciation / Amortization	35.3	36.4	34.8	4.7%	141.7	134.5	5.4%
Total	166.7	197.5	340.6	(42.0%)	692.7	1,399.6	(50.5%)

Operating Expenses - IFRS

In 4Q22, Operating Expenses totaled **R\$ 49.0 mm**, against **R\$ 44.5 mm** recorded in 4Q21.

The **R\$ 4.4 mm** variation in such group is due to:

(a) reduction of **R\$ 6.2 mm** in **General and Administrative** line, mainly due to:

(-) R\$ 2.5 mm in Alupar - Holding, following the write-off of discontinued projects in 4Q21;

(-) R\$ 3.4 mm in EBTE, Transleste, Transudeste and Transirapé transmission companies as in 4Q21 there were non recurring expenses associated to attorney fees.

(b) **R\$ 4.6 mm** increase in **Personnel and Management** line, being:

(+) R\$ 0.9 mm in Alupar – Holding due to headcount increase and the constitution of the Fiscal Council;

(+) R\$ 0.9 mm in Verde 08 SHPP due to an increase in headcount;

(+) R\$ 1.5 mm following TSM and ESTE transmission companies commercial start-up;

(+) R\$ 0.7 mm in La Virgen given that personnel expenses until 2Q22 were registered into Administrative and General account. Thus, this account did not show any amount in 4Q21, showing balance in 4Q22.

(c) **R\$ 6.8 mm** in **Others line**, mainly due to a R\$7.4 mm increase EBTE transmission company, resulting from provisions with land compensation.

Expenses details are presented below:

Operating Expenses R\$ (MM)							
Operating Expenses	3Q22	4Q22	4Q21	Var.%	2022	2021	Var.%
General and Administrative	19.6	17.4	23.6	(26.3%)	59.1	57.3	3.0%
Personnel and Management	20.0	26.1	21.5	21.2%	87.1	71.5	21.8%
Equity Pickup	(1.9)	(1.6)	(0.5)	-	(6.0)	(5.3)	13.5%
Others	(3.6)	5.7	(1.1)	-	127.1	(74.1)	-
Depreciation / Amortization	1.5	1.5	1.1	35.2%	7.8	5.1	54.8%
Total	35.6	49.0	44.5	10.0%	275.1	54.6	-

EBITDA - IFRS

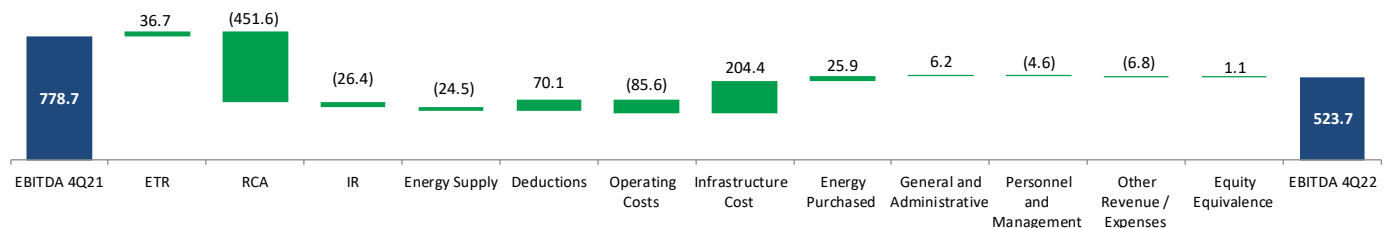
In 4Q22 EBITDA totaled **R\$ 523.7 mm**, compared to **R\$ 778.7 mm** registered in 4Q21.

The EBITDA Composition is shown below:

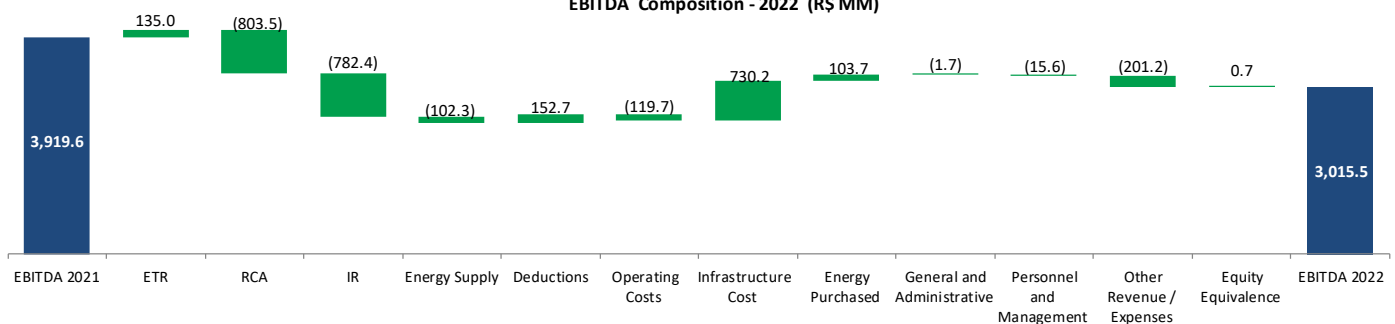
EBITDA - IFRS (R\$ MM)							
	3Q22	4Q22	4Q21	Var.%	2022	2021	Var.%
Net Revenue - IFRS	652.7	732.3	1,127.9	(35.1%)	3,833.7	5,234.2	(26.8%)
Operating Costs	(79.6)	(91.1)	(5.5)	-	(305.3)	(185.6)	64.5%
Infrastructure Costs	(37.7)	(61.2)	(265.5)	(77.0%)	(203.1)	(933.3)	(78.2%)
Energy Purchase	(14.2)	(8.8)	(34.7)	(74.6%)	(42.5)	(146.2)	(70.9%)
Operating Expenses	(36.0)	(49.1)	(44.0)	11.6%	(273.2)	(54.8)	-
Equity Pickup	1.9	1.6	0.5	-	6.0	5.3	13.5%
EBITDA	487.2	523.7	778.7	(32.7%)	3,015.5	3,919.6	(23.1%)
EBITDA Margin	74.6%	71.5%	69.0%	2.5 p.p	78.7%	74.9%	3.8 p.p
Adjusted EBITDA Margin*	79.2%	78.0%	90.3%	(12.3 p.p)	83.1%	91.1%	(8.0 p.p)

* Subtracted from Net Revenue the Capex made (Infrastructure Cost)

EBITDA Composition - 4Q22 (R\$ MM)



EBITDA Composition - 2022 (R\$ MM)



Notas: OMR – Operation and Maintenance Revenue / RCA – Revenue from Remuneration of Concession Assets / IR – Infrastructure Revenue

Financial Result

Totaled **R\$ (217.1) mm** in 4Q22, against **R\$ (216.6) mm** recorded during the same period of last year.

The variation in financial result is mainly explained by:

(a) **R\$ 8.9 mm** increase in Financial Revenues, being:

(-) **R\$ 17.9 mm** in Queluz and Lavrinhas SHPPs, given that in 4Q21 a non recurring revenue of **R\$ 18.3 mm** was registered as interests / monetary adjustments on accounts receivables, related to open balance of invoices.

(+) **R\$ 26.8 mm** in other subsidiaries, basically by the appreciation in the average rate of interbank deposits ("CDI"), which registered 3.20% in 4Q22, against 1.82% in 4Q21.

(b) **R\$ 9.5 mm** increase in Financial Expenses, mainly impacted by:

(+) **R\$ 26.8 mm** following the comercial start-up of TSM and ESTE transmission companies

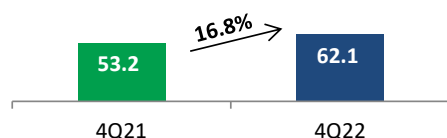
(+) **R\$ 7.9 mm** in Foz do Rio Claro HPP, associated to the 1st debentures issuance, in October, 2021, in the amount of R\$ 600.0 mm, at the cost of CDI +1,70%;

(-) **R\$ 25.1 mm** basically associated to indexes variation, as follows:

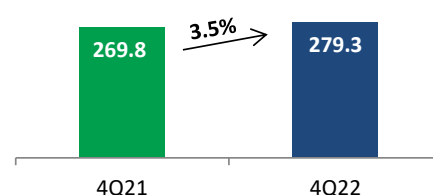
(i) the reduction the Broad Consumer Price Index ("IPCA"), which registered a inflation of 1.63% in 4Q22, against 2.96% recorded in 4Q21 and;

(ii) the appreciation in the average rate of interbank deposits ("CDI"), which registered 3.20% in 4Q22, against 1.82% in 4Q21.

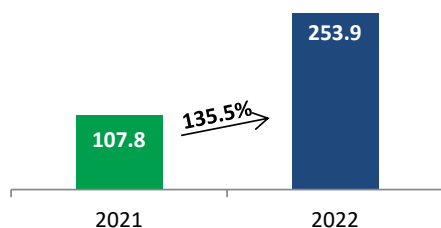
Financial Revenues (R\$ MM)



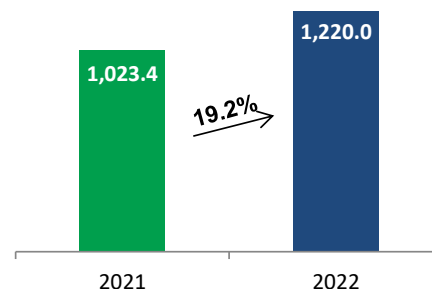
Financial Expenses (R\$ MM)



Financial Revenues (R\$ MM)



Financial Expenses (R\$ MM)



Net Income – IFRS

In 4Q22, Net Income totaled **R\$ 191.8 mm**, compared to **R\$ 219.3 mm** recorded in 4Q21.

Such variation results from:

(a) reduction of **R\$ 255.0 mm** in **EBTIDA**, as previously detailed in “EBITDA – IFRS” section;

(b) reduction of **R\$ 208.0 mm** in **IR/CSLL taxes**, as detailed at the table below:

• Transmission:

IR / CSLL Taxes	Transmitters									Total
	TCC	TPE	EBTE	TSM	ETB	EATE	STN	ESTE	Others Transmitters	
4Q22	(41.0)	(10.6)	(16.2)	6.7	(5.3)	7.2	7.8	3.4	17.5	(30.4)
4Q21	16.8	26.9	4.1	26.5	11.7	22.9	(8.3)	(13.6)	43.6	130.7
Variations	(57.8)	(37.5)	(20.3)	(19.8)	(17.0)	(15.7)	16.1	17.0	(26.1)	(161.1)

• Generation and Others:

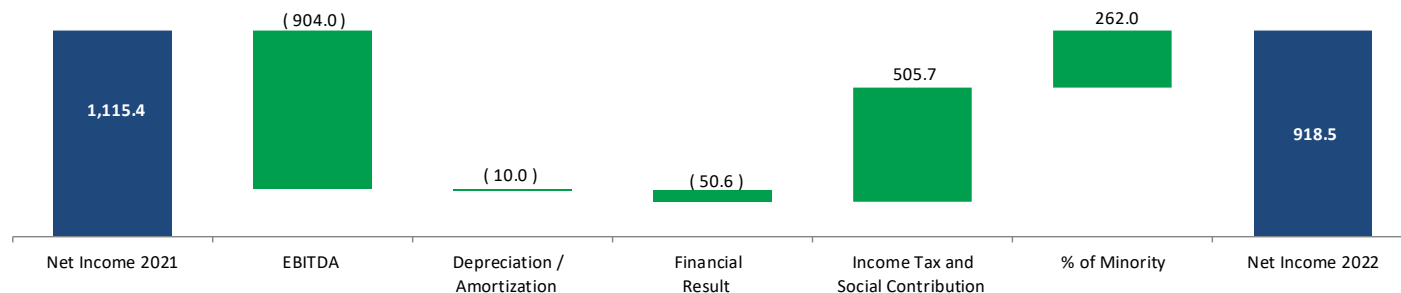
IR / CSLL Taxes	Generation					Holdings	Service	Eliminations	Total
	FRC	FGE	Queluz	Lavrinhas	Others Generation				
4Q22	(2.7)	1.6	2.7	2.5	2.9	5.9	(0.9)	(19.8)	(7.8)
4Q21	10.2	11.6	9.6	9.6	4.4	(6.7)	0.4	-	39.1
Variations	(12.9)	(10.1)	(6.8)	(7.2)	(1.5)	12.6	(1.3)	(19.8)	(46.9)

The composition of Net Income is presented below:

Net Income Composition 4Q22 (R\$ MM)



Net Income Composition 2022 (R\$ MM)





Allocation of the Company's Results

➤ Dividends:

On March 2, 2023, the Company's Board of Directors recommended the distribution of dividends in the amount of **R\$421,973,401.92**, corresponding to **R\$0.48** per common and preferred share issued by the Company, equivalent to **R\$1.44** per Unit.

Pursuant to the new Dividend Policy approved in December 2022, dividends will be paid in a single installment, within 60 days from the approval at the next Ordinary General Meeting to be held on April 17, 2023.

The allocation of the Company's Results is detailed below:

12/31/2022	R\$ MM
Net income for the year	918.5
(-) Legal Reserve (5%)	(45.9)
Balance available for allocation	872.5
Constitution of unrealized profit reserve	(209.3)
Mandatory Dividends	(8.8)
Remaining balance at the disposal of the General Meeting	654.4
Dividends declared on unrealized profit reserve	413.2
Total Dividends	422.0

During the year 2022, the Company paid part of the mandatory dividends previously allocated to the Unrealized Earnings Reserve account, as such realization was originated from dividends received from subsidiaries, in the amount of R\$ 413,182 thousand, which was then reclassified as "Dividends Payable", in pursuant to article 202, item III of Law 6,404/76.

Pursuant to article 202, item II, of Law 6,404/76, the amount of minimum mandatory dividend shall be limited to the amount of net income for the year that has been realized, provided that the difference is recorded as reserve for unrealized profits (art. 197 of the same law).

For the year 2022, the Company's Management determined that the net income for the year ended December 31, 2022, derives from the positive equity pickup result (unrealized), therefore, the Company constituted a 25% Unrealized Earnings Reserve of net income for the year, which correspond to the minimum mandatory dividend for that year, in the amount of R\$ 209,344 thousand. The mandatory minimum dividend of 25% of the realized portion of the net income on December 31, 2022 corresponds to the amount of R\$ 8,791 thousand.

Stock Bonus:

On March 2, 2023, the Board of Directors recommended, for approval at the Annual and Extraordinary General Meeting, the increase in the Company's Capital Stock, in the amount of R\$ 328,787,607.50 through the capitalization of part of the Company's Investments Reserves, at the same amount, with the issuance of 35,164,450 new shares, all registered, book-entry and without par value, respecting the current proportion of the Company's capital stock between common shares and preferred shares, to be distributed as stock bonus to shareholders and Units holders in the proportion of 4 new shares for every 100 existing shares (4.0% ratio), independently of the shares classes, pursuant to article 169 of the Brazilian Corporate Law. The value attributed to the stock bonus will be R\$9.35 per share, independently of the shares classes and equivalent to R\$28.05 per Unit

The current and post stock bonus shareholders base is demonstrated below:

Current Scenario¹:

SHAREHOLDER	ORDINARY SHARES	%	PREFERRED SHARES	%	TOTAL	%
Guarupart	445,995,367	74.71%	1,676,184	0.59%	447,671,551	50.92%
Cime	10,910,266	1.83%	-	-	10,910,266	1.24%
Free Float*	140,050,335	23.46%	280,479,102	99.41%	420,529,437	47.84%
Total	596,955,968		282,155,286		879,111,254	

¹Considering the cancellation of shares held in treasury

Post Stock Bonus Scenario:

SHAREHOLDER	ORDINARY SHARES	%	PREFERRED SHARES	%	TOTAL	%
Guarupart	463,835,182	74.71%	1,743,231	0.59%	465,578,413	50.92%
Cime	11,346,677	1.83%	-	-	11,346,677	1.24%
Free Float*	145,652,348	23.46%	291,698,266	99.41%	437,350,614	47.84%
Total	620,834,207		293,441,497		914,275,704	
Amount of New Shares	23,878,239		11,286,211		35,164,450	



Investments

In 4Q22 total investments reached **R\$ 394.2 mm** in our companies, as R\$ 154.9 mm were invested in transmission segment, R\$ 237.5 mm in generation segment, and R\$ 1.7 mm in new businesses development, compared to **R\$ 342.0 mm** recorded in 4Q21, when R\$ 260.2 mm were invested in transmission segment, R\$ 81.7 mm were deployed in generation segment and R\$ 0.2 mm in new businesses development.

Total investments deployed in this quarter reflects, mainly, the implementation of ELTE and TCE transmission assets which totaled **R\$ 151.9 mm** besides Agreste Potiguar, UFV Pitombeira and La Virgen generation assets which in turn totaled **R\$ 233.4 mm**.

	Investments (R\$ MM)			
	4Q22	4Q21	2022	2021
Transmission*	154.9	260.2	543.3	1,024.1
ELTE	58.1	6.6	143.6	10.4
TCC	-	1.9	-	149.8
TCE	93.7	(5.4)	340.1	90.8
ESTE	-	61.1	57.0	281.6
TSM	-	195.5	-	477.9
ETB	-	-	-	4.8
Others	3.0	0.4	2.6	8.9
Generation	237.5	81.7	566.7	138.4
La Virgen	51.9	(0.3)	52.0	37.9
Eol. Agreste Potiguar	25.0	77.4	327.8	85.4
Pitombeira	156.5	-	174.9	-
Outros	4.2	4.5	12.0	15.1
Holding	1.7	0.2	6.1	2.7
Total	394.2	342.0	1,116.1	1,165.2

* With the exception of TCE, the investment value of the transmission companies is exactly the amount recorded as infrastructure cost.

Indebtedness

Alupar - Holding:

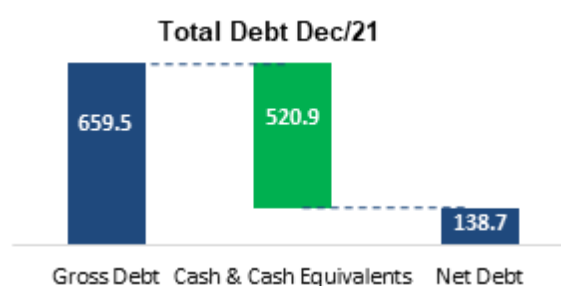
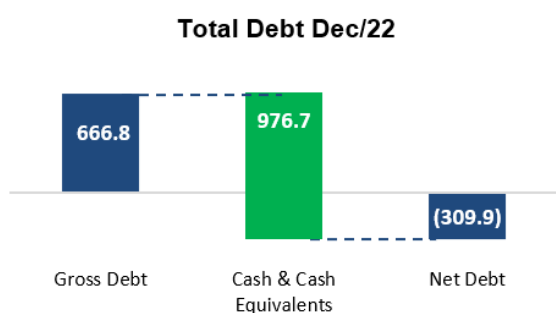
In 4Q22, Alupar – Holding Gross Debt totaled **R\$ 666.8 mm**, compared to **R\$ 659.5 mm** registered in Dec/21.

Such variation is explained by:

- (i) provision for charges, totaling **R\$ 26.2 mm**;
- (ii) provision for monetary variation, in the amount of **R\$ 61.4 mm**;
- (iii) payment of charges, in the amount of **R\$ 80.3 mm**.

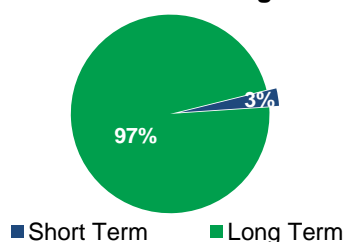
Cash and cash equivalents and short-term investments at Alupar - Holding totaled **R\$ 976.7 mm**, R\$ 455.8 mm higher compared **R\$ 520.9 mm** registered in Dec/21. This variation is mainly explained by:

- (i) Cash generated from Commission on endorsement in the amount of **R\$ 97.3 mm**;
- (ii) dividends received from subsidiaries, in the amount of **R\$ 935.1 mm**;
- (iii) dividend payment (1st, 2nd and 3rd Tranches) in the amount of **R\$ 360.4 mm**;
- (iv) acquisition of stake in the amount of **R\$ 288.8 mm** (TPE: R\$ 26.4 mm) / (TSM: R\$ 6.4 mm) / (IJUÍ: R\$ 256.0 mm);
- (v) sale of interest in subsidiary Ijuí Energia to Foz do Rio Claro Energia, in the amount of **R\$ 186.5 million**;
- (vi) capital reduction in investees, totaling **R\$ 45.9 million**;
- (vii) payment of interest on the VII Issuance of debentures by Alupar – Holding, in the amount of **R\$ 80.3 mm** and;
- (viii) contributions of **R\$ 63.3 mm** made to the projects. Below the main:
 - (vii.i) **R\$ 14.7 mm** in TSM transmission company; (vii.ii) **R\$ 19.9 mm** TNE transmission company; (vii.iii) **R\$ 4.1 mm** for Alupar Peru, responsible for the implementation of La Virgen HPP; (vii.iv) **R\$ 23.0 mm** in UFV Pitombeira.

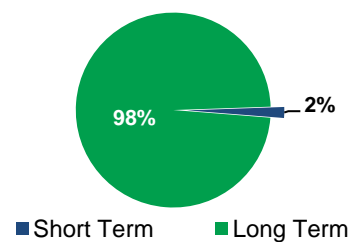


The gross debt of Alupar - Holding consists of 7th Debentures Issuance, indexed by CDI, with a very long profile, with maturing in 2024 and 2025. Below is the debt profile for Alupar – Holding:

Alupar Debt Profile - Holding Dec/22



Alupar Debt Profile - Holding Dec/21



For more information on the Indebtedness of Alupar - Holding, please refer to Explanatory Notes 19 “Loans and Financing” and 20 “Debentures” in the financial statements.

Consolidated:

Consolidated gross debt for Alupar and its subsidiaries totaled **R\$ 11,636.1 mm** in 4Q22, compared to **R\$ 10,047.8 mm** registered in Dec/21. This variation is mainly explained by:

- (i) **R\$ 7.3 mm** increase in Alupar - Holding, as previously explained;
- (ii) new funding, in the amount of **R\$ 2,627.2 mm**, the main ones being in the companies EATE (R\$ 109.4 mm), ECTE (R\$ 59.6 mm), ENTE (R\$ 29.8 mm), ETEP (R\$ 34.7 mm), EBTE (R\$ 44.7 mm), TME (R\$ 479.2 mm), ELTE (R\$ 500.0 mm), Eólicas Agreste Potiguar (R\$ 246.7 mm), UFV Pitombeira (R\$ 199.5 mm), Alupar Colômbia / TCE (R\$ 464.9 mm), La Virgen (R\$ 458.6 mm);
- (iii) provisions for charges and monetary variations of subsidiaries, totaling **R\$ 1,154.7 mm**;
- (iv) payments of debt charges of subsidiaries, in the amount of **R\$ 734.8 mm**;
- (v) amortization of subsidiaries' debts, in the amount of **R\$ 1,351.2 mm**;
- (vi) reduction of **R\$ 114.8 mm**, due to the exchange rate variation in the debts of La Virgen HPP and Morro Azul SHP (Risaralda).

Cash (cash equivalents / short-term investments / marketable securities) totaled **R\$ 2,825.2 mm** in 4Q22, R\$ 772.9 mm higher than **R\$ 2,052.3 mm** registered in Dec/21.

Net debt recorded in 4Q22 totaled **R\$ 8,810.9 mm**, compared to **R\$ 7,995.5 mm** registered in Dec/21.



In 4Q22, short-term debt totaled **R\$ 1,151.0 mm** (9.9% of total debt), compared to **R\$ 951.2 mm** registered in Dec/21.

From the 9.9% of short-term debt, 41.1% or R\$ 472.7 mm refers to bridge loans.

Of the consolidated gross debt: (i) **R\$ 666.8 mm** refers to Alupar – Holding; (ii) **R\$ 9,460.0 mm** is allocated to operating companies, which have a payment flow compatible with their respective cash generation and; (iii) **R\$ 1,509.3 mm** refers to projects under implementation (TCE / Alupar Colombia: R\$ 541.6 mm / Agreste Potiguar Wind Farm: R\$ 247.7 mm / UFV Pitombeira: R\$ 207.0 mm / ELTE: R\$ 513.0 mm);

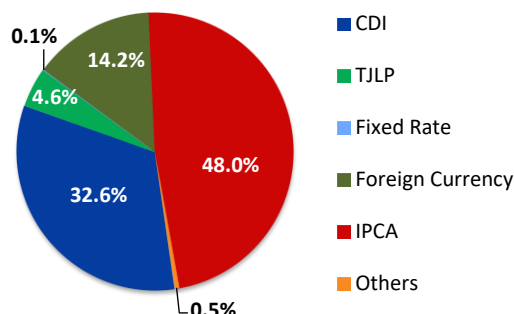
In 4Q22, debenture issuances corresponded to **R\$ 9,916.5 mm** or 78.3% of total debt, being:

- (i) **R\$ 666.8 mm** in Alupar - Holding;
- (ii) **R\$ 7,729.7 mm** subsidiaries in operation and;
- (iii) **R\$ 720.0 mm** subsidiaries under implementation (UFV Pitombeira / ELTE Transmission Company).

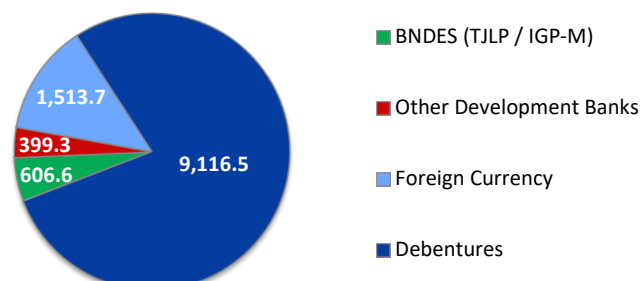
Debt in foreign currency totaled **R\$ 1,513.7 mm** or 13.0% of total debt, **R\$ 1,266.0 mm** of which is allocated to generation and transmission projects in Peru and Colombia.

For more information on the Indebtedness, please refer to Explanatory Notes 19 “Loans and Financing” and 20 “Debentures” in the financial statements.

Total Debt Breakdown by Index (%)

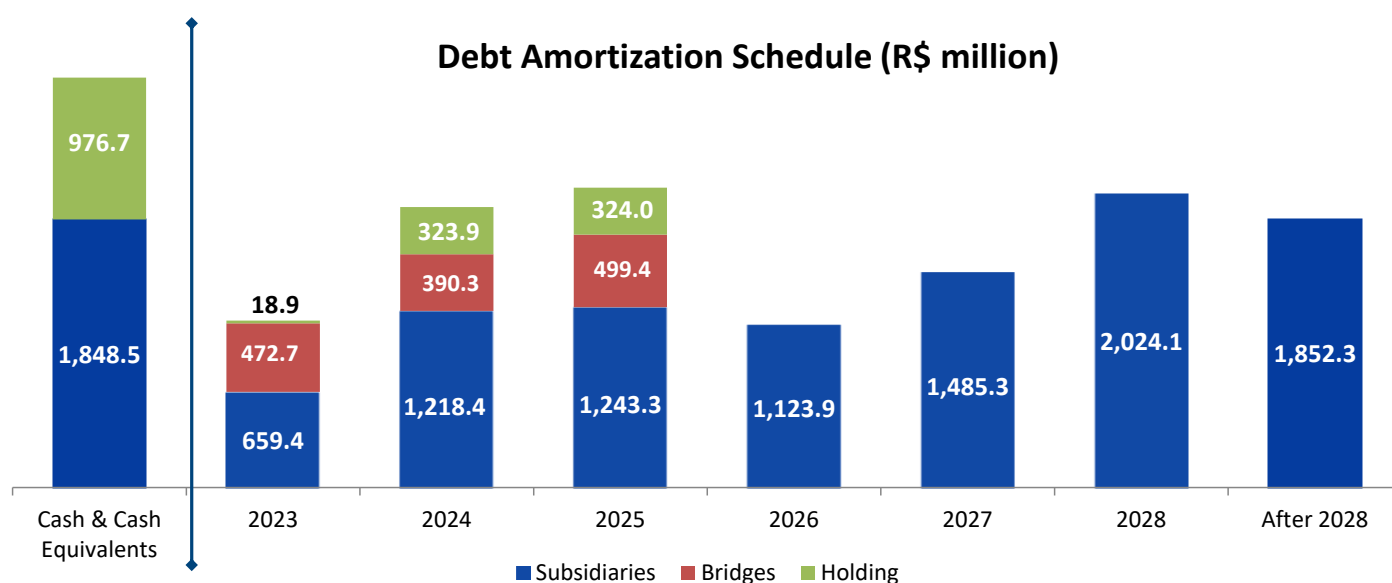


Total Debt Breakdown (in R\$ millions)



Alupar's consolidated debt profile is quite lengthy, consistent with the Company's low-risk business nature, high predictability of revenues and strong operating cash generation from the transmission and generation of electric power segments.

Debt Amortization Schedule (R\$ million)



BRIDGES (MM)	2023	2024	2025
La Virgen / Alupar Inversões	R\$ 95.6	R\$ 183.3	
Alupar Colômbia	R\$ 115.5		
Eólicas Agreste Potiguar	R\$ 247.7		
UFV Pitombeira		R\$ 207.0	
ELTE	R\$ 13.9		R\$ 499.4
TOTAL	R\$ 472.7	R\$ 390.3	R\$ 499.4

Fitch Ratings
 ✓ Corporate (National scale) **AAA**
 ✓ International Scale **BB**

A free translation from Portuguese into English of Independent Auditor's Report on Individual and Consolidated Financial Statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil and with International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board (IASB)

Independent auditor's report on the individual and consolidated financial statements

To the Shareholders, Board of Directors and Officers of
Alupar Investimento S.A.
São Paulo - SP

Opinion

We have audited the individual and consolidated financial statements of Alupar Investimento S.A. (the "Company"), identified as Individual and Consolidated, respectively, which comprise the statement of financial positions as of December 31, 2022, and the statements of income, of comprehensive income, of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial positions of the Company as at December 31, 2022, its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

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 principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by the Brazil's National Association of State Boards of Accountancy (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 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, and in forming our opinion on the individual and consolidated financial statements, and therefore, we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any comments on the results of our procedures, is provided in the context of the accounts taken as whole.

We have fulfilled the responsibilities described in the “Auditor’s responsibilities for the audit of the individual and consolidated financial statements” section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements on the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Measurement of contract asset

As disclosed in Note 3.5 to the financial statements, the Company estimate that even after the completion of the transmission infrastructure construction phase, there is still a contract asset for the consideration of the construction revenue, since it is necessary to satisfy the performance obligation to operate and maintain the transmission infrastructure so that the Company and its subsidiaries have an unconditional right to receive cash. As disclosed in Note 9, on December 31, 2022, the balance of contract asset was R\$18,357,810 thousand in the consolidated. The contract asset refers to the Company and its subsidiaries right to the consideration as a result of investments made in the transmission line infrastructure construction service, including costs incurred, construction margin, indemnification for unamortized assets at the end of the concession and revenue from remuneration of the concession assets.

Recognition of Company’s contract asset and construction revenue in accordance with CPC 47 (IFRS 15) – Revenue from contracts with customers, as disclosed in Note 3.13, requires the use a significant judgment, since the measuring the progress of the Company and its subsidiaries in meeting the performance obligation satisfied over time requires the use of significant estimates and judgments by management to estimate the efforts or inputs required to meet the performance obligation, such as materials, labor and expected profit margins, as well as the expected revenue projections, which requires estimates of the duration of the construction phase. Finally, because it is a long-term agreement, identifying the discount rate that represents the financial component embedded in the future receipt flow also requires the use of judgment by management. Given the materiality of the amounts and the significant judgment involved, we consider the measurement of the contract asset and the related revenues as a key audit matter.

How our audit addressed this matter

Our audit procedures included, among others: i) Evaluation of the adequacy of the accounting policies adopted by the Company, and understanding of the internal controls related to the recognition of revenues and costs related to the fulfill the agreement; (ii) analysis of margin determination in the projects under construction, related to the new service concession agreements, and to the projects of reinforcements and improvements to the existing electricity transmission facilities, verifying the methodology and assumptions adopted by the Company and its subsidiaries, to estimate the total construction cost, and the present value of future receipt flows, less the implicit interest rate that represents the financial component embedded in the receipt flow; (iii) with the assistance of specialists in financial modeling, an analysis of the methodology and calculations to determine the implicit discount rate used; (iv) analysis of the service concession agreement and its addenda to identify the performance obligations provided for in the agreement, in addition to variable component-related issues, applicable to the agreement price; (v) analysis of whether the infrastructure already built falls within the concept of contractual assets; (vi) analysis of allocation of the consideration provided for in the concession agreement to each of the performance obligations; (vii) analysis of the possible risk of penalties for construction delays or unavailability; (viii) analysis of the possible existence of an onerous contract ; (ix) analysis of the impacts arising from the Periodic Tariff Review (RTP), through inspection of the technical notes and public consultations issued by the regulatory agency, recalculation of the present value of the contractual flow of the concession assets, based on the new Annual Revenue Allowed (RAP) and checking of project disallowances and remuneration bases; (x) evaluation of the following aspects related to construction projects: (a) analysis of compliance with the physical schedule of construction in progress, including physical inspection on a sample basis, as well as checking for unusual items in the updated physical schedule of the work, with possible project changes, or changes in suppliers that may generate costs not captured by the controls of the Company and its subsidiaries; (b) evaluation of the variations between the initial budget and the updated budget of the construction in progress, and the reasons presented by the construction management for the deviations; and (c) if applicable, checking for evidence of insufficiency of costs to be incurred, to complete the construction stages of the project; (xi) analysis of communications with regulatory agencies related to the activity of electricity transmission and the securities market; and (xii) evaluation of disclosures made by the Company and its subsidiaries in the individual and consolidated financial statements.

Based on the result of the audit procedures conducted on measurement of the Company's contract asset, which is consistent with management's assessment, we consider that the criteria and assumptions for determining contract asset and related construction revenues adopted by management, as well as the respective disclosures in Notes 3.5, 3.13 and 9 are acceptable, in the context of the overall financial statements.

Impairment of property, plant and equipment

As disclosed in Note 12 to the financial statements as of December 31, 2022, the Company's Property, plant and equipment ("PPE") balance is totaled R\$ 5,324,416 thousand in the consolidated financial statements. The subsidiary Ferreira Gomes Energia S.A. has R\$1,309,529 thousand recorded as property, plant, and equipment, for which the assessment of recoverable amount involves significant management judgments in determining the assumptions used in the cash flow projections, including growth and discount rates.

This was considered a key audit matter, considering that the process of assessing the recoverability of these assets is complex and involves a high degree of subjectivity, and because it is based on various assumptions and estimates, based on projections and uncertain economic scenarios, which may cause significant changes in defining the recoverable amount of property, plant, and equipment and, consequently, in the balance recorded in the consolidated financial statements.

How our audit addressed this matter

Our audit procedures included, among others: (i) review of the model used to measure the recoverable amount and key assumptions used by the Company's subsidiary during the projection threshold, such as macroeconomic variables, expected growth rates, the investment level and working capital required, as well as the discount rate, volumes and price of the energy generated, with the involvement of valuation specialists, when applicable; (ii) comparison of prior year's projections with the respective results achieved in the current year, as a way of assessing the effectiveness of the business plans and the level of adherence of the projections made previously; and (iii) evaluation of the disclosures made by the Company in the notes 3.8 and 12 to the individual and consolidated financial statements, on the assumptions used in calculating the recoverability of referred to assets.

Based on the result of the audit procedures performed on the recoverability of PPE of subsidiary Ferreira Gomes Energia S.A., which is consistent with management's assessment, we consider that the criteria and assumptions adopted by management for determining the recoverable amount, as well as the respective disclosures in Note 12, are acceptable, in the context of the financial statements taken as a whole.

Other matters

Statements of value added

The individual and consolidated Statements of Value Added (SVA) for the year ended on December 31, 2022, prepared under the responsibility of Company management and presented as supplementary information for purposes of IFRS, were submitted to the audit procedures conducted together with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by NBC TG 09 - Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in abovementioned accounting pronouncement and are consistent in relation to the overall individual and consolidated financial statements.

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

Management is responsible for such other information, which comprise the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance 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 of the Management Report, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management 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 governance are responsible for overseeing the Company's and its subsidiaries' 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 are free of 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 based on these financial statements.

As part of an audit in accordance with Brazilian and International Auditing Standards, we exercised professional judgement and maintained professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement on the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve the override of internal control, collusion, forgery, intentional omissions, or misrepresentations.
- Obtained 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.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether 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.
- Evaluated 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.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated with those charged with governance regarding, among other matters, of the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that may have been identified during our audit.

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

From the matters communicated with those charged with governance, we are required to 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.

São Paulo, March 02, 2023

Ernst & Young Auditores Independentes S/S Ltda.
CRC-2SP034519/O

Eduardo Wellichen
Accountant - CRC-1SP184050/O

Alupar Investimento S.A.

Balance Sheets

December 31, 2022 and 2021

(All amounts in thousands of reais)

Note	Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
	1,256,601	912,364	5,373,445	4,400,677
5	343,170	65,529	850,481	377,119
6	633,531	455,336	1,836,607	1,553,503
7	-	-	1,304	971
8	12,788	10,452	448,279	391,698
30	217,481	341,754	75	75
29	46,980	28,706	115,655	65,067
	397	771	57,644	33,735
	-	-	9,201	8,245
	11	30	13,602	8,251
22	-	-	384	384
9	-	-	1,909,364	1,701,139
	2,243	9,786	130,849	260,490
	6,829,050	6,709,736	22,560,314	21,319,255
	39,289	216,329	16,790,143	16,176,533
8	-	-	52,922	24,533
7	-	-	136,790	120,695
29	-	-	3,187	3,489
	-	-	18,422	24,867
29	-	-	53,272	20,207
31	-	-	7,088	-
	-	-	6,723	11,303
22	914	815	15,854	15,478
9	-	-	16,448,446	15,902,984
30	30,324	215,433	-	-
	8,051	81	47,439	52,977
10	6,567,599	6,291,324	-	-
10	169,046	143,189	169,046	143,189
	7,016	7,731	7,016	7,731
12	1,807	1,850	5,324,416	4,710,238
13	44,293	49,313	269,693	281,564
	8,085,651	7,622,100	27,933,759	25,719,932

The accompanying notes are an integral part of these individual and consolidated financial statements.

Alupar Investimento S.A.

Balance Sheets

December 31, 2022 and 2021

(All amounts in thousands of reais)

Note	Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
	476,977	420,577	2,558,195	2,447,555
19	-	-	653,418	634,414
20	18,898	11,945	497,611	316,779
14	9,625	41,452	239,119	198,387
	6,238	6,421	45,325	44,866
29	7,516	-	100,195	65,553
17	-	-	53,767	54,596
	12,577	101	97,253	50,399
	145	195	8,531	9,706
18	-	-	170,347	138,539
30	421,978	360,439	552,380	568,412
	-	-	6,779	2,444
31	-	-	-	-
15	-	-	8,697	7,475
16	-	-	83,170	324,502
	-	24	41,603	31,483
	650,611	650,286	15,003,945	13,270,654
19	-	-	1,866,200	1,753,179
20	647,928	647,591	8,618,877	7,343,384
	606	1,044	36,263	38,707
31	-	-	8,860	-
	-	-	293	36,941
29	-	-	2,700,528	2,571,980
18	-	-	1,473,986	1,426,080
21	-	-	116,330	-
15	-	-	17,302	23,116
16	-	-	92,719	17,094
22	1,877	1,651	10,432	6,152
	200	-	62,155	54,021
	1,127,588	1,070,863	17,562,140	15,718,209
23	6,958,063	6,551,237	10,371,619	10,001,723
	2,981,996	2,981,996	2,981,996	2,981,996
	(65,225)	(65,225)	(65,225)	(65,225)
	16,966	81,259	16,966	81,259
	3,978,834	3,482,342	3,978,834	3,482,342
	45,492	70,865	45,492	70,865
11	-	-	3,413,556	3,450,486
	8,085,651	7,622,100	27,933,759	25,719,932

The accompanying notes are an integral part of these individual and consolidated financial statements.

Alupar Investimento S.A.

Statements of income

For the years ended December 31, 2022 and 2021

(All amounts in thousands of reais, except earnings per share)

Note	Company		Consolidated	
	Year ended		Year ended	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Operation and maintenance revenue, Infrastructure revenue, Power supply and Services provided	169,893	124,265	1,360,089	2,049,039
Concession asset payment	-	-	2,473,619	3,185,169
Net operating revenue	25	169,893	124,265	3,833,708
Power purchased for resale	26	(87,633)	(132,404)	(42,481)
Power grid charges (CUST)		-	-	(40,543)
Financial Compensation for the Use of Water Resources		-	-	(9,577)
Services provided	27	(897)	(1,240)	(396,910)
Infrastructure cost	27	-	-	(203,142)
Cost of services		(88,530)	(133,644)	(692,653)
Gross profit (loss)		81,363	(9,379)	3,141,055
Operating revenues (expenses)				
General and administrative expenses	27	(41,750)	(35,246)	(153,962)
Other revenues	25	(576)	1,987	75,458
Other expenses	27	-	-	(202,562)
Equity pick up of subsidiaries	10	896,203	1,128,061	5,966
		853,877	1,094,802	(275,100)
Income before finance income (costs) and taxes		935,240	1,085,423	2,865,955
Finance costs		(93,631)	(48,150)	(1,220,026)
Finance income		84,373	78,128	253,900
Finance income (costs)	28	(9,258)	29,978	(966,126)
Income before taxation		925,982	1,115,401	1,899,829
Current income tax and social contribution		(7,516)	-	(140,504)
Deferred income tax and social contribution		-	-	(95,452)
Taxes on income	29	(7,516)	-	(235,956)
Net income for the year		918,466	1,115,401	1,663,873
Attributed to controlling shareholders			918,466	1,115,401
Attributed to non-controlling interest	11		745,407	1,007,415
Basic and diluted earnings per common share	24		1.04477	1.26878
Basic and diluted earnings per preferred share	24		1.04477	1.26878

The accompanying notes are an integral part of these individual and consolidated financial statements.

Alupar Investimento S.A.

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(All amounts in thousands of reais)

Note	Company		Consolidated	
	Year ended		Year ended	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Net income for the year	918,466	1,115,401	1,663,873	2,122,816
Other comprehensive income	23			
Items that will be reclassified for the result:				
Accumulated conversion adjustments	(23,781)	(14,588)	(29,396)	(17,420)
Equity pick up of subsidiaries	(1,592)	-	-	-
Hedge cash flow	-	-	(2,972)	-
Deferred income tax and social contribution	-	-	690	-
Comprehensive income for the year	893,093	1,100,813	1,632,195	2,105,396
Attributed to controlling shareholders			893,093	1,100,813
Attributed to non-controlling interest			739,102	1,004,583

The accompanying notes are an integral part of these individual and consolidated financial statements.

Alupar Investimento S.A.

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(All amounts in thousands of reais)

Description	Year ended December 31, 2022										
	Capital	(-) Share issuance costs	Capital reserve	Retained earnings			Retained earnings	Other comprehensive income (loss)	Total Company	Non-controlling interest	Total Consolidated
				Legal reserve	Unrealized earnings reserve	Investment reserve					
BALANCE AS AT JANUARY 1, 2022	2,981,996	(65,225)	81,259	285,560	591,409	2,605,373	-	70,865	6,551,237	3,450,486	10,001,723
<u>Comprehensive income (loss)</u>											
Net income for the year	-	-	-	-	-	-	918,466	-	918,466	745,407	1,663,873
Other comprehensive income for the year	-	-	-	-	-	-	-	(25,373)	(25,373)	(5,615)	(30,988)
<u>Capital transaction with partners</u>											
Capital increase - non-controlling interest	-	-	-	-	-	-	-	-	-	63,288	63,288
Loss on transaction with partners	-	-	(64,293)	-	-	-	-	-	(64,293)	-	(64,293)
Dividends	-	-	-	-	(413,183)	-	(8,791)	-	(421,974)	(625,682)	(1,047,656)
Variation in non-controlling interest	-	-	-	-	-	-	-	-	-	(214,328)	(214,328)
<u>Internal changes in equity</u>											
Allocation of legal reserve (note 23)	-	-	-	45,923	-	-	(45,923)	-	-	-	-
Allocation of unrealized earnings reserve (note 23)	-	-	-	-	209,345	-	(209,345)	-	-	-	-
Remaining earnings at disposal of the Shareholders' Meeting (note 23)	-	-	-	-	-	654,407	(654,407)	-	-	-	-
BALANCES AS AT DECEMBER 31, 2022	2,981,996	(65,225)	16,966	331,483	387,571	3,259,780	-	45,492	6,958,063	3,413,556	10,371,619

Year ended December 31, 2021	Capital	(-) Share issuance costs	Capital reserve	Retained earnings			Retained earnings	Other comprehensive income (loss)	Total Company	Non- controlling interest	Total Consolidated
Description				Legal reserve	Unrealized earnings reserve	Investment reserve					
BALANCE AS AT JANUARY 1, 2021	2,981,996	(65,225)	20,515	229,790	422,029	2,075,560	-	85,453	5,750,118	3,194,564	8,944,682
<u>Comprehensive income (loss)</u>											
Net income for the year	-	-	-	-	-	-	1,115,401	-	1,115,401	1,007,415	2,122,816
Accumulated conversion adjustments for the year	-	-	-	-	-	-	-	(14,588)	(14,588)	(2,832)	(17,420)
<u>Capital transaction with partners</u>											
Capital increase - non-controlling interest	-	-	-	-	-	-	-	-	-	72,177	72,177
Gains on transaction with partners	-	-	60,744	-	-	-	-	-	60,744	-	60,744
Dividends	-	-	-	-	(360,436)	-	-	-	(360,436)	(565,605)	(926,041)
Capital stock reduce - non-controlling interest	-	-	-	-	-	-	-	-	-	(71,150)	(71,150)
Variation in non-controlling interest	-	-	-	-	-	-	-	-	-	(184,055)	(184,055)
Others modifications	-	-	-	-	-	(2)	-	-	(2)	(28)	(30)
<u>Internal changes in equity</u>											
Allocation of legal reserve (Note 23)	-	-	-	55,770	-	-	(55,770)	-	-	-	-
Allocation of unrealized earnings reserve (Note 23)	-	-	-	-	529,816	-	(529,816)	-	-	-	-
Remaining earnings at disposal of the Shareholders' Meeting (note 23)	-	-	-	-	-	529,815	(529,815)	-	-	-	-
BALANCES AS AT DECEMBER 31, 2021	2,981,996	(65,225)	81,259	285,560	591,409	2,605,373	-	70,865	6,551,237	3,450,486	10,001,723

The accompanying notes are an integral part of these individual and consolidated financial statements.

Alupar Investimento S.A.

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(All amounts in thousands of reais)

	Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Cash flow from operating activities				
Income before taxation	925,982	1,115,401	1,899,829	2,864,467
Adjustments to profit to:				
Depreciation and amortization	3,693	1,076	149,582	139,563
Equity pick up of subsidiaries	(896,203)	(1,128,061)	(5,966)	(5,255)
Debt and leases charges	87,695	46,499	1,199,367	1,068,567
Taxes on revenues (PIS and COFINS) and deferred regulatory charges	-	-	95,591	302,803
Other adjustments for inflation and exchange rate changes, net	(2,637)	1,135	4,407	97,084
Finance income	(64,840)	(24,113)	(219,512)	(67,606)
Derecognition of property, plant and equipment and intangible assets	5,635	2,656	7,771	3,081
Financial instruments derivatives	-	-	-	(83,544)
Others	802	(6,598)	1,736	(1,487)
	60,127	7,995	3,132,805	4,317,673
(Increase) decrease in assets				
Trade receivables	(2,336)	21,727	(84,970)	20,025
Contractual concession asset	-	-	(753,687)	(3,003,413)
Taxes to be offset	(17,900)	1,746	(68,052)	21,131
Inventories	-	-	(956)	(389)
Other	3,361	13,178	105,263	(161,300)
	(16,875)	36,651	(802,402)	(3,123,946)
Increase (decrease) in liabilities				
Trade payables	(31,827)	14,710	40,732	(196,542)
Regulatory and sector fees	-	-	(829)	(4,185)
Payroll, vacations and other charges	(183)	414	459	(12,917)
Contributions and taxes payable	19,992	(55)	81,496	3,036
Contractual liabilities with clients	-	-	116,330	-
Provisions for asset recognition and environmental costs	-	-	(163,429)	149,069
Advances from customers	-	-	4,335	988
Other	176	90	18,255	13,897
	(11,842)	15,159	97,349	(46,654)
Cash provided by (used in) operating activities	31,410	59,805	2,427,752	1,147,073
Income tax and social contribution	(670)	-	(114,047)	(91,894)
Net cash provided by operating activities	30,740	59,805	2,313,705	1,055,179
Cash flow from investing activities				
Capital increase in investees	(24,022)	(265,528)	(19,890)	(10,200)
Payment for acquisition of investments	(288,807)	(108,356)	(288,807)	(108,356)
Cash from acquisition of investments	186,495	-	-	-
Capital stock reduce in investments	45,917	39,764	-	-
Loan agreements with related parties	(7,838)	-	-	-
Advance for future capital increase paid	(39,302)	(212,852)	-	-
Redemption of short-term investments	346,323	469,990	3,755,321	2,665,418
Short-term investments	(459,678)	(346,114)	(3,835,341)	(2,763,864)
Dividends received	935,067	692,041	-	-
Purchase of property, plant and equipment	(688)	(215)	(838,589)	(214,779)
Purchase of intangible assets	(5,369)	(2,504)	(17,260)	(17,099)
Net cash provided by (used in) investing activities	688,098	266,226	(1,244,566)	(448,880)
Cash flow from financing activities				
Capital increase - non-controlling interest	-	-	26,641	72,177
Capital stock reduce - non-controlling interest	-	-	-	(71,150)
Advance for future capital increase received	-	-	-	36,529
Dividends paid	(360,435)	(246,149)	(1,063,689)	(879,174)
Lease paid	(488)	(407)	(10,879)	(11,788)
Debts	-	-	2,627,182	1,471,894
Interest on loans and debentures	(80,274)	(35,452)	(815,105)	(624,565)
Payment of principal of loans and debentures	-	(168,278)	(1,351,223)	(895,254)
Net cash used in financing activities	(441,197)	(450,286)	(587,073)	(901,331)
Exchange rate changes on cash and cash equivalents	-	-	(8,704)	(2,458)
Net (decrease) increase in cash and cash equivalents	277,641	(124,255)	473,362	(297,490)
Net (decrease) increase in cash and cash equivalents				
Balance at the beginning of the year	65,529	189,784	377,119	674,609
Balance at the end of the year	343,170	65,529	850,481	377,119
Net (decrease) increase in cash and cash equivalents	277,641	(124,255)	473,362	(297,490)

The accompanying notes are an integral part of these individual and consolidated financial statements.

Alupar Investimento S.A.

Statements of Value Added

For the years ended December 31, 2022 and 2021

(All amounts in thousands of reais)

	Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Revenues				
Operation and maintenance revenue	-	-	566,620	431,639
Infrastructure revenue	-	-	250,481	1,032,923
Concession financial asset payment	-	-	2,737,546	3,541,001
Power supply	74,460	136,929	695,358	797,636
Revenue associated with the construction of own assets	-	-	869,006	249,224
Other revenues	(576)	1,987	75,458	85,904
	<u>188,260</u>	<u>138,916</u>	<u>5,194,469</u>	<u>6,138,327</u>
(-) Inputs from third parties				
Power purchased for resale	(87,633)	(132,404)	(42,481)	(146,165)
Power grid charges	-	-	(40,543)	(34,599)
Financial Compensation for the Use of Water Resources	-	-	(9,577)	(9,139)
Infrastructure cost	-	-	(994,694)	(952,336)
Outsourced services	(9,487)	(9,465)	(134,379)	(118,489)
Materials	339	(147)	(19,911)	(22,000)
Other costs	(1,244)	2,568	(242,108)	26,052
	<u>(98,025)</u>	<u>(139,448)</u>	<u>(1,483,693)</u>	<u>(1,256,676)</u>
(-) Depreciation and amortization	<u>(3,693)</u>	<u>(1,076)</u>	<u>(150,438)</u>	<u>(140,517)</u>
Wealth received in transfer				
Equity pick up of subsidiaries	896,203	1,128,061	5,966	5,255
Finance income	90,841	81,938	299,675	121,624
	<u>987,044</u>	<u>1,209,999</u>	<u>305,641</u>	<u>126,879</u>
Wealth for distribution	<u>1,073,586</u>	<u>1,208,391</u>	<u>3,865,979</u>	<u>4,868,013</u>
Wealth distributed				
Personnel				
Direct compensation	19,107	19,825	132,309	120,754
Benefits	2,875	1,744	36,826	31,902
F.G.T.S	1,572	1,483	10,054	8,649
	<u>23,554</u>	<u>23,052</u>	<u>179,189</u>	<u>161,305</u>
Taxes, rates and contributions				
Federal	31,469	21,482	699,457	1,344,924
State	-	-	14,094	4,509
Municipal	6,279	59	7,241	956
	<u>37,748</u>	<u>21,541</u>	<u>720,792</u>	<u>1,350,389</u>
Lenders and lessors				
Interest and changes in exchange rates	92,165	46,487	1,231,330	1,112,967
Rentals	187	247	12,942	10,797
Other costs	1,466	1,663	57,853	109,739
	<u>93,818</u>	<u>48,397</u>	<u>1,302,125</u>	<u>1,233,503</u>
Shareholders				
Dividends	421,974	-	421,974	-
Earnings reserves	496,492	1,115,401	496,492	1,115,401
Non-controlling interest	-	-	745,407	1,007,415
	<u>918,466</u>	<u>1,115,401</u>	<u>1,663,873</u>	<u>2,122,816</u>
	<u>1,073,586</u>	<u>1,208,391</u>	<u>3,865,979</u>	<u>4,868,013</u>

The accompanying notes are an integral part of these individual and consolidated financial statements.

Notes to the financial statements

(In thousands of Reais, except where otherwise indicated)

1. Operations

Alupar Investimento S.A. ("Company" or "Alupar") is a publicly-held corporation, CNPJ 08.364.948/0001-38, whose shares are traded on the São Paulo Stock Exchange (B3 S.A. – Brasil, Bolsa Balcão), under code ALUP11. The Company is domiciled in Brazil, headquartered in the City of São Paulo, State of São Paulo, at Gomes de Carvalho street, 1996, 16th floor, Suite 161, Room A, mainly engaged in the investment in other entities operating in the energy and infrastructure industries, both in Brazil and abroad, either as a shareholder or quotaholder; generation, transformation, transportation, distribution and trading of energy in any form; preparation of feasibility studies and projects; construction, operation and maintenance of power plants, transmission and transportation lines, substations and distribution network, as well as any other related or supplementary services; and any other services or activities in the infrastructure sector.

The Company is a direct subsidiary of Guarupart Participações Ltda. ("Guarupart") and has interests in entities that holds electric energy transmission and generation service concessions and/or authorizations, in addition to holdings and entities operating in other industries, as follows:

• Electric energy transmission:

Companies (abbreviation)	Localization/connection	Concession Agreement nº	Concession period (start/end)	Start date of operation	Line extension (km)	Tension (Kv)	Contract adjustment rate	50% reduction of APR beginning 16th year of operation	Expected taxation review
Subsidiaries:									
Empresa Paraense de Transmissão de Energia S.A. ('ETEP')	Tucuruí (PA) - Vila Conde (PA)	043/2001	06/12/01 06/12/31	08/25/02	323	500	IGP-M	Yes	No
Empresa Norte de Transmissão de Energia S.A. ('ENTE')	Tucuruí (PA) - Açailândia (MA)	085/2002	12/11/02 12/11/32	02/12/05	464	500	IGP-M	Yes	No
Empresa Regional de Transmissão de Energia S.A. ('ERTE')	Vila Conde (PA) - Santa Maria (PA)	083/2002	12/11/02 12/11/32	09/15/04	179	230	IGP-M	Yes	No
Empresa Amazonense de Transmissão de Energia S.A. ('EATE')	Tucuruí (PA) - Presidente Dutra (PA)	042/2001	06/12/01 06/12/31	03/10/03	924	500	IGP-M	Yes	No (*)
Empresa Catarinense de Transmissão de Energia S.A. ('ECTE')	Campos Novos (SC) - Blumenau (SC)	088/2000	11/01/00 11/01/30	03/26/02	253	525	IGP-M	Yes	No
Sistema de Transmissão Nordeste S.A. ('STN')	Teresina (PI) - Fortaleza (CE)	005/2004	02/18/04 02/18/34	01/01/06	541	500	IGP-M	Yes	No
Companhia Transleste de Transmissão ('Transleste')	Irapé (MG) - Montes Claros (MG)	009/2004	02/18/04 02/18/34	12/18/05	150	345	IGP-M	Yes	No
Companhia Transudeste de Transmissão ('Transudeste')	Itutinga (MG) - Juiz de Fora (MG)	005/2005	03/04/05 03/04/35	02/23/07	140	345	IGP-M	Yes	No
Companhia Transirapé de Transmissão ('Transirapé')	Irapé (MG) - Araçuaí (MG)	012/2005	03/15/05 03/15/35	05/23/07	65	230	IGP-M	Yes	No
Sistema de Transmissão Catarinense S.A. ('STC')	Barra Grande (SC) - Lages (SC) - Rio Sul (SC)	006/2006	04/27/06 04/27/36	11/08/07	195	230	IPCA	Yes	No
Lumitrans - Companhia Transmissora de Energia Elétrica ('Lumitrans')	Machadinho (SC) - Campos Novos (SC)	007/2004	02/18/04 02/18/34	10/03/07	51	525	IGP-M	Yes	No
Empresa de Transmissão do Espírito Santo S.A. ('ETES')	Verona (ES) - Mascarenhas (ES)	006/2007	04/20/07 04/20/37	12/12/08	107	230	IPCA	Yes	Yes
Empresa Brasileira de Transmissão de Energia S.A. ('EBTE')	Juba (MG) - Juína (MG)	011/2008	10/16/08 10/16/38	06/30/11	775	230	IPCA	No	Yes
Empresa Santos Dumont de Energia S.A. ('ESDE')	Subestação Santos Dummond (MG)	025/2009	11/19/09 11/19/39	02/06/13	Substation	138/345	IPCA	No	Yes
Empresa de Transmissão de Energia do Mato Grosso S.A. ('ETEM')	Nova Mutum (MT) - Nobres (MT) - Cuiabá (MT)	005/2010	07/12/10 07/12/40	12/16/11	235	230	IPCA	No	Yes
Empresa de Transmissão de Varzea Grande S.A. ('ETVG')	Subestação Várzea Grande (MT)	018/2010	12/23/10 12/12/40	12/23/12	Substation	138/230	IPCA	No	Yes
Empresa de Transmissão Serrana S.A. ('ETSE')	Subestação Abdon Batista / Gaspar (SC)	006/2012	05/10/12 05/10/42	12/01/14	Substation	230/525 138/230	IPCA	No	Yes
Empresa Litorânea de Transmissão de Energia S.A. ('ELTE')	Henry Borden (SP) - Manoel da Nóbrega (SP)	016/2014	09/05/14 09/05/44	Pre-operating	SE+40 Km	230/345	IPCA	No	Yes
Empresa Transmissora Agreste Potiguar S.A. ('ETAP')	Rio Grande do Norte (RN)	013/2016	09/02/16 09/02/46	04/06/19	SE+20 Km	500/230	IPCA	No	Yes
Empresa Transmissora Capixaba S.A. ('ETC')	Subestação Rio Novo do Sul (ES)	020/2016	09/02/16 09/02/46	09/23/19	Substation	345/138	IPCA	No	Yes
Transmissora Caminho do Café S.A. ('TCC')	Minas Gerais (MG) - Espírito Santo (ES)	006/2017	02/10/17 02/10/47	03/19/21	288	500	IPCA	No	Yes
Transmissora Paraíso De Energia S.A. ('TPE')	Bahia (BA) - Minas Gerais (MG)	002/2017	02/10/17 02/10/47	10/25/20	541	500	IPCA	No	Yes
Empresa Sudeste de Transmissão de Energia S.A. ('ESTE')	Mesquita (MG) - João Neiva (ES)	019/2017	02/10/17 02/10/47	02/09/22	236	500	IPCA	No	Yes
Transmissora Serra da Mantiqueira S.A. ('TSM')	São Paulo (SP) - Rio de Janeiro (RJ)	037/2017	08/11/17 08/11/47	12/23/21	330	500	IPCA	No	Yes

Notes to the financial statements

Companies (abbreviation)	Localization/connection	Concession Agreement nº	Concession period (start/end)	Start date of operation	Line extension (km)	Tension (Kv)	Contract adjustment rate	50% reduction of APR beginning 16th year of operation	Expected taxation review
Subsidiaries:									
Transmissora Colombiana de Energia S.A.S ESP (**) ('TCE')	Virgínia-Nueva Esperanza - Colombia	UPME 07-2016	11/28/16 Indefinite	Pre-operating	200	500	IPP	No	Yes
Empresa Diamantina de Transmissão de Energia S.A. ('EDTE')	Ibicoara (BA) - Ibicoara (BA)	015/2016	12/01/16 12/01/46	01/20/20	170	500	IPCA	No	Yes
Amazônia - Empresa Transmissora de Energia S.A. ('AETE')	Rondonópolis (MT) - Cuiabá (MT)	008/2004	02/18/04 03/18/34	08/19/05	193	230	IGP-M	Yes	No
Transmissora Matogrossense de Energia S.A. ('TME')	Jauru (MT) - Cuiabá (MT)	023/2009	11/19/09 11/19/39	11/22/11	348	500/230	IPCA	No	Yes
ETB - Empresa de Transmissão Baiana S.A. ('ETB')	Bom Jesus da Lapa (BA)	011/2016	09/29/16 09/29/46	10/16/20	446	500	IPCA	No	Yes
Joint ventures:									
Transnorte Energia S.A. (***) ('TNE')	Boa Vista (RR) - Equador (RR) - Lechuga (AM)	003/2012	01/25/12 01/25/42	Pre-operating	715	500	IPCA	No	Yes
Total under operation					6,974				
Total under construction					955				

(*) The EATE has tariff review for the period to RBNI (see note 9). (**) Concession of TCE is located in Colombia, the applicable sector regulatory rules in this country differ from the rules applicable in Brazil. (***) The TNE partially entered into commercial operation, see note 1.2 item b).

Electric energy generation:

Companies (abbreviation)	Location	Concession Agreement/Authorization nº	Concession Term		Start date of operation	Installed capacity - MW	Guaranteed energy (**) MW
			Start	End			
Subsidiaries:							
Foz do Rio Claro Energia S.A. ('Foz')	Rio Claro - Caçu (GO) e São Simão (GO)	005/2006	08/15/06	12/20/46	08/05/10	68.4	37.1
Ijuí Energia S.A. ('Ijuí')	Rio Ijuí - Rolador (RS) e Salvador das Missões (RS)	006/2006	08/15/06	02/18/46	03/29/11	51.0	28.9
Usina Paulista Lavrinhas de Energia S.A. ('Lavrinhas')	Rio Paraíba do Sul - Lavrinhas (SP)	138/2004 and 716/2006	04/07/04	04/14/38	09/03/11	30.0	21.4
Usina Paulista Queluz de Energia S.A. ('Queluz')	Rio Paraíba do Sul - Queluz (SP)	139/2004 and 715/2006	04/07/04	04/13/38	08/12/11	30.0	21.4
Ferreira Gomes Energia S.A. ('Ferreira Gomes')	Rio Araguaui - Ferreira Gomes (AP)	002/2010	11/09/10	06/16/47	11/04/14	252.0	145.5
Energia dos Ventos I S.A. ('EDV I')	Aracati (CE)	Ordinance 431/12	07/17/12	07/17/47	12/22/18	23.1	11.8
Energia dos Ventos II S.A. ('EDV II')	Aracati (CE)	Ordinance 428/12	07/16/12	07/16/47	12/22/18	12.6	6.0
Energia dos Ventos III S.A. ('EDV III')	Aracati (CE)	Ordinance 433/12	07/19/12	07/19/47	12/22/18	18.9	9.6
Energia dos Ventos IV S.A. ('EDV IV')	Aracati (CE)	Ordinance 442/12	07/24/12	07/24/47	12/22/18	27.3	14.8
Energia dos Ventos X S.A. ('EDV X')	Aracati (CE)	Ordinance 435/12	07/19/12	07/19/47	12/22/18	16.8	8.7
Geração de Energia Termoeletrica e Participações S.A. ('GET')	Rio de Janeiro (RJ)	-	-	-	-	-	-
Risaralda Energia S.A.S.E.P. (*) ('Risarlada')	Rio Risarlada (PCH Morro Azul) - Colômbia	-	09/06/11	Indefinite	09/10/16	19.9	13.2
Verde 8 Energia S.A. ('Verde 8')	Rio Verde - Santa Helena de Goiás (GO)	3,702/12; 4,684/14 and 5,953/16	10/24/12	11/23/44	03/31/19	30.0	18.7
Água Limpa S.A. ('Água Limpa')	Rio Piracicaba - Antônio Dias (MG)	Ordinance 346/14	07/18/14	07/18/49	Pre-operating	23.0	11.9
La Virgen S.A.C. (*) ('La Virgen')	Rio Tarma - Perú	060/2005-EM - 029/2008-EM	10/12/05	Indefinite	05/15/21	84.0	49.3
Eolica do Agreste Potiguar I S.A. ('EAP I')	Jandaira (RN)	RA nº 8,521	01/21/20	01/21/55	Pre-operating	23.1	20.5
Eolica do Agreste Potiguar II S.A. ('EAP II')	Jandaira (RN)	RA nº 8,520	01/21/20	01/21/55	Pre-operating	35.7	12.7
Eolica do Agreste Potiguar III S.A. ('EAP III')	Jandaira (RN)	-	-	-	Pre-operating	-	-
Eolica do Agreste Potiguar IV S.A. ('EAP IV')	Jandaira (RN)	RA nº 12,762/22	-	-	Pre-operating	25.2	-
Eolica do Agreste Potiguar V S.A. ('EAP V')	Jandaira (RN)	-	-	-	Pre-operating	-	-
Eolica do Agreste Potiguar VI S.A. ('EAP VI')	Jandaira (RN)	RA nº 12,761/22	-	-	Pre-operating	21.0	-
Eolica do Agreste Potiguar VII S.A. ('EAP VII')	Jandaira (RN)	RA nº 12,760/22	-	-	Pre-operating	37.8	-
UFV Pitombeira S.A.	Aracati (CE)	RA nº 9,471/20	-	-	Pre-operating	47.3	15.3
Iracema Energia Geração Distribuída S.A.	Ceará				Pre-operating	-	-
Total under operation						664.0	386.4
Total under construction						213.1	60.4

(*) The concessions of Risarlada and La Virgen are located in Colombia and Peru, respectively; therefore, the applicable regulatory rules in these countries differ from the rules applicable in Brazil. (**) The physical guarantees of the subsidiaries Foz, Ijuí and Ferreira Gomes were reduced in accordance with Ordinance No. 709/GM/MME, issued on November 30, 2022, effective from January 1, 2023.

Holdings and other industries:

Companies (abbreviation)	Activity
Subsidiaries:	
Alupar Chile Inversiones SpA ("Alupar Chile")	Holding
Alupar Colombia S.A.S ("Alupar Colombia")	Holding - parent of Risarlada and TCE
Alupar Inversiones Peru S.A.C. ("Alupar Peru")	Holding - parent of La Virgen
Apaete Participações em Transmissão S.A. ("Apaete")	Holding - parent of AETE
Transminas Holding S.A. ("Transminas")	Holding - interest in Transleste, Transudeste and Transirapé
Windepar Holding S.A. ("Windepar")	Holding - parent of EDV I, EDV II, EDV III, EDV IV and EDV X
AF Energia S.A. ("AF")	Provider of operation and maintenance services
ACE Comercializadora Ltda. ("ACE")	Electric energy trading company

Notes to the financial statements

1.1. Impacts of COVID-19

The businesses of Alupar's subsidiaries have predictable revenue, readjusted by inflation and long-term, ensured by the regulatory models of our segments, with no risk of demand, as it does not depend on the volume of electricity consumed or on energy prices. Accordingly, the management of the Company and its subsidiaries does not consider that there is a risk of realization of its receivables. There was no significant variation in defaults because of COVID-19 in the year ended December 31, 2022.

Regarding their investments, no subsequent devaluation was identified, the Company and its subsidiaries mitigate the risks of volatility in the financial market by investing in investments that have low volatility risk, in view of their conservative profile.

Currently, there is no forecast of a delay in construction in progress that could affect the infrastructure revenues included in its estimates for recoverability of the consolidated deferred income tax and for the analysis impairment of its subsidiaries.

Based on the above assessment, on December 31, 2022, and until the date of issuance of these financial statements, no significant impacts were identified on the business of the Company and its subsidiaries that could require disclosure or change in accounting assumptions used in the estimates made by the Company and its subsidiaries.

1.2. Other relevant issues of the period

a) Empresa Litorânea de Transmissão de Energia S.A. – ELTE

The subsidiary ELTE, received on March 31, 2022, the Preliminary License nº 2,832 (“PL”) from the Environmental Company of the State of São Paulo (CETESB), attesting the socio-environmental viability of 345/138 kV Domênico Rangoni Substation and associated sectioning. The deadline to implement this transmission system is until January 2024 and its operation will reinforce the distribution companies' networks, in addition to meeting the increased demand for electrical power in the metropolitan area of Santos, composed of nine municipalities.

On December 16, 2022, ELTE received Installation License No. 2727 (“LI”) issued by CETESB, enabling the start of the implementation of the Domenico Rangoni Substation.

b) TNE – Transnorte Energia S.A.

TNE is a project formed by the partnership between Alupar (51%) and Eletronorte (49%), for the implementation of the transmission system that will connect the State of Roraima to the National Interconnected System (SIN), at the Lechuga substation in the State of Amazonas, covering approximately 715 km of 500 kV line, with 2 new substations, SE Ecuador – 500 kV, to be installed in the Municipality of Rorainópolis (RR) and SE Boa Vista – 500/230 kV – 800 MVA, located in the Municipality of Boa Vista (RR).

Due to problems in environmental licensing, the TNE registered with ANEEL, on September 2, 2015, the request for amicable termination of the Concession Agreement 003/2012 – ANEEL, due to the absence of any comment by FUNAI on the indigenous matter.

On December 19, 2016, ANEEL Order 3,265 was published, based on the decision undertaken by the executive board, at the meeting held on December 13, 2016, which addresses the amicable termination of the concession agreement entered into by TNE, including the recommendations to: (i) accept the TNE's request and, in the merit, partially recognize the elements for termination of the Concession Agreement 003/2012 - ANEEL; and (ii) submit the court records of the Administrative Proceeding to the Ministry of Mines and Energy, including the recommendations to: (a) terminate such Concession Agreement, under the terms of article 472 of the Civil Code, or through another means deemed appropriate; (b) in the event of termination of the Concession Agreement, indicate the federal administration body or entity, in this case, Eletronorte, to provide the public transmission service relating to the CER of SE Boa Vista, until the subsequent decision determines the reversal of the assets in use, and the Granting Authority may grant the concession without the previous reversal of the assets bound to the respective public service; and (c) in the event of termination of the Agreement, consider as a reference for the indemnity of assets in use the new replacement value, less depreciation for the period, in the accounting report to be monitored by ANEEL; the assets not in use are not subject to indemnity.

Notes to the financial statements

On September 13, 2017, TNE filed, before the Federal Justice, the request for termination of the Concession Agreement 003/2012 - ANEEL, Proceeding 1012027-22.2017.4.01.3400, by virtue of the unfeasible implementation of the project. In turn, the Ministry of Mines and Energy (MME), upon receipt and analysis of the court records, on February 22, 2018, addressed to ANEEL the Official Letter 66/2018/SPE-MME to inform about the non-acceptance of the recommendation referred to in Order 3,265/2016 and returned to ANEEL the proceeding for reconsideration.

In September 2018, after the meeting with the indigenous community, TNE was authorized to develop studies in the damaged area for preparation of the Basic Environmental Plan (PBA-CI), considering the indigenous issues. The work defined in such study was performed between October 2018 and April 2019, and the final document was registered with IBAMA, in conjunction with the request for Installation License, in June 2019.

On September 10, 2019, the 33th Meeting of ANEEL's Executive Board resolved the following: (i) authorize the amendment to the Concession Agreement 003/2012, which must provide for the economic and financial balance and the CER value of SE Boa Vista, an integral part of the scope of the Invitation to Bid, totaling APR of R\$275,561, as at October 31, 2019; (ii) redefine the implementation term for 36 months, counted as from the signature of the Contractual Amendment; and (iii) request the contracted party to sign the amendment through October 31, 2019. This decision is included in ANEEL Order 2,502/2019.

On September 23, 2019, taking into consideration that the proposal for economic and financial balance of the Concession Agreement presented by ANEEL was not feasible as, since among the requests made by the Company, the recomposition of the concession termination period, among other items, did not was granted, TNE filed with ANEEL the request for reconsideration of ANEEL Order 2,502/2019. ANEEL Order 2.951/2019, published on October 31, 2019 in the Federal Official Gazette, partially accepted the TNE's request for reconsideration and suspended the signature of the Contractual Amendment by TNE, originally scheduled for October 31, 2019, until such appeal is decided by ANEEL.

In March 2021, within the scope of Legal Process 1012027-22.2017.4.01.3400, a sentence was issued partially accepting the proposed lawsuit to determine the termination of Concession Contract 003/2012-ANEEL and to sentence the Federal Government to indemnify TNE for material losses in the amount to be determined for the settlement of the ruling.

Additionally, on March 25, 2021, TNE filed an official request at ANEEL for the settlement of arbitration disputes. The object of this arbitration dispute is to define the right for TNE to receive a possible economic and financial rebalancing for Concession Contract 003/2012, with a total Annual Permitted Revenue (RAP) of up to R\$395,660.

On April 27, 2021, the ANEEL Board Meeting decided to maintain, in part, the content of ANEEL Order 2,502/2019, especially for the purposes of: (i) authorizing the signing of an Addendum to Concession Contract 3/2012-ANEEL, to include the economic and financial rebalancing and the amount associated with the Static Reactive Compensator - CER of the Boa Vista Substation, which is part of the scope of the Public Auction Notice 4/2011-ANEEL, with a total Annual Permitted Revenue (RAP) of R\$329,062, updated as of June 30, 2021; (ii) redefine the deadline of the matter to 36 (thirty-six) months from the date the Addendum was signed; and (iii) convene TNE to sign the respective Addendum by June 30, 2021.

On September 10, 2021, the 9th Extraordinary Meeting of ANEEL's Board of Directors was held, at which the execution of the Arbitration Commitment Agreement was approved and TNE was summoned to sign the respective Term and the Amendment to the Concession Agreement. Subsequently, on September 17, 2021, the First Amendment to Concession Agreement No. 003/2012 - ANEEL was signed, including the arbitration clause to define and form the eventual economic and financial rebalancing of said Concession Agreement.

Additionally, on September 28, 2021, the Brazilian Institute for the Environment and Renewable Natural Resources (IBAMA) issued Installation License No. 1,400/2021, which enables the implementation of the 500 kV Transmission Line Engenheiro Lechuga – Ecuador – Boa Vista CD and Associated Substations, however, it is under discussion through Public Civil Action No. 0018408-23.2013.4.01.3200 and Public Civil Action No. 0018032-66.2015.4.01.3200, proposed by the Federal Public Ministry against TNE for the preservation of indigenous rights allegedly offended; and Public Civil Action No. 1030014-50.2021.4.01.3200, also filed by the Federal Public Prosecutor's Office against TNE, aiming at the declaration of nullity of the aforementioned license.

Notes to the financial statements

Under Legal Proceeding No.: 1012027-22.2017.4.01.3400, on October 8, 2021, a petition was filed, together with the Federal Government and IBAMA, requesting the extinction of the action and ratification of the transaction, because of the arbitration commitment signed, with the purpose of submitting the dispute to the arbitration court, pursuant to §1 of art. 9 of Law n. 9,307/96.

On November 26, 2021, TNE filed with ANEEL the request for rebalancing the Concession Agreement, as determined in the Arbitration Agreement and in the Addendum to the Concession Agreement. ANEEL deliberated on the claim, denying the request through ANEEL Order No. 728, of March 22, 2022, published in the Official Gazette on March 28, 2022.

On May 11, 2022, in the form of the Term of Arbitration Agreement signed between TNE and ANEEL, the Request for Initiation of Arbitration was submitted to the International Court of Arbitration of the International Chamber of Commerce, requesting the declaration of TNE's right to economic- full financial statement of the Concession Agreement. The arbitration procedure is in its initial phase, and the arbitral tribunal that will judge the case has already been set up.

On September 22, 2022, a court settlement was approved within the scope of Public Civil Actions No. 0018408-23.2013.4.01.3200, No. 0018032-66.2015.4.01.3200 and No. 1030014-50.2021.4.01.3200, involving TNE, the Federal Government, FUNAI, IBAMA, the Federal Public Ministry and the Association Community Waimiri Atroari, an entity representing the Waimiri Atroari indigenous people, whose purpose was to meet all the demands of the Waimiri Atroari people with the promotion of "measures necessary to implement of the Manaus/AM - Boa Vista/RR Transmission Line, relating to the execution of the Concession Agreement No. 03/2012-ANEEL and its environmental licensing", thus allowing the beginning of actions related to the Indigenous Component of the Basic Environmental Plan (PBA-CI) and enabling the subsequent start of works in indigenous territory.

On November 24, 2022, TNE filed with ANEEL a request for exclusion of responsibility for the delay related to the impediment to the start of works between September 28, 2021 (date of issuance of the LI) and September 22, 2022 (date of homologation of the court agreement before the TRF1), which request includes the adequacy of the works schedule and the RAP of the Concession Contract nº 003/2012-ANEEL. Due to the request, administrative process No. 485130312912022 was initiated, and the request has not yet been considered by the board of ANEEL.

SE Boa Vista began its operations in May 2015, generating revenues equivalent to 4% of the total Annual Permitted Revenue of the project.

c) Change in control – Eólica do Agreste Potiguar I e II (EAP I e EAP II)

The Extraordinary Shareholders Meeting held on January 6, 2022, approved the capital increase of Eólica do Agreste Potiguar I, in the amount of R\$52,366. This increase was carried out as follows: Alupar and AF Energia paid in up the amounts of R\$22,344 and R\$22, respectively, by converting the advance amounts for future capital increase and R\$30,000 was paid in cash on January 17, 2022, by Foz do Rio Claro Energia SA ("Foz"). With this capital increase, Foz now holds a 57.29% interest in the share capital of EAP I and controls it, Alupar holds a 42.67% interest and AF holds a 0.04% interest.

The Extraordinary Shareholders Meeting held on January 6, 2022, approved the capital increase of Eólica do Agreste Potiguar II, in the amount of R\$94,972. This increase was carried out as follows: Alupar and AF paid in up the amounts of R\$34,937 and R\$35, respectively, by converting the advance amounts for future capital increase and R\$60,000 was paid in cash on January 17, 2022, by Foz do Rio Claro Energia SA ("Foz"). With this capital increase, Foz now holds a 63.18% interest in the share capital of EAP II and controls it, Alupar holds a 36.79% interest and AF holds a 0.03% interest.

d) Acquisition of Equity Stake – TPE

On February 14, 2022, the Company exercised the purchase option for 30% of subscribed and paid-in shares of the subsidiary Transmissora Paraíso de Energia S.A. ("TPE") held by Perfin Apollo Energia Fundo de Investimento em Participações em Infraestrutura, therefore, Alupar increases its stake from the current 51% to 65.70%

Notes to the financial statements

The transaction amount was R\$ 26,349, equivalent to 30,657,307 book-entry common shares, corresponding to 30% of the paid-in capital held by Perfin Apollo Energia Fundo de Investimento em Participações em Infraestrutura, adjusted pro rata die by the IPCA inflation rate, plus interest of 7.3% p.a., computed from the date of payment of each share until the date of effective payment of the price of the Option, less any amounts for dividends and/or interest on own capital received from each share, object of the Option, by Perfin Apollo Energia Fundo de Investimento em Participações em Infraestrutura between the date of payment and the date of exercising the Option, duly corrected by the same correction index and interest rate described herein, from the date of dividend payment and/or interest on own capital to the date of transfer of shares, pursuant to the Shareholder Agreement signed on November 11, 2016. The equity value acquired was R\$136,192, and the underpaid amount over the equity value was R\$109,843, will be recognized in capital reserves, increasing shareholders' equity, given that the Company already held control of TPE.

e) **ESTE – Start of receipt of Allowed Annual Revenue – RAP**

On February 18, 2022, was granted by the National Electricity System Operator (“ONS”), to the Alupar’s subsidiary Empresa Sudeste de Transmissão de Energia S.A. (“ESTE”), of which the Company holds indirectly 50.02% interest in the share capital, the Revenue Release Term - TLR, which authorizes the receipt of the revenue from February 09, 2022, due to the availability of transmission facilities for the National Interconnected System - SIN, according to the schedule of the National Electric Energy Agency – ANEEL. This project will add an Annual Permitted Revenue (“RAP”) of R\$123,600 for the 2021_2022 Cycle. The project is located in the State of Minas Gerais e Espírito Santo and consists of the implementation and operation of the transmission line 500 kV Mesquita - João Neiva 2, with 236 km and the substation João Neiva 2, 500/345 kV.

The facilities investment that was unitized was approximately R\$495,400 (RAP/CAPEX ratio: 25%). Additionally, the amount of R\$107,900 related to the net financial expenses during the implementation period was capitalized, thus, the total investment of the project to be unitized of R\$603,300.

f) **Acquisition of Equity Stake - TSM**

By capital increase

In the minutes of the Extraordinary Shareholders Meeting held on March 17, 2022, the shareholders of the subsidiary Transmissora Serra da Mantiqueira S.A. (“TSM”), decided to approve the capital increase of this Company in the amount of R\$184,513. Thus, TSM's capital stock, from R\$37,632, became R\$222,145, through the issuance of 184,512,936 new registered common shares, without par value, at the price of R\$1.00 (one real) per share, subscribed and paid in as follows: (i) R\$63,288 subscribed by the shareholder Perfin Apollo Energia Fundo de Investimento em Participações em Infraestrutura (“Perfin”), corresponding to 63,287,936 common shares, which were paid in through the capitalization of advances for future increase capital – AFACs; and (ii) R\$121,225 subscribed by the shareholder Alupar Investimentos S.A. (“Alupar”), corresponding to 121,225,000 common shares, which were paid in through the capitalization of advances for future capital increase – AFACs.

With this capital increase, there was an increase in Alupar's interest in TSM from 51% to 63.21% and a reduction in Perfin's interest from 49% to 36.79%, generating a gain in this transaction between partners for Alupar in the amount of R\$28,241, recognized in capital reserves, increasing shareholders' equity, given that the Company already held control of TSM.

By exercising the call options

On March 28, 2022, the Company exercised its right to acquire the remainder to complete the 30% of shares subscribed and paid in by Perfin, in the subsidiary TSM, thus, the Company increased its interest from the current 63.21% to 65.70%.

The amount paid for this transaction was R\$6,445, equivalent to 1,035,346 registered common shares, with no par value, corresponding to 2.49% of the capital paid in by Perfin, adjusted pro rata die by the inflation rate measured by the IPCA, plus interest of 5% p.a., calculated from the date of payment of each share, until the date of effective payment of the price of the Call Option, deducting the amounts of dividends received for each share, object of the Call Option, between the date of payment and the date of exercise of the Purchase Option, duly updated as above, from the date of payment of the dividend until the date of transfer of the shares, according to the Shareholders' Agreement signed on May 2, 2017. The equity value acquired was R\$11,292, and the amount underpaid on the book value was R\$4,847, was recognized in capital reserves, increasing shareholders' equity, given that the Company already held control of TSM.

Notes to the financial statements

g) Change in shareholding in Ijuí

Sale of shareholding

On September 14, 2022, the Company entered into a Share Purchase Agreement ("Agreement") with its subsidiary Foz do Rio Claro Energia S.A., in which it sold part of its equity interest in Ijuí Energia S.A. ("Ijuí", its subsidiary), through the sale of 160,704,291 registered common shares, representing 58.85% of the voting capital and 51% of the total capital stock. The amount received for the sale was the book value in the amount of R\$186,495. All the usual obligations and conditions precedent for operations of this nature were fulfilled.

By exercising the call options

In a continuous act, on the same day, as provided for in the Private Instrument for Granting the Put Option of Preferred Shares Issued by Ijuí Energia S.A, entered into on September 5, 2008, between the Company and the Investment Fund of the Guarantee Fund of the Length of Service ("FI-FGTS") and subsequent amendments, on July 18, 2022, FI-FGTS exercised its right to sell all 42,041,590 registered preferred shares, with no par value, now held by the FI-FGTS, issued by Ijuí ("Put Option"), which represented 13.34% of the total share capital, resulting on September 14, 2022, in the purchase by the Company and consequently in the transfer of all these shares, as provided for on the same instrument. The amount paid for this transaction was R\$256,013 and the equity value acquired was R\$48,789, so the overpaid amount over the equity value was R\$207,224 recognized in Capital Reserves in Shareholders' Equity, given that the Company maintained the control of Ijuí, now indirectly. In this way, the Company now holds 100% of the equity interest in Ijuí, 49% of which directly and 51% indirectly, through its interest in Foz do Rio Claro. The Company reiterates that, after the conclusion of this transaction, there are no remaining obligations between the parties.

h) Transmission Auction 02/2022 - LOT 6

On December 16, 2022, Alupar won Lot 06 of the Transmission Auction 02/2022 – ANEEL, through the Olympus XIV consortium (partnership between Alupar and Mercury Investments Participações S.A. - Mercury). The winning RAP was R\$69,500, with a 15.05% discount and an investment defined by ANEEL of R\$498,364.

LOT 6 is located in São Paulo and involves replacing the 230 kV GIS bus with a 345 kV one; SE Centro 345-230/88 kV – 4 x 150 MVA; SE Centro 345-230/20-20 kV – 3 x 150 MVA + 1x 150 MVA. The deadline for construction is March 30, 2028 and the concession period is 30 years.

On January 18, 2023, the Federal Court of Accounts ("TCU") decided, in an ordinary collegiate session of the plenary, for the withdrawal of LOT 6 from the ANEEL Transmission Auction 02/2022, held on December 16, 2022. February 13, 2023, ANEEL filed with the TCU a request to review the exclusion of Lot 6 from the Transmission Auction. On the same day, Alupar made the same request as an interested party. Until the issuance of these financial statements, ANEEL and Alupar await the return of their claims.

2. Presentation of financial statements

2.1. Basis of preparation

The individual and consolidated financial statements were prepared and are being presented in accordance with the accounting practices adopted in Brazil, which comprise the rules of the Brazilian Securities and Exchange Commission (CVM) and the pronouncements of the Accounting Pronouncements Committee (CPC) and in accordance with the international accounting standards issued by the IASB (IFRS), and presented in a manner consistent with complementary standards issued by the Securities and Exchange Commission – CVM. Also, in accordance with the guidelines contained in the Accounting Manual for the Brazilian Electricity Sector and the standards defined by the National Electric Energy Agency - ANEEL, when these do not conflict with the accounting practices adopted in Brazil or with international standards.

Notes to the financial statements

2.2. Conformity declaration

All relevant information, specific to the financial statements individual and consolidated, is being evidenced and correspond to that used in the management of the Company's operations and its subsidiaries.

Management evaluated the ability of the Company and its subsidiaries to continue, being convinced that it has the necessary resources and the ability to develop its business in the future on a continuous basis, without the knowledge of material uncertainties or probabilities that may generate significant doubts in relation to its continuity.

The individual and consolidated financial statements was approved by the Company's Management and authorized for issuance on March 2, 2023.

2.3. Measurement basis

The individual and consolidated financial statements were prepared based on the historical cost, except for certain financial instruments measured at their fair values under the accounting standards.

2.4. Key estimates and critical accounting judgments

The preparation of the individual and consolidated financial statements requires the Company's and its subsidiaries' Management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. The estimates and assumptions are reviewed at each reporting date and eventual changes are recognized on a prospective basis.

The information on the uncertainties relating to the assumptions and estimates subject to a significant risk to result in a material adjustment to the accounting balances of assets and liabilities in the next years is included in the following notes:

- Concession contracts (Notes 9 and 25) – evaluation of the moment of recognition of the concession asset; definition of the rate for determine the financing component of the contract asset; main assumptions in the allocation of revenue to each performance obligation, determination of margins weighted by the variable consideration (variable portion);
- Property, plant and equipment (Note 12) and Intangible assets (Note 13) – application of defined useful lives and main assumptions about the recoverable amounts;
- Provision for environment expenses (Note 15); Provision for asset decommissioning; Provision for asset recognition (Note 16) and Provision for contingencies (Note 22) – recognition and measurement: main assumptions about the probability and significance of the outflows of funds;
- Deferred social contributions and regulatory charges (Note 18) – main assumptions about the realizable values of the concession contracts;
- Deferred income tax and social contribution (Note 29) – main assumptions about the realizable values of the concession contracts; and
- Financial instruments (Note 31.1) – main assumptions adopted in the fair value measurement.
- Derivative financial instruments and Hedge accounting (Note 31.3) - judgment to determine the measurement method most adherent to each class of derivative instruments, as well as the assumptions to be observed. In general, assumptions are based on market conditions prevailing at the balance sheet date.

2.5. Functional and reporting currency

These individual and consolidated financial statements were prepared and are presented in thousands of Brazilian reais (R\$), which is the functional currency of the Company, its subsidiaries and joint venture, except for subsidiaries Alupar Peru and La Virgen, whose functional currency is the Nuevos Soles, subsidiaries Alupar Colombia, Risaralda and TCE, whose functional currency is the Colombian Pesos, and subsidiary Alupar Chile, whose functional currency is the Chilean Pesos. The functional currency was determined based on the primary economic environment for each entity's base of operations.

3. Significant accounting practices

The accounting practices described below have been consistently applied by the Company and its subsidiaries to all reporting periods presented in these individual and consolidated financial statements, except for the new accounting pronouncements and interpretations adopted by the Company and its subsidiaries in beginning January 1, 2022, described in Note 4, and with except for the accounting policies about the Derivatives financial instruments.

3.1. Consolidation criterial

The consolidated financial statements include the Company and its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control is acquired until the date that control no longer exists. Control over another entity exists when the Company and/or any of its subsidiaries is exposed to, or has a right to variable returns arising from its involvement with the entity and has the ability to affect those returns exercising its power over the entity.

The subsidiaries' accounting policies included in the consolidation are aligned with the accounting policies adopted by the Company.

The Company's investments in its subsidiaries and in jointly-owned subsidiaries are evaluated based on the equity method in the individual (Company) and consolidated financial statements.

As at December 31, 2022 and 2021, the Company's interest in subsidiaries and joint venture is broken down as follows:

Company	Activity	Country	Interest 12/31/2022 (%)		Interest 12/31/2021 (%)	
			Direct	Indirect	Direct	Indirect
<u>Subsidiaries:</u>						
ACE	Sales	Brazil	100.00	-	100.00	-
AETE	Transmission	Brazil	-	32.06	-	32.06
AF Energia	Provision of services	Brazil	100.00	-	100.00	-
Agua Limpa	Generation	Brazil	99.99	-	99.99	-
Alupar Chile	Holding	Chile	100.00	-	100.00	-
Alupar Colombia	Holding	Colombia	100.00	-	100.00	-
Alupar Peru	Holding	Peru	100.00	-	100.00	-
Apaete	Holding	Brazil	36.96	-	36.96	-
EAP I (v)	Generation	Brazil	42.67	57.33	99.90	-
EAP II (v)	Generation	Brazil	36.79	63.21	99.90	-
EAP III	Generation	Brazil	99.90	-	99.90	-
EAP IV	Generation	Brazil	99.90	-	99.90	-
EAP V	Generation	Brazil	99.90	-	99.90	-
EAP VI	Generation	Brazil	99.90	-	99.90	-
EAP VII	Generation	Brazil	99.90	-	99.90	-
EATE	Transmission	Brazil	50.02	-	50.02	-
EBTE (ii)	Transmission	Brazil	-	25.51	-	25.51
ECTE	Transmission	Brazil	50.02	-	50.02	-
EDTE (vi)	Transmission	Brazil	-	25.06	-	25.06
EDV I (iv)	Generation	Brazil	-	100.00	-	100.00
EDV II (iv)	Generation	Brazil	-	100.00	-	100.00
EDV III (iv)	Generation	Brazil	-	100.00	-	100.00
EDV IV (iv)	Generation	Brazil	-	100.00	-	100.00
EDV X (iv)	Generation	Brazil	-	100.00	-	100.00
ELTE	Transmission	Brazil	99.99	-	99.99	-
ENTE	Transmission	Brazil	50.01	-	50.01	-
ERTE	Transmission	Brazil	21.96	28.05	21.96	28.05
ESDE (iii)	Transmission	Brazil	-	50.02	-	50.02
ESTE (i)	Transmission	Brazil	-	50.02	-	50.02
ETAP	Transmission	Brazil	100.00	-	100.00	-
ETB	Transmission	Brazil	51.00	-	51.00	-
ETC	Transmission	Brazil	100.00	-	100.00	-
ETEM	Transmission	Brazil	62.79	-	62.79	-
ETEP	Transmission	Brazil	50.02	-	50.02	-
ETES	Transmission	Brazil	100.00	-	100.00	-
ETSE (iv)	Transmission	Brazil	-	50.02	-	50.02
ETVG	Transmission	Brazil	100.00	-	100.00	-
Ferreira Gomes	Generation	Brazil	100.00	-	100.00	-
Foz	Generation	Brazil	100.00	-	100.00	-
GET	Generation	Brazil	51.00	-	51.00	-
Ijuí (v)	Generation	Brazil	49.00	51.00	86.66	-
La Virgen (viii)	Generation	Peru	3.67	86.07	3.67	86.07
Lavrinhas	Generation	Brazil	61.00	-	61.00	-
Lumitrans (i)	Transmission	Brazil	15.00	40.01	15.00	40.01
Queluz	Generation	Brazil	68.83	-	68.83	-
UFV Pitombeira	Generation	Brazil	99.99	-	99.99	-
Risaralda (vii)	Generation	Colombia	0.34	99.62	0.34	99.62
STC (i)	Transmission	Brazil	20.00	40.01	20.00	40.01
STN	Transmission	Brazil	51.00	-	51.00	-
TCC	Transmission	Brazil	65.70	-	65.70	-
TCE (vii)	Transmission	Colombia	-	99.99	-	99.99
TME	Transmission	Brazil	60.00	-	60.00	-
TPE	Transmission	Brazil	65.70	-	51.00	-
Transirapé (ii)	Transmission	Brazil	-	33.71	-	33.71
Transleste (ii)	Transmission	Brazil	-	33.71	-	33.71
Transminas	Holding	Brazil	70.02	-	70.02	-
Transudeste (ii)	Transmission	Brazil	-	33.71	-	33.71
TSM	Transmission	Brazil	65.70	-	51.00	-
Verde 8	Generation	Brazil	85.00	-	85.00	-
Windepar	Holding	Brazil	100.00	-	100.00	-
Iracema	Generation	Brazil	100.00	-	100.00	-
<u>Joint venture:</u>						
TNE (*)	Transmission	Brazil	51.00	-	51.00	-

(i) Directly controlled by EATE. (ii) Control is obtained through the control that the Company exercises over EATE and Transminas, which together hold a 51% interest in the voting capital of the investee. (iii) Directly controlled by ETEP. (iv) Directly controlled by ECTE. (v) Directly controlled by Foz do Rio Claro. (vi) Indirect interest through ENTE. (vii) Indirect interest through Alupar Colombia. (viii) Indirect interest through Alupar Perú. (iv) Indirect interest through Windepar. (*) TNE is jointly controlled as relevant decisions on business are approved by the unanimous decision of the shareholders holding the voting shares.

Notes to the financial statements

The consolidated financial statements include the balances and transactions of the Company and its subsidiaries.

The main consolidation criteria are described below:

- a) Elimination of intercompany asset and liability balances between consolidated companies;
- b) Elimination of interest in capital, reserves and retained earnings of subsidiaries;
- c) Elimination of revenue and expense balances arising from intercompany transactions between consolidated companies; and
- d) Separate accounting of non-controlling interest in the balance sheets and statements of income.

In operations with subsidiaries, unrealized profits are fully eliminated in sales operations from the parent company to the subsidiary (downstream), which must be recognized in the parent company's income only when the traded assets are realized (by use, sale or loss) in the onslaught. Profits contained in the assets of any entity belonging to the same economic group, not necessarily in the subsidiary for which the parent company made the original transaction, are considered unrealized. In the Company's individual statements, the elimination of unrealized profit is made in the equity income result, deducting one hundred percent of the profit contained in the asset still held by the subsidiary, as a contra entry to the investment account (as if it were a refund of part of this investment), until the effective realization of the asset in the subsidiary.

3.2. Business combinations

In the consolidated financial statements, business combinations are recorded under the acquisition method. The consideration transferred in a business combination is measured at fair value of the assets and liabilities assumed on the acquisition date to the former owners of the acquiree and interest acquired by the Company and its subsidiaries in the exchange of the acquiree's shareholding control. Other acquisition costs are recognized as expenses, when incurred.

The non-controlling interest that corresponds to current interests and entitle their holders to a proportional portion of the Company's and its subsidiaries' net assets are initially measured at fair value of the non-controlling interest in the acquiree's identifiable net asset amounts recognized.

3.3. Foreign currency

(a) Transactions and balances

Transactions in foreign currency are translated into the respective functional currencies of the Company and its subsidiaries at the exchange rates on the dates of the transactions.

Monetary assets and liabilities denominated and calculated in foreign currencies on the balance sheet date are reconverted to the functional currency at the exchange rate on that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate on the date on which the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate on the transaction date. Foreign currency differences resulting from translation are generally recognized in profit or loss. If there are multiple prepayments or prepayments, the transaction date is the date of each prepayment or prepayment

However, exchange differences resulting from the retranslation of a qualified and effective cash flow hedge are recognized in other comprehensive income.

(b) Subsidiaries abroad

The assets and liabilities of subsidiaries abroad are translated into reais at the closing exchange rate on the respective balance sheet date and the corresponding statements of income are translated at the average exchange rate in the month in which the transactions occur, as well as the statements of cash flows box. Exchange differences resulting from said translation are accounted for in other comprehensive income. When a foreign subsidiary is written off, the accumulated amount of exchange variations related to that foreign subsidiary, recognized in other comprehensive income, is reclassified to income.

Notes to the financial statements

3.4. Financial instruments

(a) Financial assets

Financial assets are initially recognized on the date they are originated or on the trading date when the Company or its subsidiaries become a party to the underlying contract. The Company or its subsidiaries cease to recognize a financial asset when the contractual rights to the asset's cash flows expire or when the risks and rewards of ownership of the financial asset are transferred.

The initial classification of the financial assets is as follows:

- Financial assets stated at fair value through profit or loss: these assets are subsequently stated at fair value. The net fair value changes are recognized in the statement of income.
- Financial assets stated at amortized cost: these assets are subsequently stated at amortized cost under the effective interest method. The amortized cost is reduced through impairment losses. Interest income, exchange gains and losses, and impairment are recognized in profit or loss. Any derecognition gain or loss is recognized in profit or loss.

The classification of the financial assets in the initial recognition depends of the characteristics of the contractual cash flows of the financial asset and business model of the Company and its subsidiaries for the management of these financial assets.

The financial assets are not reclassified subsequently to the initial recognition, unless the Company and its subsidiaries has changed the business model for the management of financial assets; in this case, the respective financial assets are reclassified in the first day of the reporting period after the change in the business model.

Amortized cost: a financial asset is stated at amortized cost upon compliance with both conditions below, provided that not designated as stated at fair value through profit or loss:

- is maintained in a business model which purpose is to maintain financial assets to receive contractual cash flows; and
- the contractual terms generate, on specific dates, cash flows that solely relate to the payment of principal and interest on the outstanding principal amount.

The financial assets not designated as stated at amortized cost or fair value through comprehensive income (loss) (VJORA) are classified as fair value through profit or loss (VJR). In the initial recognition, the Company and its subsidiaries may irrevocably designate a financial asset that would otherwise comply with the requirements to be stated at amortized cost or VJORA or VJR if such recognition significantly eliminates or reduces the mismatch that would be otherwise generated.

(i) Business model evaluation:

The Company and its subsidiaries evaluate the purpose of the business model in which a financial asset is maintained in the portfolio in order to better reflect how the business model is managed and the information is provided to Management. Such information includes the policies and purposes defined for the portfolio and the practical performance of these policies in order to determine:

- whether the Company's strategy is focused on the revenues from contractual interest, maintenance of a specific interest rate profile, relation between the duration of financial assets and financial liabilities or expected outflows of funds, or realization of cash flows through assets sold;
- whether the portfolio performance is evaluated and reported to the Company's and its subsidiaries' Management;
- whether the risks that impact the business model performance (and the financial asset in the business model) and how these risks are managed;
- how business managers are compensated – for example, compensation based on the fair value of managed assets or contractual cash flows; and
- the frequency, volume and date of the sales of the financial assets in prior periods, reasons for such sales and expectations about future sales.

Notes to the financial statements

The transfers of financial assets to third parties in transactions that are not qualified for derecognition are not considered as sales, in accordance with the continuous recognition of the Company's and its subsidiaries' assets.

The financial assets held for trading or traded based on the fair value are measured at fair value through profit or loss.

(ii) Evaluation whether the contractual cash flows are solely payments of principal and interest:

For purposes of this evaluation, "principal" means the fair value of the financial asset in the initial recognition. "Interest" means the consideration for the time value of money and the credit risk associated to the outstanding principal during the period of time and other risks and basic loan costs (for example, liquidity risk and administrative costs), in addition to the profit margin.

The Company and its subsidiaries consider the contractual terms of the instrument to evaluate whether the contractual cash flows are solely payments of principal and interest, including the evaluation whether the financial asset is subject to a contractual term that could change the date or value of the contractual cash flows in a way that such financial asset would not meet such condition. In performing such evaluation, the Company and its subsidiaries consider the following:

- contingent events that modify the date or value of the cash flows;
- terms that could adjust the contractual rate, including variable rates;
- the prepayment and term extension; and
- the terms that limit the Company's and its subsidiaries' access to cash flows of specific assets (for example, based on the asset performance).

(b) Financial liabilities

Financial liabilities are initially recognized on the date they are originated or on the trading date when the Company or its subsidiaries become a party to the underlying contract. They are initially stated at their fair values plus or less transaction costs directly attributable to the issuance of a financial liability, in the case of a financial liability not measured at fair value through profit or loss.

The classification of the financial liabilities is as follows:

- Stated at fair value through profit or loss: financial liabilities include those: (i) held for short-term trading, (ii) designated at fair value to match the effects of the recognition of revenues and expenses to obtain more significant and consistent accounting information; or (iii) derivatives.

These financial liabilities are initially stated at the respective fair values, which changes are recognized in profit or loss for the year and, for any change in the subsequent measurement of the fair values attributable to changes in the credit risk of the liability, if any, which should be recorded against other comprehensive income (loss). The Company and its subsidiaries do not have financial assets classified in this category.

- Stated subsequently at amortized cost: any other financial liabilities that do not fall under the classification above. These are initially recognized at fair value plus any attributable transaction costs and subsequently recorded at amortized cost under the effective interest rate method.

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet when there is a legally enforceable right to set off recognized amounts and the intent to either settle them on a net basis, or to realize the asset and settle the liability simultaneously.

The classifications of the financial instruments (assets and liabilities) are described in Note 31.1.

Notes to the financial statements

(c) Derivatives financial instruments and hedge accounting

The Company and its subsidiaries use derivative financial instruments, such as future exchange contracts and interest rate swaps, to hedge against exchange rate risks and interest rate risks, respectively. These derivatives financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are recorded as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For hedge accounting purposes, said protection instruments can be classified as: (i) Fair value hedge; (ii) Cash flow hedge; and (iii) Net investment hedge.

At the beginning of a hedging relationship, the Company and its subsidiaries formally designate and document the hedging relationship to which it wishes to apply hedge accounting and the objective and risk management strategy for carrying out the hedge.

Documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how Management assesses whether the hedging relationship meets the hedge effectiveness requirements (including its analysis of sources of hedge ineffectiveness and how to determine the hedge ratio). A hedging relationship qualifies for hedge accounting if it meets all the following effectiveness requirements:

- There is an economic relationship between the protected item and the hedging instrument
- The credit risk effect does not influence changes in value that result from this economic relationship; It is
- The hedging ratio of the hedging relationship is the same as that resulting from the quantity of the protected item that the entity effectively protects and the quantity of the hedging instrument that the Entity effectively uses to protect that quantity of protected item.

Hedges that meet all the criteria to qualify for hedge accounting are currently recorded as cash flow hedges.

The derivative designated as a hedging instrument against the variability of cash flows attributable to a specific risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect the result, the effective portion of the changes in the fair value of the derivative is recognized in Other comprehensive income and presented in the equity valuation adjustment reserve in shareholders' equity. Any ineffective portion of changes in the derivative's fair value is recognized immediately in profit or loss.

If the hedging instrument no longer meets the accounting criteria, expires, that is, sold, terminated, exercised or has its designation revoked, hedge accounting is discontinued prospectively. Accrued results, previously recognized in other comprehensive income, and presented in the equity valuation reserve in shareholders' equity, remain there until the expected transaction affects the result.

The effectiveness of the hedge is measured based on changes in the fair value or cash flows of the hedging instrument that offset changes in the fair value or cash flows of the hedged item. The non-effectiveness of the hedge will occur to the extent that changes in the fair value or cash flows of the hedging instrument are greater or less than those of the hedged item. For an economic relationship to exist means that the hedging instrument and the hedged item must have values that generally move in opposite directions due to the same risk, which is the hedged risk.

3.5. Concession contracts

According to the concession contract, a transmission company is responsible for transporting energy from generation centers to distribution points. To fulfill this responsibility, the transmission company has two distinct performance obligations: (i) to build and (ii) maintain and operate the transmission infrastructure.

By complying with these two performance obligations, transmission companies maintain their transmission infrastructure available to users against the receipt of a compensation denominated Permitted Annual Revenue (RAP) over the effective period of the concession contract. These receivables amortize the investments made in this transmission infrastructure. Unamortized investments entitle the Granting Power to indemnification (when foreseen in

Notes to the financial statements

the concession agreement), which receives all the transmission infrastructure at the end of the concession contract, upon payment of such indemnity.

The transmission segment subsidiaries record and measure the revenue from the services rendered in accordance with Technical Pronouncements CPC 47 – Revenue from Contracts with Customers (IFRS 15), CPC 48 - Financial Instruments (IFRS 9) and ICPC 09 – Service Concession Arrangements (IFRIC 12). If the concessionaire performs more than one service governed by a single contract, the compensation received, or receivable must be allocated to each performance obligation based on the values related to the services provided if the amounts are separately identifiable.

(a) Contractual financial asset

The activity of operating and maintaining the transmission infrastructure begins after the end of such construction and the start-up phase of the transmission infrastructure. The recognition of trade receivables and the respective revenue only originate after the performance obligation is completed monthly, so that these receivables are considered financial assets at amortized cost.

(b) Contractual assets

The contract assets arise from insofar as the concessionaire fulfills the obligation to build and implement the transmission infrastructure, such revenue being recognized throughout the project time; but the cash flow receipt is conditioned to the satisfaction of the operation and maintenance performance obligation. To the extent that the Company's subsidiaries operate and maintain the infrastructure monthly, the portion of the contract asset equivalent to the consideration of that month for the satisfaction of the construction performance obligation becomes a financial asset, since nothing more than the passage of time will be required for the amount to be received. The future cash flows are the benefits of such asset.

The value of such contract asset is comprised by the present value of its future cash flows. The future cash flow is estimated at the beginning of the concession, or its extension, and the assumptions of such measurement are reviewed by the Periodic Tariff Review (RTP).

Cash flows are defined based on the Permitted Annual Revenue (RAP), which is the consideration the Company's subsidiaries receive for providing public transmission services to the users. These earnings amortize the investments in this transmission infrastructure and any non-amortized investments (reversible assets) generate the right to indemnify the Granting Power at the end of the concession agreement. These earning flows are (i) compensated by the implicit rate representing the business financial component established at the beginning of each project, which varies between 6.00% per year to 12.30% per year; and (ii) updated by the IPCA/IGPM. In addition, there is no change in the implicit rate defined at the beginning of each project. Any changes that occurred in the receipt flow are immediately recognized in the income statement.

The infrastructure implementation, which is the activity carried out during the construction phase, has the right to the consideration related to the work completion and the performance obligations to operate it and to maintain it, and not only over time; the revenue and the work costs related to the formation of such asset are recognized when the expenses incurred.

The revenues from the infrastructure implementation and the concession assets are subject to the deferral of the cumulative taxes on revenues (PIS and COFINS) and regulatory charges: Global Reversal Reserve (RGR) and Power Service Inspection Fee (TFSEE), recorded in line item "Deferred social contributions and regulatory charges", in current and non-current liabilities.

3.6. Property, plant, and equipment

Property, plant, and equipment items are carried at acquisition, construction, or development cost less accumulated depreciation and, when applicable, accumulated impairment losses. They also include other costs required to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management, the costs of dismantling and restoring the site on which it is located and borrowing costs on qualifying assets.

In the case of replacement of property, plant and equipment components, the new component is recognized at purchase cost (replacement) when it is probable that it will bring economic benefits for the Company and its subsidiaries and if cost can be reliably measured. The amount of the replaced component is written off. Maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis, per component, based on the rates disclosed in Note 12, according to the accounting balances recorded in the respective Registry Units (UC), at the annual rates established by ANEEL Resolution 674, of August 11, 2015, limited to the authorization term for wind farms. These depreciation rates consider the estimated economic useful lives of assets.

According to the Company's Management, upon termination of the concession contract, the assets and facilities related to the electric energy generation will comprise the Federal Government's equity, subject to indemnity of the investments performed but not yet paid, provided that authorized and audited by ANEEL.

A fixed asset item is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of income when the asset is derecognized.

Proceeds from the disposal or retirement of any item of property, plant and equipment are derived as the difference between the selling price and the carrying amount of the asset, being recognized in profit or loss for the year.

The assets' residual values, useful lives and depreciation methods are updated based on the ANEEL's reviews and adjusted prospectively, if appropriate.

Electrical Energy can be produced by bringing property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The entity recognizes the sale of such energy, and the cost, in profit or loss in accordance with applicable accounting standards.

3.7. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of the intangible assets acquired in a business combination corresponds to the fair value on the acquisition date. After initial recognition, intangible assets are stated at cost, less accumulated amortization, and impairment losses.

Intangible assets with finite lives are amortized over the useful economic life under the straight-line method and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite life are reviewed at least at the end of each reporting period. The amortization expense on intangible assets with finite lives is recognized in the statement of income in line item "Other expenses, net", consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortized, but they are tested for impairment at least on an annual basis, either individually or at the level of the cash-generating unit. The indefinite useful life is reviewed annually to determine whether its determination remains justifiable. Otherwise, the change in the useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of income when the asset is derecognized.

Notes to the financial statements

The Company's and its subsidiaries' intangible assets mainly comprise the following:

(a) Concession right – Use of Public Assets

Refers to the right of subsidiaries Ijuí, Foz and Ferreira Gomes to operate as Concessionaires of Use of Public Assets (UBP), in the electric energy generation and sale, under the concession agreement and upon payment for such right fixed monthly installments during the concession period, starting from the entry into commercial operation of the enterprise. The initial recognition of the provision for the payment of the UBP is a contra entry to Intangible assets and was recognized in accordance with "CPC 25 (IAS 37) – Provisions, Contingent Liabilities and Contingent Assets", adjusted to present value by the discount rate that reflects the fair value of the obligation. After initial recognition, the UBP provision is maintained at amortized cost, the installments of which are annually updated by the IGP-M, and this update is recognized in financial expenses. There is no interest charge.

(b) Exploitation rights obtained in a business combination

Refers to the concession and/or authorization right obtained from a business combination. As established by Technical Interpretation ICPC 09 - Individual Financial Statements, Separate Financial Statements, Consolidated Financial Statements and Application of the Equity Method of Accounting, the authorization rights are classified in line items "Investments" and "Intangible assets", in the balance sheets of the Parent Company and Consolidated, respectively. The useful life of the asset is the remaining concession and/or authorization term.

(c) Right to extend the grant

Refers to the right to extend the grant obtained by the subsidiaries Queluz, Lavrinhas, Verde 8, Foz do Rio Claro, Ferreira Gomes and Ijuí, as a result of Law nº 14,052, published on September 9, 2020, which established new conditions for the renegotiation of the hydrological risk assumed by the hydroelectric generators that participated in the Energy Reallocation Mechanism (MRE), during the period from June 1, 2015 to February 7, 2018. These concession extensions were approved by ANEEL, in accordance with the regulations established in ANEEL Normative Resolution No. 895 and compensated the generators for the hydrological risk (GSF - Generation Scaling Factor) incurred in the period from June 1, 2015 to February 7, 2018. The amounts recorded are being amortized monthly and the useful life of this intangible asset is the new remaining term of the concession or authorization of these subsidiaries.

(d) Project development

Refers to costs in the project development process, such as contracting engineering, travel and other services. After obtaining the authorization/permission/granting of licenses for installation, the projects developed can be sold or are transferred to the Special Purpose Entities - SPE's, and the amounts spent on the development of the projects can be reimbursed or used as a capital contribution.

Expenses incurred on a project which might not be implemented are reversed to the Company's profit or loss. Such reversals are based on Management's assessments.

3.8. Impairment

(a) Financial assets

The Company and its subsidiaries consider evidence of impairment of assets at amortized cost both individually and collectively. All individually material assets are tested for impairment. The assets identified as individually unimpaired are then collectively tested for impairment that could have occurred but that has not been identified. Assets that are not individually material are collectively tested for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company and its subsidiaries use historical trends of the timing of recoveries and the amount of loss incurred, adjusted for Management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment of a financial asset is determined as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective original interest rate of the financial asset. Losses are recognized in profit or loss and reflected in an allowance account.

All amounts considered as uncollectible for a reasonable period of time are written off. In the event of impairment reduction directly related to an event subsequently to such reduction, the provision is reserved through profit or loss.

(b) Non-financial assets

The carrying amounts of the Company's and its subsidiaries' non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. The intangible assets with indefinite useful lives are tested for impairment on an annual basis, regardless of any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For impairment test purposes, the assets are grouped in cash-generating units (CGU), that is, in the smallest group of assets that generates cash inflows from continuous use, which inflows are mostly independent from the cash inflows of other assets or CGUs. The recoverable amount of an asset or CGU is the higher of its value in use or fair value less costs to sell. The value in use is based on estimated future cash flows, discounted to present value at the pretax discount rate that reflects a current market assessment rate of the time value of money and the specific risks for the asset or CGU.

An impairment loss is recognized if the carrying amount of the asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Losses relating to the CGUs are initially allocated in the impairment of any goodwill allocated to such CGU (or group of CGUs), and subsequently to the impairment of other assets of such CGU (or group of CGUs) on a pro rata basis.

In assessing an asset's value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the weighted average cost of capital for the industry where the cash generating unit operates. Fair value less costs to sell is determined considering, whenever possible, outright sale agreements in arm's length transactions between knowledgeable and willing parties less costs of disposal; if no outright sale agreements can be identified, this will be based on the market price of an active market or the price of the most recent transaction involving similar assets.

3.9. Provisions

Provisions are recognized when the Company or its subsidiaries have a present obligation (legal or constructive) has arisen as a result of a past event, it is more likely than not there will be an outflow of resources embodying economic benefit to settle the obligation and the amount to settle the obligation can be reliably estimated. When applicable, provisions are determined by discounting expected future cash outflows at a rate that takes into consideration current market valuations and liability-specific risks.

(a) Provision for environmental expenses

Due to the nature of their activities, the Company's subsidiaries recognized provision for environmental expenses. These liabilities refer to investments in preservation units assumed over the venture licensing process. This provision is matched against property, plant and equipment or Infrastructure cost for the transmission companies that are required to apply ICPC 01 (IFRIC 12).

It refers to provisions for the costs necessary for the granting of prior licenses, installation, and operation of UHEs, SHPs, and LTs, related to the requirements made by competent agencies.

The costs related to Environmental Licenses are associated with the Basic Environmental Project - PBA or are additional to it, where the main items are the reforestation of areas, acquisition and regularization of rural and urban areas, restoration and improvement of road, electrical and sanitary infrastructure and the implementation of conservation units. The balance of this provision is recognized at the best estimate. The initial recognition is made against Fixed Assets, Intangibles or Construction Costs - the latter for the transmission companies that apply the "ICPC 01 (R1) – Concession Contracts (IFRIC 12)".

Preliminary, installation and operating licenses, obtained during the planning, construction, and installation phase of the projects, are recognized as the cost of the item that generates the greatest environmental impact, more specifically as the cost of dams (hydroelectric plants) or towers (transmitters), according to ANEEL's Electric Sector Accounting Manual - MCSE, and depreciated over the useful life of these fixed assets. Operating licenses obtained after the start of

Notes to the financial statements

commercial operations are recognized as intangible assets and will be amortized over the period that represents the validity of the licenses.

(b) Provision for asset decommissioning

The subsidiaries assumed asset-dismantling obligations under contractual and legal requirements related to the lease of land where the wind farms are located. Asset decommissioning costs are capitalized as part of the carrying amount of the underlying asset and depreciated over the remaining useful life of the asset.

(c) Provision for asset recognition

The provision for asset recognition includes present obligations of the works to be finalized arising from the concession contract, and which are related to a certain project that has already entered operation. This provision is matched against property, plant and equipment or Infrastructure cost for the transmission companies that are required to apply ICPC 01 (IFRIC 12).

(d) Provision for contingencies

The Company and its subsidiaries are party to several lawsuits and administrative proceedings. The assessment of whether a provision is required to be recognized includes the assessment of available evidence, hierarchy of laws, available case law, most recent court decisions and their relevance in the legal system, as well as the evaluation of external lawyers. Provisions are reviewed and adjusted to consider changes in circumstances, such as applicable limitation period, findings of physical inspections or additional exposures identified on the basis of new matters or court decisions.

3.10. Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations are recognized as personnel expenses as the related service is provided. The liability is recognized at the amount that is expected to be paid when the Company and its subsidiaries have a legal or constructive obligation to pay such amount as a result of the past service provided by an employee, and such obligation can be reliably estimated.

(b) Defined contribution plans

Obligations related to contributions to defined contribution plans are recognized as personnel expenses in profit or loss for the periods during which services are provided by the employees. The contributions paid in advance are recognized as an asset to the extension that a cash reimbursement or reduction from future payments is possible.

3.11. Income tax and social contribution

Income tax and social contribution expenses are calculated according to the prevailing tax law and recognized in the statement of income, including current and deferred taxes. Current tax is the tax payable or receivable/to be offset against taxable income or loss for the year.

Taxable income or loss differs from income (or loss) before taxes recognized in the statement of income as, under the prevailing tax law, certain transactions must be excluded from or added to profit. In Brazil, income tax and social contribution for the year are calculated at the rate of 15%, plus a 10% surtax on taxable income exceeding R\$240 for income tax and 9% on taxable income for social contribution. In addition, tax losses can be offset only up to the limit of 30% of annual taxable income. In Colombia, the effective rates of 33% and 29.5% are applied in Colombia and Peru, respectively.

Certain subsidiaries opted for taxation based on deemed income, under the prevailing tax law, for calculation of taxable income. In Brazil, the taxable income calculated under this method is subject to an estimated percentage of 8% for income tax and 12% for social contribution on gross revenues, plus 100% of finance income. In addition, the subsidiaries under this regime did not record deferred income tax and social contribution on tax losses and temporary differences, except in cases where there is already a tax regime change plan whose effects are measurable, and their taxes on revenue (PIS/COFINS) are not calculated on a noncumulative basis. In Colombia, the percentage of 3.5% is applied on the equity for prior year.

Notes to the financial statements

Some subsidiaries based in Brazil in tax incentive areas are entitled to the operating profit approved by SUDENE or SUDAM, which comprises the reduction of 75% of the income tax for undertakings constructed in tax incentive area. Such benefit is recognized as a reduction to income tax expenses and transferred from line item "Retained earnings" to line item "Tax incentive reserve", in equity.

Deferred income tax and social contribution are recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used for tax calculation purposes and tax losses.

3.12. Regulatory charges

The regulatory charges for Research and Development (R&D), the National Fund for Scientific and Technological Development (FNDCT) and the Ministry of Mines and Energies (MME), are reinvestment programs required by ANEEL for the concessionaires that transmit and generate electricity, which are obliged to allocate 1% of their net operating revenue to these programs.

The Global Reversion Reserve (RGR) is a charge of the electric sector paid monthly by electric energy concessionaires, with the purpose of providing resources for the reversion, expansion and improvement of public electric energy services, with an annual value equivalent to 2.6% of the RAP. And the values of the Public Electricity Service Inspection Fee (TFSEE), are levied on the transmission of electricity and are equivalent to 0.4% of RAP.

These balances are reflected in the consolidated in current and noncurrent liabilities under the captions "Regulatory charges" and "Social contributions and deferred regulatory charges", respectively, the amount allocated to these programs, according to the period foreseen for the investments.

3.13. Revenue recognition

Revenues are recognized when and to the extent that the Company and its subsidiaries have complied with the performance obligations assumed in the customer agreements, provided that the agreement has been approved, is possible to identify the rights; the commercial purpose exists and it is probable that the Company and its subsidiaries will be entitled to a compensation. Revenues are classified as follows:

(a) Infrastructure revenue

Refers to revenue related to the performance obligation related to infrastructure implementation services, expansion, reinforcement and improvements to electricity transmission facilities. During the implementation phase, infrastructure revenue is recognized in proportion of the expenses incurred, plus the margin, at fair value, adjusted by the inflationary index, plus the deferral of the Social Integration Program - PIS and the Contribution for the Financing of Social Security - COFINS. The construction margin is determined according to the characteristics and complexity of the projects, as well as the macroeconomic situation in which they are established, and consider the weighting of the estimated cash receipts flows in relation to the estimated expected cost flows for the implementation investments of the infrastructure. The construction margin is reviewed annually, when the project starts operating and / or when there are indications of relevant variations in the evolution of the work.

(b) Revenue from financial remuneration of the concession assets

Refers to the financing component existing in the infrastructure revenue, being recognized by the straight-line basis method based on the implicit rate applied on the value of the investments in the transmission infrastructure of each contract - basic project, reinforcement or improvement. The implicit rate reflects the financial component determined at the beginning of each concession contract and maintained until the end. The implicit rate is levied on the amount receivable from the future cash flow of each project and represents the Company's best estimate for the financial remuneration of the investments in the transmission infrastructure, considering the specific risks and premiums of the business. When the Concession Grantor reviews or updates the revenue that the Company is entitled to receive, the book value of the contract asset is adjusted to reflect the revised flows, the adjustment being recognized as income or expense immediately in the result. The implicit rates used by the Company and its subsidiaries are in the range of 6.00% to 12.30% per year.

Notes to the financial statements

(c) Operation and maintenance revenue

Operating and maintenance revenues start after the construction phase is completed and refer to the operation and maintenance services of the electricity transmission facilities, which. Revenue is recognized as the concessionaire maintains the transmission infrastructure available, applying the margin on the cost incurred to operate and maintain, defined in the initial project as a result of CAPEX. The operating and maintenance margin is determined based on the observation of individual revenue applied in similar observable circumstances, in cases where the Company and its subsidiaries are exclusively entitled, that is, separately, to remuneration for the activity of operating and maintaining the transmission infrastructure. They are subject to monetary restatement due to the variation of the IGP-M or IPCA and are also increased by the deferral of social contributions and regulatory charges.

(d) Variable Portion (PV), additional to RAP and Adjustment Parcel (PA)

The variable portion is the pecuniary penalty applied by the Granting Authority due to possible unavailability or operational restrictions of the electricity transmission facilities. The variable portion due to unavailability (PVI) is estimated based on the historical series of occurrences, and the historical average has no material representativeness. Due to the difficulty of forecasting before the start of operation of each project, the variable portion per entry into operation (PVA) and the variable portion per operational restriction (PVRO) are considered, when applicable, in the receipt flows when the Company estimates that its occurrence is likely.

The additional to RAP corresponds to the monetary award granted to the transmission companies, as an incentive to improve the availability of transmission facilities. This is recognized as revenue of operating and maintenance in the period in which they occur.

The Adjustment Parcel is the portion of revenue arising from the application of the mechanism provided in the contract and employed in the periodic annual adjustments, which is added to or subtracted from the RAP, in order to compensate for the excess or the deficit of collection in the period prior to such adjustment.

(e) Revenue from electric energy supply

In the Parent Company and its subsidiaries, revenue from the sale of electric energy is recorded based on bilateral contracts entered into with market agents duly registered with the Electric Power Trade Chamber (CCEE). In the Company's subsidiaries, revenue from the power generation sales is recognized based on guaranteed power and at the tariffs specified in the power supply agreements or at prevailing market prices, as applicable.

(f) Services provided - Income from Surety Bond Commission

Commission revenue from surety guarantee refers to the guarantee given by Alupar to Financial Institutions for certain loan agreements entered into by its subsidiaries, which is charged monthly on outstanding amounts.

(g) Interest income

Interest income arising from cash and cash equivalents, short-term investments and marketable securities are calculated based on the effective interest rate, over the period elapsed, on the principal amount invested. Interest income is recognized in line item "Finance income" in the statement of income.

3.14. Leases

The Company and its subsidiaries, based on the assessment whether the leases would transfer or not the ownership risks and benefits, classified them as operating or financial lease.

The Company and its subsidiaries recognized the use right asset and the lease liability on the initial lease date. The use right asset is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment losses, adjusted based on certain lease liability interest. Depreciation is calculated on a straight-line basis over the remaining period of each agreement.

The Company and its subsidiaries adopted as cost components the fixed lease payments (or fixed in nature), which would be the minimum payments agreed in agreements subject to variable payments according to accrued revenues. The specifically variable payments are not covered by the rule and are monthly recognized as operating expenses.

Notes to the financial statements

The lease liability is initially measured at present value of future lease payments, that is, amounts not paid, less additional interest rate on lease, which is defined as the equivalent rate payable by the lessor in connection with the loan entered into under similar terms and collaterals to obtain the asset with a value similar to the use right asset in a similar economic environment.

The Company and its subsidiaries are parties to certain agreements entered into for determined periods. Considering that both the lessor and the lessee are entitled to the right to terminate the agreement at any time, subject to immaterial fine, if any, the Company believes that these agreements are not covered by the rule; therefore, the payments are recognized as operating expenses, as incurred.

For purposes of definition of the additional loan rate, the Company and its subsidiaries adopted the future Interbank Deposit (DI) rate disclosed by B3, which maturity dates are close to the lease terms plus the credit risk ("bank spread") based on the estimates provided by renowned financial institutions, on the initial adoption date, as different spreads were obtained for different terms, in addition to the issuance purpose and similar collaterals. The rate applied varies between 8.50% p.a. and 11.50% p.a. in the Company and its subsidiaries, according to the contractual terms.

3.15. Profit distribution

The Company and its subsidiaries recognize a liability for payment of dividends when such distribution is authorized and is no longer an option or as set forth in applicable law.

The proposed dividends payable under statutory obligations are recorded in current liabilities.

According to the Company's bylaws was amended at the Extraordinary General Meeting held on December 6, 2022 and established, at least 25% of net profit for the year is distributed as dividends. Previously the percentage was 50%. In the Company's subsidiaries, at least 25% of net profit for the year is distributed as dividends.

In addition, under the Company's bylaws, the Board of Directors must authorize the payment of interest on capital and interim dividends, according to the results audited by an independent company, including projected cash flows that confirm the proposal feasibility.

- *Income tax on dividends*

Dividends paid and received between individuals and legal entities resident or not in Brazil are exempt from income tax. Dividends paid by subsidiaries based in Colombia and Peru are subject to the tax rate of 7.5% and 5%, respectively.

3.16. Earnings per share

Under CPC 41 (IAS 33), the Company calculates earnings per share using the weighted average number of total common and preferred shares outstanding during the year.

Basic earnings per share amounts are calculated by dividing net profit for the year by the weighted average number of issued shares. Prior-year earnings per share are retroactively adjusted, where applicable, in order to reflect any capitalizations, issue of bonds, split or reverse split of shares. There are no potential shares to be issued that could affect earnings per share through dilution; therefore, basic or diluted earnings per share are the same.

The Company's articles of incorporation assign the same rights to holders of preferred and common shares regarding profit sharing.

3.17. Other current and non-current assets and liabilities

An asset is recognized in the balance sheet when it involves an item controlled by the Company and its subsidiaries arising from past events and from which future economic benefits are expected to arise.

A liability is recognized in the balance sheet when the Company and its subsidiaries have a legal or constructive obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits.

Notes to the financial statements

Other assets are stated at acquisition cost or realization value, if the latter is lower, and other liabilities are stated at known or estimable amounts, including, when applicable, accrued charges and monetary adjustments incurred.

3.18. Classification of current and non-current assets and liabilities

Assets and liabilities are recorded as non-current if the instrument's remaining period exceeds 12 months and if settlement thereof is not expected for the 12-month period following the balance sheet date. Otherwise, they are recorded as current.

3.19. Operating segments

Operating segments are defined as business activities from which revenue can be earned and expenses can be incurred, whose operational results are regularly reviewed by the Company's and its subsidiaries' Management so that decisions can be taken on resource allocation to the segment and to assess its performance, and for which separate financial information is available.

The main operating segments comprise the electric energy transmission and generation activities. Other segments include: (a) holding engaged in financial investment and corporate activities not related to reportable operating segments; and (b) "Other", which comprises sales and operational and maintenance services of generating plants (O&M) that are not reported separately in view of their irrelevance.

The Company's and its subsidiaries' operating segments are mainly located in Brazil. Consequently, geographical information is not being presented.

3.20. Statements of cash flows

The statements of cash flows have been prepared using the indirect method and are presented in accordance with CVM Resolution 547, of August 13, 2008, which approved the accounting pronouncement CPC 03 (R2) (IAS 7) – Statement of Cash Flows, issued by CPC.

The Company and its subsidiaries classify interest and dividends paid as cash flow from financing activities.

3.21. Statement of value added (DVA)

The Company and its subsidiaries prepared statements for value added (DVA) in accordance with CPC 09 - Statement of Added Value, which are presented as an integral part of the financial statements under BRGAAP applicable to publicly held companies, while for IFRS they represent additional financial information.

4. New standards and interpretations not yet effective

4.1. Effective January 1, 2022

The following amended rules and interpretations are effective for the year beginning on January 1, 2022, however, there was no material impact on the individual and consolidated financial statements:

- Onerous Contracts – Costs to fulfill a contract (changes in CPC 25/IAS 37); and
- Fixed Assets – Income before intended use (amendments to CPC 27/IAS 16).

4.2. New standards and interpretations not yet in effective

Currently, the CPC works with the issuance of new pronouncements and revision of existing pronouncements, which will only come into force on January 1, 2023, being:

- Classification of liabilities as current or non-current and disclosure of accounting policies (changes to IAS 1);
- Definition of accounting estimates (amendments to CPC 23/IAS 8); and
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to CPC 32/IAS 12).

The Company and its subsidiaries are evaluating the impacts of the adoption of these new pronouncements and do not expect material effects on their financial statements when they become effective.

5. Cash and cash equivalents

Cash and cash equivalents	Average compensation - % CDI		Company		Average compensation - % CDI		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Cash available (cash and banks)	-	-	53,462	223	-	-	180,528	35,208
Bank deposit certificates	99.00%	95.00%	289,708	65,306	99.07%	98.13%	357,336	181,706
Repurchase agreements	-	-	-	-	96.70%	95.08%	233,220	153,912
Investment funds	20.00%	20.00%	-	-	20.00%	20.00%	79,397	6,293
Total			343,170	65,529			850,481	377,119

Cash equivalents are held for the purpose of meeting short-term cash commitments and mainly refer to bank deposit certificates, highly liquid, fixed-income investment funds, and automatic investments that are linked to current account, where the actual compensation will depend on the total period for which the funds remain invested, considering that Management records these investments by percentage of income earned, there is no risk of significant change in value in the event of early redemption, and are considered financial instruments measured at fair value against profit or loss.

6. Short-term investments

	Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Portfolio composition				
Financial Treasury Bills	281,502	196,344	832,090	713,903
Government brazilian bonds	298,542	221,839	850,748	703,311
Private notes	53,492	37,095	153,583	136,350
Other	(5)	58	186	(61)
Total	633,531	455,336	1,836,607	1,553,503

The Company and its subsidiaries invest funds in three exclusive funds, are measured at fair value through profit or loss and average interest yield of 99.35% of CDI as at December 31, 2022 (62.83% of CDI as at December 31, 2021).

7. Marketable securities

Marketable securities	Average appreciation - % CDI		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Investment funds	98.10%	97.50%	138,094	121,666
			138,094	121,666
Current			1,304	971
Non-current			136,790	120,695

Marketable securities comprise short-term investments recognized as reserve accounts securing the subsidiaries' loan and financing agreements. These accounts consist of the obligation to maintain short-term investments corresponding to three installments of loans and financing, on average.

Notes to the financial statements

8. Trade receivables

Company			Consolidated						
Not past due		Falling due	Overdue				12/31/2022	12/31/2021	
12/31/2022	12/31/2021		Up to 30 days	From 31 to 60 days	From 61 to 360 days	More than 361 days			
<u>Power transmission system</u>									
Transmission charges billed	-	-	370,134	2,290	1,014	14,912	44,523	432,873	288,639
	-	-	370,134	2,290	1,014	14,912	44,523	432,873	288,639
<u>Power generation system</u>									
Regulated environment	3,082	-	26,583	-	-	-	-	26,583	21,199
Free environment	1,860	9,670	40,160	-	-	-	-	40,160	98,870
MRE and Spot (short-term energy)	386	782	1,585	-	-	-	-	1,585	7,523
	5,328	10,452	68,328	-	-	-	-	68,328	127,592
<u>Services</u>									
Guarantee fee on loans (note 30)	7,460	-	-	-	-	-	-	-	-
	12,788	10,452	438,462	2,290	1,014	14,912	44,523	501,201	416,231
Current	12,788	10,452						448,279	391,698
Non-current	-	-						52,922	24,533

During the year ended December 31, 2022, no allowance for doubtful debts was recorded, due to the non-recognition of historical losses and/or loss expectations on trade receivables in accounts receivable for the generation segment. For the transmission segment, according to the understanding of the market and regulators, the Brazilian transmission regulatory framework the was designed to be compliant, ensure financial health and avoid transmission system credit risk, so that transmission system users are required to provide financial guarantees administered by the National Electric System Operator (ONS) to avoid default risk.

9. Contract asset

Changes in concession asset	Consolidated	
	12/31/2022	12/31/2021
Opening balance	17,604,123	14,600,710
Operation and maintenance revenue (note 25)	566,620	431,639
Concession asset payment (note 25)	2,737,546	3,541,001
Infrastructure revenue (note 25)	250,481	1,032,923
Gain from the result of the periodic tariff review	60,344	60,311
Loss as a result of the periodic tariff review	(222,114)	(11,436)
Concession asset performance	(2,639,190)	(2,051,025)
Closing balance	18,357,810	17,604,123
Current	1,909,364	1,701,139
Non-current	16,448,446	15,902,984

In the year ended December 31, 2022, the amounts of Gain for the result of the periodic tariff review of R\$60,344 and Loss for the result of the periodic tariff review of R\$222,114, respectively recorded under the headings of "Other income" and "Other expenses" in the consolidated, whose amounts, net of taxes, are R\$55,828 in gain and R\$201,724 in loss, refer to the review of the expected cash receipt flow arising from the result of the Periodic Tariff Review of the subsidiaries ETB, ETAP, ETC, TCC, TPE, ETES, ETSE, ESTE and EDTE, with based on ANEEL Ratifying Resolution No. 3,050 of June 21, 2022.

In the year ended December 31, 2021, the amounts of Gain from the result of the tariff review of R\$60,311 and Loss as a result of the periodic tariff review of R\$11,436, recorded respectively under "Other income" and "Other expenses" in the consolidated statement, whose amounts net of taxes are R\$52,923 in gain and R\$10,035 in loss, refer to the revision of the expected cash receipt flow resulting from the result of the Periodic Tariff Review of the subsidiaries ETVG, ETEM and TME, based on ANEEL Ratifying Resolution No. 2,882 of June 22 of 2021.

The Annual Permitted Revenue (APR) of the Company's subsidiaries and jointly-owned subsidiary, in accordance with Approving Resolution number 3,067, of July 12, 2022, effective as of July, 2022, is being carried out as follows:

Cycle 2022 ~ 2023	Basic grid			Basic grid - frontier		DIT ^(e) (exclusive)		Total	Calculation of adjustment amount (PA)	Total net
	(a) RBL	(b) RBNI	(f) RMEL	(a) RBL	(b) RBNI	(c) RPEC	(d) RCDM			
EATE	382,823	13,873	52	-	-	-	-	396,748	(11,503)	385,245
TNE	365,956	-	-	-	-	-	-	365,956	-	365,956
TPE	287,402	457	-	-	-	-	-	287,859	(9,030)	278,829
ENTE	204,158	68	18	-	-	-	-	204,244	(6,387)	197,857
TCC	195,433	-	-	-	-	-	-	195,433	(6,453)	188,980
STN	163,350	5,449	-	-	-	-	-	168,799	(563)	168,236
ETB	170,650	826	-	-	-	-	-	171,476	(22,186)	149,290
ESTE	135,205	-	-	-	-	-	-	135,205	(1,110)	134,095
TSM	134,072	-	-	-	-	-	-	134,072	(1,655)	132,417
ETEP	88,888	28	291	-	-	-	-	89,207	(2,267)	86,940
ECTE	86,160	21	57	-	-	-	-	86,238	(2,628)	83,610
EDTE	83,645	-	-	-	-	-	-	83,645	(2,534)	81,111
ETAP	68,071	-	-	-	-	-	-	68,071	(2,127)	65,944
TME	57,857	7,237	16	-	-	-	-	65,110	(3,263)	61,847
ELTE	57,477	-	-	-	-	-	-	57,477	-	57,477
EBTE	49,946	5,302	11	3,282	-	521	-	59,062	(4,986)	54,076
TRANSIRAPE	15,792	14,485	-	3,597	6,510	293	2,843	43,520	-	43,520
AETE	43,006	-	45	-	-	-	-	43,051	(1,336)	41,715
STC	24,860	2,384	-	6,761	3,165	303	5,794	43,267	(1,605)	41,662
ETC	12,281	-	-	23,180	-	4,067	-	39,528	(3,787)	35,741
TRANSLESTE	37,004	-	-	-	-	-	-	37,004	(1,280)	35,724
ETSE	21,514	311	-	3,298	6,490	1,369	-	32,982	127	33,109
LUMITRANS	30,305	34	-	-	-	-	-	30,339	(1,521)	28,818
ERTE	36,078	10,425	-	-	-	-	-	46,503	(18,685)	27,818
ETES	11,138	439	-	-	9,379	-	2,624	23,580	(609)	22,971
TRANSUDESTE	22,936	-	-	-	-	-	-	22,936	(1,167)	21,769
ETVG	1,772	253	-	3,710	11,174	648	726	18,283	2,681	20,964
ETEM	17,981	-	71	-	-	-	-	18,052	(473)	17,579
ESDE	11,255	-	30	5,010	-	1,224	-	17,519	(312)	17,207
Total	2,817,015	61,592	591	48,838	36,718	8,425	11,987	2,985,166	(104,659)	2,880,507

(a) Bid Basic Grid. (b) Basic Revenue from New Grid (c) Revenue from assets of other concession operators of bid transmission. (d) Revenue from other transmission facilities. (e) Other transmission facilities. (f) Revenue from improvements.

10. Investments in subsidiaries and joint venture

Variation in investments	Balance as at 12/31/2021	Capital increase (reduce)	Acquisition of shareholding	Disposal of shareholding	Amortization of intangible assets	Reclassification by intangible	Adjustment to cumulative conversion	Equity pick up of subsidiaries OCI	Equity pick up of subsidiaries	Dividends	Balance as at 12/31/2022
Subsidiaries											
ACE	6,047	-	-	-	-	-	-	-	411	-	6,458
AF	6,147	-	-	-	-	-	-	-	3,672	(582)	9,237
Agua Limpa	12,247	-	-	-	-	-	-	-	(31)	-	12,216
Alupar Chile	(1,521)	-	-	-	-	-	-	-	-	-	(1,521)
Alupar Colômbia	78,765	-	-	-	-	-	(14,359)	(1,592)	(17,905)	-	44,909
Alupar Peru	226,176	4,132	-	-	-	-	(6,671)	-	(12,394)	-	211,243
Apaete	27,756	-	-	-	-	-	-	-	6,340	(1,774)	32,322
EAP I	(116)	22,344	66	-	-	-	-	-	(404)	-	21,890
EAP II	(111)	34,937	70	-	-	-	-	-	(523)	-	34,373
EAP III	(23)	-	-	-	-	-	-	-	(23)	-	(46)
EAP IV	(23)	-	-	-	-	-	-	-	(23)	-	(46)
EAP V	(23)	-	-	-	-	-	-	-	(23)	-	(46)
EAP VI	(23)	-	-	-	-	-	-	-	(23)	-	(46)
EAP VII	(23)	-	-	-	-	-	-	-	(49)	-	(72)
EATE	709,967	-	-	-	-	-	-	-	221,753	(189,141)	742,579
ECTE	127,932	-	-	-	-	-	-	-	53,484	(38,381)	143,035
ELTE	109,588	-	-	-	-	-	-	-	(12,623)	-	96,965
ENTE	300,655	-	-	-	-	-	-	-	79,851	(82,868)	297,638
ERTE	37,327	-	-	-	-	-	-	-	4,858	(2,206)	39,979
ETAP	254,128	-	-	-	-	-	-	-	47,391	(9,923)	291,596
ETB (i)	221,468	-	-	-	(2,833)	-	-	-	37,245	(52,973)	202,907
ETC	132,086	-	-	-	-	-	-	-	26,744	(6,261)	152,569
ETEM	71,111	-	-	-	-	-	-	-	9,978	(2,058)	79,031
ETEP	121,227	-	-	-	-	-	-	-	22,639	(31,507)	112,359
ETES	75,942	-	-	-	-	-	-	-	18,728	(4,007)	90,663
ETVG	110,225	-	-	-	-	-	-	-	19,851	(3,955)	126,121
Ferreira Gomes	938,724	-	-	-	-	-	-	-	36,148	(7,534)	967,338
Foz	229,366	-	-	-	-	-	-	-	(3,859)	(54,029)	171,478
GET	(548)	-	-	-	-	-	-	-	-	-	(548)
Ijuí	300,127	-	48,789	(186,495)	-	-	-	-	20,034	(23,627)	158,828
La Virgen (i) (*)	26,819	-	-	-	-	-	(2,702)	-	(38,813)	-	(14,696)
Lavrinas (i)	112,499	-	-	-	(121)	3,232	-	-	13,157	(15,404)	113,363
Lumitrans	16,661	-	-	-	-	-	-	-	3,161	(4,618)	15,204
Queluz (i)	142,432	-	-	-	(240)	1,460	-	-	15,293	(6,012)	152,933
Risarlada	217	-	-	-	-	-	(49)	-	39	-	207
STC	40,543	-	-	-	-	-	-	-	6,685	(8,526)	38,702
STN	269,550	-	-	-	-	-	-	-	66,941	(53,030)	283,461
TCC	428,844	-	-	-	-	-	-	-	75,906	(66,023)	438,727
TME	130,176	-	-	-	(66)	-	-	-	11,069	(23,057)	118,122
TPE	445,226	-	136,192	-	-	-	-	-	132,918	(87,765)	626,571
Transminas	131,965	-	-	-	-	-	-	-	23,005	(16,830)	138,140
UFV Pitombeira	2	-	-	-	-	-	-	-	(276)	-	(274)
TSM	130,052	121,225	39,533	-	-	-	-	-	33,768	(18,723)	305,855
Verde 8	82,395	-	-	-	-	-	-	-	(8,877)	-	73,518
Windepar	239,343	-	-	-	-	-	-	-	(4,986)	-	234,357
Subtotal	6,291,324	182,638	224,650	(186,495)	(3,260)	4,692	(23,781)	(1,592)	890,237	(810,814)	6,567,599
Joint ventures											
TNE	143,189	19,891	-	-	-	-	-	-	5,966	-	169,046
Total Consolidated	143,189	19,891	-	-	-	-	-	-	5,966	-	169,046
Total Company	6,434,513	202,529	224,650	(186,495)	(3,260)	4,692	(23,781)	(1,592)	896,203	(810,814)	6,736,645

(i) In the balance of subsidiaries ETB, La Virgen, Queluz and Lavrinhas, the exploration right generated in the acquisition of control of them is included, which was reclassified to intangible assets for consolidation purposes. The amounts are disclosed in Note 13 (b).

(*) From La Virgen's Equity Income, the amount of R\$38,362 was eliminated, referring to the unrealized profit of the Guarantee Commission, charged by Alupar and which was capitalized in Fixed Assets of La Virgen, as determined in the ICPC 09 item 55.

Notes to the financial statements

Variation in investments	Balance as at 12/31/2020	Capital increase (reduce)	Acquisition of shareholding	Amortization of intangible	Adjustment to cumulative conversion	Equity pick up of subsidiaries	Dividends	Balance as at 12/31/2021
Subsidiaries								
ACE	14	6,000	-	-	-	33	-	6,047
AF	2,866	-	-	-	-	3,281	-	6,147
Agua Limpa	7,858	4,389	-	-	-	-	-	12,247
Alupar Chile	(1,521)	-	-	-	-	-	-	(1,521)
Alupar Colômbia	86,577	4,267	-	-	(7,953)	(4,126)	-	78,765
Alupar Peru	241,688	79,204	-	-	(8,349)	(86,367)	-	226,176
Apaete	62,854	(39,764)	-	-	-	13,913	(9,247)	27,756
EAP I	(88)	-	-	-	-	(28)	-	(116)
EAP II	(83)	-	-	-	-	(28)	-	(111)
EAP III	1	-	-	-	-	(24)	-	(23)
EAP IV	1	-	-	-	-	(24)	-	(23)
EAP V	1	-	-	-	-	(24)	-	(23)
EAP VI	1	-	-	-	-	(24)	-	(23)
EAP VII	1	-	-	-	-	(24)	-	(23)
EATE	579,100	-	-	-	-	264,127	(133,260)	709,967
ECTE	103,495	-	-	-	-	45,311	(20,874)	127,932
ELTE	17,895	97,000	-	-	-	(5,307)	-	109,588
ENTE	274,829	-	-	-	-	107,325	(81,499)	300,655
ERTE	35,415	-	-	-	-	9,156	(7,244)	37,327
ETAP	243,594	-	-	-	-	58,587	(48,053)	254,128
ETB (ii)	199,111	-	-	5	-	57,370	(35,018)	221,468
ETC	95,984	8,500	-	-	-	37,930	(10,328)	132,086
ETEM	60,178	-	-	-	-	13,974	(3,041)	71,111
ETEP	124,951	-	-	-	-	39,094	(42,818)	121,227
ETES	62,329	-	-	-	-	19,335	(5,722)	75,942
ETVG	71,433	-	-	-	-	50,011	(11,219)	110,225
Ferreira Gomes	911,438	-	-	-	-	33,457	(6,171)	938,724
Foz	174,832	-	67,343	-	-	23,300	(36,109)	229,366
GET	(548)	-	-	-	-	-	-	(548)
Ijuí	290,920	-	-	-	-	32,988	(23,781)	300,127
La Virgen (i)	27,233	-	-	-	1,616	(2,030)	-	26,819
Lavrinhas	97,147	-	-	-	-	20,132	(4,780)	112,499
Lumitrans	16,370	-	-	-	-	4,625	(4,334)	16,661
Queluz	125,782	-	-	-	-	21,833	(5,183)	142,432
Risardalda	83	-	-	-	98	36	-	217
STC	38,514	-	-	-	-	8,438	(6,409)	40,543
STN	269,617	-	-	-	-	50,144	(50,211)	269,550
TCC	172,957	64,413	101,758	-	-	128,795	(39,079)	428,844
TME	134,723	-	-	1,802	-	21,530	(27,879)	130,176
TPE	371,345	10,710	-	-	-	82,849	(19,678)	445,226
Transminas	110,353	-	-	-	-	33,350	(11,738)	131,965
UFV Pitombeira	(12)	22	-	-	-	(8)	-	2
TSM	86,386	-	-	-	-	43,666	-	130,052
Verde 8	84,713	-	-	-	-	(2,318)	-	82,395
Windepar	154,624	86,171	-	-	-	(1,452)	-	239,343
Subtotal	5,334,961	320,912	169,101	1,807	(14,588)	1,122,806	(643,675)	6,291,324
Joint ventures								
TNE	127,734	10,200	-	-	-	5,255	-	143,189
Total Consolidated	127,734	10,200	-	-	-	5,255	-	143,189
Total Company	5,462,695	331,112	169,101	1,807	(14,588)	1,128,061	(643,675)	6,434,513

(i) In La Virgen there is an exploration right in the amount of R\$6,164 reclassified to intangible assets for consolidation purposes. (ii) In ETB there is an exploration right in the amount of R\$28,400 reclassified to intangible assets for consolidation purposes.

Notes to the financial statements

The summary information of the subsidiaries and jointly-owned subsidiary is shown in the following table:

Companies	Information on subsidiaries				12/31/2022			12/31/2021		
	12/31/2022				Number of total common shares or quotas	Interest (%)		Number of total common shares or quotas	Interest (%)	
	Assets	Liabilities	Equity	Profit or loss		Voting	Total		Voting	Total
<u>Subsidiaries:</u>										
ACE	6,595	142	6,453	411	9,420,644	100.00	100.00	3,420,644	100.00	100.00
AF Energia	14,540	5,303	9,237	3,672	7,370,000	100.00	100.00	7,370,000	100.00	100.00
Agua Limpa	12,664	447	12,217	(31)	12,335,965	99.99	99.99	7,947,090	99.99	99.99
Alupar Chile	1,365	2,886	(1,521)	-	5,000,000	100.00	100.00	5,000,000	100.00	100.00
Alupar Colombia	168,762	123,939	44,823	(17,905)	58,596,603,000	100.00	100.00	58,596,603,000	100.00	100.00
Alupar Peru	493,488	282,244	211,244	(12,389)	254,466,812	100.00	100.00	254,466,812	100.00	100.00
APAETE	87,962	499	87,463	17,157	74,348,851	51.00	36.96	74,348,851	51.00	36.96
EAP I	214,866	163,563	51,303	(947)	52,367,392	42.67	42.67	1,000	99.90	99.90
EAP II	288,737	195,297	93,440	(1,421)	94,973,376	36.79	36.79	1,000	99.90	99.90
EAP III	459	505	(46)	(23)	1,000	99.90	99.90	1,000	99.90	99.90
EAP IV	491	537	(46)	(23)	1,000	99.90	99.90	1,000	99.90	99.90
EAP V	423	469	(46)	(23)	1,000	99.90	99.90	1,000	99.90	99.90
EAP VI	548	594	(46)	(23)	1,000	99.90	99.90	1,000	99.90	99.90
EAP VII	433	479	(46)	(23)	1,000	99.90	99.90	1,000	99.90	99.90
EATE	2,851,554	1,366,888	1,484,666	443,350	92,000,000	50.02	50.02	92,000,000	50.02	50.02
ECTE	691,379	405,437	285,942	106,922	42,095,000	50.02	50.02	42,095,000	50.02	50.02
ELTE	623,263	526,413	96,850	(12,623)	112,467,000	100.00	100.00	112,467,000	100.00	100.00
ENTE	1,076,446	481,301	595,145	159,665	100,840,000	50.01	50.01	100,840,000	50.01	50.01
ERTE	213,201	31,144	182,057	22,122	84,133,970	21.96	21.96	84,133,970	21.96	21.96
ETAP	678,670	387,073	291,597	47,393	10,481,000	100.00	100.00	10,481,000	100.00	100.00
ETC	352,902	200,331	152,571	26,746	14,651,000	100.00	100.00	14,651,000	100.00	100.00
ETEM	191,088	65,223	125,865	15,891	43,000,000	62.79	62.79	43,000,000	62.79	62.79
ETEP	576,561	351,913	224,648	45,262	27,000,000	50.02	50.02	27,000,000	50.02	50.02
ETES	168,864	78,201	90,663	18,728	29,064,000	100.00	100.00	29,064,000	100.00	100.00
ETVG	217,487	91,365	126,122	19,852	34,847,722	100.00	100.00	34,847,722	100.00	100.00
Ferreira Gomes	1,511,642	544,304	967,338	36,147	807,080,529	100.00	100.00	807,080,529	100.00	100.00
Foz	816,704	645,223	171,481	(3,857)	67,717,178	100.00	100.00	67,717,178	100.00	100.00
GET	30	1,104	(1,074)	-	1,200	51.00	51.00	1,200	51.00	51.00
Ijui	417,040	92,903	324,137	26,020	273,064,862	41.15	49.00	273,064,862	100.00	86.66
La Virgen	1,046,709	530,406	516,303	(13,299)	384,236,203	3.67	3.67	384,236,203	3.67	3.67
Lavrinhas	232,061	51,307	180,754	21,571	70,910,870	61.00	61.00	70,910,870	61.00	61.00
Lumitrans	114,621	13,260	101,361	21,072	72,012,095	15.00	15.00	72,012,095	15.00	15.00
Queluz	278,151	57,734	220,417	22,219	96,782,146	68.83	68.83	96,782,146	68.83	68.83
Risaralda	162,969	102,697	60,272	11,364	29,093	0.34	0.34	29,093	0.34	0.34
STC	217,328	23,821	193,507	33,420	211,003,246	20.00	20.00	211,003,246	20.00	20.00
STN	793,898	238,092	555,806	131,255	198,000,000	51.00	51.00	198,000,000	51.00	51.00
TCC	2,066,592	1,398,816	667,776	115,537	149,028,926	65.70	65.70	149,028,926	65.70	65.70
TPE	3,040,261	2,086,627	953,634	205,642	208,553,107	65.70	65.70	208,553,107	51.00	51.00
Transminas	198,741	1,445	197,296	32,856	44,860,000	70.02	70.02	44,860,000	70.02	70.02
UFV Pitombeira	7	1	6	(4)	15,500,000	100.00	100.00	15,500,000	100.00	100.00
TSM	1,469,487	1,003,955	465,532	54,512	222,144,930	65.70	65.70	37,631,994	51.00	51.00
Verde 8	289,074	202,583	86,491	(10,444)	107,660,380	85.00	85.00	107,660,380	85.00	85.00
Windepar	307,114	72,759	234,355	(4,988)	325,862,705	100.00	100.00	207,820,239	100.00	100.00
TME	624,658	429,653	195,005	18,448	109,793,590	60.00	60.00	109,793,590	60.00	60.00
ETB	1,635,004	1,283,413	351,591	73,033	255,897	51.00	51.00	255,897	51.00	51.00
Iracema	52	57	(5)	(6)	1,000	99.90	99.90	-	-	-
<u>Joint venture:</u>										
TNE	362,737	31,348	331,389	11,698	370,705,100	51.00	51.00	298,705,100	51.00	51.00

Notes to the financial statements

11. Interests of non-controlling shareholders

The following table summarizes information regarding each of the Company's subsidiaries, which has non-controlling shareholders:

Non-controlling interest in subsidiaries	12/31/2022			12/31/2021		
	Non-controlling interest (%)	Non-controlling interest (carrying amount)	Income (loss) from non-controlling interest	Non-controlling interest (%)	Non-controlling interest (carrying amount)	Income (loss) from non-controlling interest
Subsidiaries						
Transminas	29.98	59,154	9,851	29.98	56,509	14,281
EATE	49.98	742,071	221,597	49.98	709,468	263,942
ENTE	49.99	297,507	79,815	49.99	300,523	107,276
ECTE	49.98	142,907	53,437	49.98	127,819	45,270
ERTE	21.95	39,962	4,856	21.95	37,311	9,152
ETEP	49.98	112,289	22,624	49.98	121,152	39,070
STN	49.00	272,345	64,315	49.00	258,979	48,176
EBTE	49.00	165,142	18,912	49.00	159,651	21,598
EDTE	49.90	104,575	20,309	49.90	107,236	25,502
Lumitrans	5.00	5,068	1,054	5.00	5,554	1,542
Ijuí	-	-	2,580	13.34	46,209	5,079
Foz	-	-	-	-	-	3,897
Lavrinhas	39.00	70,494	8,413	39.00	71,930	12,873
Queluz	31.17	68,704	6,926	31.17	64,501	9,887
ETEM	37.21	46,833	5,913	37.21	42,140	8,281
GET	49.00	(526)	-	49.00	(526)	-
Risaralda	0.03	21	4	0.03	22	4
Verde 08	15.00	12,974	(1,567)	15.00	14,540	(409)
La Virgen	10.26	40,616	763	10.26	40,706	(5,598)
TPE	34.30	327,096	72,725	49.00	427,767	79,600
TCC	34.30	229,047	39,629	34.30	225,146	121,654
TSM	34.30	159,677	20,745	49.00	124,953	41,955
Apaete	63.04	55,141	10,817	63.04	47,350	23,736
AETE	13.25	12,154	2,612	13.25	10,681	5,175
Transleste	49.00	63,266	14,401	49.00	52,465	17,192
Transudeste	49.00	43,983	8,309	49.00	39,791	12,421
Transirapé	49.00	92,414	13,202	49.00	85,229	26,373
TME	40.00	78,362	7,379	40.00	85,994	14,368
ETB	49.00	172,280	35,786	49.00	187,386	55,118
		3,413,556	745,407		3,450,486	1,007,415

In the year ended December 31, 2022, the following changes occurred: (i) non-controlling shareholders increased capital in the subsidiary TSM in the amount of R\$63,288, in proportion to their equity interest, that is, without variation in the equity interest; and (ii) Alupar reduced the interest of non-controlling shareholders, in TPE, TSM and Ijuí, in the amount of R\$214,328, since Alupar purchased/diluted the interest of non-controlling shareholders, as disclosed in Note 1.2 items (d), (f) and (g).

In the year ended December 31, 2021, non-controlling shareholders increased capital, in proportion to their equity interest, in the amount of R\$72,177 in the companies TCC and TPE and reduced capital, in proportion to their equity interest, in the amount of R\$71,750 in the companies Apaete and AETE. There was also the distribution of dividends to non-controlling shareholders in the total amount of R\$565,605.

Notes to the financial statements

12. Property, plant and equipment

Consolidated property, plant and equipment is demonstrated, as follows:

Consolidated							
Annual average depreciation rate	12/31/2021	Additions	Write-offs	Transfers	Gain (loss) on conversion of balances	Other	12/31/2022
In service							
Historical cost							
Land	88,867	1,330	(357)	159	(947)	-	89,052
Reservoirs, dams and feeders	1,599,025	397	-	-	-	-	1,599,422
Buildings, civil construction and improvements	1,256,063	88	(284)	-	(22,633)	-	1,233,234
Machinery and equipment	2,129,917	4,366	-	829	(9,401)	84	2,125,795
Vehicles	2,233	663	(287)	-	(303)	-	2,306
Furniture and fixtures	9,559	600	(4)	(509)	289	-	9,935
Lease use right	56,250	3,266	-	-	(232)	1,555	60,839
Total	5,141,914	10,710	(932)	479	(33,227)	1,639	5,120,583
Depreciation							
Reservoirs, dams and feeders	3.23%	(279,374)	(34,211)	-	-	-	(313,585)
Buildings, civil construction and improvemer	3.32%	(104,368)	(27,622)	-	2,025	(91)	(130,056)
Machinery and equipment	5.02%	(439,102)	(70,707)	(185)	2,407	(10)	(507,597)
Vehicles	8.93%	(1,603)	(131)	3	39	2	(1,690)
Furniture and fixtures	11.79%	(5,099)	(737)	185	(9)	(1)	(5,661)
Lease use right	18.52%	(17,038)	(6,746)	-	77	147	(23,560)
Total depreciation		(846,584)	(140,154)	3	4,539	47	(982,149)
Total in service		4,295,330	(129,444)	(929)	479	(28,688)	4,138,434
In progress							
	414,908	873,988	(1,183)	(1,010)	(100,315)	(406)	1,185,982
Total property, plant and equipment	4,710,238	744,544	(2,112)	(531)	(129,003)	1,280	5,324,416

Consolidated							
Annual average depreciation rate	12/31/2020	Additions	Write-offs	Transfers	Gain (loss) on conversion of balances	Other	12/31/2021
In service							
Historical cost							
Land	89,031	312	-	-	(476)	-	88,867
Reservoirs, dams and feeders	1,584,010	3,580	-	11,435	-	-	1,599,025
Buildings, civil construction and improvements	561,142	13	(43)	706,424	(11,473)	-	1,256,063
Machinery and equipment	1,889,740	4,481	(11)	240,766	(4,588)	(471)	2,129,917
Vehicles	3,015	201	(865)	-	(118)	-	2,233
Furniture and fixtures	7,781	414	(135)	1,744	(245)	-	9,559
Lease use right	38,858	7,078	(18)	-	(104)	10,436	56,250
Total	4,173,577	16,079	(1,072)	960,369	(17,004)	9,965	5,141,914
Depreciation							
Reservoirs, dams and feeders	2.33%	(242,442)	(36,932)	-	-	-	(279,374)
Buildings, civil construction and improvemer	3.56%	(84,643)	(19,980)	-	255	-	(104,368)
Machinery and equipment	3.69%	(370,402)	(69,756)	165	891	-	(439,102)
Vehicles	7.13%	(1,783)	(215)	354	41	-	(1,603)
Furniture and fixtures	18.70%	(3,814)	(1,455)	63	107	-	(5,099)
Lease use right	19.74%	(9,401)	(7,670)	7	26	-	(17,038)
Total depreciation		(712,485)	(136,008)	589	1,320	-	(846,584)
Total in service		3,461,092	(119,929)	(483)	960,369	(15,684)	4,295,330
In progress							
	1,211,064	255,886	(65)	(960,369)	(90,415)	(1,193)	414,908
Total property, plant and equipment	4,672,156	135,957	(548)	-	(106,099)	8,772	4,710,238

- a) The balance of construction in progress refers to costs incurred for construction of hydroelectric power plants and transmission lines, mainly subsidiaries TCE (R\$536,379), EAPs (R\$425,272), Pitombeira (R\$178,867), Foz (R\$7,900), EDVs (R\$11,791), Água Limpa (R\$12,283), Ijuí (R\$4,270) and Ferreira Gomes (R\$3,154).

Notes to the financial statements

b) Capitalization of charges

Subsidiaries under construction capitalize at construction cost of property, plant and equipment in progress, interest incurred on loans, financing and debentures, net of financial income. As at December 31, 2022, net capitalized financial charges totaled R\$36,646 (R\$15,492 as at December 31, 2021). The interest rate adopted to determine the loan costs subject to capitalization represents the effective rate of loans, financing and debentures of such subsidiaries in pre-operating stage, as described in notes 19 and 20.

c) The Company evaluated the recovery of the book value of the fixed assets, not having been identified information through internal or external sources that would result in risks of recovery of these assets.

d) Collaterals or guarantees

The Company and its subsidiaries have not pledged any PP&E items as collateral or guarantee, with the exception of the assets of subsidiary La Virgen which provided them as collateral for its loan agreement, in the amount of R\$1,007,988

13. Intangible assets

Intangible assets are demonstrated as follows:

Company					
Annual average amortization rate	12/31/2021	Additions	Write-offs	Reclassification to investments	12/31/2022
Cost					
Other intangible concession assets	1,057	217	-	-	1,274
Exploration rights	8,156	-	-	(8,156)	-
	9,213	217	-	(8,156)	1,274
Amortization					
Other intangible concession assets 20.00%	(811)	(61)	-	-	(872)
Exploration rights 3.33%	(3,464)	-	-	3,464	-
	(4,275)	(61)	-	3,464	(872)
Projects in progress	44,375	5,151	(5,635)	-	43,891
Total intangible assets	49,313	5,307	(5,635)	(4,692)	44,293

Company					
Annual average amortization rate	12/31/2020	Additions	Write-offs	Transfer to Investments	12/31/2021
Cost					
Other intangible concession assets	990	67	-	-	1,057
Exploration rights	8,156	-	-	-	8,156
	9,146	67	-	-	9,213
Amortization					
Other intangible concession assets 20.00%	(731)	(80)	-	-	(811)
Exploration rights 3.33%	(3,104)	(360)	-	-	(3,464)
	(3,835)	(440)	-	-	(4,275)
Projects in progress	48,983	2,437	(2,656)	(4,389)	44,375
Total intangible assets	54,294	2,064	(2,656)	(4,389)	49,313

The amount of R\$4,389 refers to expenses incurred with the development of the Água Limpa SHP project and which were contributed to the subsidiary Água Limpa on August 16, 2021, pursuant to the AGOE.

		Consolidated					
Annual average amortization rate	12/31/2021	Additions	Write-offs	Transfers to Investments	Gain (loss) on conversion of balances	12/31/2022	
Cost							
Other intangible concession assets	88,025	11,927	(144)	791	(14,289)	86,310	
Use of public asset	17,485	-	-	(260)	-	17,225	
Exploration rights	88,072	-	-	-	-	88,072	
Right to extend the grant	83,544	-	-	-	-	83,544	
	277,126	11,927	(144)	531	(14,289)	275,151	
Amortization							
Other concession intangible assets	0.58%	(12,349)	(511)	144	-	187	(12,529)
Use of public assets	2.67%	(5,400)	(467)	-	-	(1)	(5,868)
Exploration rights	5.60%	(21,948)	(4,935)	-	-	-	(26,883)
Right to extend the grant	4.77%	(1,167)	(3,987)	-	-	-	(5,154)
		(40,864)	(9,900)	144	-	186	(50,434)
Project in progress		45,302	5,333	(5,659)	-	-	44,976
Total intangible assets		281,564	7,360	(5,659)	531	(14,103)	269,693

The amount of R\$531 corresponds to the transfer from Fixed Assets to Intangible Assets, related to the cost of land acquisition and other sundry expenses that are now considered as costs with easement.

Consolidated						
Annual average amortization rate	12/31/2020	Additions	Write-offs	Transfers to Investments	Gain (loss) on conversion of balances	12/31/2021
Cost						
Other intangible concession assets	80,149	14,415	(582)	-	(5,957)	88,025
Use of public asset	16,608	877	-	-	-	17,485
Exploration rights	88,072	-	-	-	-	88,072
Right to extend the grant	-	83,544	-	-	-	83,544
	184,829	98,836	(582)	-	(5,957)	277,126
Amortization						
Other concession intangible assets	0.92%	(11,776)	(740)	-	167	(12,349)
Use of public assets	3.10%	(4,885)	(515)	-	-	(5,400)
Exploration rights	2.38%	(19,849)	(2,099)	-	-	(21,948)
Right to extend the grant	8.68%	-	(1,167)	-	-	(1,167)
		(36,510)	(4,521)	-	167	(40,864)
Project in progress		49,681	2,682	(2,672)	(4,389)	45,302
Total intangible assets		198,000	96,997	(3,254)	(5,790)	281,564

a) Other concession intangibles

It basically refers to right-of-way and software values recorded at acquisition cost and amortized over the concession term or useful life, respectively, whichever is shorter.

b) Exploration rights

The exploration rights generated in the acquisition of shares are amortized on a straight-line basis over the service concession arrangement period. The amounts recorded by the Company derived from investments performed in the following projects:

	Annual average amortization rate	Concession period		Company		Consolidated	
		Start	End	12/31/2022	12/31/2021	12/31/2022	12/31/2021
<u>Cost</u>							
Queluz	4.58%	4/6/2004	4/13/2038	-	2,665	2,665	2,665
Lavrinhas	4.55%	4/6/2004	4/14/2038	-	5,245	5,245	5,245
ETB	3.69%	9/29/2016	9/29/2046	-	-	28,400	28,400
La Virgen (iv)	-	-	-	-	-	6,164	6,164
EDV I (ii)	3.33%	7/17/2012	7/17/2047	-	-	3,006	3,006
EDV II (ii)	3.33%	7/16/2012	7/16/2047	-	-	1,847	1,847
EDV III (ii)	3.33%	7/19/2012	7/19/2047	-	-	2,714	2,714
EDV IV (ii)	3.33%	7/24/2012	7/24/2047	-	-	3,933	3,933
EDV X (ii)	3.33%	7/19/2012	7/19/2047	-	-	2,420	2,420
STC (i)	3.47%	4/27/2006	4/27/2036	-	-	8,942	8,942
Lumitrans (i)	4.10%	2/18/2004	2/18/2034	-	-	9,766	9,766
Transleste (i)	4.92%	2/18/2004	2/18/2034	-	-	3,814	3,814
Transudeste (i)	4.88%	3/4/2005	3/4/2035	-	-	2,767	2,767
Transirapé (i)	4.67%	3/15/2005	3/15/2035	-	-	4,391	4,391
EDTE (iii)	2.87%	12/1/2016	12/1/2046	-	-	1,752	1,752
Other	-	-	-	-	246	246	246
				-	8,156	88,072	88,072
<u>Amortization</u>							
Queluz				-	(1,451)	(1,691)	(1,451)
Lavrinhas				-	(2,013)	(2,134)	(2,013)
ETB				-	-	(4,804)	(1,971)
EDV I (ii)				-	-	(648)	(550)
EDV II (ii)				-	-	(393)	(335)
EDV III (ii)				-	-	(608)	(520)
EDV IV (ii)				-	-	(843)	(721)
EDV X (ii)				-	-	(519)	(444)
STC (i)				-	-	(4,412)	(4,104)
Lumitrans (i)				-	-	(5,703)	(5,303)
Transleste (i)				-	-	(1,720)	(1,532)
Transudeste (i)				-	-	(1,243)	(1,103)
Transirapé (i)				-	-	(1,877)	(1,673)
EDTE (iii)				-	-	(288)	(228)
				-	(3,464)	(26,883)	(21,948)
Total net				-	4,692	61,189	66,124

(i) Exploration right generated by the acquisition of shares by the subsidiary EATE. (ii) Exploration right generated by the acquisition of shares by the subsidiary Windepar. (iii) Exploration right generated by the acquisition of shares of EDTE by the subsidiary ENTE. (iv) Subsidiary La Virgen has an indefinite concession period, so the exploration right generated in the acquisition of control has an indefinite useful life.

c) Right to extend the grants

Refers to the right to extend the grant obtained by the subsidiaries Queluz, Lavrinhas, Verde 8, Foz do Rio Claro, Ferreira Gomes and Ijuí in November 2021, as a result of the renegotiation of the hydrological risk assumed by these generators, during the period from 1st from June 2015 to February 7, 2018. The amounts recorded are being amortized monthly and the useful life of this intangible asset is the new remaining term of the concession or authorization of these subsidiaries.

d) Project under development

For developing an energy generation or transmission project, the Company incurs costs relating to hiring of services, travels and other costs inherent to the project development process. After authorization/permission/grant of the permits to implement the developed projects, these costs are allocated to the respective Special Partnership Companies ("SPCs"). Expenses incurred on a project, which might not be implemented, are reverted to the Company's profit or loss. These reversals are based on assessments made on a quarterly basis by Management.

e) Collaterals or guarantees

The Company and subsidiaries have not pledged any intangible asset items as collateral or guarantee.

f) Impairment of intangible assets

The Company did not identify indications through internal and external sources that could affect the assessment of the recovery of the book value of intangible assets carried out on December 31, 2022.

14. Trade payables

	Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Transmission use charges	-	-	3,526	2,834
Electric energy supply	-	6,061	5,365	19,677
Materials and services	2,428	4,459	230,228	175,876
Related parties (note 30)	7,197	30,932	-	-
Total	9,625	41,452	239,119	198,387

The balance of transmission service use charges, materials and services and electric energy supply, has an average of three months to be paid, on December 31, 2022 and December 31, 2021.

15. Provisions for environmental compensations

The Company's subsidiaries invest in programs in such a way as to compensate for the environmental impact that arises from the activities of implementation and construction of power plants and transmission lines, in addition to the social programs aimed at assisting the development of the communities. The recognition of these provisions is made only at the moment of the construction and implementation of the developments and are recorded against fixed assets or infrastructure cost. The realization of these provisions is affected during the implementation of these programs.

Changes in provision for environmental compensations	Consolidated	
	12/31/2022	12/31/2021
Opening balance	30,591	32,933
Realization	(3,607)	(1,869)
Write-offs	(1,424)	(1,466)
Additions	-	170
Adjustment	439	823
Closing balance	25,999	30,591
Current	8,697	7,475
Non-current	17,302	23,116

16. Provisions for assets

The provisions for assets arising from fixed asset costs, incurred but not billed, relating to the implementation phase, were recognized against construction in progress or contract asset, not subject to financial disbursements yet; they will be disbursed financially according to the schedule of the work and, according to the evolution of these events, these provisions will be replaced by invoices issued by suppliers. During the year ended December 31, 2022, the Company and its subsidiaries reviewed the prospects for realization of these provisions and, as a result, reclassified them from current to noncurrent in the amount of R\$78,754.

Changes in the provision for the constitution of assets	Consolidated	
	12/31/2022	12/31/2021
Opening balance	341,596	190,185
Realization	(159,822)	(54,994)
Write-offs	(5,885)	(90,963)
Additions	-	297,368
Closing balance	175,889	341,596
Current	83,170	324,502
Non-current	92,719	17,094

17. Regulatory charges

	Consolidated	
	12/31/2022	12/31/2021
ANEEL inspection fee (TFSEE)	5,407	4,861
Quota for Global Reversal Reserve (RGR)	18,477	11,104
Financial Compensation for the Use of Water Resources (CFURH)	991	1,177
Research and Development (R&D)	26,628	35,320
National Fund for Scientific and Technological Development (FNDCT)	1,521	1,424
Ministry of Mines and Energy (MME)	743	710
	53,767	54,596

18. Deferred social contributions and regulatory charges

Deferred social contributions and regulatory charges refer to the temporary differences of infrastructure revenues and concession asset compensation on contract asset registered on the accrual basis.

	Consolidated	
	12/31/2022	12/31/2021
Deferred TFSEE and RGR	222,849	217,031
Deferred PIS and COFINS	1,421,484	1,347,588
	1,644,333	1,564,619
Current	170,347	138,539
Non-current	1,473,986	1,426,080

Notes to the financial statements

19. Loans and financing

The Company has not entered into loan and financing agreements. The main characteristics and the balance of the subsidiaries' loans and financing are demonstrated as follows:

Financing agents	Companies	Contractual conditions of loans and financing						Consolidated				
		Contracting date	Maturity	(Currency) Principal	Financial charges p.a.		Amortization frequency (Principal/Charges)	12/31/2022				12/31/2021
					Index	Interest (%)		Unamortized costs	Charges	Principal	Total	Total
Domestic currency												
Operating												
BNDES - A - nº 11.2.1030.1	ETEM	Dec-11	Apr-26	44,700	TJLP	2.44	Monthly	-	40	11,344	11,384	14,457
BNDES - B - nº 11.2.1030.1	ETEM	Dec-11	Apr-26	2,100	TJLP	2.04	Monthly	-	2	369	371	707
BNDES - A - nº 12.2.1390.1	FGE	Dec-12	Apr-31	198,420	TJLP	2.34	Monthly	(1,989)	483	135,512	134,006	151,152
BNDES - B - nº 12.2.1390.1	FGE	Dec-12	Apr-31	78,540	TJLP	2.34	Monthly	-	191	53,635	53,826	59,825
BNDES - C - nº 12.2.1390.1	FGE	Dec-12	Apr-31	9,500	TJLP	2.34	Monthly	-	22	6,051	6,073	6,750
BNDES - D - nº 12.2.1390.1	FGE	Dec-12	Dec-22	181,850	-	2.50	Monthly	-	-	-	-	5,508
BNDES - E - nº 12.2.1390.1	FGE	Dec-12	Apr-31	2,300	TJLP	-	Monthly	-	5	1,702	1,707	1,786
BNDES - nº 08.2.0071.1	Ijuí	Apr-08	Sep-27	168,200	TJLP	3.17	Monthly	-	277	70,991	71,268	85,613
BNDES - nº 08.2.0976.1	Lavrinhas	Mar-09	Apr-25	111,185	TJLP	1.93	Monthly	-	76	22,425	22,501	31,899
BNDES - nº 10.2.0477.1	Lavrinhas	Aug-10	Apr-25	16,875	TJLP	2.22	Monthly	-	11	3,045	3,056	4,333
BNDES - nº 08.2.0975.1	Queluz	Mar-09	Jan-25	114,647	TJLP	1.93	Monthly	-	69	20,333	20,402	29,965
BNDES - nº 10.2.0478.1	Queluz	Aug-10	Jan-25	27,716	TJLP	2.22	Monthly	-	16	4,452	4,468	6,561
BNDES - nº 15.2.0778.1	EDV I	Mar-16	Oct-32	57,990	TJLP	2.18	Monthly	(52)	155	47,308	47,411	50,096
BNDES - nº 19.2.0598.1	EDV I	Dec-19	Oct-32	11,145	IPCA	1.68 +1.99	Monthly	-	26	14,657	14,683	15,237
BNDES - nº 15.2.0778.1	EDV II	Mar-16	Oct-32	32,220	TJLP	2.18	Monthly	(33)	88	26,704	26,759	28,273
BNDES - nº 19.2.0598.1	EDV II	Dec-19	Oct-32	4,850	IPCA	1.68 +1.99	Monthly	-	14	8,367	8,381	8,699
BNDES - nº 15.2.0778.1	EDV III	Mar-16	Oct-32	49,007	TJLP	2.18	Monthly	(38)	134	40,819	40,915	43,232
BNDES - nº 19.2.0598.1	EDV III	Dec-19	Oct-32	9,067	IPCA	1.68 +1.99	Monthly	-	18	10,363	10,381	10,774
BNDES - nº 15.2.0778.1	EDV IV	Mar-16	Oct-32	81,041	TJLP	2.18	Monthly	(45)	205	62,625	62,785	66,343
BNDES - nº 19.2.0598.1	EDV IV	Dec-19	Oct-32	7,857	IPCA	1.68 +1.99	Monthly	-	20	11,472	11,492	11,925
BNDES - nº 15.2.0778.1	EDV X	Mar-16	Oct-32	41,042	TJLP	2.18	Monthly	(43)	112	34,227	34,296	36,238
BNDES - nº 19.2.0598.1	EDV X	Dec-19	Oct-32	11,206	IPCA	1.68 +1.99	Monthly	-	23	12,854	12,877	13,363
BDMG (FINAME PSI) - nº 177906	Transirapé	Dec-13	Jan-24	19,761	-	3.50	Monthly	-	4	2,581	2,585	4,971
BDMG (FINEM) - nº 193.292	Transirapé	Oct-14	Oct-29	5,893	TJLP	3.50	Monthly	-	147	2,876	3,023	3,439
BDMG - nº 215.411/16	Transirapé	Apr-16	Apr-26	4,000	-	6.00	Monthly	-	122	1,807	1,929	2,488
BDMG - nº 127.315	Transleste	Mar-05	Mar-25	47,029	-	9.50	Monthly	-	28	5,332	5,360	7,835
BNB - nº 05974828-A	Transleste	Mar-05	Mar-25	15,000	-	9.50	Monthly	-	125	1,525	1,650	2,384
Santander - CCC	TME	May-20	May-22	200,000	CDI	3.30	Single installment	-	-	-	-	222,456
Santander - CCB	ETEP	Jul-20	Jul-25	90,000	CDI	2.90	Monthly	(302)	1,148	91,835	92,681	92,211
Santander - CCB	ECTE	Jul-20	Jul-25	80,000	CDI	2.90	Monthly	(302)	846	67,682	68,226	77,927
Santander - CCB	ENTE	Jul-20	Jul-25	100,000	CDI	2.90	Monthly	(335)	1,276	102,039	102,980	102,457
Itaú Unibanco S.A. - CCC	ETES	Sep-20	Sep-23	10,000	CDI	2.68	Semiannual	-	418	10,000	10,418	10,842
Itau Corpbanca Colombia	Risaralda	May-18	May-25	(COP) 120,000,000	IBR(**)	4.43	Quarterly	(714)	1,289	96,373	96,948	-
Itau Corpbanca Colombia - Leasing	Risaralda	Oct-20	Oct-23	(COP) 121,000	IBR(**)	4.37	Monthly	-	-	45	45	-
Itau Corpbanca Colombia	Risaralda	Jun-20	Jul-20	(COP) 163,657	IBR(**)	24.05	Monthly	-	-	92	92	-
Pre-operating												
Banco BTG Pactual Colombia	Alupar Colombia	Apr-22	Oct-23	(COP) 15,000,000	IBR(**)	3.45	Monthly	-	13	16,170	16,183	-
Banco BTG Pactual Colombia	Alupar Colombia	Jul-22	Oct-23	(COP) 4,215,000	IBR(**)	4.55	Monthly	-	18	4,544	4,562	-
Itau Corpbanca Colombia - Leasing	TCE	Apr-22	Apr-24	(COP) 134,970	IBR(**)	5.07	Monthly	-	-	106	106	-
Itau Corpbanca Colombia - Leasing	TCE	Apr-22	Apr-24	(COP) 89,980	IBR(**)	5.07	Monthly	-	-	70	70	-
Subtotal								(3,853)	7,421	1,002,332	1,005,900	1,209,746
Current								(1,211)	7,421	192,927	199,137	335,661
Non-current								(2,642)	-	809,405	806,763	874,085

Notes to the financial statements

Financing agents	Companies	Contractual conditions of loans and financing						Consolidated				
		Contracting date	Maturity	(Currency) Principal	Financial charges p.a.		Amortization frequency (Principal/Charges)	12/31/2022				12/31/2021
					Index	Interest (%)		Unamortized costs	Charges	Principal	Total	Total
Foreign currency												
Operating												
Itau Corpbanca Colombia	Risaralda	May-18	May-25	(COP) 120,000,000	IBR(**)	4.43	Quartely	-	-	-	-	136,985
Itau Corpbanca Colombia - Leasing	Risaralda	Oct-20	Oct-23	(COP) 121,000	IBR(**)	4.37	Monthly	-	-	-	-	121
Itau Corpbanca Colombia	Risaralda	Jun-20	Jul-20	(COP) 163,657	IBR(**)	24.05	Monthly	-	-	-	-	181
Itau Coprbanca New York Branch	Alupar Perú	Sep-17	Nov-23	(USD) 18,000	-	4.15	Annual / Semiannual	-	-	95,111	95,111	101,196
Santander Brasil	Alupar Perú	Dec-21	Dec-24	(USD) 35,000	-	3.66	Annual	-	-	183,769	183,769	196,579
Corporacion Andina de Fomento (CAF)	La Virgen	Mar-17	Mar-32	(USD) 10,000	Libor (*)	until 5 years 5.00, after 10.27%	Semiannual	-	-	-	-	49,258
Corporacion Andina de Fomento (CAF)	La Virgen	Mar-17	Mar-32	(USD) 35,000	Libor (*)	until 5 years 3.70, after 5.70	Semiannual	-	-	-	-	171,823
Corporacion Andina de Fomento (CAF)	La Virgen	Mar-17	Mar-32	(USD) 10,000	Libor (*)	until 5 years 3.90, after 5.70	Semiannual	-	-	-	-	24,560
Banco Deustsche Investitions	La Virgen	Mar-17	Mar-32	(USD) 5,000	Libor (*)	until 5 years 3.70, after 4.50	Semiannual	-	-	-	-	150,024
BTG Chile	La Virgen	Sep-22	Sep-29	(USD) 55,000	SOFR 3M	3.45	Quartely	-	-	285,070	285,070	-
BTG Caiman	La Virgen	Sep-22	Sep-29	(USD) 35,000	SOFR 3M	3.45	Quartely	-	-	181,408	181,408	-
Pre-operating												
Santanter Luxemburgo	Alupar Colombia	Nov-20	Nov-23	(USD) 11,000	-	3.40	Annual	-	237	57,039	57,276	60,404
Santanter Luxemburgo	Alupar Colombia	Jan-21	Nov-23	(USD) 7,000	-	3.40	Annual	-	1,183	36,298	37,481	39,539
Santander Luxemburgo	TCE	Apr-21	Aug-22	(USD) 45,000	-	2.45	Single installment / Montly	-	-	-	-	247,177
MUFG BANK	TCE	Jul-22	Jul-27	(USD) 63,980	SOFR 6M	until 1 year 2.40, after 2.65	Gradual/Semiannual	(48,180)	9,917	464,197	425,934	-
Banco Citibank	EAP I	Jun-22	Dec-23	(USD) 20,293	-	1.93	Single installment / Semiannual	-	156	105,897	106,053	-
Banco Citibank (Derivative SWAP) (a)	EAP I	Jun-22	Dec-23	Nocional 104,308	CDI	0.98	Single installment	-	-	(1,345)	1,345	-
Banco Citibank	EAP II	Jun-22	Dec-23	(USD) 27,707	-	1.93	Single installment / Semiannual	-	213	144,585	144,798	-
Banco Citibank (Derivative SWAP) (a)	EAP II	Jun-22	Dec-23	Nocional 142,412	CDI	0.98	Single installment	-	-	(1,837)	1,837	-
Subtotal								(48,180)	11,706	1,550,192	1,513,718	1,177,847
Current								2,735	11,706	439,840	454,281	298,753
Non-current								(50,915)	-	1,110,352	1,059,437	879,094
Total								(52,033)	19,127	2,552,524	2,519,618	2,387,593
Current								1,524	19,127	632,767	653,418	634,414
Non-current								(53,557)	-	1,919,757	1,866,200	1,753,179

(*) The Libor rate is a reference interest rate adopted by several banks operating in the London market. (**) Reference Bank Indicator (IBR) used by Colombia. The IBR rate is calculated on a monthly basis. (a) SWAP contract to hedge the loan's exchange rate variation, which consists of exchanging the exchange rate risk and SOFR fluctuation for the CDI interest rate plus spread.

Notes to the financial statements

All funds raised by subsidiaries with the National Bank for Economic and Social Development (BNDES) are collateralized by the pledge of the shares held by the Company. Funds obtained from loans and financing were used for the purpose provided for in the agreements, i.e., the contractual use limits were observed.

The Management of the Company, its subsidiaries and joint ventures monitors the financial ratios established in the agreements. Non-compliance with the financing agreement terms not resolved or waived could result in accelerated maturity of the related debt and of other financing agreements, in addition to interest and fines.

As at December 31, 2022 and 2021 these ratios, which are required to be measured annually, were being met, in line with the provisions in the debt agreements entered into by its subsidiaries and joint ventures.

As at December 31, 2022, certain subsidiaries' loans and financing have guarantees deposited in reserve accounts, in the amount of R\$138,094 (R\$121,666 as at December 31, 2021), as described in note 7.

Variation in loans and financing	Consolidated					
	Domestic currency		Foreign currency		Total	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Opening balance	1,209,746	1,468,807	1,177,847	1,050,643	2,387,593	2,519,450
Debts (unamortized cost)	259,193	-	1,151,115	473,535	1,410,308	473,535
Accrued charges	119,973	95,945	91,878	57,329	211,851	153,274
Adjustment for inflation and exchange rate changes	7,776	6,028	37,465	92,546	45,241	98,574
Gain (loss) on conversion	(25,414)	-	(126,849)	(61,530)	(152,263)	(61,530)
Principal paid	(561,455)	(284,024)	(606,882)	(201,198)	(1,168,337)	(485,222)
Charges paid	(141,026)	(77,010)	(73,749)	(233,478)	(214,775)	(310,488)
Transfer	137,107	-	(137,107)	-	-	-
Closing balance	1,005,900	1,209,746	1,513,718	1,177,847	2,519,618	2,387,593

The maturities loans and financing, by currency and index, as follows:

Maturities by currency and index	12/31/2022							
	Consolidated							
	R\$							
	2023	2024	2025	2026	2027	2028	After 2028	Total
Currency								
US dollar	451,548	293,970	64,613	68,070	437,192	40,142	206,363	1,561,898
Colombian peso	35,683	15,640	67,397	-	-	-	-	118,720
Brazilian real	164,515	199,183	169,139	65,241	61,502	52,457	178,996	891,033
(-) Unamortized costs	1,672	(24,498)	(11,341)	(11,140)	(5,938)	(240)	(548)	(52,033)
	653,418	484,295	289,808	122,171	492,756	92,359	384,811	2,519,618
Index								
CDI	69,975	107,776	97,493	-	-	-	-	275,244
TJLP	82,549	81,630	64,616	59,143	55,584	46,187	156,742	546,451
Fixed rate (brazilian real)	6,021	3,859	1,112	180	-	352	-	11,524
IPCA	5,970	5,918	5,918	5,918	5,918	5,918	22,254	57,814
Fixed rate (US dollar)	438,006	183,300	-	-	-	-	-	621,306
IBR	35,683	15,640	67,397	-	-	-	-	118,720
SOFR	13,542	110,670	64,613	68,070	437,192	40,142	206,363	940,592
	651,746	508,793	301,149	133,311	498,694	92,599	385,359	2,571,651

Notes to the financial statements

20. Debentures

The main characteristics and balance of debentures are demonstrated as follows:

Financing agents	Companies	Consolidated							Company and Consolidated				
		Contractual conditions of debentures							12/31/2022				12/31/2021
		Contracting date	Maturity	Principal	Effective rate p.a.		Amortization		Unamortized costs	Charges	Principal	Total	Total
					Index	Interest (%)	Principal	Charges					
Company													
7th Issuance	Alupar	Dec-19	Oct-25	648,500	CDI	1.40	Single installment	Semiannual	(937)	19,263	648,500	666,826	659,536
Total Company									(937)	19,263	648,500	666,826	659,536
Current									(365)	19,263	-	18,898	11,945
Non-current									(572)	-	648,500	647,928	647,591
Consolidated - Operating													
1st Issuance	Windepar	Dec-16	Dec-28	67,500	IPCA	7.63	Semiannual	Semiannual	(3,133)	243	75,642	72,752	73,302
6th Issuance	EATE	Sep-17	Sep-22	70,000	CDI	107.75	Monthly	Monthly	-	-	-	-	11,456
7th Issuance	EATE	Jun-18	Jun-23	85,000	CDI	112.00	Monthly	Monthly	(7)	21	9,272	9,286	27,805
8th Issuance	EATE	Jul-19	Jul-24	270,000	CDI	108.60	Single installment	Semiannual	(263)	17,604	270,000	287,341	278,014
4th Issuance	ECTE	Sep-17	Sep-22	75,000	CDI	107.75	Monthly	Monthly	-	-	-	-	23,290
5th Issuance	ECTE	Jul-19	Jul-24	50,000	CDI	108.60	Single installment	Semiannual	(86)	3,260	50,000	53,174	51,427
4th Issuance	ENTE	Jul-19	Jul-24	50,000	CDI	108.60	Single installment	Semiannual	(89)	3,260	50,000	53,171	51,420
3rd Issuance	ETEP	Jun-18	Jun-23	45,000	CDI	112.00	Monthly	Monthly	(4)	13	5,511	5,520	16,523
3rd Issuance	Ferreira Gomes	Jun-14	Dec-27	210,900	IPCA	6.47	Semiannual	Semiannual	(6,594)	891	298,217	292,514	301,050
2nd Issuance	Transirapé	Sep-17	Sep-22	30,000	CDI	107.75	Monthly	Monthly	-	-	-	-	7,300
2nd Issuance	Transleste	Sep-17	Jun-22	30,000	CDI	107.75	Monthly	Monthly	-	-	-	-	10,805
2nd Issuance	Transudeste	Sep-17	Sep-22	50,000	CDI	107.75	Monthly	Monthly	-	-	-	-	9,188
1st Issuance	EBTE	Jun-18	Jun-23	110,000	CDI	112.00	Monthly	Monthly	(9)	25	11,004	11,020	32,984
1st Issuance	ETES	Jun-18	Jun-23	40,000	CDI	112.00	Monthly	Monthly	(24)	9	4,001	3,986	11,947
2nd Issuance - I	ETAP	Sep-18	Sep-23	41,300	CDI	112.00	Single installment	Semiannual	(175)	1,751	41,300	42,876	41,843
2nd Issuance - II	ETAP	Sep-18	Sep-25	114,700	IPCA	6.17	Annual	Semiannual	(1,328)	3,897	144,848	147,417	138,825
1st Issuance	ETVG	Jun-18	Jun-23	38,000	CDI	112.00	Monthly	Monthly	(21)	9	3,801	3,789	11,357
2nd Issuance	Verde 08	Jul-18	Jul-25	140,000	IPCA	5.96	Single installment	Semiannual	(1,215)	4,828	178,873	182,486	172,007
2nd Issuance - I	ETC	Sep-18	Sep-23	30,700	CDI	113.50	Single installment	Semiannual	(129)	1,319	30,700	31,890	31,116
2nd Issuance - II	ETC	Sep-18	Sep-25	85,300	IPCA	6.17	Annual	Semiannual	(978)	2,898	107,721	109,641	103,254
2nd Issuance	EDTE	Dec-18	Dec-28	315,000	IPCA	NTN-B + 0,5%	Semiannual	Semiannual	(6,378)	84,519	315,000	393,141	370,124
1st Issuance	ETB	Dec-18	Feb-29	715,000	IPCA	5.34	Semiannual	Semiannual	(14,720)	207,648	715,000	907,928	855,073
1st Issuance	AETE	Sep-20	Sep-26	130,000	CDI	2.70	Semiannual	Semiannual	(859)	5,100	106,860	111,101	119,650
9th Issuance	EATE	Apr-21	Apr-26	200,000	CDI	1.90	Semiannual	Semiannual	(411)	6,872	200,000	206,461	203,845
6th Issuance	ECTE	Apr-21	Apr-26	50,000	CDI	100.00	Single installment	Semiannual	(150)	1,718	50,000	51,568	50,897
4th Issuance	ETEP	Apr-21	Apr-26	50,000	CDI	100.00	Single installment	Semiannual	(150)	1,718	50,000	51,568	50,898
3rd Issuance	Transirapé	Apr-21	Apr-26	50,000	CDI	2.65	Semiannual	Semiannual	(145)	1,718	50,000	51,573	50,905
2nd Issuance	EBTE	Apr-21	Apr-26	50,000	CDI	1.90	Semiannual	Semiannual	(150)	1,718	50,000	51,568	50,900

Notes to the financial statements

Financing agents	Companies	Consolidated							Company and Consolidated				
		Contractual conditions of debentures							12/31/2022				12/31/2021
		Contracting date	Maturity	Principal	Effective rate p.a.		Amortization		Unamortized costs	Charges	Principal	Total	Total
					Index	Interest (%)	Principal	Charges					
1st Issuance	Foz	Oct-21	Sep-28	600,000	CDI	1.70	Single installment	Semiannual	(453)	25,705	600,000	625,252	611,982
1st Issuance	TCC	Sep-18	Sep-28	680,000	IPCA	6.53	Semiannual	Semiannual	(14,244)	198,588	680,000	864,344	814,017
1st Issuance	TPE	Sep-18	Sep-28	1,070,000	IPCA	6.53	Semiannual	Semiannual	(22,363)	312,485	1,070,000	1,360,122	1,280,940
1st Issuance	TSM	Dec-19	Dec-44	530,000	IPCA	4.50	Semiannual	Semiannual	(29,893)	42,085	664,608	676,800	636,903
1st Issuance	ESTE	Dec-19	Dec-44	415,000	IPCA	4.50	Semiannual	Semiannual	(22,473)	2,296	563,371	543,194	499,580
10th Issuance	EATE	May-22	May-27	110,000	CDI	1.80	Single installment	Semiannual	(558)	2,445	110,000	111,887	-
3th Issuance	EBTE	May-22	May-27	45,000	CDI	1.80	Single installment	Semiannual	(281)	1,000	45,000	45,719	-
5th Issuance	ETEP	May-22	May-27	35,000	CDI	1.80	Single installment	Semiannual	(238)	777	35,000	35,539	-
7th Issuance	ECTE	May-22	May-27	60,000	CDI	1.80	Single installment	Semiannual	(345)	1,334	60,000	60,989	-
5th Issuance	ENTE	May-22	May-27	30,000	CDI	1.80	Single installment	Semiannual	(217)	667	30,000	30,450	-
1st Issuance	TME	May-22	May-27	240,000	CDI	1.70	Single installment	Semiannual	(718)	4,314	240,000	243,596	-
Pre-operating													
1st Issuance	Pitombeira	Sep-22	Sep-24	200,000	CDI	1.28	Single installment	Single installment	(461)	-	207,506	207,045	-
1st Issuance	ELTE	Oct-22	Oct-25	500,000	CDI	1.35	Single installment	Semiannual	(1,557)	14,511	500,000	512,954	-
Total Consolidated									(131,756)	976,509	8,271,735	9,116,488	7,660,163
Current									(18,535)	220,383	295,763	497,611	316,779
Non-current									(113,221)	756,126	7,975,972	8,618,877	7,343,384

Notes to the financial statements

The Management of the Company, its subsidiaries and joint ventures monitors the financial ratios defined in the indentures of debentures.

For debentures issued by the Company, the calculations are performed on a quarterly basis according to the following ratios:

- Company – Net Debt/(Dividends + Interest on Capital + EBITDA) and (Dividends + Interest on Capital + EBITDA)/Net Finance Costs; and
- Consolidated – Net Debt/Adjusted EBITDA; Adjusted EBITDA/Net Finance Costs and Gross Debt/(Gross Debt + Equity + Non-controlling Interest).

For debentures issued by the Company's subsidiaries, the financial ratios calculated refer to EBITDA, such as the Debt Service Coverage Ratio ("DSCR") and the Debt-to-Equity ratio, which are calculated on an annual basis, except for the debenture agreement entered into by subsidiary Ferreira Gomes, which is calculated on a quarterly basis. The non-performance of the abovementioned covenants implies the advanced maturity of debentures.

As at December 31, 2022 and 2021, all covenants were met and these ratios were within the limits established in the debt agreements of the Company and its subsidiaries.

Debentures of the Company and its subsidiaries are nonconvertible.

Changes in debentures	Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Opening balance	659,536	816,841	7,660,163	6,456,006
Debts (unamortized cost)	-	-	1,216,874	998,359
Accrued charges	26,190	12,916	926,553	835,354
Adjustment for inflation and exchange rate changes	61,374	33,509	96,114	94,553
Principal paid	-	(168,278)	(182,886)	(410,032)
Charges paid	(80,274)	(35,452)	(600,330)	(314,077)
Closing balance	666,826	659,536	9,116,488	7,660,163

The maturities of debentures, by index, as follows:

Maturities by index	12/31/2022							
	Company							
	2023	2024	2025	2026	2027	2028	After 2028	Total
CDI	19,263	324,250	324,250	-	-	-	-	667,763
(-) unamortized costs	(365)	(337)	(235)	-	-	-	-	(937)
	18,898	323,913	324,015	-	-	-	-	666,826

Maturities by index	12/31/2022							
	Consolidated							
	2023	2024	2025	2026	2027	2028	After 2028	Total
CDI	157,376	989,175	1,038,550	559,485	530,000	300,000	-	3,574,586
IPCA	358,771	477,007	755,449	457,450	475,201	1,643,945	1,505,835	5,673,658
(-) unamortized costs	(18,536)	(17,772)	(17,026)	(15,206)	(12,650)	(12,223)	(38,343)	(131,756)
	497,611	1,448,410	1,776,973	1,001,729	992,551	1,931,722	1,467,492	9,116,488

21. Contractual liabilities with clientes

As of December 31, 2022, the amount of R\$116,330 (R\$12,645 as of December 31, 2021, recorded in Other liabilities non-current liabilities) corresponds to anticipated revenue, which was billed and received by the subsidiary Transmissora Colombiana de Energia S.A.S ESP ("TCE"), under construction and located in Colombia, referring to the proportional values of the Expected Annual Income, equivalent to RAP in Brazil, to which TCE became entitled as of December 2021, according to CREG Resolution No. 015 of 2017.

Considering that the performance obligation to operate and maintain the energy transmission system has not been met so far, the monthly billed amounts are being recognized as contract liability in non-current liabilities. This recognition represents TCE's obligation to comply with its contractual commitments. The amount of the Liabilities of the contract that is being recorded until the start of commercial operation of TCE scheduled for July 2023, after that, will be recognized in the statement of income for the year on a straight-line basis until the remaining term of the contract, whose total duration is 25 years, as of December 1, 2021, as the revenue recognition conditions are met.

22. Provision for contingencies

- a) The Management of the Company and its subsidiaries, based on the legal counsel's opinion and the analysis of pending lawsuits, recognized a provision in an amount considered sufficient to cover the probable losses from the lawsuits in progress, as follows:

Company				Consolidated			
Liabilities		Assets		Liabilities		Assets	
Provisions		Escrow deposits		Provisions		Escrow deposits	
12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Lawsuits							
Tax	-	-	-	1,790	1,706	4,645	5,008
Civil	-	6	5	5,108	1,180	5,655	5,623
Severance	-	-	-	-	-	2,740	2,657
Labor	1,877	1,645	909	3,534	3,266	2,993	2,548
Administrative proceedings							
Regulatory (ANEEL)	-	-	-	-	-	205	26
1,877	1,651	914	815	10,432	6,152	16,238	15,862
Current	-	-	-	-	-	384	384
Non-current	1,877	1,651	914	10,432	6,152	15,854	15,478

- b) Changes in the provision for contingencies:

Company				
12/31/2021	Filing	Update	Reversals	12/31/2022
6	-	17	(23)	-
1,645	-	4,372	(4,140)	1,877
1,651	-	4,389	(4,163)	1,877
Company				
12/31/2020	Filing	Update	Reversals	12/31/2021
6	-	-	-	6
5,108	-	1,135	(4,598)	1,645
5,114	-	1,135	(4,598)	1,651

Consolidated					
12/31/2021	Filing	Update	Reversals	Payments	12/31/2022

Lawsuits

Tax	1,706	-	158	(74)	-	1,790
Civil	1,180	4,169	23	(264)	-	5,108
Labor	3,266	779	4,504	(4,783)	(232)	3,534
	6,152	4,948	4,685	(5,121)	(232)	10,432

Consolidated					
12/31/2020	Filing	Update	Reversals	Payments	12/31/2021

Lawsuits

Tax	1,477	-	229	-	-	1,706
Civil	8,537	241	8	(7,606)	-	1,180
Labor	8,448	106	1,239	(6,518)	(9)	3,266
	18,462	347	1,476	(14,124)	(9)	6,152

As of December 31, 2022, the Company's and its subsidiaries' lawsuits whose likelihood of loss was probable referred to the following main matters:

Tax

The Company's subsidiaries are parties to administrative lawsuits regarding the withholding of ISS on services contracted for the implementation of power plants and transmission towers.

Civil

The Company's subsidiaries are parties to lawsuits arising from the collection of additional services, originating from turn-key agreements, in order to correct the supposed economic and financial unbalance of the agreements.

Labor

The Company and its subsidiaries are parties to certain labor lawsuits mostly claiming wage parity, overtime, health hazard and hazardous duty premiums, among others, involving former employees.

c) **Contingent liabilities – possible likelihood of loss**

The Company and its subsidiaries are parties to other lawsuits and risks, whose likelihood of unfavorable outcome is assessed as possible by the Company's outside legal counsel due to their grounding legal basis and, therefore, no provision was recorded. There are no court or other decisions on similar lawsuits whose likelihood of loss is assessed as probable or remote that would represent a judicial trend on these issues.

As at December 31, 2022, the Company's and its subsidiaries' lawsuits whose likelihood of loss is possible are demonstrated as follows:

	12/31/2022		12/31/2021	
	Quantity	Value	Quantity	Value
Lawsuits				
Tax	55	45,437	49	46,103
Environmental and civil	59	345,561	56	304,800
Labor	63	8,057	81	8,813
Regulatory	11	648	6	2
	188	399,703	192	359,718

Notes to the financial statements

The Company's Management takes into consideration, for a detailed explanation in an explanatory note, the lawsuits whose likelihood of loss is possible and whose value at risk exceeds R\$10,000 for the lawsuits related to the Company and R\$5,000 for the lawsuits related to its subsidiaries and/or are significant for the Company's business, such as public civil actions, regardless of the value at risk.

The main lawsuits whose likelihood of loss is possible are summarized below:

(i) Tax:

- Tax Enforcement nº 08094733820178230010 - filed against jointly controlled Transnorte Energia S.A. (TNE), in progress before the 2nd Public Finance Court of Boa Vista, aiming at the collection of the ICMS rate differential for the period from 06/2014 to 11/2014 (Agreement CONFAZ No. 143/2012 and Decree No. 14,982/2013), initially determined in the Infraction Notice No. 492/2015. The value at risk is approximately R\$20,203 (R\$18,532 as at December 31, 2021);
- Administrative Proceeding nº 10480729854201815 – filed against subsidiary Sistema de Transmissão do Nordeste S.A. (STN), in progress before the Federal Revenue Office of the City of Recife, State of Pernambuco. This lawsuit refers to the recognition of income tax and social contribution due to the disallowance of finance costs from the payment of interest related to the debentures issued. The value at risk is approximately R\$15,267 (R\$14,962 as at December 31, 2021); and

Administrative Proceeding No. 15746720203202021 - against the subsidiary Ferreira Gomes Energia S.A., this refers to the collection of a tax assessment notice issued by the Federal Revenue Service of Brazil for the collection of alleged PIS and COFINS debts. The approximate amount at risk is R\$10,050 (R\$9,560 as at December 31, 2021).

(ii) Environmental and civil:

- Environmental Notice of Default nº 014689-A – filed by Instituto do Meio Ambiente e Ordenamento Territorial no Estado do Amapá – IMAP, against subsidiary Ferreira Gomes Energia S.A., as such subsidiary would supposedly have caused significant changes in the environment, causing the death of aquatic fauna species in Araguari river. The value at risk is approximately R\$96,140 (R\$81,004 as at December 31, 2021);
- The subsidiary Ferreira Gomes signed a Conduct Adjustment Term (TAC 2), in which it suspended the administrative proceeding in progress at IMAP until its full compliance. In the end, after fulfilling the obligations assumed, the procedure will be terminated.
- Environmental Notice of Default nº 013596-A – filed by Instituto do Meio Ambiente e Ordenamento Territorial no Estado do Amapá – IMAP, against subsidiary Ferreira Gomes, as such subsidiary would supposedly have caused significant changes in the environment. The value at risk is approximately R\$78,422 (R\$66,075 as at December 31, 2021);

In September 2015, subsidiary Ferreira Gomes signed the Conduct Adjustment Term to suspend the administrative proceeding in progress in IMAP until its full implementation. Upon compliance with the obligations assumed, the administrative proceeding will be terminated.

- Execution Action nº 00002067420198030006 – filed by the State Public Prosecution Office against subsidiary Ferreira Gomes for supposed violation of Clause 2.9, items 'f' and 'g', of TAC approved in the court records of Public Civil Action nº 001385-48.2016.8.03.00006. The value at risk is approximately R\$18,806 (R\$16,387 as at December 31, 2021);
- Execution of Extrajudicial Title No. 00023828020184013100 - this is an Extrajudicial Title Execution Action filed by the Federal Public Ministry against the subsidiary Ferreira Gomes Energia S/A, based on the alleged default of items "c", "f" and "g" of Clause 2.9 of TAC 2. The Company filed an embargo on the execution. The approximate value at risk is R\$161.

Notes to the financial statements

- Execution of Extrajudicial Title No. 00046934420184013100 - this is an Extrajudicial Title Execution Action filed by the Federal Public Ministry against the subsidiary Ferreira Gomes Energia S/A, based on the alleged default of items "c", "f" and "g" of Clause 2.9 of TAC 2 (obligation to do). The Company filed a motion to stay execution. The value at risk cannot be estimated.
- Environmental Notice of Default nº 016154 – filed by Instituto do Meio Ambiente e Ordenamento Territorial no Estado do Amapá – IMAP, against subsidiary Ferreira Gomes Energia S.A., as such subsidiary would supposedly have caused significant changes in the environment, causing the death of aquatic fauna species in Araguari river. The value at risk is approximately R\$15,772 (R\$13,290 as at December 31, 2021);
- Environmental Notice of Default nº 016158 - filed against the subsidiary Ferreira Gomes Energia S.A., by the Institute for the Environment and Territorial Planning in the State of Amapá – IMAP, as the company allegedly breached or partially complied with a series of conditions of Operating License nº 317/2014. The approximate amount at risk is R\$6,759 (R\$5,695 as at December 31, 2021);
- Environmental Notice of Default nº 41971 - filed by the State Secretariat for the Environment of the State of Amapá against the subsidiary Ferreira Gomes Energia S.A., as the company allegedly contributed to the pollution of the Araguari River by discharging effluents outside of the required standards. The approximate amount at risk is R\$6,146;
- Public Civil Action nº 00099563820104013100 – filed by the Federal Public Prosecution Office and the Public Prosecution Office of the State of Amapá against the Company, ANEEL, CEO of IMAP (Instituto de Meio Ambiente e Ordenamento Territorial do Amapá) and SEMA/AP - Secretaria do Estado do Meio Ambiente do Estado do Amapá. The purpose of this action is to prevent environmental damages involving the environmental licensing. The value at risk was not estimated;
- Public Civil Action nº 00103807020164013100 (before 00013863320168030006) – filed by the Public Prosecution Office of the State of Amapá, against subsidiary Ferreira Gomes Energia S.A. and others, with the purpose of compelling the defendants to promote the full recovery of all environmental damages caused in the Municipality of Ferreira Gomes/AP by the flood, due to flooding caused by third parties, as well as to adopt the measures to reduce the effects from the event. This action was suspended by virtue of the Preliminary Injunction 00005352820158030006, the purpose of which is the advanced provision of proof, as requested by the Public Prosecution Office. The preliminary injunction was appealed. By virtue of this, the Public Prosecution Office filed the Criminal Action 00002968220198030006 against FGE and other companies to determine the occurrence of eventual environmental crimes of destruction/damage of permanent preservation forest. Such action is being appealed. The value at risk was not estimated;
- Public Civil Action nº 10300145020214013200 - proposed by the Federal Public Prosecutor's Office in face of the jointly controlled Transnorte Energia S.A. for the preservation of allegedly offended indigenous rights. In addition to this action, two other public civil actions (No. 00184082320134013200 and No. 00180326620154013200) were proposed by the Federal Public Prosecutor's Office seeking the annulment of the Environmental Licensing Acts of the Enterprise, the Concession Agreement and the Public Notice that backed it, having as motive an alleged offense to indigenous rights. Due to the self-composition approved within the scope of the three public civil actions on September 22, 2022, actions nº 00184082320134013200 and nº 00180326620154013200 have already been definitively dismissed, while action nº 10300145020214013200 will be dismissed shortly, with the MPF having already requested the withdrawal of this action;
- Ordinary Action No. 5013784-97.2020.8.13.0105 - proposed by the landowner, pending before the 1st Civil Court of Governador Valadares. This is an action, filed against the subsidiary TPE – Transmissora Paraíso de Energia S.A., aimed at the Revocation of a Provisional Imposition Injunction in Possession with Maintenance in Possession, Moral, Environmental Damage and Business Interruption, linked to the Administrative Servitude Institution Action nº 5007124-24.2019.8.13.0105. The approximate value at risk is R\$23,246 (R\$20,743 as at December 31, 2021).

Notes to the financial statements

- Environmental Infraction Notice No. 9073335-E (02001.003498/2015-72) - drawn up by the Brazilian Institute for the Environment and Renewable Natural Resources – IBAMA, against the subsidiary Transnorte Energia S.A. (TNE), as TNE allegedly failed to comply with the environmental conditions set out in the Installation License. The approximate amount at risk is R\$9,683 (R\$2,649 as of December 31, 2021);
- Environmental Infraction Notice No. 9102835-E (02001.003494/2015-94) - drawn up by the Brazilian Institute for the Environment and Renewable Natural Resources – IBAMA, against the subsidiary Transnorte Energia S.A. (TNE), as the TNE allegedly failed to comply with the environmental conditions set out in the Vegetation Suppression Authorization. The approximate amount at risk is R\$6,648 (R\$1,805 as of December 31, 2021);
- Environmental Infraction Notice No. 9137296-E (02553.000294/2018-86) - drawn up by the Brazilian Institute for the Environment and Renewable Natural Resources - IBAMA, against the subsidiary Transnorte Energia S.A. (TNE), as TNE allegedly failed to comply with the environmental conditions set out in the Installation License. The approximate amount at risk is R\$7,563 (R\$3,389 as of December 31, 2021);
- Environmental Infraction Notice No. 9137295 (02553.000295/2018-21) - issued by the Brazilian Institute for the Environment and Renewable Natural Resources – IBAMA, against the subsidiary Transnorte Energia S.A. (TNE), because TNE allegedly failed to comply with environmental conditions set forth in the Operating License. The approximate value at risk is R\$3,526 (R\$1,574 on December 31, 2021); and
- Actions JEC – “Blackout 2020” event: these are 624 claims for moral damages filed against the Federal Government, the National Electric Energy Agency – ANEEL, the National Electric System Operator – ONS, and several Electric Sector Companies, including the subsidiary Ferreira Gomes Energia S.A., as a result of its alleged involvement in the “blackout” that took place in the State of Amapá in November 2020. The approximate value at risk is R\$73,377.

(iii) Regulatory:

- Action filed by the Company's subsidiaries – CNPE n. 3: Ordinary Actions with Preliminary Injunction nº 0076295-10.2014.4.01.3400 and nº 0003995-79.2016.4.01.3400 – filed by the Company and subsidiaries Ferreira Gomes Energia S.A., ACE Comercializadora LTDA., Energia dos Ventos I S.A., Energia dos Ventos II S.A., Energia dos Ventos III S.A., Energia dos Ventos IV S.A. and Energia dos Ventos X S.A., against the Federal Government, aiming at the nullity of the application of the effects of CNPE Resolution No. 3, which, in short, aimed at including the hydroelectric generators in the apportionment of the cost of the dispatch of the Thermoelectric Power Plants outside the order of economic merit to guarantee the energy supply. Currently, the Company and subsidiaries are benefited by a preliminary injunction preventing the application of the effects of this resolution. If the ruling is unfavorable, the System Service Charges to be recognized by the Company and subsidiaries totals approximately R\$287 (R\$255 as at December 31, 2021).

(iv) Arbitration:

- Arbitration Proceedings: filed against ETB to settle disputes arising from the contract linked to the implementation of the enterprise. The approximate amount at risk is R\$66,086 (R\$41,990 as of December 31, 2021); and
- Arbitration Proceedings: filed against the subsidiary ETC to settle disputes arising from the contract linked to the implementation of the project. The approximate value at risk is R\$12,307 (R\$11,432 as of December 31, 2021).
- Arbitration Procedure: established by Transnorte Energia S.A. (TNE), with the aim of determining the value of the full economic-financial rebalancing of Concession Agreement No. 003/2012 – ANEEL.

The explanatory notes do not include legal claims whose likelihood of loss is remote, except for those that, in the opinion of Management, are important for the business of the Company and its subsidiaries, as described below:

(i) Arbitration:

- The subsidiaries Usina Paulista Lavrinhas de Energia S.A. and Usina Paulista Queluz de Energia S.A. entered into separate energy supply contracts, through which they should supply certain amounts of energy per month. Such contracts were partially assigned to third parties, who defaulted with their payment obligations. As a result of these facts, Lavrinhas and Queluz filed enforcement actions against the assigning companies and assignees, which are jointly and severally liable for the contractual obligations. Considering that the energy supply contracts had an arbitration clause, the assignors, in order to be able to present their debtor embargoes, instituted arbitration procedures, requiring the rebalancing of the contracts or their resolutions for all purposes. In this sense, although Lavrinhas and Queluz appear in the passive pole of these arbitrations, they are also the creditors of the energy supply contracts, being certain that the chance of loss of these arbitrations is pointed out by our lawyers as remote. There is no calculable value at risk at this stage of the process.

23. Equity**a) Authorized capital**

Pursuant to article 8 of the Bylaws, the Company is authorized to increase capital, subject to approval by the Board of Directors, regardless of any amendment to the Bylaws, through issue of common and/or preferred shares, up to the limit of one billion (1,000,000,000) shares. It is also incumbent upon the Board of Directors to set the issue conditions, including price, terms and form of payment. The Company's shareholders are entitled to the preemptive right in the subscription of new shares, or any securities convertible into shares, exercisable within thirty (30) days.

b) Capital

As at December 31, 2022 and 2021, the Company's subscribed and paid-in capital totaled R\$2,981,996, represented by 596,955,970 common shares and 282,155,299 preferred shares, as follows:

12/31/2022 and 12/31/2021					
Common		Preferred		Total	
Number	%	Number	%	Number	%
456,905,633	76.54	1,676,184	0.59	458,581,817	52.16
140,050,337	23.46	280,479,115	99.41	420,529,452	47.84
596,955,970	100.00	282,155,299	100.00	879,111,269	100.00

c) Retained earnings

c.1) Legal reserve in the amount of R\$331,483 as of December 31, 2022 (R\$285,560 as of December 31, 2021): Brazilian Corporate Law sets forth that the Company must transfer 5% of annual net profit computed on the accounting records in accordance with accounting practices adopted in Brazil to legal reserve, not exceeding 20% of the Company's capital. The legal reserve may be used for increasing capital or absorbing losses; however, it may not be used for dividend distribution purposes.

c.2) Investment reserve in the amount of R\$3,259,780 as of December 31, 2022 (R\$2,605,373 as of December 31, 2021): the remaining income balance is maintained in an investment reserve account, to be allocated as determined at the Shareholders' Meeting.

c.3) Unrealized earnings reserve in the amount of R\$387,571 as of December 31, 2021 (R\$591,409 as of December 31, 2021): refers to the portion of the mandatory minimum dividend that exceeded the realized portion of net income for the years 2020, 2021 and 2022, pursuant to article 197 of Law No. 6,404/76. The allocation in this reserve reflects the fact that the financial realization of the profit from the equity accounting operation will occur in future years. Once realized, if the reserve is not absorbed by subsequent losses, the Company will allocate its balance to the distribution of dividends.

Notes to the financial statements

Excess reserve of profits

On December 31, 2022, the Company has an excess profit reserve in the amount of R\$691,458. The Company's Bylaws, in line with Brazilian corporate law, limits the profit reserve, except for the reserve for contingencies, tax incentives and unrealized profits, to the value of the capital stock. Therefore, the allocation of such excess will be deliberated by the shareholders at the next General Meeting which is scheduled for April 17, 2023.

d) Capital reserve

The capital reserves arise from the profit or loss in transaction of capital and from reserve for reinvestment, as follows:

	Company	
	12/31/2022	12/31/2021
Gain (loss) on capital transaction		
EATE	86,821	86,821
ECTE	(3,915)	(3,915)
APAETE	4,643	4,643
Lavrinhas	(4,747)	(4,747)
Queluz	(3,000)	(3,000)
Foz	(50,853)	(50,853)
TME	(27,823)	(27,823)
TCC	79,610	79,610
TPE	109,843	-
TSM	33,088	-
Ijuí	(207,224)	-
	<u>16,443</u>	<u>80,736</u>
Reinvestment reserve		
ENTE	466	466
ETEP	57	57
	<u>523</u>	<u>523</u>
	<u>16,966</u>	<u>81,259</u>

e) Other comprehensive income

This refers to gain and loss on translation of the financial statements of subsidiaries domiciled abroad, Equity pick up of subsidiaries by the Other comprehensive income (OCI) and Cash flow hedge of financial instruments designated as hedge accounting, as follows:

	Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Balance at the beginning of the year	70,865	85,453	67,735	85,155
Exchange differences from conversion of assets overseas (i)				
La Virgen	(2,702)	1,616	(8,317)	(1,216)
Risaralda	(49)	98	(49)	98
Alupar Peru	(6,671)	(8,349)	(6,671)	(8,349)
Alupar Colombia	(14,359)	(7,953)	(14,359)	(7,953)
Subtotal	(23,781)	(14,588)	(29,396)	(17,420)
Other comprehensive income				
Alupar - Equity pickup of subsidiaries (ii)	(1,592)	-	-	-
TCE - Hedge cash flow (ii)	-	-	(2,282)	-
TCE - Deferred IR/CS (ii)	-	-	690	-
Balance at the end of the year	<u>45,492</u>	<u>70,865</u>	<u>36,747</u>	<u>67,735</u>

- (i) The accumulated amounts of exchange rate variations related to conversion adjustments of subsidiaries abroad, recognized in other comprehensive income, will be subsequently reclassified to profit or loss for the period, only at the time of write-off of a foreign entity, or upon loss of control.

Notes to the financial statements

- (ii) The subsidiary TCE designated derivative financial instruments as cash flow hedge accounting and the change in the fair value of such financial instruments is recognized in Other comprehensive income, as detailed in notes 3.4 item (c), subitem (ii) and 31.3 item (b). Consequently, the Company recognizes its interest in such transaction on account of the equity method.

f) Profit allocation

According to article 37 of the Company's Articles of Incorporation, amended on December 6, 2022, shareholders are entitled to receive noncumulative mandatory dividends (minimum dividend), each year, corresponding to 25% (twenty-five) of net profit for the year, increased or reduced by the following: a) amount allocated to the legal reserve; (b) amount allocated to provision for contingencies and reversal of provision for contingencies recorded in prior years.

Pursuant to article 202, item II, of Law 6,404/76, the value of the minimum mandatory dividend may be limited to the amount of net income for the year that has been realized, provided that the difference is recorded as a reserve for unrealized profits (art. 197 of the same law). The portion of net income for the year is considered realized after the allocation of the 5% legal reserve, which exceeds the sum of the positive equity result, discounted from interim dividends received from subsidiaries. The Company's Management calculated the unrealized portion of net income for the year ended December 31, 2022 and 2021, and allocated the minimum mandatory dividends of 25% and 50%, respectively, to the Earnings Reserve account to be realized correspond to the amounts of R\$209,345 and R\$529,816, respectively. The mandatory minimum dividend of 25% of the realized portion of the net income as of December 31, 2022 corresponds to the amount of R\$8,791.

During 2022 and 2021, the Company paid part of the mandatory dividends previously allocated to the Unrealized Earnings Reserve account, the realization was upon receipt of dividends from its subsidiaries, in the amounts of R\$413,183 and R\$360,436, respectively, and reclassified to "Dividends Payable", as determined by article 202, item III of Law 6,404/76.

	12/31/2022	12/31/2021
Net profit for the year	918,466	1,115,401
Recognition of legal reserve (5%)	(45,923)	(55,770)
Balance available for distribution	872,543	1,059,631
Allocation to Reserve for unrealized profits	(209,345)	(529,816)
Mandatory minimum dividends payable	(8,791)	-
Remaining earnings at the disposal of the Shareholders' Meeting	(654,407)	(529,815)
 Declared dividends from the unrealized profit reserve	 413,183	 360,436
 Dividend per share	 0.48	 0.41
Dividend per unit	1.44	1.23

24. Earnings per share

Basic earnings per share are calculated based on profit or loss for the period attributable to the Company's owners and the weighted average number of common shares outstanding in the related year.

The table below shows the calculation of the weighted average of outstanding shares and earnings per share of the Company for the years ended December 31, 2022 and 2021:

Consolidated	
Year ended	
12/31/2022	12/31/2021

Numerator:

Net profit for the period attributed to controlling shareholders 918,466 1,115,401

Denominator (in thousands of shares)

Weighted average number of common shares (*) 596,956 596,956

Weighted average number of preferred shares (*) 282,155 282,155

Earnings per share

Basic and diluted earnings per common share (*) 1.04477 1.26878

Basic and diluted earnings per preferred shares (*) 1.04477 1.26878

(*) The Company does not have diluting instruments, such as, convertible instruments, options or subscription warrants.

25. Net operating revenue and other operating revenue

	Company		Consolidado	
	Period ended		Period ended	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Gross operating revenue				
Power transmission system				
Operation and maintenance revenue (note 9)	-	-	566,620	431,639
Infrastructure revenue (note 9)	-	-	250,481	1,032,923
Concession asset payment (note 9)	-	-	2,737,546	3,541,001
	-	-	3,554,647	5,005,563
Power generation system				
Power supply (note 26)	74,460	136,929	695,358	797,636
	74,460	136,929	695,358	797,636
Services provided				
Guarantee fee on loans (note 30)	114,376	-	-	-
Total gross operating revenue	188,836	136,929	4,250,005	5,803,199
Taxes on gross operating revenue				
PIS	(2,484)	(2,259)	(42,931)	(41,003)
COFINS	(10,179)	(10,405)	(196,458)	(160,533)
Deferred PIS and COFINS	-	-	(91,400)	(281,401)
ICMS	-	-	-	(600)
ISS	(6,280)	-	(6,701)	(434)
	(18,943)	(12,664)	(337,490)	(483,971)
Regulatory charges				
RGR	-	-	(36,194)	(31,934)
R&D	-	-	(10,558)	(8,747)
FNDCT	-	-	(10,558)	(8,747)
MME	-	-	(5,296)	(4,374)
TFSEE	-	-	(12,010)	(9,816)
Deferred TFSSE and RGR	-	-	(4,191)	(21,402)
	-	-	(78,807)	(85,020)
Total deductions on gross operating revenue	(18,943)	(12,664)	(416,297)	(568,991)
Total net operating revenue	169,893	124,265	3,833,708	5,234,208
Other operating revenues				
Gain from the result of the tariff review	-	-	55,828	52,923
Gain with indemnities	-	-	16,717	24,803
Other operating revenues	(576)	1,987	2,913	8,178
Total other operating revenues	(576)	1,987	75,458	85,904

a) The following are the transmission segment margins for each performance obligation:

	Consolidado	
	Year ended	
	12/31/2022	12/31/2021
Infrastructure implementation		
Infrastructure revenue	250,481	1,032,923
Infrastructure cost	(203,142)	(933,340)
Margin	47,339	99,583
% Perceived margin	18.90%	9.64%
Operação & Manutenção		
Operation and maintenance revenue	566,620	431,639
Operation and maintenance cost	(159,707)	(137,752)
Margin	406,913	293,887
% Perceived margin	71.81%	68.09%

26. Power supply and electric energy purchased for resale

	Company						Consolidated					
	Year ended						Year ended					
	12/31/2022			12/31/2021			12/31/2022			12/31/2021		
	MWh (*)	Average price	Value	MWh (*)	Average price	Value	MWh (*)	Average price	Value	MWh (*)	Average price	Value
Power supply												
Free market	-	-	-	-	-	-	532,814	331.76	176,769	442,451	310.03	137,172
Free market - trading	193,224	164.22	31,732	338,194	217.58	73,583	842,939	139.70	117,758	1,030,886	261.17	269,240
Free market - related parties	110,300	68.75	7,583	305,248	187.29	57,171	-	-	-	-	-	-
Regulated market	166,438	210.00	34,952	-	-	-	1,952,345	200.40	391,248	1,873,764	173.10	324,355
MRE and Spot (short term)	-	-	193	-	-	6,175	-	-	9,583	-	-	66,869
Total gross operating revenue			74,460			136,929			695,358			797,636
Power purchased for resale												
Free market	(75,912)	175.60	(13,330)	(233,527)	154.98	(36,192)	(487,206)	109.84	(53,517)	(833,566)	195.25	(162,753)
Free market - related parties	(414,900)	207.88	(86,251)	(435,899)	247.20	(107,753)	-	-	-	-	-	-
MRE and Spot (short term)	-	-	(21)	-	-	(24)	-	-	(6,102)	-	-	(3,095)
(-) PIS/COFINS credits	-	-	11,969	-	-	11,565	-	-	17,138	-	-	19,683
			(87,633)			(132,404)			(42,481)			(146,165)

(*) Information not reviewed by independent auditors

27. Costs and expenses by nature

Company						
Year ended						
12/31/2022			12/31/2021			
Expenses	Cost of services	Total	Expenses	Cost of services	Total	
General and administrative			General and administrative			
Personnel	(13,373)	(760)	(14,133)	(11,653)	(894)	(12,547)
Management fees	(14,071)	-	(14,071)	(15,068)	-	(15,068)
Material	339	-	339	(147)	-	(147)
Services	(9,487)	-	(9,487)	(9,281)	(184)	(9,465)
Depreciation and amortization	(3,693)	-	(3,693)	(1,076)	-	(1,076)
Provision for contingencies	(226)	-	(226)	3,463	-	3,463
Rentals	(187)	-	(187)	(247)	-	(247)
Insurance	(129)	-	(129)	(51)	-	(51)
Donations, contributions and grants	(477)	(137)	(614)	(210)	(162)	(372)
Taxes and rates	(171)	-	(171)	(503)	-	(503)
Other	(275)	-	(275)	(473)	-	(473)
Total	(41,750)	(897)	(42,647)	(35,246)	(1,240)	(36,486)

Consolidated										
Year ended										
12/31/2022					12/31/2021					
Cost of services		Expenses			Cost of services		Expenses			Total
Services provided	Infrastructure cost	General and administrative	Other	Total	Services provided	Infrastructure cost	General and administrative	Other	Total	
Personnel	(98,068)	(9,433)	(54,826)	-	(162,327)	(84,852)	(23,019)	(40,038)	-	(147,909)
Management fees	-	-	(32,233)	-	(32,233)	-	-	(31,454)	-	(31,454)
Material	(18,161)	(102,823)	(1,750)	-	(122,734)	(20,305)	(23,684)	(1,695)	-	(45,684)
Services	(91,652)	(71,982)	(42,727)	-	(206,361)	(68,815)	(695,746)	(49,674)	-	(814,235)
Depreciation and amortization	(141,740)	-	(7,842)	-	(149,582)	(134,496)	-	(5,067)	-	(139,563)
Provision	(907)	(2,316)	(133)	-	(3,356)	922	(1,989)	3,357	-	2,290
Rentals and leases	(9,460)	(279)	(2,105)	-	(11,844)	(6,967)	(1,149)	(773)	-	(8,889)
Insurance	(22,090)	(1,060)	(1,493)	-	(24,643)	(20,036)	(695)	(440)	-	(21,171)
Donations and contributions	(1,040)	-	(4,831)	-	(5,871)	(875)	-	(4,654)	-	(5,529)
Taxes and rates	(8,676)	(12,148)	(4,900)	-	(25,724)	(2,907)	(2,165)	(1,644)	-	(6,716)
Other	(5,116)	(3,101)	(1,122)	(838)	(10,177)	(805)	(184,893)	(1,812)	(1,800)	(189,310)
Cost Recovery - GSF	-	-	-	-	62,753	-	-	-	-	62,753
Loss from the result of the tariff review	-	-	-	(201,724)	(201,724)	-	-	-	(10,035)	(10,035)
Total	(396,910)	(203,142)	(153,962)	(202,562)	(956,576)	(276,383)	(933,340)	(133,894)	(11,835)	(1,355,452)

The value of "Others" in Infrastructure cost basically refers to the cost of debt considered as construction cost, expenses with easements and other expenses.

28. Finance income (costs)

	Company		Consolidated	
	Year ended		Year ended	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Finance income				
Income from short-term investments	71,688	24,638	225,525	70,956
Adjustment for inflation	2,770	1,017	12,434	28,803
Gain with derivative financial instruments	9,691	-	9,691	-
Other financial income - related parties (note 30)	166	48,582	-	-
Other financial income	58	3,891	6,250	8,064
Total	84,373	78,128	253,900	107,823
Finance costs				
Debt charges	(87,564)	(46,425)	(1,173,137)	(873,426)
Gain (loss) on exchange rate changes	(163)	11	(7,541)	(96,231)
Adjustment for inflation	-	-	(9,300)	(27,919)
Interest on leases	(131)	(74)	(7,693)	(11,298)
Loss with derivative financial instruments	(4,306)	-	(4,306)	-
Bank expenses	(1,007)	(1,048)	(16,671)	(3,205)
Other financial expense	(460)	(614)	(1,378)	(11,289)
Total	(93,631)	(48,150)	(1,220,026)	(1,023,368)
Total net	(9,258)	29,978	(966,126)	(915,545)

29. Income tax and social contribution

- a) Composition of the current income tax and social contribution balance recorded in the balance sheet:

	Company		Consolidated	
	Year ended		Year ended	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Corporate Income Tax (IRPJ)	45,376	27,464	78,568	49,603
Social Contribution on Net Income (CSLL)	1,604	1,242	11,969	5,170
Withholding Income Tax (IRRF)	-	-	28,305	13,783
Total income tax and social contribution to be offset	46,980	28,706	118,842	68,556
Current	46,980	28,706	115,655	65,067
Non-current	-	-	3,187	3,489

	Company		Consolidated	
	Year ended		Year ended	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Corporate Income Tax (IRPJ)	5,716	-	49,389	24,826
Social Contribution on Net Income (CSLL)	1,800	-	50,806	40,727
Total income tax and social contribution	7,516	-	100,195	65,553

- b) Deferred income tax and social contribution recognized in assets and liabilities are demonstrated as follows:

<u>Deferred income tax and social contribution</u>	Consolidated	
	12/31/2022	12/31/2021
Deferred income tax - assets	44,020	16,708
Deferred social contribution - assets	9,252	3,499
Total assets	53,272	20,207
Deferred income tax - liabilities	1,873,326	1,811,556
Deferred social contribution - liabilities	827,202	760,424
Total liabilities	2,700,528	2,571,980

Companies under taxable income regime impacted by Law 12,973, are: EBTE, EATE, ETEP, ECTE, ENTE, ETES, ETEM, STN, ELTE, TME, and ETVG. Companies EBTE, FOZ, FGE, ELTE and Verde 8 recorded deferred assets on the recognition of tax losses.

Deferred income tax and social contribution are demonstrated as follows:

	Consolidated			
	Balance sheet		Profit or loss	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Tax loss carryforwards	53,272	20,207	9,189	(1,300)
Concession Agreement	(2,717,159)	(2,568,752)	(121,272)	(603,068)
Deferred revenue for public bodies	(3,131)	(3,228)	(3,131)	(3,228)
Right to extend the grant	-	-	-	(23,304)
Unrealized profit	19,762	-	19,762	-
Deferred income tax and social contribution	(2,647,256)	(2,551,773)	(95,452)	(630,900)

Tax credits to be offset

Under CPC 32 (IAS 12), a deferred tax asset or liability is recognized on all deductible or taxable temporary differences, respectively. A temporary difference is the difference between the carrying amount of the asset or liability in the financial statements and the taxable basis. This pronouncement also requires the accounting of a deferred tax asset on unused tax losses to the extent that it is probable that future taxable income will be generated to offset such deferred tax asset.

As at December 31, 2022, Alupar recorded tax loss carryforwards that would generate potential tax credits, as described below. These credits were not recognized, as the Company's operations will not generate taxable income for realization of these credits.

<u>Unrecognized tax credit</u>	Company	
	12/31/2022	12/31/2021
Tax losses	623,993	633,833
Tax loss carryforwards	654,612	663,183

c) Reconciliation of the effective nominal rate for the years ended on December 31, 2022 and 2021 is as follows:

	Consolidated	
	Year ended	
	12/31/2022	12/31/2021
a) Composition of income taxes		
Income taxes recognized in the Statement of Income		
Current	(140,504)	(110,751)
Deferred	(95,452)	(630,900)
Total	(235,956)	(741,651)
b) Income taxes calculation - expenses:		
Income before taxation	1,899,829	2,864,467
Nominal rate	34%	34%
Expected income tax expense on the nominal tax rates	(645,942)	(973,919)
Reconciling items to determine the effective tax rate		
Tax incentive (*)	138,394	119,744
Donations - Rouanet Law/Sports/FIA	2,521	2,924
Compensation for tax loss carryforwards and negative basis	11,498	(18,445)
Non-deductible expenses and provisions	(3,659)	(5,095)
Equity pick up of subsidiaries	1,805	(1,787)
(-) Exclusion - Financial revenue from the concession - Art. 84 item II IN nº 1515/14	796,197	859,289
(+) Addition "AVP" - Art. 84 item II IN nº 1515/14	(557,597)	(387,881)
Reversal of deemed profit rate	78,107	113,362
Exclusion of CPC effects 47	(41,033)	(481,814)
Deferral of public bodies	(3,131)	(3,228)
Right to extend the grant	-	23,304
Unrealized profit	19,762	-
Others	(32,878)	11,895
Income taxes expenses - current and deferred	(235,956)	(741,651)
c) Effective tax rate	12.4%	25.9%

(*) Federal tax benefits which guarantee a 75% income tax reduction in the region of the Superintendence Authority for the Development of the Amazon (SUDAM) and the Superintendence Authority for the Development of the Northeast (SUDENE)

d) The breakdown by company concerning income tax and social contribution calculation regime, including PIS/COFINS rates of subsidiaries is shown below:

Notes to the financial statements

Companies	Fiscal year 2022				
	PIS and COFINS rate	REIDI incentive through:	Sudam/Sudene incentive through:	ICMS incentive through:	Tax regime
Subsidiaries					
Alupar Peru	Not applicable	-	-	-	(***)
Transminas	9.25%	-	-	-	Taxable income
Alupar Chile	Not applicable	-	-	-	(***)
Foz (**)	9.25%	-	-	-	Taxable income
Ijuí	3.65%	-	-	-	Deemed profit
Lavrinhas (**)	9.25%	-	-	-	Taxable income
Queluz (**)	9.25%	-	-	-	Taxable income
Ferreira Gomes (**)	9.25%	-	2026	-	Taxable income
GET	9.25%	-	-	-	Taxable income
Risaralda	Not applicable	-	-	-	(***)
Alupar Colombia	Not applicable	-	-	-	(***)
Verde 8 (**)	9.25%	-	-	-	Taxable income
Agua Limpa	9.25%	-	-	-	Taxable income
La Virgen	Not applicable	-	-	-	(***)
EATE (*)	Mixed regime - Bid 3.65% and RBNI 9.25%	-	2023	-	Taxable income
STN	9.25%	-	2025	-	Taxable income
ETES	9.25%	2021	2030	-	Taxable income
Etep (*)	Mixed regime - Bid 3.65% and RBNI 9.25%	-	2025	-	Taxable income
ENTE (*)	Mixed regime - Bid 3.65% and RBNI 9.25%	-	2025	-	Taxable income
ERTE (*)	3.65%	-	2024	-	Deemed profit
ECTE (*)	Mixed regime - Bid 3.65% and RBNI 9.25%	-	-	-	Taxable income
Etem	9.25%	-	2024	-	Taxable income
ETVG	9.25%	-	2024	-	Taxable income
ELTE	9.25%	2020	-	-	Taxable income
Lumitrans	3.65%	-	-	-	Deemed profit
STC	3.65%	-	-	-	Deemed profit
ACE	9.25%	-	-	-	Taxable income
AF	9.25%	-	-	-	Taxable income
Windepar	9.25%	-	-	-	Taxable income
ETAP	9.25%	-	2029	-	Taxable income
ETC	3.65%	-	-	-	Deemed profit
TCC	9.25%	2022	2031	2020	Taxable income
TPE	9.25%	2022	2031	2020	Taxable income
TSM	9.25%	2022	-	-	Taxable income
UFV Pitombeira	9.25%	-	-	-	Taxable income
AETE	3.65%	-	-	-	Deemed profit
EBTE	9.25%	-	2020	-	Taxable income
Transleste	3.65%	-	-	-	Deemed profit
Transudeste	3.65%	-	-	-	Deemed profit
Transirapé	3.65%	-	-	-	Deemed profit
ESDE	3.65%	-	-	-	Deemed profit
ETSE	3.65%	-	-	-	Deemed profit
ESTE	9.25%	-	-	-	Taxable income
EDV I	3.65%	-	-	-	Deemed profit
EDV II	3.65%	-	-	-	Deemed profit
EDV III	3.65%	-	-	-	Deemed profit
EDV IV	3.65%	-	-	-	Deemed profit
EDV X	3.65%	-	-	-	Deemed profit
TCE	Not applicable	-	-	-	(***)
EDTE	9.25%	-	2029	-	Taxable income
TME	9.25%	-	2024	-	Taxable income
ETB	9.25%	2022	2030	2020	Taxable income
EAP I	3.65%	2022	-	-	Deemed profit
EAP II	3.65%	2022	-	-	Deemed profit
EAP III	9.25%	-	-	-	Taxable income
EAP IV	9.25%	-	-	-	Taxable income
EAP V	9.25%	-	-	-	Taxable income
EAP VI	9.25%	-	-	-	Taxable income
EAP VII	9.25%	-	-	-	Taxable income
Iracema	9.25%	-	-	-	Taxable income
Joint venture					
TNE	9.25%	2017	-	-	Taxable income

(*) In accordance with Law 10637/2002, the concession contracts of electric utilities entered into before October 31, 2003 are subject to the deduction of 3.65% PIS/COFINS. (**) On October 8, 2018, the Official Gazette published the recognition of the special taxation regime applicable to companies belonging to the Electric Energy Trading Chamber (CCEE), introduced by article 47, of Law 10637/2002, in which the company started to tax the revenues from these transactions at the rate of cumulative regime (3.65%) in the PIS and COFINS contributions. (***) The taxation regime of subsidiaries abroad follows the determinations of the tax legislation of their respective countries.

Notes to the financial statements

30. Related parties

a) All related-party transactions are demonstrated as follows:

Related party/transaction	Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Balance sheet				
Assets				
Trade receivables	7,660	149	-	-
Foz do Rio Claro - power supply in free market (v)	-	149	-	-
La Virgen - guarantor commission (vi)	3,547	-	-	-
TPE - guarantor commission (vi)	1,788	-	-	-
ETB - guarantor commission (vi)	1,191	-	-	-
TCC - guarantor commission (vi)	1,134	-	-	-
Other assets	9,460	3,888	-	-
Alupar Peru - reimbursement of bank charges	1,409	-	-	-
La Virgen - reimbursement of bank charges	199	-	-	-
TPE - guarantor commission (vi)	-	1,688	-	-
ETB - guarantor commission (vi)	-	1,127	-	-
TCC - guarantor commission (vi)	-	1,073	-	-
Alupar Colômbia - Loan (vii)	7,852	-	-	-
Dividends receivable (i)	217,481	341,754	75	75
Transminas	1	8,338	-	-
EATE	51,587	62,029	-	-
ENTE	16,849	24,001	-	-
ECTE	13,371	11,328	-	-
ERTE	1,214	2,193	-	-
ETEP	4,148	3,401	-	-
STN	-	11,909	-	-
STC	485	485	-	-
Lumitrans	371	371	-	-
ETES	20,921	16,915	-	-
Ijuí	3,028	7,835	-	-
Foz	-	8,176	-	-
Lavrinhas	3,125	13,262	-	-
Queluz	3,635	25,936	-	-
TME	381	3,981	-	-
ETEM	2,513	3,899	-	-
ETVG	19,511	15,557	-	-
Ferreira Gomes	6,328	6,171	-	-
TNE	75	75	75	75
AF	582	-	-	-
ETAP	9,923	38,054	-	-
ETC	18,203	26,942	-	-
TPE	23,630	19,677	-	-
TCC	7,603	14,290	-	-
TSM	8,506	-	-	-
ETB	1,317	13,625	-	-
APAETE	174	3,304	-	-
Advance for future capital increase (ii)	30,324	215,433	-	-
GET	695	695	-	-
Pitombeira	23,745	970	-	-
Água Limpa	423	-	-	-
Alupar Chile	2,886	2,887	-	-
TSM	-	106,500	-	-
EAP I	-	38,044	-	-
EAP II	-	65,154	-	-
EAP III	492	229	-	-
EAP IV	524	242	-	-
EAP V	460	179	-	-
EAP VI	581	255	-	-
EAP VII	466	278	-	-
Iracema	52	-	-	-
Liabilities				
Trade payables - power purchased in free market (iii)	7,197	30,932	-	-
Ferreira Gomes	7,197	28,859	-	-
Lavrinhas	-	691	-	-
Queluz	-	691	-	-
Verde 8	-	691	-	-
Dividends payable (iv)	421,978	360,439	552,380	568,412
Controlling shareholders	220,122	185,103	220,122	185,103
Non-controlling shareholders of the parent company	201,856	175,336	201,856	175,336
Non-controlling shareholders	-	-	130,402	207,973

Notes to the financial statements

Related party/transaction	Company	
	Year ended	
	12/31/2022	12/31/2021

Statement of profit and loss

Revenue	121,959	57,171
Ferreira Gomes - power supply (v)	7,028	55,768
Foz do Rio Claro - power supply (v)	555	1,403
TPE - guarantor commission (vi)	21,057	-
ETB - guarantor commission (vi)	13,993	-
TCC - guarantor commission (vi)	13,373	-
La Virgen - guarantor commission (vi)	65,953	-
Cost - power purchased for resale (iii)	(86,251)	(107,753)
Ferreira Gomes	(80,237)	(104,257)
Queluz	(1,400)	(691)
Lavrinhas	(1,400)	(691)
Verde 8	(3,214)	(2,114)
Finance income	166	50,116
Brazil's Federal Savings and Loans Bank - short-term investments	-	1,042
Verde 8 Energia S.A. - interest on project sold	-	512
TPE - guarantor commission (vi)	-	17,575
ETB - guarantor commission (vi)	-	13,022
TCC - guarantor commission (vi)	-	17,965
Alupar Colômbia - Loan (vii)	166	-

(*) Brazil's Federal Savings and Loans Bank (CEF) manages FI-FGTS, which is a shareholder of the Company.

- i) Refers to dividends receivable for years 2022, 2021 and prior years of the Company's subsidiaries, which will be settled by the end of 2023;
- ii) Refers to the advance for future capital increase (AFAC) made by the Company in its subsidiaries to reinforce cash, which will be paid in by June 2023;
- iii) Refers to the purchase of electric energy from subsidiaries to meet the supply agreements entered into with other subsidiaries; the average purchase price disclosed on note 26;
- iv) Refers to dividends payable by the Company and its subsidiaries to shareholders.
- v) Refers to the sale of energy from Alupar to its subsidiaries due to the necessity to purchase energy in the short-term market to fulfill its contracts, the average sale price disclosed on note 26;
- vi) Refers to the guarantee fee on loans, provided by Alupar in favor of the subsidiaries, whose remuneration is 1.55% per annum of the balance guaranteed by Alupar, due from the start of the venture's commercial operation until the end bail. The commercial conditions were approved by both ANEEL and the non-controlling shareholders of these subsidiaries. Regarding the subsidiary La Virgen, the remuneration charged is 2.00% per year of the guaranteed balance of Alupar from the beginning of its construction.
- vii) Refers to a loan entered into between Alupar and its subsidiary Alupar Colombia, on April 25, 2022, in the total amount of up to US\$1,800, with interest of 7.5% p.a. and due on the 1st December 2029. As of December 31, 2022, the amount made available to Alupar Colombia was US\$1,508.

b) Guarantees

b.1) Intercompany transactions of guarantees relating to loans, financing and debentures are listed below:

Notes to the financial statements

Authorization date	Authorizing body	Guaranteed company	Guarantor	Agreement	Collateral	Agreement value	Effective date	Termination date	Outstanding balance as at 12/31/2022
12/12/11	Board of Directors	ETEM	Alupar	Financing - BNDES - 11.2.1030-1	Any guarantee, including pledged notes, credit rights, sureties, pledges and pledged shares	46,800	12/21/11	04/15/26	11,755
12/26/12	Board of Directors	Ferreira Gomes	Alupar	Financing - BNDES - Agreement 12.2.1390.1	Ordinary pledge on receivables from Concession Grantor Credit rights, Electric Energy Purchase and Sale Agreements Credit rights, Centralized account, BNDES reserve account, O&M reserve account and secured account	470,610	12/28/12	04/15/31	195,612
02/11/08	Board of Directors	Ijui	Alupar	Financing - BNDES	Unconditional pledge	168,200	04/09/08	09/15/27	71,268
02/01/08	Board of Directors	Lavrinhas	Alupar	Financing - BNDES - 08.02.0976.1	Any guarantee, including pledged notes, credit rights, sureties, pledges and pledged shares	111,185	03/11/09	04/15/25	22,501
06/14/10	Board of Directors	Lavrinhas	Alupar	Financing - BNDES	Any guarantee, including pledged notes, credit rights, sureties, pledges and pledged shares	16,875	09/08/10	04/15/25	3,056
02/01/08	Board of Directors	Queluz	Alupar	Financing - BNDES 08.2.0975.1	Any guarantee, including pledged notes, credit rights, sureties, pledges and pledged shares	114,677	03/11/09	01/15/25	20,402
07/21/10	Board of Directors	Queluz	Alupar	Financing - BNDES 10.2.0478.1	Any guarantee, including pledged notes, credit rights, sureties, pledges and pledged shares	27,716	08/03/10	01/15/25	4,468
12/10/13	Board of Directors	Transirapé	EATE	Financing Agreement - BDMG - nº 177.906/13	Pledged shares	19,761	12/27/13	01/15/24	2,585
10/23/14	Board of Directors	Transirapé	Transminas and EATE	Financing - BDMG - Agreement 193.292/14	Pledged shares, fiduciary assignment during the construction stage of the project of 30% of RAP, during the operation stage of the project of 25% of RAP, credit rights	5,893	10/23/14	10/15/29	3,023
01/27/16	Board of Directors	Transirapé	Transminas/ EATE	Financing Agreement - BDMG - nº 215.411/16	Pledged shares, fiduciary assignment during the construction stage of the project of 30% of RAP, during the operation stage of the project of 25% of RAP, credit rights	4,000	04/01/16	04/15/26	1,929
08/08/13	Extraordinary Shareholders' Meeting	Transleste	EATE	Financing - BDMG - Agreement 127.315	Pledged shares	47,029	03/10/05	02/10/25	5,360
08/08/13	Extraordinary Shareholders' Meeting	Transleste	EATE	Financing - BNB - Agreement 05974828-A	Pledged shares	15,000	03/10/05	03/01/25	1,650
05/30/14	Board of Directors	Ferreira Gomes	Alupar	Debentures - 3rd issuance	Pledge, pledged shares and fiduciary assignment	210,900	06/15/14	12/15/27	292,514
12/11/17	Extraordinary Shareholders' Meeting	ETAP	Alupar	Debentures - 2nd issuance	Letter of Guarantee	156,000	09/15/18	09/15/25	190,293
09/26/18	Extraordinary Shareholders' Meeting	TCC	Alupar	Debentures - 1st issuance	Guarantor	680,000	09/15/18	09/15/28	864,344
09/26/18	Extraordinary Shareholders' Meeting	TPE	Alupar	Debentures - 1st issuance	Guarantor	1,070,000	09/15/18	09/15/28	1,360,122
12/11/17	Extraordinary Shareholders' Meeting	ETC	Alupar	Debentures - 2nd issuance	Letter of Guarantee	116,000	09/15/18	09/15/25	141,531
12/14/15	Board of Directors	EDV I	Alupar/ Windepar	Financing Agreement - BNDES - nº 15.2.0778.1	Guarantees - Alupar: corporate pledge, pledged shares, fiduciary assignment, credit rights of CCEARS, CCVEs (3.2 MW, on average), other agreements of CCVE in ACL/ ACR, revenue rights arising from the project, Centralized Account rights, Debt Service Reserve Account, O&M Agreement and Special Reserve Account. - Windepar: Holding's Special Reserve Account Rights and Loan	57,990	02/11/16	10/15/32	47,411
	Board of Directors	EDV II				32,220	02/11/16	10/15/32	26,759
	Board of Directors	EDV III				49,007	02/11/16	10/15/32	40,915
	Board of Directors	EDV IV				81,047	02/11/16	10/15/32	62,785
	Board of Directors	EDV X				47,042	02/11/16	10/15/32	34,296
11/21/16	Extraordinary Shareholders' Meeting / Board of Directors	Windepar	Alupar e EDVs	Debentures - 1st issuance	Guarantors, issuer's pledged shares, pledged shares of EDVs, credit rights under the Electric Energy Sale Agreements in Regulated Market ("CCEAR's"), credit rights under the Electric Energy Purchase and Sale Agreements (CCVEs), credit rights under any other electric energy sale agreements entered into by EDVs in Free Contract Market (ACL) or Regulated Contract Market (ACR), any other rights and/or revenues arising from projects, rights on "Centralized Account", "O&M Reserve Account" and "Special Reserve Account" of each EDV, fiduciary assignment on "Holding's Special Reserve Account", "Debenture Debt Service Reserve Account", "Debenture Payment Account", of loan agreements, any other rights and/or revenues arising from the projects.	67,500	12/15/16	12/15/28	72,752
-	-	Verde 8	Alupar	Debentures - 2nd issuance, Verde 08	Guarantor	140,000	07/15/18	07/15/25	182,486
11/06/19	Extraordinary Shareholders' Meeting	EDV I	Alupar/ Windepar	Financing Agreement - BNDES - nº 19.2.0598.1	I. by EDV I, EDV2, EDV3, EDV4 and EDV10: the credit rights: (a) CCEARS, between the BENEFICIARIES and the distributors listed in Appendix I of the CONCESSION AGREEMENT; b) the CCVEs to be (in) executed (s)) between BENEFICIARIES and ALUPAR, at least 3.2 MW average; c) other CCVEE in the ACL or ACR; d) other rights and / or revenues, including those relating to short-term market operations and / or operation under test and e) rights over the CENTRALIZING ACCOUNTS, O&M RESERVE ACCOUNTS, BNDES DEBT SERVICE ACCOUNT ACCOUNTS and SPE SPECIAL RESERVE ACCOUNTS, including credits that may be deposited therein; II. by WINDEPAR: a) the rights on the RESERVA ESPECIAL HOLDING ACCOUNT, including the credits that may be deposited therein; b) credit rights arising from loan agreements entered into and to be entered into with BENEFICIARIES; and c) any other rights and / or revenues arising from the PROJECT, including those relating to	14,700	12/10/19	10/15/32	14,683
		EDV II				10,100	12/10/19	10/15/32	8,381
		EDV III				10,400	12/10/19	10/15/32	10,381
		EDV IV				11,900	12/10/19	10/15/32	11,492
		EDV X				12,900	12/10/19	10/15/32	12,877
12/04/18	Extraordinary Shareholders' Meeting	EDTE	Alupar, TAESA e ENTE	Debentures - 2nd issuance (incentive)	Letter of Guarantee	315,000	12/04/18	12/15/28	393,141
12/10/19	Extraordinary Shareholders' Meeting	ESTE	Alupar, TAESA, EATE e AF Energia	Debentures - 1st issuance (incentive)	Guarantee, Pledge of shares and fiduciary assignment	415,000	12/10/19	12/15/44	543,194
11/16/20	Shareholders' Meeting	Alupar Peru	Alupar	Bank Itaú loan agreement	Corporate Guarantee in favor of Banco Itaú	USD 18,000	11/27/20	11/27/23	95,111
-	-	Alupar Peru	Alupar	Santander Bank loan agreement	Corporate guarantee in favor of Banco Santander	USD 35,000	12/02/21	12/06/24	183,769
-	-	Alupar Colombia	Alupar	Santander Luxembourg loan agreement	Santander bank loan contact. Contributions Alupar Colombia and TCE	USD \$11,000	11/17/20	11/17/23	57,276

Notes to the financial statements

Authorization date	Authorizing body	Guaranteed company	Guarantor	Agreement	Collateral	Agreement value	Effective date	Termination date	Outstanding balance as at 12/31/2022
-	-	Alupar Colombia	Alupar	Santander Luxembourg loan agreement	Santander bank loan contract. Contributions Alupar Colombia and TCE	USD \$7,000	01/20/21	11/17/23	37,481
-	-	Alupar Colombia	Alupar	BTG loan agreement	Guarantee the Guaranteed Party's obligations in the Credit Agreements granted by Banco BTG	COP \$19,215,000	07/20/22	10/22/23	20,745
-	-	Alupar Colombia	Alupar	MUFG Bank Financing Agreement	The GUARANTOR is guarantor and main payer, jointly and severally liable with the PRINCIPAL for all obligations contracted by the PRINCIPAL to the BENEFICIARY arising from the Financial Transaction, in case the Standby Letter of Credit is executed by MUFG Union Bank, N.A. its assignee (the "Secured Obligations"), liable for a maximum principal amount of USD\$25,000,000.00 (twenty-five million US dollars), in addition to all charges, contractual, fiscal or of any other nature incurred thereon, including expenses and penalties.	USD \$25,000	07/18/22	07/10/27	474,114
-	-	TCE	Alupar	MUFG Bank Financing Agreement	The Guarantor qualified in the preamble of this Letter of Guarantee constitutes guarantor and main payer, and jointly and severally liable with the Bailed Party for all obligations, principal and accessory, contracted by the Bailed Party before the Secured Creditors in the Credit Agreement (in this guarantee represented by the Beneficiary, acting on behalf of the Secured Creditors) under the Credit Agreement (the "Secured Obligations"), accounting for a maximum principal amount of US\$107,530,000 (one hundred and seven million, five hundred and thirty thousand dollars), plus interest and other charges provided for in the Credit Agreement.	US\$107,530	07/18/22	07/10/27	474,114
-	-	Pitombeira	Alupar	1st issue debenture	Letter of Guarantee	200,000	09/22/22	09/22/24	207,045
-	-	EAP I	Alupar	CITIBANK Bank Loan	Description of the Fact of Nature Foreign Capital - Loans and financing - Direct loans - long term contract number 000308801547	(USD) 20,293	06/21/22	12/21/23	106,053
-	-	EAP II	Alupar	CITIBANK Bank Loan	Description of the Fact of Nature Foreign Capital - Loans and financing - Direct loans - long term contract number 000308801547	(USD) 27,707	06/21/22	12/21/22	144,798
-	-	Foz do Rio Claro	Alupar	1st Issue of Debentures	Unrestricted Surety	600,000	10/08/21	09/15/28	625,252
-	-	Risaralda	Alupar	Pledge Letter	Guarantor under the Loan Agreement Banco Itaú	COP \$120,000,000	05/30/18	05/30/25	96,948

b.2) Intercompany transactions of guarantees relating to supply agreements, assembling supervision, commissioning supervision, pledge and rental of non-residential property are listed below:

Authorization date	Authorizing body	Guaranteed company	Guarantor	Agreement	Collateral	Agreement value	Effective date	Termination date	Outstanding balance as at 12/31/2022
-	-	TCE	Alupar	Letter of Guarantee	Bank guarantee on behalf of XM Companhia de Expertos en Mercados S.A. E.S.P.	COP \$ 53,259,299	11/30/16	08/29/24	COP \$ 53,259,299
-	-	Risaralda	Alupar	Letter of Guarantee	Guarantor in case the Bank Guarantee is executed (Energy Supply Contract with EMCALJ)	COP \$18,362,857	01/03/16	28/02/23	COP \$18,362,857
-	-	TCE	Alupar	Nueva Esperanza 500 KV La Virginia 500KV em Colombia	Letter of Guarantee to receive support from Alupar Investimento for legal and commercial obligations, in the case of signature of a contract, in case the company is awarded. ABB LTDA and TCE	Dollar component: USD \$90,864 / Local Component: COP\$9,884,430	18/12/17	03/05/23	Dollar component: USD \$90,864 / Local Component: COP\$9,884,430
-	-	Ferreira Gomes	Alupar	Letter of Guarantee	Private Instrument of Constitution of Guarantee for the Provision of Surety No. 100422060169600 - ONS	3,895	06/16/20	06/23/23	3,895
-	-	Foz	Alupar	Letter of Guarantee	Guarantee the payment of the amount executed in the records of case No. 0119265.58.8.09.0173, in progress before the Judge of Law of the Civil Court of the District of São Simão	1,864	03/15/19	03/15/23	1,864
-	-	Foz	Alupar	Letter of Guarantee	Provision of Guarantee in Surety No. 100419110099700	1,299	22/11/22	23/11/23	1,299
-	-	EAP I	Alupar	Letter of Guarantee	Private Instrument of Constitution of Guarantee for the Provision of Surety No. 100422050008500 - ONS	220	25/05/22	25/05/23	220
-	-	EAP II	Alupar	Letter of Guarantee	Private Instrument of Constitution of Guarantee for the Provision of Surety No. 100422050008600 - ONS	334	16/06/20	25/05/23	334
-	-	UFV	Alupar	Letter of Guarantee	Private Instrument of Constitution of Guarantee for the Provision of Surety No. 100422090202100 - ONS	466	16/06/20	30/10/23	466
-	-	Queluz	AF Energia	Remote Operation Services Locally assisted and partially unassisted and Plant Maintenance.	-	Mobilization: R\$ 19,000.00 - Local Operation and Maintenance: R\$ 106,500.00 - Remote Operation and Maintenance: R\$ 64,000.00	03/01/13	undetermined	-
-	-	Lavrinhas					09/04/13	undetermined	-
-	-	Foz	AF Energia	Remote Operation and Plant Maintenance Services.	-	Remote Operation and Maintenance R\$ 170,000.00	03/01/13	undetermined	-
-	-	Ijuí					03/01/13	undetermined	-
-	-	Ferreira Gomes	AF Energia	Remote Operation Services Locally assisted and partially unassisted and Plant Maintenance.	-	Mobilization: R\$ 50,000.00 - Local Operation and Maintenance: R\$ 420,000.00 - Remote Operation and Maintenance: To be agreed between the Parties via Contract Addendum.	02/24/14	undetermined	-
-	-	Foz	ACE	Advisory Agreement	-	R\$ 2,750.00 monthly	06/01/14	undetermined	-
-	-	Ijuí					06/01/14	undetermined	-
-	-	Lavrinhas				Free	06/01/14	undetermined	-
-	-	Queluz					06/01/14	undetermined	-

Notes to the financial statements

Authorization date	Authorizing body	Guaranteed company	Guarantor	Agreement	Collateral	Agreement value	Effective date	Termination date	Outstanding balance as at 12/31/2022
-	-	EATE	ECTE, ETEP, ERTE, ENTE, STC, LUMITRANS, EBTE, ESDE e ETSE	Property sublease	-	R\$ 36,954/monthly	01/02/14	01/02/24	-
-	-	EATE	ENTE	Technical Cooperation Agreement – SE Açailândia	-	R\$ 8,284.86/monthly	01/26/05	06/12/31	-
-	-	EBTE	BRASNORTE	infrastructure sharing agreement	-	R\$ 15,000/monthly	11/30/10	Termination of the Concession of one of the parties.	-
-	-	EBTE	BRASNORTE	CCIE	-	-	02/08/11	Termination of the Concession of one of the parties.	-
-	-	EBTE	BRASNORTE	Technical Cooperation Agreement	-	-	09/10/12	Termination of the Concession of one of the parties.	-
-	-	ESDE	CEMIG D	CCT	-	R\$ 673,334.03/year	09/25/12	Termination of the Concession of one of the parties.	-
-	-	ESDE	CEMIG GT	infrastructure sharing agreement	-	R\$ 3,000.00/month + R\$ 9,000.00/month of O&M until the Asset Transfer Agreement is signed"	12/28/12	Termination of the Concession of one of the parties.	-
-	-	ETAU	STC	infrastructure sharing agreement	-	R\$ 2,920/monthly	11/16/06	Termination of the Concession of one of the parties.	-
-	-	Transnorte	Manaus Transmissora	infrastructure sharing agreement	-	R\$ 246,617.93 for 6 months + R\$ 9,069.00/month.	11/11/13	Termination of the Concession of one of the parties.	-
-	-	EDV I (Comodante)	Alupar (Comodatária)	Contrato de Comodato nº EVIV_JU_COM_0489-15 envolvendo área do imóvel denominado Sítio Picada para instalação de Unidade Fotovoltaica	-	-	06/01/15	06/01/45	-
-	-	ETSE	CELSC	CCT	-	R\$ 754,335.14/year	Conexão à SE Gaspar 2 com 4 pontos de linha	Termination of the Concession of one of the parties.	-
-	-	Lumitrans	EBTE	Lease agreement	-	-	03/29/16	Return of Equipment	-
-	-	STC	ETSE	infrastructure sharing agreement	-	-	05/15/14	Termination of the Concession of one of the parties.	-
-	-	STC	EATE	Lease agreement	-	-	03/29/16	Return of Equipment	-
-	-	STN	CHESF	COM No. 001/2009 Contract for Line Operation and Substation Equipment, Maintenance and	-	R\$ 2,969,079.12/Year at June/2014 prices	02/01/10	Contract provides that the extension of the term at its end.	-
-	-	STN	CHESF	CCI No. 002/2005 Facilities Sharing Agreement	-	R\$ 9,500.00/Month at December/2005 prices	12/13/05	Termination of the Concession of one of the parties.	-
-	-	EDTE	TPE, IE Paraguaçu e Tropicália	Term of Non-Onerous Transfer - Distribution Branch	-	34,782	10/02/20	undetermined	-

c) Key management personnel compensation

At the Extraordinary Shareholders Meeting held on April 11, 2022, the Company's shareholders approved the global compensation of the members of the Board of Directors and the Executive Board for the fiscal year 2022 in the amount of up to R\$13,910 net of social charges - INSS onus of the Company according to Circular Letter SEP 01/2021 of CVM, of which R\$1,644 refer to the remuneration of the members of the Board of Directors and R\$12,166 refer to the remuneration of the Executive Board members, the remuneration of the members of the Fiscal Council was also approved in the minimum amount provided for by law of 10% (ten percent) of the average remuneration of each director.

Company		Consolidated	
Year ended		Year ended	
12/31/2022	12/31/2021	12/31/2022	12/31/2021
Board of Executive Officers (i)	9,701	10,948	23,267
Board of Directors	1,496	946	2,775
Board and Executive Board Social Charges	2,874	3,174	6,191
Total	14,071	15,068	32,233

- i) Composed of wages, salaries, profit sharing, non-monetary benefits (such as medical and dental care), retirement benefits, life insurance and bonuses.

31. Financial instruments and risk management

31.1. Fair value and fair value hierarchy

Below is a summary of the book value and fair value of the financial instruments of the Company and its subsidiaries for the year ended December 31, 2022 and 2021. The Company and its subsidiaries classify and disclose the fair value of financial instruments based on the following measurement techniques:

- Level I – prices quoted in active markets for identical assets and liabilities;
- Level II – other techniques for which all data that has significant effect on the recorded fair value is observable, whether directly or indirectly; and
- Level III – techniques that use data that has significant effect on the recorded fair value that is not based on observable market data.

Consolidated						
12/31/2022		12/31/2021		Classification	Level	
Carrying amount	Fair value	Carrying amount	Fair value			
Financial assets						
Cash and banks	180,528	180,528	35,208	35,208	Amortized cost	-
Cash equivalents	669,953	669,953	341,911	341,911	Fair value through profit or loss	2
Short-term investments	1,836,607	1,836,607	1,553,503	1,553,503	Fair value through profit or loss	2
Marketable securities	138,094	138,094	121,666	121,666	Fair value through profit or loss	2
Trade receivables	501,201	501,201	416,231	416,231	Amortized cost	-
Derivatives financial instruments	7,088	7,088	-	-	Fair value through OCI	2
	3,333,471	3,333,471	2,468,519	2,468,519		
Financial liabilities						
Trade payables	239,119	239,119	198,387	198,387	Amortized cost	-
Loans and financing	2,519,618	2,519,618	2,387,593	2,387,593	Amortized cost	-
Debentures	9,116,488	9,112,076	7,660,163	7,655,751	Amortized cost	-
Lease liability	44,794	44,794	48,413	48,413	Amortized cost	-
Contractual liabilities with clients	116,330	116,330	-	-	Amortized cost	-
Derivatives financial instruments	8,860	8,860	-	-	Fair value through OCI	2
	12,045,209	12,040,797	10,294,556	10,290,144		

In the year ended December 31, 2022, there were no transfers between level I and level II fair value measurements, or transfers between level II and level III fair value measurements.

The Company and its subsidiaries classify and disclose their financial instruments as follows:

- Cash and cash equivalents, trade receivables, concession asset and trade payables approximate respective carrying amount.
 - Loans, financing and debt charges (net of unamortized costs):
- i) BNDES/BNB/FINAME/FINEM: since this is a long-term agreement, it is not included within the scope of CPC 12, which defines that this type of liability is not subject to application of the present value concept at rates other than those to

Notes to the financial statements

which these loans and financing are already subject, due to the fact that Brazil does not have a consolidated market for this type of long-term debt, and the offer of loans is restricted to one government agency only. In view of the foregoing, the Company and its subsidiaries used the same concept for determining fair value for these loans, financing and debt charges.

- Debentures: the fair value of debentures with an active market does not significantly differ from the carrying amount, as the variation of the unit price value in the secondary market disclosed at www.debentures.com.br approximates the carrying amount.

For the debentures of the subsidiaries that are not priced in the active market, the Company, based on its debentures and on the debentures of its subsidiaries with similar characteristics, calculated the fair value and did not identify any significant differences. The financial instruments were not reclassified as at December 31, 2022.

31.2. Risk management

The Company's risk management seeks to identify and analyze the risks to which it is exposed in order to define appropriate risk limits and controls, as well as monitor risks and their adherence to limits. The Company's Board of Directors is generally responsible for establishing and supervising the Company risk management model. The Board of Directors established a Finance, Audit and Related-party Committee.

The Company seeks protection for risks: (a) credit; (b) liquidity; and (c) market.

(a) Credit risk

This refers to any inability of the Company and its subsidiaries to realize their rights deriving from trade receivables, cash and cash equivalents, short-term investments and Marketable securities.

(i) Trade receivables

This risk arises from the possibility of the Company and its subsidiaries incurring losses resulting from difficulty in receiving amounts billed to its customers. The Company sells electric energy according to the rules and guidelines for approval, required guarantees and monitoring of operations. The transmission subsidiaries enter into agreements with the ONS, concessionaires and other agents to regulate the provision of services to the basic grid users, subject to bank pledge. The electric energy generation subsidiaries enter into agreements under the regulated environment (ACR) and bilateral agreements that provide for collateral agreements.

(ii) Cash and cash equivalents, short-term investments and Marketable securities

This refers to the risk associated with financial investments held with financial institutions which are subject to market actions and associated risks, especially lack of guarantees for the amounts invested, which may result in the loss of these amounts. Such risk is reduced by Management when selecting top-tier financial institutions (Banco do Brasil S.A., Banco Santander S.A., Banco Itaú S.A., CEF and Banco do Nordeste do Brasil S.A.), subject to concentration limits, and following internal policies regarding assessment of investments in relation to the equity of the financial institutions.

(b) Liquidity risk

The Company and its subsidiaries have a significant level of debt due to the need for a large volume of funds to make investments. At December 31, 2022, total consolidated debt (sum of loans, financing and debentures of current and non-current liabilities) was R\$11,636,106, out of which 9.89% of this amount (or R\$1,151,029) corresponded to short-term debt. As such, significant adverse changes in interest rates in the Brazilian economy would impact the Company and its subsidiaries causing an increase in future expenditures, which could reduce net profit and, consequently, the ability to meet contractual obligations and the amounts available for distribution to shareholders as dividends and other earnings. In addition, the Company and its subsidiaries may incur additional debt in the future to fund acquisitions, investments or other purposes, as well as to conduct its operations, subject to the restrictions applicable to existing debt.

If the Company and its subsidiaries incur additional debt, the risks associated with its financial leverage may increase, such as the possibility of failing to generate enough cash to pay principal, interest and other charges on debt or distribute dividends to shareholders. Currently, the financial leverage ratio is 1.01 (0.97 in 2021) and 1.51 (1.32 in 2021) in Parent Company and Consolidated, respectively.

Notes to the financial statements

Moreover, if there is breach of certain covenants on maintenance of financial ratios, the early maturity of debts previously contracted may occur, which may significantly impact the ability of the Company and its subsidiaries to meet their obligations. In the event of early maturity of debts, assets and cash flows may be insufficient to repay the outstanding balance of financing agreements. The restrictive clauses ("covenants") are described in explanatory notes nº 19 and nº 20.

If the Company and its subsidiaries cannot service its debt levels and/or incur additional debt, this may adversely affect their business, operating and financial results and cash flows.

Another important aspect is that 94.27% of the consolidated debt refers to indebtedness of subsidiaries (93.44% as at December 31, 2021), most of which refers to project financing, raised with BNDES, issuance of infrastructure debentures and other fostering institutions. Approximately 12.79% of the total consolidated debt refers to the companies in the pre-operating phase (8.43% as at December 31, 2021).

The contractual maturities of the main financial liabilities on the date of the financial statements are presented in explanatory Notes 19 and 20.

As at December 31, 2021, the Company presents cash and cash equivalents, short-term investments and marketable securities in current and non-current assets amounting approximately to R\$2,825,182 on a consolidated basis. The Company's cash generation is sufficient to cover short-term commitments and for its acquisition and investment program. The Company's and its subsidiaries' risk management aims at avoiding any financial risks which may be added to their business. As regards cash, short-term investments are managed considering a conservative approach, focused on the availability of funds to cover the needs. The Company and its subsidiaries seek for best profitability, always taking into consideration the risk and liquidity limits and the concentration of investments. The Company and its subsidiaries regularly follow up on the rates contracted and compare them to market rates.

The capital structure risk arises from the choice that the Company and its subsidiaries make between own capital (capital contributions and retained earnings) and third-party capital to fund operations. For the optimize weighted average cost of capital, the Company and its subsidiaries permanently monitor debt levels in relation to market standards. As at December 31, 2022, the Company's consolidated capital structure is comprised of 37.1% of own funds against 62.9% of third-party capital (38.9% of own funds and 61.1% of third-party capital as at December 31, 2021).

As at December 31, 2022 and 2021, the Company and its subsidiaries calculate net debt as loans and financing, less cash and cash equivalents, short-term investments and marketable securities, as follows:

	Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Loans and financing	-	-	2,519,618	2,387,593
Debentures	666,826	659,536	9,116,488	7,660,163
Gross debt	666,826	659,536	11,636,106	10,047,756
(-) Cash and cash equivalents	(343,170)	(65,529)	(850,481)	(377,119)
(-) Short-term investments	(633,531)	(455,336)	(1,836,607)	(1,553,503)
(-) Securities	-	-	(138,094)	(121,666)
Net debt	(309,875)	138,671	8,810,924	7,995,468
Equity	6,958,063	6,551,237	10,371,619	10,001,723
Net debt ratio	(0.04)	0.02	0.85	0.80

In addition, the Company and its subsidiaries have a debt-to-equity ratio of 112.2% as at December 31, 2022 (100.5% as at December 31, 2021).

Notes to the financial statements

(c) Market risk

(i) Interest rate risk

The Company and its subsidiaries are exposed to post-fixed interest rate fluctuations on loans and financing, debentures and financial investments. Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The exposure of the Company and its subsidiaries to the risk of changes in market interest rates mainly refers to obligations with loans, financing, debentures, short-term investments and bonds and securities, subject to variable interest rates.

Sensitivity analysis of interest rate risk

In order to analyze the sensitivity of the short-term investment and debts rate to which the Company and subsidiaries were exposed as at December 31, 2022, five different scenarios were defined. The index projected rates were obtained based on the market reports and defined as a probable scenario, based on which the variations of 25% and 50% were calculated.

For each scenario, gross finance income and costs were calculated, not taking into consideration the taxes levied, and the maturity flow of each agreement over a year. The portfolio base date used was December 31, 2022, with a one-year projection and checking sensitivity of the rates in each scenario.

Short-term investments - Consolidated	Index	Position as at 12/31/2022	Projected finance income - one year				
			Probable scenario	Reduction risk		Increase risk	
				Scenario I (-50%)	Scenario II (-25%)	Scenario III (+25%)	Scenario IV (+50%)
			10.63%	5.32%	7.97%	13.29%	15.95%
Cash equivalents	CDI	669,953	71,216	35,608	53,412	89,020	106,824
Short-term investments	CDI	1,836,607	195,231	97,616	146,423	244,039	292,847
Marketable securities	CDI	138,094	14,679	7,340	11,010	18,349	22,019
Total		2,644,654	281,126	140,564	210,845	351,408	421,690

Loans, financing and debentures - Consolidated	Index	Average interest rate p.a.	Position as at 12/31/2022 (*)	Projected finance costs - one year				
				Probable scenario	Reduction risk		Increase risk	
					Scenario I (-50%)	Scenario II (-25%)	Scenario III (+25%)	Scenario IV (+50%)
Loans and financing				7.37%	3.69%	5.53%	9.21%	11.06%
	TJLP +	2.35%	546,451	54,079	33,472	43,773	64,386	74,691
	IPCA +	1.68%	57,814	3,605	2,288	2,946	4,263	4,922
	CDI +	1.36%	275,244	33,388	18,560	25,974	40,802	48,215
	IBR +	4.14%	118,720	16,475	10,695	13,585	19,365	22,255
	SOFR	2.93%	940,592	75,930	51,727	63,829	88,032	100,133
Debentures				10.63%	5.32%	7.97%	13.29%	15.95%
	CDI +	4.09%	3,574,586	1,156,113	928,835	1,042,475	1,269,750	1,383,390
	IPCA +	5.43%	5,673,658	576,234	442,240	509,236	643,232	710,228
Total			11,187,065	1,915,824	1,487,817	1,701,818	2,129,830	2,343,834

(*) Refers to the principal amount of debts, excluding charges and also agreements, which are subject to fixed rate.

Notes to the financial statements

(ii) Foreign exchange risk

The exposure of the Company and its subsidiaries to the risk of changes in exchange rates refers to the fact that the Company's subsidiaries have transactions with financial institutions, customers and suppliers in a currency different from the functional currency of the Company and its subsidiaries, called foreign currencies. The Company's functional currency is the Brazilian Real and that of its subsidiaries is the Peruvian Nuevo Sol, the Colombian Peso, the Chilean Peso and the Brazilian Real. The Company's subsidiaries mostly have exposure to US dollars, related to loan and financing transactions, financial investments, accounts payable with suppliers and accounts receivable from customers. If the functional currency depreciates against the US Dollar, our related financial expenses will increase and our results of operations and financial condition could be adversely affected.

To mitigate foreign currency risk exposure, as of the 2nd quarter of 2022, the Company and its subsidiaries contract derivative financial instruments, see note 31.3. The Company's derivative financial instruments were settled in November 2022.

We present below the book balances of assets and liabilities indexed to foreign currency at the balance sheet closing date:

	Consolidated		Consolidated	
	12/31/2022		12/31/2021	
	Amount in USD	Amount in R\$	Amount in USD	Amount in R\$
Assets				
Cash and cash equivalents	22,412	116,820	587	3,265
Trade receivables	-	-	7	36
Other assets	1,565	8,652	676	3,764
	23,977	125,472	1,270	7,065
Liabilities				
Loans and financing	205,171	1,516,900	188,468	1,040,560
Trade payables	104,785	91,579	7,505	30,213
Other liabilities	2,508	13,085	-	-
	312,464	1,621,564	195,973	1,070,773
Net statement of financial position exposure	(288,487)	(1,496,092)	(194,703)	(1,063,708)

(iii) Hydrological risk

The power supply of the National Connected System (SIN) provides, for the most part by hydroelectric plants. As the ONS operates SIN in optimized and centralized dispatch system, each hydroelectric plant, including Alupar, is subject to variations in the hydrological conditions verified, both in the geographical region in which it operates and in other regions of the country.

Therefore, with a goal of mitigating the risk of each individual hydrological SIN basin, the Energy Reallocation System (MRE) was created to share hydrological risk of the various basins of the SIN. The MRE is a mechanism that seeks to divide the energy production from hydroelectric plants in proportion to the physical guarantee for each project, regardless of the individual production regime. When the set of the SRM plants does not produce enough energy to meet all of the physical guarantee of this set, there is a deficit situation, usually known by the acronym "Generation Scaling Factor (GSF)" or MRE Adjustment Factor, which can result in negative financial exposure for hydraulic generators.

However, the total hydroelectricity generation capacity of the subsidiaries is part of the MRE, which distributes the hydrological risk for all plants linked to MRE

The combination of three factors: (i) low energy storage level in SIN reservoirs; (ii) maintenance of the current high thermoelectric dispatch scenario; and (iii) the obligation to deliver physical guarantee – could result in the Company's and its subsidiaries' exposure to the short-term energy market, which could affect the future financial results.

Notes to the financial statements

(iv) Non-contracting risk

Currently, the hydroelectric resources of the generation subsidiaries are being sold to the Regulated Contract Market (ACR) and the Free Contract Market (ACL); the non-contracting resources account for approximately 15%. Any surplus or lack of energy will have its price determined in short-term market conditions, that is, under the Difference Settlement Price (PLD).

Transmission subsidiaries may experience operational difficulties and unforeseen interruptions caused by events beyond their control. These adverse events may occur in the form of accidents, equipment and/or process breakdown or failure, performance below expected availability levels, ineffectiveness of transmission assets and disasters (explosions, fires, natural phenomena, landslides, sabotage or other similar events). The insurance coverage of the subsidiaries may not be sufficient to cover all costs and losses due to damages to their assets and/or service interruptions, causing a material adverse effect on the business. In addition, all revenue obtained from the implementation, operation and maintenance of the facilities of the transmission subsidiaries is related to the availability of the services. According to the transmission concession contracts, the application of penalties is determined by the level and/or duration of the unavailability of the services. In addition, if operations are interrupted or the quality standards set forth in the electricity transmission concession contracts are not met, the subsidiaries may be required to pay losses and damages. Therefore, any interruptions in the provision of electricity transmission services caused by events beyond the control of the transmission subsidiaries may cause a material adverse effect on the subsidiaries' businesses, financial condition and results of operations.

The Company's and its subsidiaries' revenue are restated based on inflation indices. In case of deflation, concessionaires their income will be reduced. In the event of a sudden rise in inflation, utilities might not have their timely adjusted revenues and, therefore, incur impacts on results.

(v) Regulatory risk

The subsidiaries' activities, as well as the activities of their competitors, are ruled and supervised by ANEEL. Any change in the regulatory environment may impact Company's and its subsidiaries' activities.

31.3. Derivates financial instruments

In order to reduce the volatility of cash flow in reais, the Company and its subsidiaries started on the 2nd quarter of 2022, to have derivative financial instruments with the objective of economic and financial protection against the risk of changes in exchange and interest rates. The main instruments used are SWAPs and Non-Deliverable Forwards (NDF).

Debt protection instruments in Dollars - Derivative financial instruments contracted for the purpose of converting debts and loans denominated in US dollars into Brazilian real, through SWAPs. In these instruments, the Company's subsidiaries exchange the US dollar exchange exposure position of the borrowings at the floating interest rate of the CDI plus fixed interest rate. Gains or losses, as well as the mark-to-market of operations, are currently recognized in "PPE", as they meet the capitalization criteria, and will be recognized in income under "Financial Result" as the subsidiaries begin operations.

Instruments for protecting equipment import contracts - derivative financial instruments contracted throughout the year 2022 with the objective of fixing the value of US dollars in Brazilian real on the maturity/settlement date of the payment of equipment import contracts, partially matching the currency of the contracts with that of the revenue, thus reducing the exchange rate exposure to dollars of the Company and its subsidiary. Protection is performed through operations with NDFs. Gains or losses, as well as the mark-to-market of operations, are recognized in the income statement for the period under the heading "Financial Result".

The indirect subsidiary TCE, located in Colombia, has its revenue defined in US dollars, which is converted to Colombian pesos at the time of invoicing and has financing in US dollars indexed to a 6-month SOFR floating rate. For the purpose of economic and financial protection in Colombian pesos, TCE contracts derivative financial instruments and also designates derivative liabilities as hedge accounting.

Notes to the financial statements

Hedging instruments for income - TCE contracts derivative financial instruments, being the forward sale of US dollars through NDFs to mitigate the exchange rate exposure arising from billings in US dollars.

Dollar debt protection instruments - TCE contracts derivative financial instruments, namely the SWAP to convert the floating rate (6-month SOFR) of the financing into a fixed rate and the forward sale of US dollars through NDFs to mitigate foreign exchange exposure arising from credit disbursements of US dollar financing.

Gains or losses related to debt protection are currently recognized in "Property, plant and equipment", as they meet the capitalization criteria, and will be recognized in income under "Financial Result" when the subsidiary starts operations, and gains and losses related to revenue protection are currently recognized under Contractual liabilities with customers and will be recognized in income when the subsidiary meets the criteria for revenue recognition. Gains or losses on NDFs related to debt in foreign currency are recognized in income under "Financial income".

All derivative operations of the Company's and its subsidiaries are detailed in the table below:

Derivatives financial instruments not designated as a hedge accounting	Subsidiary	Notional (USD)	Notional (R\$)	Settlement frequency	Due date (year)	Net position		Effect on income or balance in the year ended 12/31/2022	
						12/31/2022	12/31/2021	Fair value	Gain (loss) realized
Forward exchange contracts (NDF) - USD (*)	Alupar	19,100	101,394	Single statement	2022	-	-	-	5,385
Forward exchange contracts (NDF) - USD	TCE	18,558	94,646	Single statement	2022~2023	7,088	-	(8,826)	(11,860)
Floating rate swaps in SOFR 6M vs. fixed rate	TCE	61,947	314,529	Semiannual	2023~2036	(8,860)	-	6,544	538
Floating rate swaps in CDI vs. fixed rate in USD	EAP I	20,393	104,308	Single statement	2023	1,345	-	1,345	(5,392)
Floating rate swaps in CDI vs. fixed rate in USD	EAP II	27,707	142,412	Single statement	2023	1,837	-	1,837	(7,361)
						1,410	-	900	(18,690)
Non-current assets						7,088	-		
Current liabilities						3,182	-		
Non-current liabilities						(8,860)	-		

(*) The Company's NDF operations ended in November 2022.

32. Segment information

Alupar's main operational segments comprise the electric energy transmission and generation activities, in addition to the following segments: (a) holding engaged in investment and corporate activities not associated to the reportable operational segments; and (b) "Other", comprising sales and O&M services, which for not being relevant, were not reported separately.

The key indicators used by the Company's main decision makers are net profit and EBITDA. No adjustment is made to the EBITDA.

The information for the years ended December 31, 2022 and 2021, by segment, in accordance with the criteria established by the Company's Management, as follows:

Notes to the financial statements

	Year ended				Subtotal	Eliminations - shared control	Eliminations - intercompany	Total Consolidated
	12/31/2022							
	Transmission	Generation	Holding (a)	Other (b)				
Gross operating revenue	3,620,904	714,700	114,376	85,051	4,535,031	(66,257)	(218,769)	4,250,005
Revenue from operation and maintenance	568,446	-	-	-	568,446	(1,826)	-	566,620
Infrastructure revenue	292,788	-	-	-	292,788	(42,307)	-	250,481
Concession asset payment	2,759,670	-	-	-	2,759,670	(22,124)	-	2,737,546
Power supply	-	714,700	-	74,525	789,225	-	(93,867)	695,358
Guarantee fee on loans	-	-	114,376	-	114,376	-	(114,376)	-
Operation and maintenance services	-	-	-	10,526	10,526	-	(10,526)	-
Deductions from gross operating revenue	(351,206)	(53,249)	-	(20,344)	(424,799)	8,502	-	(416,297)
Net operating revenue	3,269,698	661,451	114,376	64,707	4,110,232	(57,755)	(218,769)	3,833,708
Cost of services								
Electric energy cost								
Power purchased for resale	-	(48,684)	-	(87,664)	(136,348)	-	93,867	(42,481)
Power grid charges (CUST)	-	(40,543)	-	-	(40,543)	-	-	(40,543)
CFURH	-	(9,577)	-	-	(9,577)	-	-	(9,577)
Operational cost								
Services provided	(158,000)	(103,184)	-	(7,385)	(268,569)	2,873	10,526	(255,170)
Infrastructure cost	(249,369)	-	-	-	(249,369)	46,227	-	(203,142)
Depreciation/amortization	(4,656)	(136,988)	-	(172)	(141,816)	76	-	(141,740)
	(412,025)	(338,976)	-	(95,221)	(846,222)	49,176	104,393	(692,653)
Gross profit	2,857,673	322,475	114,376	(30,514)	3,264,010	(8,579)	(114,376)	3,141,055
Operating revenues (expenses)								
General and administrative	(71,383)	(36,798)	(46,745)	-	(154,926)	964	-	(153,962)
Equity pick up of subsidiaries	-	-	930,587	-	930,587	-	(924,621)	5,966
Other revenues	61,868	21,707	(576)	-	82,999	(7,541)	-	75,458
Other expenses	(201,718)	(138)	(706)	-	(202,562)	-	-	(202,562)
	(211,233)	(15,229)	882,560	-	656,098	(6,577)	(924,621)	(275,100)
EBIT	2,646,440	307,246	996,936	(30,514)	3,920,108	(15,156)	(1,038,997)	2,865,955
Depreciation/amortization	7,203	137,988	4,295	172	149,658	(76)	-	149,582
EBITDA	2,653,643	445,234	1,001,231	(30,342)	4,069,766	(15,232)	(1,038,997)	3,015,537
Finance income (costs)								
Finance costs	(895,134)	(253,765)	(129,470)	(353)	(1,278,722)	73	58,623	(1,220,026)
Debt charges	(818,452)	(247,766)	(114,282)	(334)	(1,180,834)	4	-	(1,180,830)
Exchange rate changes	(14,245)	14,156	(7,452)	-	(7,541)	-	-	(7,541)
Other	(62,437)	(20,155)	(7,736)	(19)	(90,347)	69	58,623	(31,655)
Finance income	77,935	76,941	101,313	1,763	257,952	(1,681)	(2,371)	253,900
Income from short-term investments	71,409	71,469	82,870	1,444	227,192	(1,667)	-	225,525
Other	6,526	5,472	18,443	319	30,760	(14)	(2,371)	28,375
	(817,199)	(176,824)	(28,157)	1,410	(1,020,770)	(1,608)	56,252	(966,126)
Earning before taxes	1,829,241	130,422	968,779	(29,104)	2,899,338	(16,764)	(982,745)	1,899,829
Current income tax and social contribution	(90,413)	(40,603)	(8,942)	(925)	(140,883)	379	-	(140,504)
Deferred income tax and social contribution	(128,726)	1,353	6,373	1,099	(119,901)	4,687	19,762	(95,452)
	(219,139)	(39,250)	(2,569)	174	(260,784)	5,066	19,762	(235,956)
Consolidated net profit	1,610,102	91,172	966,210	(28,930)	2,638,554	(11,698)	(962,983)	1,663,873
Interest of non-controlling	-	-	-	-	-	-	(745,407)	(745,407)
Net profit controlling shareholder's	1,610,102	91,172	966,210	(28,930)	2,638,554	(11,698)	(1,708,390)	918,466
Assets	9,343,083	22,706,168	6,089,947	21,135	38,160,333	(362,737)	(9,863,837)	27,933,759
Investments evaluated by MEP	9,490	573,046	4,806,508	481	5,389,525	30	(58,123)	5,331,432
Liabilities and Equity	9,343,083	22,706,168	6,089,947	21,135	38,160,333	(362,737)	(9,863,837)	27,933,759

Notes to the financial statements

	Year ended				Subtotal	Eliminations - shared control	Eliminations - intercompany	Total Consolidated
	12/31/2021							
	Transmission	Generation	Holding (a)	Other (b)				
Gross operating revenue	5,031,104	825,631	-	147,535	6,004,270	(25,541)	(175,530)	5,803,199
Revenue from operation and maintenance	433,296	-	-	-	433,296	(1,657)	-	431,639
Infrastructure revenue	1,033,400	-	-	-	1,033,400	(477)	-	1,032,923
Concession asset payment	3,564,408	-	-	-	3,564,408	(23,407)	-	3,541,001
Power supply	-	825,631	-	136,929	962,560	-	(164,924)	797,636
Operation and maintenance services	-	-	-	10,606	10,606	-	(10,606)	-
Deductions from gross operating revenue	(506,328)	(51,908)	-	(14,079)	(572,315)	3,324	-	(568,991)
Net operating revenue	4,524,776	773,723	-	133,456	5,431,955	(22,217)	(175,530)	5,234,208
Cost of services								
Electric energy cost								
Power purchased for resale	-	(178,685)	-	(132,404)	(311,089)	-	164,924	(146,165)
Power grid charges (CUST)	-	(34,599)	-	-	(34,599)	-	-	(34,599)
CFURH	-	(9,139)	-	-	(9,139)	-	-	(9,139)
Operational cost								
Services provided	(135,521)	(13,256)	-	(6,390)	(155,167)	2,674	10,606	(141,887)
Infrastructure cost	(938,201)	-	-	-	(938,201)	4,861	-	(933,340)
Depreciation/amortization	(4,952)	(129,457)	-	(134)	(134,543)	47	-	(134,496)
	(1,078,674)	(365,136)	-	(138,928)	(1,582,738)	7,582	175,530	(1,399,626)
Gross profit	3,446,102	408,587	-	(5,472)	3,849,217	(14,635)	-	3,834,582
Operating revenues (expenses)								
General and administrative	(64,604)	(32,253)	(37,932)	-	(134,789)	895	-	(133,894)
Equity pick up of subsidiaries	-	-	1,182,987	-	1,182,987	-	(1,177,732)	5,255
Other revenues	77,404	3,381	5,119	-	85,904	-	-	85,904
Other expenses	(11,339)	-	(496)	-	(11,835)	-	-	(11,835)
	1,461	(28,872)	1,149,678	-	1,122,267	895	(1,177,732)	(54,570)
EBIT	3,447,563	379,715	1,149,678	(5,472)	4,971,484	(13,740)	(1,177,732)	3,780,012
Depreciation/amortization	7,274	130,582	1,620	134	139,610	(47)	-	139,563
EBITDA	3,454,837	510,297	1,151,298	(5,338)	5,111,094	(13,787)	(1,177,732)	3,919,575
Finance income (costs)								
Finance costs	(717,797)	(236,181)	(117,645)	(410)	(1,072,033)	19	48,646	(1,023,368)
Debt charges	(647,410)	(160,989)	(75,986)	(405)	(884,790)	3	63	(884,724)
Exchange rate changes	2,271	(57,835)	(40,667)	-	(96,231)	-	-	(96,231)
Other	(72,658)	(17,357)	(992)	(5)	(91,012)	16	48,583	(42,413)
Finance income	31,363	41,434	83,110	784	156,691	(222)	(48,646)	107,823
Income from short-term investments	18,587	22,699	29,490	391	71,167	(211)	-	70,956
Other	12,776	18,735	53,620	393	85,524	(11)	(48,646)	36,867
	(686,434)	(194,747)	(34,535)	374	(915,342)	(203)	-	(915,545)
EBIT	2,761,129	184,968	1,115,143	(5,098)	4,056,142	(13,943)	(1,177,732)	2,864,467
Current income tax and social contribution	(81,323)	(27,918)	(544)	(966)	(110,751)	-	-	(110,751)
Deferred income tax and social contribution	(609,672)	(28,381)	3,513	-	(634,540)	3,640	-	(630,900)
	(690,995)	(56,299)	2,969	(966)	(745,291)	3,640	-	(741,651)
Consolidated net profit	2,070,134	128,669	1,118,112	(6,064)	3,310,851	(10,303)	(1,177,732)	2,122,816
Interest of non-controlling	-	-	-	-	-	-	(1,007,415)	(1,007,415)
Net profit controlling shareholder's	2,070,134	128,669	1,118,112	(6,064)	3,310,851	(10,303)	(2,185,147)	1,115,401
Assets	8,925,266	20,794,412	5,670,480	20,887	35,411,045	(334,446)	(9,356,667)	25,719,932
Investments evaluated by MEP	7,558,740	1,268,078	-	-	8,826,818	-	(8,683,629)	143,189
Liabilities	8,925,266	20,794,412	5,670,480	20,887	35,411,045	(334,446)	(9,356,667)	25,719,932

Notes to the financial statements

33. Employee benefits

The Company and its subsidiaries offer employee benefits that basically comprise: health care insurance plans, transportation vouchers, meal tickets, educational support and private pension plans, which, in turn, provide supplementary retirement plans. The retirement plan is a defined contribution type, subject to the financial capitalization system in the actuarial calculation of reserves.

The benefits granted to the Company's and its subsidiaries' employees are demonstrated as follows:

	Consolidated	
	Year ended	
	12/31/2022	12/31/2021
Direct compensation	132,309	120,754
Food allowance	10,133	8,577
Health and life insurance	14,307	12,443
Public transportation allowances	162	141
Education allowances	555	864
Private pension (a)	3,020	2,077
Other employee benefits	8,649	7,800
Guarantee Fund for Length of Service (FGTS)	10,054	8,649
Public social pension (INSS)	27,864	27,815
Total	207,053	189,120

- a) The Company and its subsidiaries sponsor supplementary retirement plans for their employees, in the form of a defined contribution plan. A private bank is the entity responsible for managing the benefit plans sponsored by the Company and its subsidiaries. Costing of the defined contribution plan is balanced between the Company and its subsidiaries and the employees. The costing of the defined contribution installment is based on a percentage freely chosen by the participant (1% on the contribution salary not exceeding 8%, varying in accordance with the employee's age) and the Company and its subsidiaries will contribute in the amount of 100% of the contribution made by the participant.

34. Insurance

As at December 31, 2022, insurance is broken down as follows:

	Consolidated	
	12/31/2022	
	Coverage	Total premium
Corporate comprehensive	627,272	752
Civil liability	4,440,765	2,359
Engineering risk	885,809	1,649
Corporate fraud and D.O.	5,000	75
Named perils/operational risks	5,758,215	7,809
Vehicles	Table values	135
Equipment	2,620	30
Compliance	158,272	1,934
Legal guarantee	8,407	145
Performance guarantee	26,691	318

35. Commitments

As at December 31, 2022, the subsidiaries in the pre-operational phase maintained contracts for the provision of services, expenses related to environmental compensation and supply of materials for the construction of the respective projects, as follows:

Subsidiaries	Value
ELTE	140,929
UFV Pitombeira	59,998
EAP I	22,523
EAP II	28,728
Total Consolidated	252,178

36. Subsequents events

- Constitution of Transmissora de Energia Central Paulistana S.A. – TECP**

On January 5, 2023, Alupar Investimento S.A. and Mercury Investments Participações S.A., formed Transmissora de Energia Central Paulistana S.A. – TECP, with the purpose of exploring electricity transmission services resulting from LOT 6 (see explanatory note No. 1.2 (h)) of the ANEEL Auction 02/2022, in the manner defined by the National Electric Energy Agency – ANEEL. Alupar is the controlling shareholder with a 99.94% equity interest, leaving Mercury with a 0.06% equity interest in TECP.

- EAPs I and II receive Operating Licenses**

On January 12 and 27, 2023, the generators EAPs I and II, respectively, belonging to the Agreste Potiguar Wind Complex, received from the Institute for Sustainable Development and Environment of Rio Grande do Norte (IDEMA), the Operation Licenses of the Wind Farms São João (comprised of six wind turbines) and Santa Régia (comprised of nine wind turbines) totaling in this stage 63 MW of power that will be inserted into the national electrical system by the end of April 2023.

*

*

*

José Luiz Godoy Pereira
Vice President, Chief Financial Officer
and Investor Relations Officer

Daniela Ribeiro Mendes
Accountant
CRC 1SP199348/O-0

Officers' Statement on the Financial statements

São Paulo, March 2, 2022

REPRESENTATION

FOR PURPOSES OF ARTICLE 25, PARAGRAPH 1, ITEM VI OF CVM RULE No. 480/09 AND 586/17

We declare, as directors of Alupar Investimento SA, a corporation headquartered at Rua Gomes de Carvalho nº 1.996 - 16th floor, Vila Olímpia, City of São Paulo, State of São Paulo, registered with the CNPJ/MF nº 08.364.948/0001-38, pursuant to item VI, paragraph 1 of Article 25 of CVM Instruction No. 480, of December 7, 2009, amended by CVM Instruction No. 586, of June 8, 2017, which we have reviewed, discussed and agreed with the financial statements for the year ended December 31, 2022.

Paulo Roberto de Godoy Pereira
Chief Executive Officer

José Luiz de Godoy Pereira
Second Chief Executive Officer and Chief
Administrative and Financial Officer and Chief
Investor Relations Officer

Enio Luigi Nucci
Technical and Sales Officer

Officers' Statement on Independent Auditor's Report

São Paulo, March 2, 2022

REPRESENTATION

FOR PURPOSES OF ARTICLE 25, PARAGRAPH 1, ITEM V OF CVM RULE NO. 480/09 AND 586/17

We declare, as directors of Alupar Investimento SA, a corporation headquartered at Rua Gomes de Carvalho nº 1.996 - 16th floor, Vila Olímpia, City of São Paulo, State of São Paulo, registered with the CNPJ/MF nº 08.364.948/0001-38, pursuant to item V, paragraph 1 of Article 25 of CVM Instruction No. 480, of December 7, 2009, amended by CVM Instruction No. 586, of June 8, 2017, which we have reviewed, discussed and agreed with the opinions expressed in the Independent Auditors' Report, in relation to the financial statements, for the year ended December 31, 2022.

Paulo Roberto de Godoy Pereira

Chief Executive Officer

José Luiz de Godoy Pereira

Second Chief Executive Officer and Chief
Administrative and Financial Officer and Chief
Investor Relations Officer

Enio Luigi Nucci

Technical and Sales Officer

Audit Committee's Opinion

São Paulo, March 2, 2022

The members of the Audit Committee of Alupar Investimento S.A., in the exercise of their legal and statutory attributions, examined the Management Report and the individual and consolidated Financial Statements, referring to the year ended December 31, 2022, accompanied by the Independent Auditor's Report, unqualified, by Ernst & Young Auditores Independentes S.S., issued on this date. Based on the examinations carried out on the aforementioned documents and discussions with the partners of Ernst & Young Auditores Independentes S.S. and the law firm Lefosse Advogados, the members of the Board opine in favor of its forwarding for deliberation by the Shareholders, in the Ordinary General Meeting.

The members of the Audit Committee of Alupar Investimento S.A. also gave a favorable opinion on the proposed payment of dividends, as follows:

- (i) R\$8,791,112.54 (eight million, seven hundred and ninety-one thousand, one hundred and twelve reais and fifty-four cents), referring to the Company's net income for the fiscal year ended on December 31, 2022; It is
- (ii) R\$413,182,289.38 (four hundred and thirteen million, one hundred and eighty-two thousand, two hundred and eighty-nine reais and thirty-eight centavos), referring to the balance allocated to the unrealized profit reserve in the fiscal years ended in December 31, 2020 and 2021.

The members of the Audit Committee of Alupar Investimento S.A. also gave a favorable opinion on the proposal to modify the Company's Capital Stock, arising from the cancellation of shares and bonus for resolution by the Shareholders, at an Extraordinary General Meeting, as follows:

- (i) Cancellation of 2 (two) common shares of the Company;
- (ii) Cancellation of 13 (thirteen) preferred shares of the Company; It is
- (iii) Issuance of 35,164,450 (thirty-five million, one hundred and sixty-four thousand, four hundred and fifty) new Company shares, of which 23,878,239 (twenty-three million, eight hundred and seventy-eight, two hundred and thirty-nine) common shares and 11,286,211 (eleven million, two hundred and eighty-six, two hundred and eleven) preferred shares.

João Ricardo Pereira da Costa
Chairman of the Audit Committee

Luiz Carlos de Azevedo Ribeiro
Member of the Audit Committee

Wilson Donizeti Lopes de Azevedo
Member of the Audit Committee