



**Alupar**

Financial Statements  
Individual and Consolidated  
December 31, 2021

**Alupar Investimento S.A.**

Financial statements

Summary

Management report .....	03
Comments on Alupar's performance .....	07
Independent Auditor's Review Report on Financial statements .....	19
Balance Sheets.....	26
Statements of income .....	28
Statements of Comprehensive Income .....	29
Statements of Changes in Equity.....	30
Statements of Cash Flows .....	31
Statements of Value Added.....	32
Notes to the Financial statements .....	33
Officer's Statement on the Financial statements.....	101
Officer's Statement on Independent Auditor's Report.....	102

## Management Report

### Management report

#### The Shareholders

In compliance with applicable legal and corporate requirements, management of Alupar Investimento S.A. hereby presents its Management Report and the Company's individual and consolidated financial statements for the years ended December 31, 2021, together with the independent auditor's report. All of the documents pertaining to the accounts presented herein are available for shareholders' consideration, and the Board of Directors will be pleased to provide any further information that they may require.

## 1. About Alupar

Alupar Investimento S.A. is a holding company operating primarily in the electric power generation and transmission segment, for the main purpose of developing and investing in infrastructure projects involving the energy industry in Brazil and other Latin American countries. Additionally, Alupar one of the largest company in terms of Annual Allowed Revenue (RAP) and the largest publicly-held company in the Brazilian electric power transmission segment.

The Company's expansion is based on a great technical capacity in addition to a strong financial discipline, considering not only the Company's credit quality (AAA (bra) for national scale and BB for international scale, from Fitch Ratings) but also a solid mindset aimed at generating shareholder value. And, in line with these pillars, Alupar relies on four courses of action to carry on its sustainable growth:

- Take part in auctions for transmission assets;
- Develop own projects for energy generation, such as Small Hydroelectric Plants (SHPs), wind farms and photovoltaic installations;
- Develop generation projects and take part in transmission tender offers in selected countries in Latin America;
- Analysis of brownfield projects - M&A.

#### Transmission

Alupar have a stake in 30 transmission concessions, totaling 7,929 km of transmission lines, through 30-year concessions located in Brazil and a perpetual one located in Colombia, 27 of which are operational and 3 are in the process of being implantation.

#### Generation

Alupar is currently involved in generating electricity by means of HPPs (hydroelectric power plants), SHPPs (small hydroelectric power plants), wind farms and photovoltaic installations in Brazil, Colombia and Peru. Its total asset portfolio has an installed capacity of 673.8 MW in operation. Currently, we have 23.0 MW of hydraulic generation in the environmental licensing phase, 63.0 MW of wind energy and 61.7 MWp of solar energy, under implementation.

## 2. Corporate Governance

Alupar promotes the development of its activities based on high corporate governance standards, following the practices adopted by companies listed on Level 2 governance segment of B3, such as:

- Retaining independent auditors to review balances and financial statements, with retention being for this purpose only;
- 100% tag along ensured to holders of common and preferred registered shares;
- Board of Directors comprising independent directors;
- Existence of a Governance, Succession and Compensation Committee, and of a Finance, Audit and Related Party Contracts Committee;
- No poison pills clause included in the Company's Articles of Incorporation;
- Articles of Incorporation defines the formation of a Supervisory Board;
- Conflicts that may arise between the Company, its shareholders, management and Supervisory Board members shall be resolved by means of arbitration procedures;

## Management Report

### 3. Shareholding structure

The fully subscribed and paid up capital is R\$ 2,981,995,690.00 is divided into common and preferred shares as shown below. Each share is entitled to one vote in the General Assembly.

Shareholders	Common Shares	%	Preferred Shares	%	Total	%
Parent Company	456.905.633	76.54%	1.676.184	0.59%	458.581.817	52.16%
Other*	140.050.337	23.46%	280.479.115	99.41%	420.529.452	47.84%
<b>Total</b>	596.955.970	100.00%	282.155.299	100.00%	879.111.269	100.00%

\*free float

### 4. Economic and Financial Performance

On July 13, 2021, homologation resolution No. 2,895, established the new RAPs of the subsidiaries and affiliates of Alupar, for the 12-month cycle, from July 1, 2021 to June 30, 2022, which established an adjustment of 8.06% for IPCA-indexed contracts and 37.06% for contracts indexed by IGP-M.

In 2021, Net Revenue reached R\$ 5,234.2 million, compared to R\$ 6,140.7 million registered in 2020.

EBITDA reached R\$ 3,919.6 million, compared to the R\$ 3,453.7 million recorded in 2020 and Net Income totaled R\$ 1,115.4 million, compared to the R\$ 942.1 million recorded in 2020. Financial data in IFRS.

### 5. Investments

In 2021 total investments of R\$ 1,165.2 million were carried out in our companies, of which R\$ 1,024.1 million was allocated to the transmission segment, R\$ 138.4 million in the generation segment, and R\$ 2.7 million in the development of new businesses, against R\$ 2,391.7 mm reported in 2020, which had R\$ 2,310.4 million invested in the transmission segment, R\$ 79.6 million invested in the generation segment and R\$ 1.6 million in the development of new businesses.

#### Capital Market

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 2021 quoted at R\$ 24.10, an depreciation of 8.1%, compared to the end of 2020. In the same period, the Electricity Index (IEE) depreciated by 7.9% and the Ibovespa index depreciated 11.9%. The Company's market value, as of December 31, 2021, R\$ 7.1 billion.

Throughout 2021, Alupar's units had an average daily trading volume in B3 of R\$ 22.2 million, compared to an average daily volume of R\$ 20.0 million, compared to 2020.

## Management Report

### 6. 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.

### 7. Social and environmental responsibility

Alupar has a social commitment and believes in building a fairer and a more human society. Thus, the Company is engaged in the development of social projects that bring significant improvements to the lives of members of the communities where it operates, such as artistic creation centers, cultural incentive and social development. Accordingly, with a view to minimizing and monitoring the impacts that may be brought by the Company's initiatives to the communities where it operates, the Company develops educational and informational actions, encompassing both public health issues and environmental issues.

### 8. Macroeconomic Scenario

In 2021, Brazil suffered from the continuity of the health crisis, due to the Covid-19 pandemic, impacting the expected economic recovery. High unemployment rate, reduced income and rising inflation directly impacted the purchasing power of families. The rise in interest rates and credit reduction may influence the recovery of economic activity for the year 2022. On the other hand, despite all this adverse scenario of the pandemic, GDP is expected to be positive for the end of the year.

Additionally, there was an increase of 7.25 p.p. in the Selic rate, which ended the year at 9.25% p.a. The Extended Consumer Price Index (IPCA) ended 2021 at 10.06%, compared to 4.52 % recorded in 2020, the Long-Term Interest Rate (TJLP) reached 6.08% compared to 4.55% recorded in 2020, and finally, the General Market Price Index (IGPM) recorded 17.79% in 2021, against 23.14% last year.

### 9. Relationship with the independent Auditors

In compliance with CVM Instruction No. 381/2003, we inform you that we appointed Ernst & Young Auditores Independentes S.S. ("EY") for the provision of audit services to our individual and consolidated financial statements, as well as reviews of quarterly information ("ITR"), prepared in accordance with 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 Independent Auditors rotating basis every five years, with the services provided by Ernst & Young Global Limited ("EY") were initially hired for the period 2019-2021.

The compensation of independent auditors for the fiscal year ended December 31, 2021 corresponds to the amount of R\$2,645,907.43 related to the service related to the independent audit of financial statements for 2021 and the Quarterly Information ("ITR") of Alupar Investimento SA.

# Management Report

## 10. Social Balance

	Consolidated							
	12/31/2021			12/31/2020				
<b>Calculation basis</b>								
Net operating revenue (NOR)	5,234,208			6,140,745				
Operating income (OI)	3,780,012			3,318,554				
Gross payroll (GP)	189,120			194,013				
Total value added (TVA)	4,868,013			4,545,815				
<b>Internal social indicators</b>		% over				% over		
		GP	NOR	TVA		GP	NOR	TVA
Statutory charges	36,464	19.28%	0.70%	0.75%	30,599	15.77%	0.50%	0.67%
Healthcare and transportation voucher	12,584	6.65%	0.24%	0.26%	10,799	5.57%	0.18%	0.24%
Private pension plan	2,077	1.10%	0.04%	0.04%	2,638	1.36%	0.04%	0.06%
Education	864	0.46%	0.02%	0.02%	590	0.30%	0.01%	0.01%
Supermarket voucher	8,577	4.54%	0.16%	0.18%	7,844	4.04%	0.13%	0.17%
Others	27,815	14.71%	0.53%	0.57%	3,564	1.84%	0.06%	0.08%
	<b>88,381</b>	<b>46.73%</b>	<b>1.69%</b>	<b>1.82%</b>	<b>56,034</b>	<b>28.88%</b>	<b>0.91%</b>	<b>1.23%</b>
<b>External social indicators</b>		% over				% over		
		OI	NOR	TVA		OI	NOR	TVA
Donations and contributions	2,605	0.07%	0.05%	0.05%	3,303	0.10%	0.05%	0.07%
Culture incentive projects	2,924	0.08%	0.06%	0.06%	3,507	0.11%	0.06%	0.08%
Technological research and development	21,868	0.58%	0.42%	0.45%	16,373	0.49%	0.27%	0.36%
Taxes excluding social charges	1,322,574	34.99%	25.27%	27.17%	1,453,267	43.79%	23.67%	31.97%
	<b>1,349,971</b>	<b>35.71%</b>	<b>25.79%</b>	<b>27.73%</b>	<b>1,476,450</b>	<b>44.49%</b>	<b>24.04%</b>	<b>32.48%</b>
<b>Environmental indicators</b>		% over				% over		
		OI	NOR	TVA		OI	NOR	TVA
Investments related to company activities								
Environment protection projects	5,499	0.15%	0.11%	0.11%	9,311	0.28%	0.15%	0.20%
Environment education projects in communities	660	0.02%	0.01%	0.01%	8,233	0.25%	0.13%	0.18%
Environmental permits	915	0.02%	0.02%	0.02%	3,584	0.11%	0.06%	0.08%
Expropriation of land	9,601	0.25%	0.18%	0.20%	26,583	0.80%	0.43%	0.58%
Vegetation management	9,065	0.24%	0.17%	0.19%	14,242	0.43%	0.23%	0.31%
	<b>25,741</b>	<b>0.68%</b>	<b>0.49%</b>	<b>0.53%</b>	<b>61,952</b>	<b>1.87%</b>	<b>1.01%</b>	<b>1.36%</b>
<b>Workforce indicators</b>								
Employees at the end of the period	781				791			
Employees' education level								
Higher education	382				394			
High School	399				390			
Employees' age								
Under 30 years	111				88			
From 30 to 45 years	484				515			
Over 45 years	186				176			
Employees higher for the year	131				158			
Women working for the company	167				177			
Black people working for the company	149				141			
Impaired employees	11				8			
Interns	1				5			



## Analysis of Consolidated Result

The results for the 4Q20 are being restated for the sole and exclusive purpose of reflecting in the balance disclosures, the impacts of CVM Official Letter 04/2020, so that such restatement does not change the annual result for 2020 of the Company disclosed on March 22, 2021.

### Net Operating Revenue - IFRS

Alupar and its subsidiaries reported a Net Revenue of **R\$ 1,127.9 million** in 4Q21, against the **R\$ 2,275.3 million** reported in the same period of 2020.

	Net Revenue (R\$ MM)				2021	2020	Var. %
	3Q21	4Q21	4Q20	Var. %			
Energy Transmission Revenue	121.3	113.6	376.8	(69.8%)	431.6	591.2	(27.0%)
Infrastructure Revenue	245.4	90.9	815.8	(88.9%)	1,032.9	3,241.7	(68.1%)
Remuneration of Concession Assets	674.2	881.6	1,106.6	(20.3%)	3,541.0	2,266.3	56.2%
Energy Supply	237.4	207.0	195.2	6.0%	797.6	645.9	23.5%
<b>Gross Revenue – IFRS</b>	<b>1,278.3</b>	<b>1,293.1</b>	<b>2,494.4</b>	<b>(48.2%)</b>	<b>5,803.2</b>	<b>6,745.1</b>	<b>(14.0%)</b>
Deductions	110.7	165.2	219.1	(24.6%)	569.0	604.3	(5.8%)
<b>Net Revenue – IFRS</b>	<b>1,167.7</b>	<b>1,127.9</b>	<b>2,275.3</b>	<b>(50.4%)</b>	<b>5,234.2</b>	<b>6,140.7</b>	<b>(14.8%)</b>

(a) a reduction of **R\$ 1,213.1 million** in revenue of the transmission companies, of which the main lines are:

(i) a reduction of **R\$ 724.9 million** in **Infrastructure Revenue**, as detailed below:

Infrastructure Revenue	Transmitters						Total
	ETB	TPE	TCC	ESTE	TSM	Other Transmitters	
4Q21	-	-	-	2.0	83.8	5.1	90.9
4Q20	138.3	179.7	129.4	149.9	271.8	(53.2)	815.8
<b>Variations</b>	<b>(138.3)</b>	<b>(179.7)</b>	<b>(129.4)</b>	<b>(147.8)</b>	<b>(188.0)</b>	<b>58.2</b>	<b>(724.9)</b>

(ii) reduction of **R\$ 225.0 million** in **Revenue from Remuneration of Concession Assets** and **R\$ 263.2 million** in **Energy Supply Revenue**.

Based on the guidelines of the Official Letter 4, that provides guidance on significant aspects of CPC 47 (IFRS 15), CPC48 (IFRS 9), released by CVM on December 2020, the Company and its subsidiaries reviewed the calculation assumptions of construction margins and O&M, and remuneration rates, already considered in the first-time adoption of CPC 47. In this way, part of this adjustment was accounted for in 4Q20.

(b) increase of **R\$ 11.8 million** in **Revenue from Energy Supply**, as shown in the table below:

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
Tax													
<b>Total</b>			<b>234,512</b>			<b>26,351</b>			<b>(53,843)</b>				<b>207,020</b>

Energy Supply	Generation Combined			Alupar Trading			Intercompany Eliminations			Generation Consolidated			
	4Q20	MWh	Price	Value	MWh	Price	Value	MWh	Price	Value	MWh	Price	Value
ACR (Long Term Contract)	481,843	166.31	80,137								481,843	166.31	80,137
ACL (Short Term Contract)	166,313	255.97	42,571				(88,099)	202.08	(17,803)		78,214	316.67	24,768
Trading	210,417	205.92	43,330	226,476	158.83	35,971					436,893	181.51	79,301
Related Parties	42,506	184.98	7,863	6,624	246.07	1,630	(49,130)	193.20	(9,492)		-		
CCEE			8,780			1,985					-		10,764
Tax			247										247
<b>Total</b>			<b>182,928</b>			<b>39,586</b>			<b>(27,295)</b>				<b>195,219</b>
<b>Variations</b>			<b>51,584</b>			<b>(13,235)</b>			<b>(26,548)</b>				<b>11,801</b>



## Cost of Services - IFRS

In 4Q21, Cost of Services totaled **R\$ 340.6 million**, 51.5% lower than the **R\$ 702.8 million** reported in 4Q20. Below are the main variations for this accounting line:

(a) a reduction of **R\$ 284.3 million** in **Infrastructure costs**, according to the variations below:

Transmitters							
Infrastructure Cost	ETB	TPE	TCC	TSM	ESTE	Other Transmitters	Total
4Q21	-	-	1.9	195.5	61.1	7.0	265.5
4Q20	16.8	149.9	116.4	181.9	75.7	9.3	549.8
<b>Variations</b>	<b>(16.8)</b>	<b>(149.9)</b>	<b>(114.5)</b>	<b>13.7</b>	<b>(14.6)</b>	<b>(2.3)</b>	<b>(284.3)</b>

(b) reduction of **R\$ 73.5 million** in **Costs of Services**, mainly due to:

(-) **R\$ 10.9 million** decrease in the transmission company ENTE, since in 4Q20 there were extraordinary investments related to the internalization of the operation and maintenance that were previously outsourced. As these investments do not have a linked income, they are not accounted for as an infrastructure cost.

(-) **R\$ 62.8 million** in the generators, due to the signing of the Terms of Acceptance, in accordance with the Homologatory Resolutions No. 2,919 and No. 2,932 that ratified the extension term 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	Financial impact Extension Rights
Queluz	04/07/04	n° 2,919	1.467	04/13/38	R\$ 5.6 mm
Lavrinhas	04/07/04	n° 2,919	1.468	04/14/38	R\$ 7.0 mm
Verde 08	10/24/12	n° 2,919	161	11/23/44	R\$ 0.7 mm
Foz do Rio Claro	08/15/06	n° 2,932	1.953	12/20/46	R\$ 18.9 mm
Ijuí	08/15/06	n° 2,932	1.648	02/18/46	R\$ 13.1 mm
Ferreira Gomes	11/09/10	n° 2,932	584	06/16/47	R\$ 17.4 mm
<b>Total</b>					<b>R\$ 62.8 mm</b>

(c) reduction of **R\$ 13.2 million** in **Energy Purchased for Resale**, as detailed below:

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)	311.04	(52,439)	178,008	302.47	53,843		0	-	-
Taxes			(333)			3,136							2,803
<b>Total</b>			<b>(30,130)</b>			<b>(58,444)</b>			<b>53,843</b>				<b>(34,731)</b>

Energy Purchase	Generation Combined			Alupar Trading			Intercompany Eliminations			Generation Consolidated			
	4Q20	MWh	Price	Value	MWh	Price	Value	MWh	Price	Value	MWh	Price	Value
Trading	(107,496)	183.33	(19,707)	(102,550)	219.22	(22,481)	-	-	-	(210,046)	200.85	(42,188)	
CCEE			(10,190)			(261)						(10,451)	
Related Parties	(7,353)	248.19	(1,825)	(129,876)	196.12	(25,471)	137,230	198.90	27,295		-	0	
Reclassification													-
Taxes			797			3,931							4,728
<b>Total</b>			<b>(30,925)</b>			<b>(44,282)</b>			<b>27,295</b>				<b>(47,912)</b>
<b>Variações</b>			<b>795</b>			<b>(14,162)</b>			<b>26,547</b>				<b>13,181</b>



(d) increase of **R\$ 7.6 million** in the line **Depreciation / Amortization**, being:

(+) **R\$ 6.4 million** in the **Depreciation** line, mainly due to the R\$ 5.2 million increase at La Virgen HPP, due to the entry into commercial operation of the asset and;

(+) **R\$ 1.2 million** in the **Amortization** account, arising from the recognition of the extension of Grants, recorded in intangible assets (right of use);

Cash cost, excluding infrastructure cost (Capex) and depreciation/amortization, totaled **R\$ 40.3 million** (3.6% of Net Revenue), compared to **R\$ 125.7 million** (5.5% of Net Revenue Net) recorded in the same period last year.

Detailed below the Costs:

Operating Costs	Operating Costs R\$ (MM)				2021	2020	Var.%
	3Q21	4Q21	4Q20	Var.%			
Cost of Services Rendered	61.3	(5.3)	68.2	-	141.9	184.4	(23.1%)
Energy Purchased for Resale	50.8	34.7	47.9	(27.5%)	146.2	141.8	3.1%
Charges of Electric Grid - CUST	9.2	9.2	8.5	8.5%	34.6	32.8	5.5%
Hydro Resources - CFURH	1.8	1.6	1.1	42.6%	9.1	8.4	8.3%
Infrastructure Cost	163.9	265.5	549.8	(51.7%)	933.3	2,204.3	(57.7%)
Depreciation / Amortization	43.5	34.8	27.2	28.0%	134.5	127.8	5.2%
<b>Total</b>	<b>330.6</b>	<b>340.6</b>	<b>702.8</b>	<b>(51.5%)</b>	<b>1,399.6</b>	<b>2,699.6</b>	<b>(48.2%)</b>



## Operating Expenses - IFRS

In 4Q21, Operating Expenses totaled **R\$ 44.5 million**, against the **R\$ 40.7 million** recorded in 4Q20.

The variation of **R\$ 3.8 million** in this accounting group was due to:

(a) **R\$ 11.5 million** increase in **General and Administrative** line arising from:

(+) **R\$ 2.8 million** at Transleste, Transudeste and Transirapé, due to the provision of attorneys' success fees;

(+) **R\$ 0.6 million** in the TPE, TCC and ETB transmitters, due to their respective entry into commercial operation;

(+) **R\$ 3.1 million** at La Virgen HPP, due to the commercial operation of the asset, in July/21;

(+) **R\$ 3.0 million** at Alupar – Holding, mainly due to the write-off of generation projects that were discontinued.

(b) increase of **R\$ 12.3 million** in Equity Income, exclusively due to the variation in TNE's result, which totaled a net income of R\$ 1.1 million in this quarter, compared to a loss of R\$ 23.0 million recorded in 4Q20. This loss recorded in 4Q20 is due to changes in the assumptions for calculating construction and O&M margins and remuneration rates, already considered in the initial adoption of CPC 47, to adjust the determinations of Circular Letter No. 4, disclosed by CVM on December 2020.

(c) increase of **R\$ 2.5 million** in the **Personnel and Management** account, due to the increase of R\$ 2.6 million in the TPE, TCC and ETB transmission companies, due to the start of commercial operations of the assets (ETB: Oct/20; TPE: Oct/20; TCC: Mar/21).

Operating Expenses	Operating Expenses R\$ (MM)				2021	2020	Var.%
	3Q21	4Q21	4Q20	Var.%			
General and Administrative	14.8	23.6	12.1	94.8%	57.3	49.8	15.1%
Personnel and Management	11.0	21.5	19.0	13.0%	71.5	63.7	12.2%
Equity Pickup	(1.1)	(0.5)	11.7	(104.6%)	(5.3)	9.2	(157.0%)
Others	(46.8)	(1.1)	(3.8)	(70.9%)	(74.1)	(7.5)	890.0%
Depreciation / Amortization	0.9	1.1	1.6	(32.2%)	5.1	7.4	(31.1%)
<b>Total</b>	<b>(21.3)</b>	<b>44.5</b>	<b>40.7</b>	<b>9.5%</b>	<b>54.6</b>	<b>122.6</b>	<b>(55.5%)</b>



## EBITDA - IFRS

In 4Q21, EBITDA totaled **R\$ 778.7 million**, against the **R\$ 1,560.6 million** recorded in 4Q20.

Adjusted EBITDA margin reached 90.3%, against the 90.4% in 4T20.

The change in EBITDA was due to:

(a) reduction of **R\$ 1,201.3 million** in **Revenue**, arising from: (i) reduction of **R\$ 1,213.1 million** in **Energy Transmission Revenue**; and; (ii) increase of **R\$ 11.8 million** in **Energy Supply Revenue**. For more information on revenue variations, please see the “Net Operating Revenue - IFRS” section;

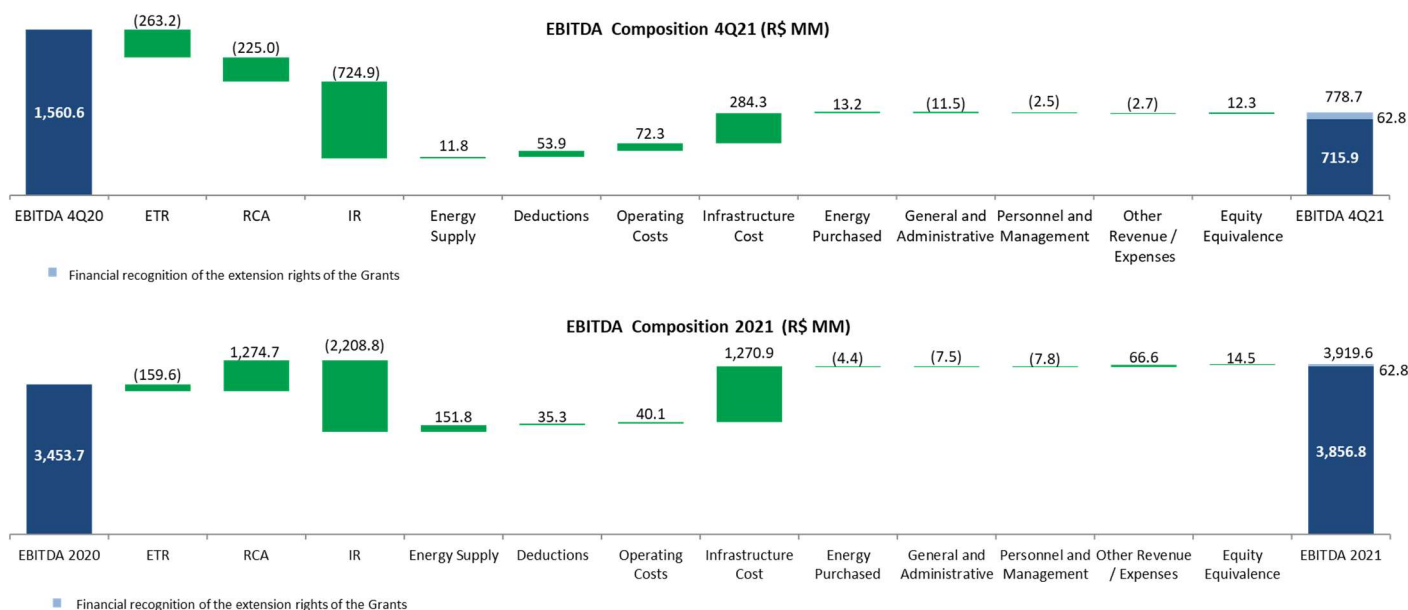
(b) reduction of **R\$ 284.3 million** in **Infrastructure Costs**, as detailed below:

Infrastructure Cost	Transmitters						Total
	ETB	TPE	TCC	TSM	ESTE	Other Transmitters	
4Q21	-	-	1.9	195.5	61.1	7.0	265.5
4Q20	16.8	149.9	116.4	181.9	75.7	9.3	549.8
<b>Variations</b>	<b>(16.8)</b>	<b>(149.9)</b>	<b>(114.5)</b>	<b>13.7</b>	<b>(14.6)</b>	<b>(2.3)</b>	<b>(284.3)</b>

The EBITDA composition is as follows:

	EBITDA - IFRS (R\$ MM)				2021	2020	Var.%
	3Q21	4Q21	4Q20	Var.%			
Net Revenue - IFRS	1,167.7	1,127.9	2,275.3	(50.4%)	5,234.2	6,140.7	(14.8%)
Operating Costs	(72.3)	(5.5)	(77.8)	(92.9%)	(185.6)	(225.7)	(17.7%)
Infrastructure Costs	(163.9)	(265.5)	(549.8)	(51.7%)	(933.3)	(2,204.3)	(57.7%)
Energy Purchase	(50.8)	(34.7)	(47.9)	(27.5%)	(146.2)	(141.8)	3.1%
Operating Expenses	21.0	(44.0)	(27.3)	60.9%	(54.8)	(106.1)	(48.4%)
Equity Pickup	1.1	0.5	(11.7)	-	5.3	(9.2)	-
<b>EBITDA</b>	<b>902.8</b>	<b>778.7</b>	<b>1,560.6</b>	<b>(50.1%)</b>	<b>3,919.6</b>	<b>3,453.7</b>	<b>13.5%</b>
<b>EBITDA Margin</b>	<b>77.3%</b>	<b>69.0%</b>	<b>68.6%</b>	<b>0.4 p.p</b>	<b>74.9%</b>	<b>56.2%</b>	<b>18.7 p.p</b>
<b>Adjusted EBITDA Margin*</b>	<b>89.9%</b>	<b>90.3%</b>	<b>90.4%</b>	<b>(0.1 p.p)</b>	<b>91.1%</b>	<b>87.7%</b>	<b>3.4 p.p</b>

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



Note: ETR – Energy Transmission Revenue / RCA – Revenue from Remuneration of Concession Assets / IR – Infrastructure Revenue



## Financial Result

Totaled **R\$ (216.6) million** in 4Q21, against the **R\$ (203.3) million** recorded at the same period in the last year.

This variation in the financial result is mainly explained by:

(a) increase of **R\$ 43.0 million** in Financial Revenues:

(+) **R\$ 18.1 million** at Alupar Holding, basically due to the increase in the average rate of interbank deposits ("CDI"), which registered 1.82% in 4Q21, compared to 0.46% in 4Q20 and;

(+) **R\$ 18.4 million** in the Queluz and Lavrinhas SHPPs, due to interest / monetary restatement on accounts receivable from customers, relating to the balance of open invoices;

(+) **R\$ 9.1 million** at Foz do Rio Claro HPP, arising from the application of cash from the 1st issue of debentures.

(b) increase of **R\$ 56.3 million** in Financial Expenses, with the main impacts being:

(+) **R\$ 78.0 million** due to the commercial operation of TPE and ETB (Oct/20), TCC (March/21) and TSM (Dec/21) which impacted this account by R\$ 25.7 million, R\$ 9.0 million, R\$41.3 million and R\$2.0 million, respectively;

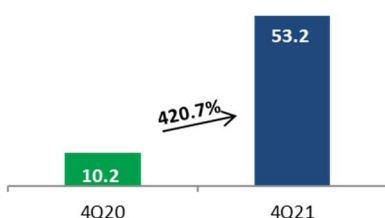
(+) **R\$ 12.3 million** at Foz do Rio Claro HPP, due to the 1<sup>st</sup> issue of debentures, in October/21, in the amount of R\$ 600.0 million, at the cost of CDI +1.70%;

(+) **R\$ 4.6 million** at Ferreira Gomes HPP, mainly due to the **R\$ 3.1 million** increase in the Other Financial Expenses line, given the update of the UBP (Use of Public Goods), due to the extension of the concession period;

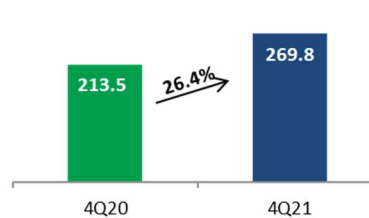
(-) **R\$ 43.5 million** in the Queluz and Lavrinhas SHPPs, given that in 4Q20 a financial expense of R\$ 43.4 million was recorded referring to the monetary restatement of the GSF liability, by the variation of the General Price Index - Market ("IGP-M"), which did not occur in this quarter, given the settlement of this liability in 1Q21;

(-) **R\$ 12.4 million** at La Virgen HPP, arising from the exchange variation between the periods (non-cash effect).

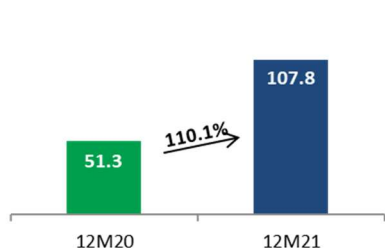
Financial Revenues (R\$ MM)



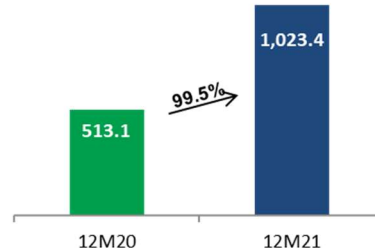
Financial Expenses (R\$ MM)



Financial Revenues (R\$ MM)



Financial Expenses (R\$ MM)





## Net Income – IFRS

In 4Q21, Net Income totaled **R\$ 219.3 million**, against the **R\$ 461.2 million** recorded in 4Q20.

This variation was due to:

- (a) decrease of **R\$ 781.9 million** in **EBTIDA**, as previously detailed in the “EBITDA – IFRS” section;
- (b) growth of **R\$ 13.3 million** in **Financial Result**, as detailed in the section above;
- (c) decrease of **R\$ 214.1 million** in **IR/CSLL**, The main impacts to the line are provided below:

IR / CSLL Taxes	ETB	TPE	TSM	ESTE	EATE	EBTE	Other Transmitters	Holdings	Generation Companies	Service	Total
4Q21	11.7	26.9	26.5	(13.6)	22.9	4.1	52.0	(6.7)	45.5	0.4	169.9
4Q20	60.1	138.5	26.1	23.6	62.7	(26.4)	93.0	0.0	6.2	0.1	383.9
<b>Variacões</b>	<b>(48.3)</b>	<b>(111.6)</b>	<b>0.4</b>	<b>(37.2)</b>	<b>(39.8)</b>	<b>30.5</b>	<b>(40.9)</b>	<b>(6.8)</b>	<b>39.3</b>	<b>0.3</b>	<b>(214.1)</b>

(d) **R\$ 346.3 million** decrease in **% Minorities** line, mainly impacted by:

(i) decrease of **R\$ 367.5 million** in the transmission segment:

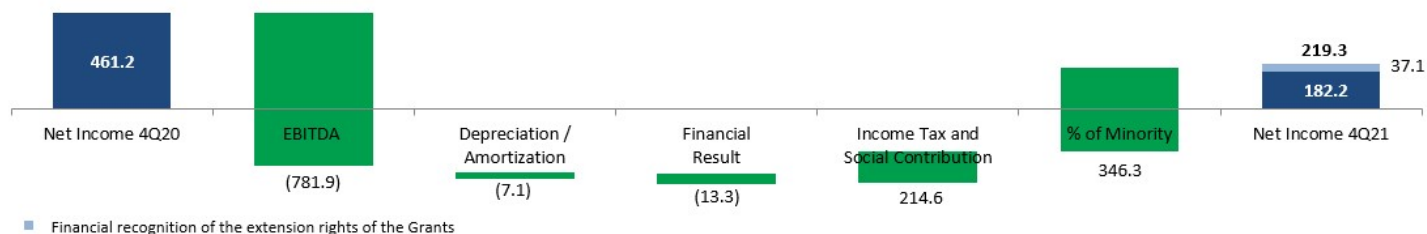
The 4Q20 result was positively impacted, as the result of changes in the assumptions for calculating construction and O&M margins and remuneration rates, to adapt to the determinations of CVM Circular Letter 04/2020, were partially accounted in that quarter.

(ii) **R\$ 21.3 million** increase in the generation segment, mainly due to the:

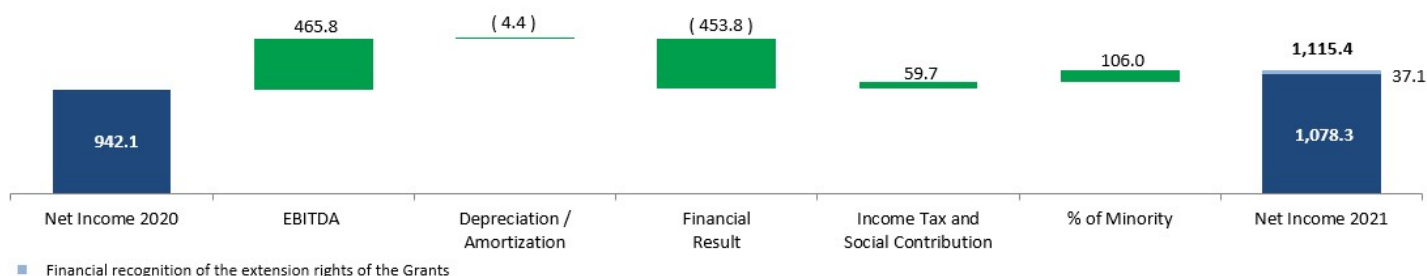
(+) **R\$ 20.0 million** in the Queluz and Lavrinhas SHPPs due to the growth in the results of the plants. In 4Q20, the result of the SHPPs was negatively impacted by the accounting of financial expenses, in the amount of **R\$ 43.4 million**, referring to the monetary restatement of the GSF liability, by the variation of the General Price Index - Market ("IGP-M"), which did not occur in this quarter, given the settlement of this liability in 1Q21.

The Net Income composition is as follows:

**Net Income Composition 4Q21 (R\$ MM)**



**Net Income Composition 2021 (R\$ MM)**





## **Profit Allocation**

**Dividends:** On February 24, 2022, the Company's Board of Directors recommended the distribution of dividends in the amount of **R\$ 360,435,620.29**, corresponding to **R\$ 0.41** per common and preferred share issued by the Company, equivalent to **R\$ 1.23** per Unit.

Dividends will be paid as follows and the shares will trade ex-dividend as of April 12, 2022:

- 05.31.2022: Amount of R\$ 131,866,690.35 corresponding to **R\$ 0.15** per common and preferred share issued by the Company, equivalent to **R\$ 0.45** per Unit
- 08.31.2022: Amount of R\$ 131,866,690.35 corresponding to **R\$ 0.15** per common and preferred share issued by the Company, equivalent to **R\$ 0.45** per Unit
- 11.30.2022: Amount of R\$ 96,702,239.59 corresponding to **R\$ 0.11** per common and preferred share issued by the Company, equivalent to **R\$ 0.33** per Unit

According to article 36 of the Company's Bylaws, shareholders will be entitled to receive as a minimum non-cumulative mandatory dividend, in each year, 50% of the net profit for the year, plus or minus the following amounts:

(i) amount destined to the constitution legal reserve and;

(ii) amount allocated to the constitution of a contingency reserve and reversal of the same reserve formed in previous years.

In accordance with article 202, item II, of Law No. 6,404/76, the minimum mandatory dividend to be paid to be limited to the amount of net income that has been realized, with the unpaid difference being recorded as an unrealized profit reserve (art. 197 of the same law).

For the year of 2021, the Company's Management determined that the net profit for the year ended December 31, 2020, is due to the positive result of equity pickup (unrealized), accordingly, it constituted a Reserve for Unrealized Profits of 50% of the net income for the year, which corresponds to the minimum mandatory dividend for that year, in the amount of R\$ 529,816, as follows:

	<b>12/31/2021</b>	<b>R\$ Million</b>
Net income for the year		<b>1,115,401</b>
(-) Legal reserve (5%)		(55,770)
<b>Adjusted net income</b>		<b>1.059,631</b>
Constitution of unrealized profit reserve		529,816
<b>Mandatory Dividends</b>		-
Remaining profit available to the Meeting		529,815

Additionally, during 2021, the Company realized the amount of R\$ 360,435,620.29, of the R\$ 422,029,063.83 allocated to the Unrealized Profit Reserve in 2020, upon receipt of dividends from its subsidiaries and carried out the reclassification of this amount to the item "Dividends Payable", as determined by article 202, item III of Law No. 6,404/76.



## Investments

In 2021 total investments of **R\$ 1,165.2 million** were carried out in our companies, of which R\$ 1,024.1 million was allocated to the transmission segment, R\$ 138.4 million in the generation segment, and R\$ 2.7 million in the development of new businesses, against **R\$ 2,391.7 mm** reported in 2020, which had R\$ 2,310.4 million invested in the transmission segment, R\$ 79.6 million invested in the generation segment and R\$ 1.6 million in the development of new businesses.

The volume of investments made in 2021 mainly reflects the implementation of the ESTE, TCE, TCC and TSM transmission assets (TCC and TSM are already in operation), which together totaled **R\$ 1,000.1 million** and the Agreste Potiguar wind farm which totaled **R\$ 85.4 million**.

	Investimentos (R\$ MM)			
	4Q21	4Q20	2021	2020
<b>Transmission*</b>	<b>260.2</b>	<b>598.2</b>	<b>1,024.1</b>	<b>2,310.4</b>
ELTE	6.6	0.3	10.4	1.8
TCC	1.9	116.4	149.8	444.1
TPE	-	149.9	-	673.3
TCE	(5.4)	48.4	90.8	106.1
ESTE	61.1	75.7	281.6	245.1
TSM	195.5	181.9	477.9	391.3
EDTE	-	-	-	40.9
ETB	-	16.8	4.8	368.2
ETES	-	4.6	-	22.9
ETSE	-	4.6	-	14.9
Other	0.4	0.3	8.9	1.8
<b>Generation</b>	<b>81.7</b>	<b>35.9</b>	<b>138.4</b>	<b>79.6</b>
La Virgen**	(0.3)	37.3	37.9	64.3
Eol. Agreste Potiguar	77.4	0.5	85.4	1.8
Other	4.5	(1.9)	15.1	13.5
<b>Holding</b>	<b>0.2</b>	<b>0.9</b>	<b>2.7</b>	<b>1.6</b>
<b>Total</b>	<b>342.0</b>	<b>635.0</b>	<b>1,165.2</b>	<b>2,319.7</b>

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

\*\*The signal inversion is due to the write-off of provisions made during the construction of the project, which began operating staggered until July 2021.



## Indebtedness

### Alupar - Holding:

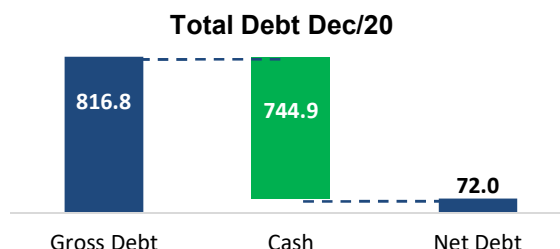
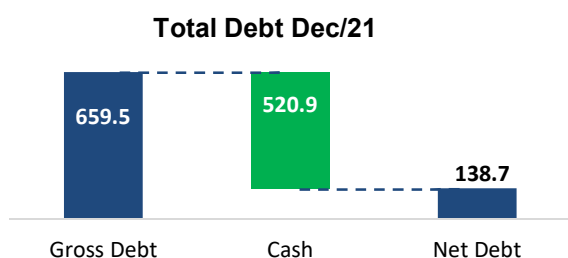
In 4Q21, Alupar – Holding’s gross debt totaled **R\$ 659.5 million**, against the **R\$ 816.8 million** recorded in Dec/20.

This change is explained by:

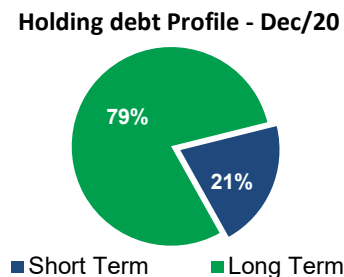
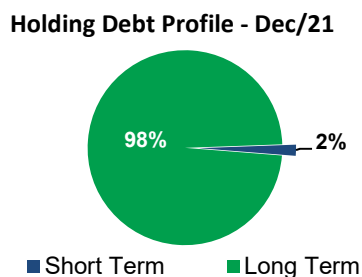
- (i) provision for charges, totaling **R\$ 12.9 million**;
- (ii) provision for monetary variations, in the amount of **R\$ 33.5 million**;
- (iii) amortization of the principal amount for the 6th Debentures Issue, totaling **R\$ 168.3 million** and;
- (iv) amortization of remuneration amounts for the 6th and 7th Debentures Issues, totaling **R\$ 35.5 million**.

Cash and cash equivalents and short-term investments at Alupar - Holding totaled **R\$ 520.9 million**, R\$ 224.0 million lower than the **R\$ 744.9 million** recorded in Dec/20. This variation is mainly explained by:

- (i) receipt of dividends from subsidiaries, in the amount of **R\$ 692.0 million**;
- (ii) dividend payment totaling **R\$ 246.1 million**;
- (iii) amortization of principal and remuneration in the amount of **R\$ 203.7 million**;
- (iv) acquisition of stake in the amount of **R\$ 108.4 million** (FRC: R\$ 86.2 million) / (TCC: R\$ 22.1 million) and;
- (v) contributions of **R\$ 478.4 million** towards projects being implemented. The main ones being:
  - (v.i) **R\$ 95.0 million** for transmission company ELTE;
  - (v.ii) **R\$ 64.4 million** for transmission company TCC;
  - (v.iii) **R\$ 106.5 million** for transmission company TSM;
  - (v.iv) **R\$ 10.7 million** for transmission company TPE;
  - (v.v) **R\$ 79.1 million** for Alupar Peru, responsible for implementing the La Virgen HPP;
  - (v.vi) **R\$ 99.9 million** for São João and Santa Régia wind farms (Agreste Potiguar).



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



For more information on the Indebtedness of Alupar - Holding, please refer to Explanatory Notes 19 “Loans and Financing” and 20 “Debentures” in the 2021 financial statements.



## Consolidated:

Consolidated gross debt for Alupar and its subsidiaries totaled **R\$ 10,047.8 million** in 4Q21, against the **R\$ 8,975.5 million** in Dec/20. This variation is mainly explained by:

- (i) **R\$ 157.3 million** decrease in Alupar - Holding, as previously explained;
- (ii) provisions for charges and monetary variations of subsidiaries, totaling **R\$ 1,042.8 million**;
- (iii) payment of subsidiary debt charges, in the amount of **R\$ 589.1 million**;
- (iv) amortization of principal for subsidiary debts, in the amount of **R\$ 727.0 million**;
- (v) an increase of **R\$ 31.0 million**, due to the exchange rate variation in debts for La Virgen HPP and Morro Azul SHPP (Risaralda); and
- (vi) new fundings, in the amount of **R\$ 1,471.9 million**, being the most relevant in the following companies EBTE (R\$ 50.0 million), ETEP (R\$ 49.8 million), ECTE (R\$ 49.8 million), EATE (R\$ 199.4 million), Transirapé (R\$ 50.0 million), TCE (R\$ 242.0 million), Alupar Colombia (R\$ 36.6 million) - 2<sup>nd</sup> parcel of the Santander's bridge loan, Alupar Peru (R\$ 194.9 million) and Foz do Rio Claro (R\$ 599.4 million).

Cash and cash equivalents / short-term investments / securities totaled **R\$ 2,052.3 million** in 4Q21, against the **R\$ 2,183.7 million** in Dec/20. This variation of **R\$ 131.4 million** in cash was mainly due to:

- (i) **R\$ 224.0 million** decrease in Alupar – Holding, as previously explained and;
- (ii) **R\$ 306.0 million** decrease in cash for transmission companies TSM and ESTE, due to the investments carried out for the implementation of these assets;
- (iii) **R\$ 476.1 million** increase in the cash of Foz do Rio Claro HPP, due to the funding of the 1st issue of debentures, in October/21, in the amount of R\$ 600.0 million.

Net debt recorded in 4Q21 totaled **R\$ 7,995.5 million**, compared to **R\$ 6,791.7 million** recorded in Dec/20.



In 4Q21, short-term debt totaled **R\$ 951.2 million** (9.5% of total debt), compared to **R\$ 823.6 million** recorded in Dec/20.

From 9.5% of short term debt, 26.1% or R\$ 248.0 million refers to bridges loans.

Of the consolidated gross debt: (i) **R\$ 659.5 million** refers to Alupar – Holding; (ii) **R\$ 8,541.4 million** are for operating companies, whose account payables are compatible with their respective cash generations; and (iii) **R\$ 846.9 million** are for projects being implemented, namely:

**R\$ 347.3 million** for the implementation of transmission company TCE (Colombia);

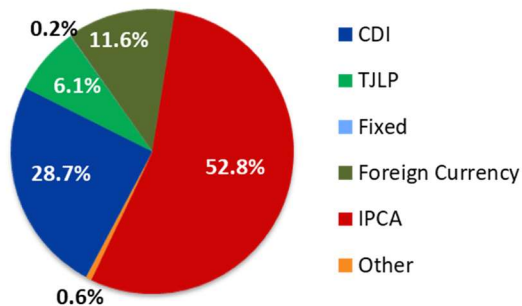
**R\$ 499.6 million** for the implementation of transmission company ESTE;



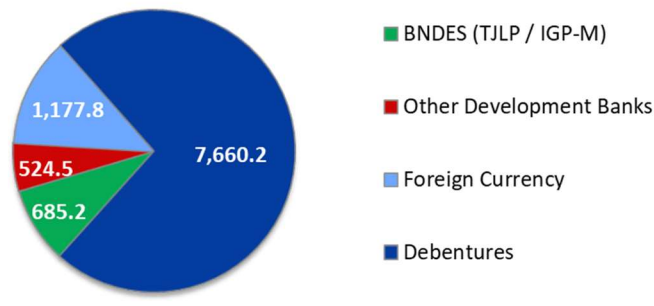
In 4Q21, debenture issues corresponded to **R\$ 7,660.2 million** or 76% of total debt. The debentures were issued by: (i) Alupar – Holding, with a balance of **R\$ 659.5 million**; (ii) operating subsidiaries, totaling **R\$ 6,501.0 million** and (iii) projects being implemented, with a balance of **R\$ 499.6 million**.

Debt in foreign currency totaled **R\$ 1,177.8 million** or 11.7% of total debt, and are allocated to generation and transmission projects in Peru and Colombia.

Gross Debt by Index (%)

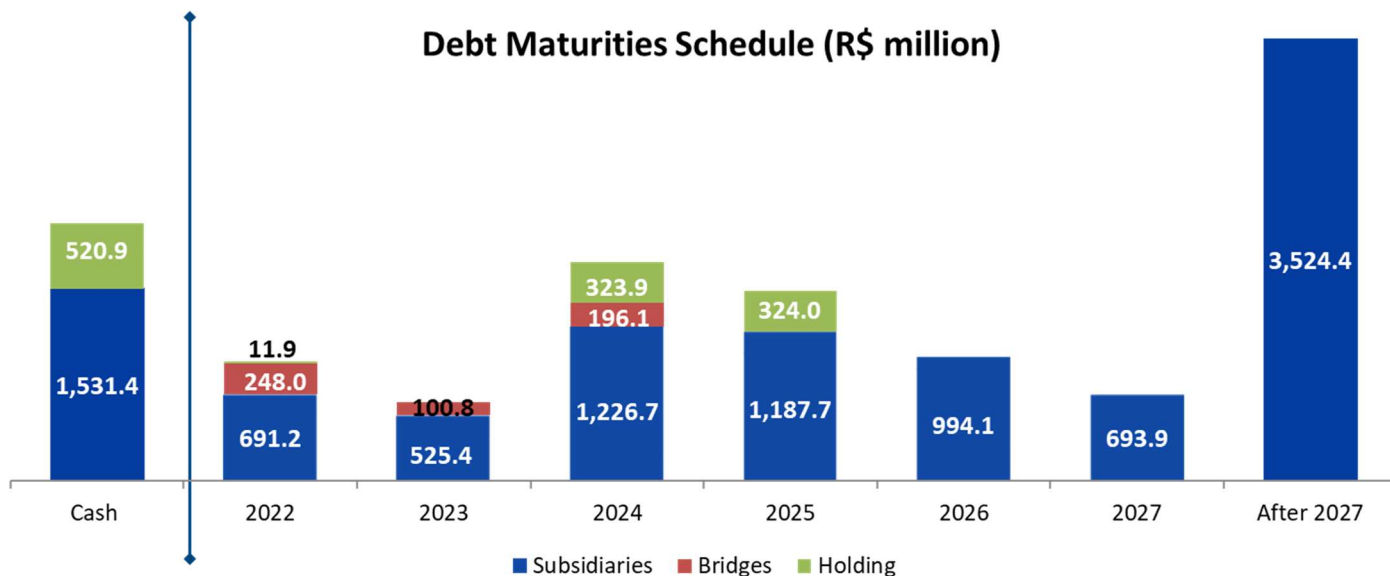


Gross Debt Composition (R\$ MM)



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 Maturities Schedule (R\$ million)



BRIDGES (MM)	2022	2023	2024
La Virgen / Alupar Inversiones	R\$ 0.8	R\$ 100.8	R\$ 196.1
TCE / Alupar Colombia	R\$ 247.2	-	-
<b>TOTAL</b>	<b>R\$ 248.0</b>	<b>R\$ 100.8</b>	<b>R\$ 196.1</b>

**FitchRatings**

- ✓ 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)**

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**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 at December 31, 2021, 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, 2021, 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 as a whole, and in forming our opinion on the individual and consolidated financial statements. 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 commentary on the findings or outcome of our procedures, is provided in that context.

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 contractual asset

As disclosed in Note 3.2 to the financial statements, the Company’s subsidiaries estimate that even after the completion of the transmission infrastructure construction phase, there is still a contractual asset for the consideration of the infrastructure revenue, since it is necessary to satisfy the obligation to operate and maintain the transmission infrastructure so that the Company’s subsidiaries have an unconditional right to receive cash. As disclosed in Note 9, at December 31, 2021, the Consolidated balance of contractual asset was R\$17,604,123 thousand. The contractual asset refers to the Company’s and its subsidiaries’ right to the consideration as a result of investments made in the transmission line infrastructure construction, including construction margin, indemnification for unamortised assets at the end of the concession and revenue from remuneration of the concession assets.

Recognition of Company’s and its subsidiaries’ contractual asset and revenue in accordance with CPC 47 (IFRS 15) – Revenue from contracts with customers, as disclosed in Note 3.10, requires the use a significant judgment in relation to the moment the customer obtains the control on right of use over the assets. In addition, measuring the progress of the Company and its subsidiaries in meeting the performance obligation satisfied over time also 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 and labor, expected profit margins on each performance obligation identified, and expected revenue projections. 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 contractual asset and the related revenues as a key audit matter.

### *How our audit addressed this matter*

Our audit procedures included, among others: i) an evaluation of the procedures related to the expenses incurred to 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 revenue allocation to each of the performance obligations present in the concession agreements; (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, 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 sufficiency 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 subsidiary's contractual asset, which is consistent with management's assessment, we consider that the criteria and assumptions for determining contractual asset and related revenues adopted by management, as well as the respective disclosures in Notes 3.5, 3.10 and 9 are acceptable, in the context of the overall individual and consolidated financial statements.

## Impairment of property, plant and equipment

As disclosed in Note 12 to the financial statements, the Company's Property, plant and equipment ("PPE") balance totaled R\$4,710,238 thousand in the consolidated financial statements. The subsidiary Ferreira Gomes Energia S.A. has R\$1,348,087 thousand recorded as property, plant and equipment, which is subject to periodic assessment on the existence of impairment indicators. The assessment of recoverable amount involves significant 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, the realization of which is affected by market projections and uncertain economic scenarios, which may cause significant changes in defining the recoverable amount of property, plant and equipment and, consequently, in the amount recorded in the consolidated financial statements.

### *How our audit addressed this matter*

Our audit procedures included, among others: (i) the involvement of valuation specialists to help us in the 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; and (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. We also reviewed the disclosures made by the Company, in the notes 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 individual and consolidated 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 at December 31, 2021, 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 as a whole 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 on the basis of 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, February 24, 2022

ERNST & YOUNG  
Auditores Independentes S.S.  
CRC-2SP034519/O-6

Eduardo Wellichen  
Accountant - CRC-1SP184050/O-6

## Alupar Investimento S.A.

Balance Sheets

December 31, 2021 and 2020

(All amounts in thousands of reais)

	Note	Company		Consolidated	
		12/31/2021	12/31/2020	12/31/2021	12/31/2020
<b>Assets</b>					
<b>Current assets</b>		<b>912,364</b>	<b>1,221,435</b>	<b>4,400,677</b>	<b>4,084,394</b>
Cash and cash equivalents	5	65,529	189,784	377,119	674,609
Short-term investments	6	455,336	555,099	1,553,503	1,405,506
Marketable securities	7	-	-	971	767
Trade receivables	8	10,452	32,179	391,698	415,353
Dividends receivable	29	341,754	390,119	75	75
Income tax and social contribution to be offset	28	28,706	26,032	65,067	81,684
Other taxes to be offset		771	5,191	33,735	59,476
Inventories		-	-	8,245	7,856
Prepaid expenses		30	63	8,251	5,828
Collaterals and escrow deposits	21	-	-	384	384
Contractual concession asset	9	-	-	1,701,139	1,290,362
Other receivables		9,786	22,968	260,490	142,494
<b>Non-current assets</b>		<b>6,709,736</b>	<b>5,631,368</b>	<b>21,319,255</b>	<b>18,492,116</b>
<u>Long-term receivables</u>		<u>216,329</u>	<u>104,459</u>	<u>16,176,533</u>	<u>13,486,495</u>
Trade receivables	8	-	-	24,533	20,903
Marketable securities	7	-	-	120,695	102,852
Income tax and social contribution to be offset	28	-	-	3,489	3,187
Other taxes to be offset		-	-	24,867	3,640
Deferred income tax and social contribution	28	-	-	20,207	6,688
Prepaid expenses		-	-	11,303	9,203
Collaterals and escrow deposits	21	815	778	15,478	15,333
Contractual concession asset	9	-	-	15,902,984	13,310,348
Advance for future capital increase	29	215,433	103,600	-	-
Other receivables		81	81	52,977	14,341
Investments in subsidiaries	10	6,291,324	5,334,961	-	-
Investments in joint ventures	10	143,189	127,734	143,189	127,734
Investment properties		7,731	7,731	7,731	7,731
Property, plant and equipment	12	1,850	2,189	4,710,238	4,672,156
Intangible assets	13	49,313	54,294	281,564	198,000
<b>Total assets</b>		<b>7,622,100</b>	<b>6,852,803</b>	<b>25,719,932</b>	<b>22,576,510</b>

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

**Alupar Investimento S.A.**

Balance Sheets

December 31, 2021 and 2020

(All amounts in thousands of reais)

	Note	Company		Consolidated	
		12/31/2021	12/31/2020	12/31/2021	12/31/2020
<b>Liabilities</b>					
<b>Current liabilities</b>		<b>420,577</b>	<b>449,186</b>	<b>2,447,555</b>	<b>2,290,153</b>
Loans and financing	19	-	-	634,414	363,798
Debentures	20	11,945	169,588	316,779	459,821
Trade payables	14	41,452	26,742	198,387	385,127
Payroll, vacations and related charges		6,421	6,007	44,866	57,783
Income tax and social contribution	28	-	-	65,553	63,642
Regulatory charges	17	-	-	54,596	58,781
Other taxes payable		101	156	50,399	49,274
Leases		195	514	9,706	7,392
Deferred social contribution and regulatory charges	18	-	-	138,539	100,012
Dividends payable	29	360,439	246,153	568,412	509,475
Advances from customers		-	-	2,444	1,456
Provision for environmental compensations	15	-	-	7,475	13,720
Provision for asset recognition	16	-	-	324,502	180,958
Provision for contingencies	21	-	-	-	2,712
Other payables		24	26	31,483	36,202
<b>Non-current liabilities</b>		<b>650,286</b>	<b>653,499</b>	<b>13,270,654</b>	<b>11,341,675</b>
Loans and financing	19	-	-	1,753,179	2,155,652
Debentures	20	647,591	647,253	7,343,384	5,996,185
Leases		1,044	1,132	38,707	28,300
Advance for future capital increase		-	-	36,941	292
Deferred income tax and social contribution	28	-	-	2,571,980	1,925,824
Deferred social contribution and regulatory charges	18	-	-	1,426,080	1,155,830
Provision for environmental compensations	15	-	-	23,116	19,213
Provision for asset recognition	16	-	-	17,094	9,227
Provision for contingencies	21	1,651	5,114	6,152	15,750
Other payables		-	-	54,021	35,402
<b>Total liabilities</b>		<b>1,070,863</b>	<b>1,102,685</b>	<b>15,718,209</b>	<b>13,631,828</b>
<b>Equity</b>	22	<b>6,551,237</b>	<b>5,750,118</b>	<b>10,001,723</b>	<b>8,944,682</b>
Subscribed and paid-in capital		2,981,996	2,981,996	2,981,996	2,981,996
(-) Share issuance costs		(65,225)	(65,225)	(65,225)	(65,225)
Capital reserve		81,259	20,515	81,259	20,515
Earnings reserves		3,482,342	2,727,379	3,482,342	2,727,379
Other comprehensive income		70,865	85,453	70,865	85,453
Non-controlling interest	11	-	-	3,450,486	3,194,564
<b>Total liabilities and equity</b>		<b>7,622,100</b>	<b>6,852,803</b>	<b>25,719,932</b>	<b>22,576,510</b>

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, 2021 and 2020

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

Note	Company		Consolidated	
	Year ended		Year ended	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Operation and maintenance revenue, Infrastructure revenue and Power supply	124,265	109,042	2,049,039	4,077,236
Concession asset payment	-	-	3,185,169	2,063,509
<b>Net operating revenue</b>	<b>124,265</b>	<b>109,042</b>	<b>5,234,208</b>	<b>6,140,745</b>
Power purchased for resale	(132,404)	(153,154)	(146,165)	(141,772)
Power grid charges (CUST)	-	-	(34,599)	(32,795)
Financial Compensation for the Use of Water Resources	-	-	(9,139)	(8,441)
Services provided	(1,240)	(1,265)	(276,383)	(312,274)
Infrastructure cost	-	-	(933,340)	(2,204,273)
<b>Cost of services</b>	<b>(133,644)</b>	<b>(154,419)</b>	<b>(1,399,626)</b>	<b>(2,699,555)</b>
<b>Gross profit (loss)</b>	<b>(9,379)</b>	<b>(45,377)</b>	<b>3,834,582</b>	<b>3,441,190</b>
<b>Operating revenues (expenses)</b>				
General and administrative expenses	(35,246)	(38,272)	(133,894)	(120,894)
Other revenues	1,987	119	85,904	7,817
Other expenses	-	-	(11,835)	(335)
Equity pick up of subsidiaries	1,128,061	1,055,917	5,255	(9,224)
	<b>1,094,802</b>	<b>1,017,764</b>	<b>(54,570)</b>	<b>(122,636)</b>
<b>Income before finance income (costs) and taxes</b>	<b>1,085,423</b>	<b>972,387</b>	<b>3,780,012</b>	<b>3,318,554</b>
Finance costs	(48,150)	(54,217)	(1,023,368)	(513,053)
Finance income	78,128	23,918	107,823	51,314
<b>Finance income (costs)</b>	<b>29,978</b>	<b>(30,299)</b>	<b>(915,545)</b>	<b>(461,739)</b>
<b>Income before taxation</b>	<b>1,115,401</b>	<b>942,088</b>	<b>2,864,467</b>	<b>2,856,815</b>
Current income tax and social contribution	-	-	(110,751)	(104,121)
Deferred income tax and social contribution	-	-	(630,900)	(697,189)
<b>Taxes on income</b>	<b>-</b>	<b>-</b>	<b>(741,651)</b>	<b>(801,310)</b>
<b>Net income for the year</b>	<b>1,115,401</b>	<b>942,088</b>	<b>2,122,816</b>	<b>2,055,505</b>
Attributed to controlling shareholders			1,115,401	942,088
Attributed to non-controlling interest			1,007,415	1,113,417
Basic and diluted earnings per common share			1.26878	1.07164
Basic and diluted earnings per preferred share			1.26878	1.07164

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, 2021 and 2020

(All amounts in thousands of reais)

	Note	Company		Consolidated	
		Year ended		Year ended	
		12/31/2021	12/31/2020	12/31/2021	12/31/2020
<b>Net income for the year</b>		<b>1,115,401</b>	<b>942,088</b>	<b>2,122,816</b>	<b>2,055,505</b>
Accumulated conversion adjustments (i)	<b>22</b>	(14,588)	46,927	(17,420)	46,629
<b>Comprehensive income for the year</b>		<b>1,100,813</b>	<b>989,015</b>	<b>2,105,396</b>	<b>2,102,134</b>
Attributed to controlling shareholders				1,100,813	989,015
Attributed to non-controlling interest				1,004,583	1,113,119

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

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, 2021 and 2020

(All amounts in thousands of reais)

Year ended December 31, 2021											
Description	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					
<b>BALANCE AS AT JANUARY 1, 2021</b>	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
<b><u>Comprehensive income (loss)</u></b>											
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)
<b><u>Capital transaction with partners</u></b>											
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)
<b><u>Internal changes in equity</u></b>											
Allocation of legal reserve (Note 22)	-	-	-	55,770	-	-	(55,770)	-	-	-	-
Allocation of unrealized earnings reserve (Note 22)	-	-	-	-	529,816	-	(529,816)	-	-	-	-
Remaining earnings at disposal of the Shareholders' Meeting (note 22)	-	-	-	-	-	529,815	(529,815)	-	-	-	-
<b>BALANCES AS AT DECEMBER 31, 2021</b>	<b>2,981,996</b>	<b>(65,225)</b>	<b>81,259</b>	<b>285,560</b>	<b>591,409</b>	<b>2,605,373</b>	<b>-</b>	<b>70,865</b>	<b>6,551,237</b>	<b>3,450,486</b>	<b>10,001,723</b>
Year ended December 31, 2020											
Description	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					
<b>BALANCE AS AT JANUARY 1, 2020</b>	2,981,996	(65,225)	15,450	182,686	220,689	1,628,067	-	38,526	5,002,189	2,537,876	7,540,065
<b><u>Comprehensive income (loss)</u></b>											
Net income for the year	-	-	-	-	-	-	942,088	-	942,088	1,113,417	2,055,505
Accumulated conversion adjustments for the year	-	-	-	-	-	-	-	46,927	46,927	(298)	46,629
<b><u>Capital transaction with partners</u></b>											
Capital increase - non-controlling interest	-	-	-	-	-	-	-	-	-	101,381	101,381
Gains on transaction with partners	-	-	4,031	-	-	-	-	-	4,031	(4,031)	-
Dividends (note 22)	-	-	-	-	(220,689)	-	(25,462)	-	(246,151)	(534,380)	(780,531)
Capital stock reduce - non-controlling interest	-	-	-	-	-	-	-	-	-	(450)	(450)
Variation in non-controlling interest	-	-	-	-	-	-	-	-	-	(16,186)	(16,186)
Others modifications in non-controlling interest	-	-	1,034	-	-	-	-	-	1,034	(2,765)	(1,731)
<b><u>Internal changes in equity</u></b>											
Allocation of legal reserve (Note 22)	-	-	-	47,104	-	-	(47,104)	-	-	-	-
Allocation of unrealized earnings reserve (Note 22)	-	-	-	-	422,029	-	(422,029)	-	-	-	-
Remaining earnings at disposal of the Shareholders' Meeting (note 22)	-	-	-	-	-	447,493	(447,493)	-	-	-	-
<b>BALANCES AS AT DECEMBER 31, 2020</b>	<b>2,981,996</b>	<b>(65,225)</b>	<b>20,515</b>	<b>229,790</b>	<b>422,029</b>	<b>2,075,560</b>	<b>-</b>	<b>85,453</b>	<b>5,750,118</b>	<b>3,194,564</b>	<b>8,944,682</b>

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, 2021 and 2020

(All amounts in thousands of reais)

	Company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
<b>Cash flow from operating activities</b>				
Income before taxation	1,115,401	942,088	2,864,467	2,856,815
<b>Adjustments to profit to:</b>				
Depreciation and amortization	1,076	2,948	139,563	135,185
Equity pick up of subsidiaries	(1,128,061)	(1,055,917)	(5,255)	9,224
Debt and leases charges	46,499	52,831	1,068,567	692,096
Taxes on revenues (PIS and COFINS) and deferred regulatory charges	-	-	302,803	422,635
Other adjustments for inflation and exchange rate changes, net	1,135	(828)	97,084	120,080
Finance income	(24,113)	(19,880)	(67,606)	(50,950)
Derecognition of property, plant and equipment and intangible assets	2,656	5,981	3,081	9,322
Cost Recovery - GSF	-	-	(83,544)	-
Others	(6,598)	(7)	(1,487)	1,394
	<b>7,995</b>	<b>(72,784)</b>	<b>4,317,673</b>	<b>4,195,801</b>
<b>(Increase) decrease in assets</b>				
Trade receivables	21,727	8,738	20,025	(77,470)
Contractual concession asset	-	-	(3,003,413)	(4,641,556)
Recoverable taxes	1,746	7,829	21,131	(7,063)
Inventories	-	-	(389)	2,589
Other	13,178	8,528	(161,300)	(43,731)
	<b>36,651</b>	<b>25,095</b>	<b>(3,123,946)</b>	<b>(4,767,231)</b>
<b>Increase (decrease) in liabilities</b>				
Trade payables	14,710	(28,395)	(196,542)	(59,543)
Regulatory and sector fees	-	-	(4,185)	(1,292)
Payroll, vacations and other charges	414	1,078	(12,917)	17,805
Contributions and taxes payable	(55)	45	3,036	5,245
Provisions for asset recognition and environmental costs	-	-	149,069	122,175
Advances from customers	-	-	988	(4,338)
Other	90	(70)	13,897	(26,528)
	<b>15,159</b>	<b>(27,342)</b>	<b>(46,654)</b>	<b>53,524</b>
Cash provided by (used in) operating activities	<b>59,805</b>	<b>(75,031)</b>	<b>1,147,073</b>	<b>(517,906)</b>
Income tax and social contribution	-	-	(91,894)	(86,900)
<b>Net cash provided by (used in) operating activities</b>	<b>59,805</b>	<b>(75,031)</b>	<b>1,055,179</b>	<b>(604,806)</b>
<b>Cash flow from investing activities</b>				
Capital increase in investees	(265,528)	(111,904)	(10,200)	-
Payment for acquisition of investments	(108,356)	(16,186)	(108,356)	(30,640)
Capital stock reduce in investments	39,764	-	-	-
Loan agreements with related parties	-	22,844	-	-
Advance for future capital increase paid	(212,852)	(162,293)	-	-
Redemption of short-term investments	469,990	480,165	2,665,418	4,001,451
Short-term investments	(346,114)	(32,281)	(2,763,864)	(2,493,071)
Dividends received	692,041	449,805	-	-
Purchase of property, plant and equipment	(215)	(341)	(214,779)	(156,766)
Purchase of intangible assets	(2,504)	(1,299)	(17,099)	(30,638)
<b>Net cash provided by (used in) investing activities</b>	<b>266,226</b>	<b>628,510</b>	<b>(448,880)</b>	<b>1,290,336</b>
<b>Cash flow from financing activities</b>				
Capital increase - non-controlling interest	-	-	72,177	100,781
Capital stock reduce - non-controlling interest	-	-	(71,150)	(450)
Advance for future capital increase received	-	-	36,529	-
Dividends paid	(246,149)	(202,195)	(879,174)	(655,655)
Lease paid	(407)	(602)	(11,788)	(6,934)
Debts	-	-	1,471,894	773,803
Interest on loans and debentures	(35,452)	(41,767)	(624,565)	(419,222)
Payment of principal of loans and debentures	(168,278)	(158,605)	(895,254)	(841,431)
<b>Net cash used in financing activities</b>	<b>(450,286)</b>	<b>(403,169)</b>	<b>(901,331)</b>	<b>(1,049,108)</b>
Exchange rate changes on cash and cash equivalents	-	-	(2,458)	12,983
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(124,255)</b>	<b>150,310</b>	<b>(297,490)</b>	<b>(350,595)</b>
<b>Decrease in cash and cash equivalents</b>				
Balance at the beginning of the year	189,784	39,474	674,609	1,025,204
Balance at the end of the year	<b>65,529</b>	<b>189,784</b>	<b>377,119</b>	<b>674,609</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(124,255)</b>	<b>150,310</b>	<b>(297,490)</b>	<b>(350,595)</b>

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, 2021 and 2020

(All amounts in thousands of reais)

	Company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
<b>Revenues</b>				
Operation and maintenance revenue	-	-	431,639	591,201
Infrastructure revenue	-	-	1,032,923	3,241,714
Concession financial asset payment	-	-	3,541,001	2,266,275
Power supply	136,929	119,853	797,636	645,875
Revenue associated with the construction of own assets	-	-	249,224	98,564
Other revenues	1,987	119	85,904	7,917
	<u>138,916</u>	<u>119,972</u>	<u>6,138,327</u>	<u>6,851,546</u>
<b>(-) Inputs from third parties</b>				
Power purchased for resale	(132,404)	(153,154)	(146,165)	(141,772)
Power grid charges	-	-	(34,599)	(32,795)
Financial Compensation for the Use of Water Resources	-	-	(9,139)	(8,441)
Infrastructure cost	-	-	(952,336)	(1,900,851)
Outsourced services	(9,465)	(12,634)	(118,489)	(92,986)
Materials	(147)	(122)	(22,000)	(43,873)
Other costs	2,568	(420)	26,052	(27,258)
	<u>(139,448)</u>	<u>(166,330)</u>	<u>(1,256,676)</u>	<u>(2,247,976)</u>
<b>(-) Depreciation and amortization</b>	(1,076)	(2,948)	(140,517)	(135,872)
<b>Wealth received in transfer</b>				
Equity pick up of subsidiaries	1,128,061	1,055,917	5,255	(9,224)
Finance income	81,938	25,084	121,624	87,341
	<u>1,209,999</u>	<u>1,081,001</u>	<u>126,879</u>	<u>78,117</u>
<b>Wealth for distribution</b>	<b>1,208,391</b>	<b>1,031,695</b>	<b>4,868,013</b>	<b>4,545,815</b>
<b>Wealth distributed</b>				
<b>Personnel</b>				
Direct compensation	19,825	16,537	120,754	137,979
Benefits	1,744	2,136	31,902	25,435
F.G.T.S	1,483	1,063	8,649	7,740
	<u>23,052</u>	<u>19,736</u>	<u>161,305</u>	<u>171,154</u>
<b>Taxes, rates and contributions</b>				
Federal	21,482	15,254	1,344,924	1,431,338
State	-	-	4,509	43,843
Municipal	59	112	956	945
	<u>21,541</u>	<u>15,366</u>	<u>1,350,389</u>	<u>1,476,126</u>
<b>Lenders and lessors</b>				
Interest and changes in exchange rates	46,487	52,789	1,112,967	772,599
Rentals	247	287	10,797	6,163
Other costs	1,663	1,429	109,739	64,268
	<u>48,397</u>	<u>54,505</u>	<u>1,233,503</u>	<u>843,030</u>
<b>Shareholders</b>				
Dividends	-	25,462	-	25,462
Earnings reserves	1,115,401	916,626	1,115,401	916,626
Non-controlling interest	-	-	1,007,415	1,113,417
	<u>1,115,401</u>	<u>942,088</u>	<u>2,122,816</u>	<u>2,055,505</u>
	<b>1,208,391</b>	<b>1,031,695</b>	<b>4,868,013</b>	<b>4,545,815</b>

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
<b>Subsidiaries:</b>									
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 Yesrte 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 Yesvos (SC) - Blumenau (SC)	088/2000	11/01/00 11/01/30	03/26/02	253	525	IGP-M	Yes	No
Sistema de Transmissão Yesrdeste 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 Yesvos (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')	Yesva Mutum (MT) - Yesbres (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) - MaYesel 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 Yesrte (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 Yesvo 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	Pre-operating	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
<b>Subsidiaries:</b>									
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
<b>Joint ventures:</b>									
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
<b>Total under operation</b>					<b>6,738</b>				
<b>Total under construction</b>					<b>1,191</b>				

(\*) 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 1.3).

### • Electric energy generation:

Companies (abbreviation)	Location	Concession Agreement/Authorization nº	Concession Term		Start date of operation	Installed capacity - MW	Guaranteed energy - MW
			Start	End			
<b>Subsidiaries:</b>							
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	41.0
Ijuí Energia S.A. ('Ijuí')	Rio Ijuí - Rolador (RS) e Salvador das Miss	006/2006	08/15/06	02/18/46	03/29/11	51.0	30.4
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 Araguaçu - Ferreira Gomes (AP)	002/2010	11/09/10	06/16/47	11/04/14	252.0	153.1
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.S.P. (*) ('Risaralda')	Rio Risaralda (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
Agua Limpa S.A. ('Agua 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)	-	-	-	Pre-operating	-	-
Eolica do Agreste Potiguar V S.A. ('EAP V')	Jandaira (RN)	-	-	-	Pre-operating	-	-
Eolica do Agreste Potiguar VI S.A. ('EAP VI')	Jandaira (RN)	-	-	-	Pre-operating	-	-
Eolica do Agreste Potiguar VII S.A. ('EAP VII')	Jandaira (RN)	-	-	-	Pre-operating	-	-
UFV Pitombeira S.A.	Aracati (CE)	-	-	-	Pre-operating	-	-
<b>Total under operation</b>						<b>664.0</b>	<b>399.4</b>
<b>Total under construction</b>						<b>81.8</b>	<b>45.1</b>

(\*) The concessions of Risaralda 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.

### • Holdings and other industries:

Companies (abbreviation)	Activity
<b>Subsidiaries:</b>	
Alupar Chile Inversiones SpA ("Alupar Chile")	Holding
Alupar Colombia S.A.S ("Alupar Colombia")	Holding - parent of Risaralda 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

Since the beginning of the pandemic and until now, Alupar has adopted monitoring and prevention measures in order to protect its employees and communities in which it operates, aiming to maintain the operational continuity of its transmission lines and plants, and observing the recommendations of the health authorities.

In 2020, the Emergency Crisis Committee was created, responsible for Contingency Planning to deal with the situation, and the Internal Infection Control Commission, with the hiring of a specialized professional (infectologist) to give us advice and establish protocols. Both the Committee and the Internal Commission have been monitoring the entire situation and have taken preventive measures according to each stage of the pandemic.

As of October 18, 2021, the employees of the Corporate Office began to resume work in person in the form of hybrid work and in a flexible manner, following a strict protocol of care and prevention to COVID-19, in accordance with the On-site Activities Retake Plan, defined by the Internal Infection Control Commission and approved by the Crisis Committee, whose main guidelines are: rotation of employees on a scale basis, being three days in-person and two days in home office (remote work); establishment of flexible working hours and meals; mandatory use of masks during all face-to-face interaction; weekly testing on the first day of work at the office; distance from workstations and other office environments (pans, bathrooms); restrictions on the use of meeting rooms and encouragement to hold meetings online, and specific training on the care and rules of expected behavior during the resumption and while the warning against COVID-19 persists.

Regarding the accounting balances, the possible impacts were evaluated, as follows:

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.

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 as a result of COVID-19 in the year ended December 31, 2021.

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, 2021 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. Renegotiation of the GSF (Generation Scaling Factor) – Hydroelectric power plants

On September 9, 2020, Law No. 14,052 was published, which amended Law No. 13,203, of December 8, 2015, establishing new conditions for renegotiating the hydrological risk assumed by hydroelectric generators who participated in the Energy Reallocation Mechanism (MRE) in recent years. The objective of this Law is to compensate these hydroelectric generators for such risks whose effects are related to the anticipation of the physical guarantee of generation projects called structuring, as well as the delay in the start-up of the transmission facilities necessary for the flow of energy generation from these projects, in addition to thermal generation outside the order of merit. The compensation to hydroelectric generators will occur with the extension of the concession period for generation grants, limited to seven years, and will be subject to the withdrawal of any lawsuits or the right to discuss issues related to the MRE by the eligible agents, with no provision being made of risk premium payment.

On December 1, 2020, ANEEL regulated this Law through Normative Resolution No. 895, establishing the methodology for calculating the compensation to be paid to generators participating in the MRE, considering the potential generation

## Notes to the financial statements

of electricity from the structuring projects, if there was no restriction on the flow of energy, and the price of energy in the short-term market at the time of the restriction.

The Company's subsidiaries that were entitled to this renegotiation are: Queluz, Lavrinhas, Ferreira Gomes, Verde 8, Foz do Rio Claro and Ijuí. On December 31, 2020, only subsidiaries Queluz and Lavrinhas had GSF balances payable, as a result of an injunction obtained from the Superior Court of Justice (STJ), which suspended the payment of GSF from the period from July 1, 2015 to February 7, 2018. The subsidiaries Ferreira Gomes, Foz do Rio Claro and Ijuí withdrew their lawsuits when they renegotiated the GSF of the Regulated Contracting Environment (ACR), which occurred in 2015, therefore, they have no outstanding payables. The subsidiary Verde 8 also has no outstanding GSF balances, from the period from July 1, 2015 to February 7, 2018, as it entered into commercial operation in March 2019.

In the financial settlement of the CCEE held on March 9, 2021, the subsidiaries Queluz and Lavrinhas made the payment in the amount of R\$182,111, of the outstanding amounts referring to the GSF (note 14), using the amounts receivable, in the amount of R\$60,154, resulting from default by GSF injunctions (note 8), to deduct cash outflow. The payment of outstanding GSF values is also one of the precedent conditions for the renegotiation of hydrological risk.

On August 3, 2021, ANEEL issued Ratifying Resolution No. 2,919, which ratified the term of extension of the concession only for hydroelectric plants participating in the Energy Reallocation Mechanism - MRE and that held 100% of the energy sales contracts in the free contracting, that is, only for the subsidiaries below:

Power plants	Extension of the concession period (months)	Amount
Queluz	1,467	16,616
Lavrinhas	1,468	16,758
Verde 8	161	745

In the financial settlement of September 9, 2021, the subsidiaries Queluz and Lavrinhas paid the amount of R\$5,010 of the outstanding amounts referring to the GSF from February to July 2021. Also during September, these subsidiaries waived the Writs Security with Request for Injunction relating to the GSF. Subsidiary Verde 8 had no outstanding amount or lawsuit.

On September 14, 2021, ANEEL issued Ratifying Resolution No. 2,932 which ratified the term of extension of the concession only for hydroelectric plants participating in the Energy Reallocation Mechanism - MRE and that had energy sales contracts in the regulated contracting environment, that is, only for the subsidiaries below:

Power plants	Extension of the concession period (months)	Amount
Foz do Rio Claro	1,953	18,921
Ferreira Gomes	584	17,410
São José (Ijuí)	1,648	13,094

In both Homologous Resolutions, mentioned above, the term of adhesion is 60 calendar days from the date of issuance of each resolution.

The Management of the subsidiaries signed the Terms of Acceptance for the Extension of the Grant and forwarded it to ANEEL during the month of November 2021 and made the accounting record of the extension granted in the Intangible Asset - Right of Extension of the Grant (Note 13) in against income, as cost recovery, in Cost of Services Rendered (note 26), in the amount of R\$83,544. As this amount is realized in future years, deferred income tax and social contribution was recorded in the amount of R\$23,304.

## Notes to the financial statements

### 1.3. Other relevant issues of the period

#### a) Secondary Distribution Public Offering

According to the Material Facts released on April 9 and 20, 2021, the Company's shareholder, the Unemployment Compensation Fund (FGTS) Investment Fund ("FI-FGTS"), decided to carry out a secondary public offering with restricted efforts of deposit certificates of actions. The Restricted Offer consisted of the secondary distribution, with restricted efforts, of 35,162,754 Units, each representing 1 (one) common share and 2 (two) preferred registered book-entry shares, with no par value, free and clear of any liens or encumbrances, issued by the Company, in an over-the-counter market in Brazil, under the terms of Law No. 6,385, of December 7, 1976, as amended ("Securities and Exchange Market Law"), of CVM Instruction 476, of "ANBIMA Code of Regulation and Best Practices for Public Offers" in force ("ANBIMA Code") and other applicable legal and regulatory provisions, including the "Level 2 Regulation of B3 SA - Brasil, Bolsa, Balcão" ("B3") in force, and also abroad.

The amount defined for each Unit was R\$25.50 and was calculated using the following parameters: (i) the quotation of Units issued by the Company at B3; and (ii) the indications of interest due to the quality and quantity of demand (by volume and price) for the Units, collected from investors under the Bookbuilding Procedure (procedure for collecting investment intentions carried out in Brazil and abroad).

On April 26, 2021, the Restricted Offering was physically and financially settled, in the amount of R\$896,650, with the FI - FGTS, as of this date, no longer being part of the Company's ownership structure. On the same day, this Offer was finalized, upon sending the Closing Notice to CVM.

#### b) **La Virgen S.A.C.**

The subsidiary La Virgen, located in Peru, synchronized its three generating units to the energy system, on April 16, May 7 and June 1, 2021, respectively, being remunerated for the generated energy, these generating units began to operate with support on April 16, May 11, and June 3, 2021, respectively.

Additionally, the subsidiary obtained authorization to start commercial operation of two generating units, with a joint capacity of 62.48 MW, 31.25 MW and 31.28MW each, in accordance with COES (*Comité de Operación Económica del Sistema*) Dispatches 729-2021, 918-2021 and 1139-2021 Interconnected Power Station), on May 15, June 26 and July 31, 2021, respectively. Thus, as of August 1, 2021, the subsidiary La Virgen was operating with a total capacity of 93.76 MW.

#### c) **Transmissora Caminho do Café S.A. - TCC**

##### Start of commercial operation

On March 26, 2020, the direct subsidiary of Company TCC, received from the National Electric System Operator - ONS, the Definitive Release Term - TLD, which authorizes the receipt of revenue from March 19, 2021, anticipating in its energization is expected to take approximately 11 months, according to the schedule of the National Electric Energy Agency - ANEEL, for February 9, 2022. With the release of the ONS, this project started to receive a RAP of R\$165,300 per year. The total investment in the installations is R\$907,037.

##### Acquisition of Equity Stake

On December 10, 2021, the Company exercised the purchase option for 30% of subscribed and paid-in shares of the subsidiary Transmissora Caminho do Café SA ("TCC") held by Perfin Apollo Energia Fundo de Investimento em Participações em Infraestrutura, therefore, Alupar increased its stake from the current 51% to 65.70%.

The transaction amount was R\$22,147, equivalent to 21,907,253 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.

## Notes to the financial statements

The equity value acquired was R\$101,757, and the underpaid amount over the equity value was R\$79,610, was recognized in capital reserves, increasing shareholders' equity, given that the Company already held control of TCC.

### d) Foz do Rio Claro Energia S.A.

#### Acquisition of Equity Stake

On September 24, 2021, Alupar exercised its right to acquire 32,793,440 preferred shares held by the FI-FGTS issued by Foz do Rio Claro, corresponding to 80% of the total preferred shares issued, for the amount of R\$86,209, as provided for in the Private Instrument for Granting the Purchase Option of Preferred Shares Issued by the subsidiary Foz do Rio Claro, entered into on September 5, 2008, between the Company and FI-FGTS, and, on this date, concluded the transaction transfer of all these shares. The equity value acquired was R\$67,343 and the amount paid over the equity value was R\$18,866, recognized in capital reserves, reducing equity, as the Company already held control of Foz do Rio Claro.

With this acquisition, the Company increased its total interest from 69.83% to 100.00% of the total share capital of Foz do Rio Claro.

#### First Issuance of Simple Debentures – Foz do Rio Claro

On September 29, 2021, the subsidiary Foz do Rio Claro held the 1st. Issuance of Simple Debentures, not convertible into shares, in a single series, unsecured, with additional personal guarantee, for public distribution with restricted efforts. 600,000 debentures were issued, with a unit face value of R\$1,000.00, in the total amount of R\$600,000, with remuneration of 100% of the DI rate +1.70% p.a. and maturity on September 15, 2028. These debentures were settled on October 8, 2021.

### e) UFV Pitombeira S.A.

At an Extraordinary General Meeting held on July 16, 2021, the shareholders of the subsidiary Transmissoras Reunidas S.A. decided to approve the change of the company's corporate name to UFV Pitombeira SA. The purpose of the change is the exploration and implementation by this Company of the generation plant solar energy by photovoltaic source UFV Pitombeira, and its associated electric energy transmission system and other complementary works, in the municipality of Aracati, state of Ceará. The beginning of construction, initially scheduled for January 2022, was extended to March 2022 and the expected start-up is January 2023.

### f) Empresa Litorânea de Transmissão de Energia S.A. – ELTE

On November 30, 2021, ELTE received Installation License No. 2693 ("LI") issued by the Environmental Company of the State of São Paulo (CETESB), enabling the start of the implementation of the Manoel da Nóbrega Substation of 230/88 kV, as of February 2022. The energization of this transmission system is scheduled for January 2024 and its operation will reinforce the distribution networks, in addition to meeting the increased demand for electricity in the region of Baixada Santista, composed of by nine municipalities.

### g) 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 environmental licensing issues, 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;

## Notes to the financial statements

(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.

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.

## Notes to the financial statements

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.

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, as a result 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.

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

### h) Transmissora Colombiana de Energia S.A.S. – TCE

On December 13, 2021 the indirect subsidiary Transmissora Colombiana de Energia S.A.S (“TCE”), received from the Ministry of Mines and Energy of Colombia, pursuant to Resolution 40394, the extension of the term for the commercial start-up of TCE by 580 days, thus changing the date to July 03, 2023.

Additionally, TCE informs that according to CREG Resolution 015 of 2017, which established the right to receive RAP (Annual Permitted Revenue) from December 1, 2021, equivalent to 1/12 (one twelfth) of the current TCE’s RAP of USD 24,031. Considering that the performance obligation to transport the energy was not fulfilled as of December 31, 2021, the amount received as RAP was recognized as Deferred Income in non-current liabilities.

### i) Transmissora Serra da Mantiqueira – TSM

On December 29, 2021 the subsidiary TSM received by the National Electricity System Operator – ONS, the Term of Ultimate Release, authorizing the receipt of the revenue from December 23, 2021, anticipating the beginning of its commercial start-up in approximately 8 months of the National Electric Energy Agency – ANEEL date, scheduled for August 11, 2022. With this release from the ONS, an Allowed Annual Revenue (“RAP”) of R\$120,000 was added for the 2021\_2022 cycle. The project is located in the State of São Paulo and Rio de Janeiro and consists of the implementation and operation of the transmission line 500 kV Fernão Dias – Terminal Rio, with 330 km. The total investment of the project to be unitized was R\$893,000. TSM aims to reinforce the supply in the Southeast region, which will enable the receipt of surplus energy from the North region.

## 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.

### 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 February 24, 2022.

## Notes to the financial statements

### 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 24) – 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 21) – 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 28) – main assumptions about the realizable values of the concession contracts; and
- Financial instruments (Note 30) – main assumptions adopted in the fair value measurement.

### 2.5. Functional and reporting currency and translation of balances and transactions in foreign currency

#### 2.5.1. 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.

#### 2.5.2. Translation of balances and transactions in foreign currency

The Company recognizes in other comprehensive income, the effect resulting from the conversion resulting from exchange differences in the Company's functional currency, in relation to its subsidiaries abroad. Such changes are solely transferred to the statement of profit and loss upon derecognition of net investment. Assets and liabilities denominated in foreign currency are translated to the functional currency at the exchange rate prevailing at reporting date of the financial statements individual and consolidated. Revenues and expenses in foreign currency, as well as cash flows items, are translated into the Company's functional currency at the average exchange rate for the period.

## Notes to the financial statements

### 2.6. Consolidation criteria

#### 2.6.1. Subsidiaries

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.

In the individual financial statements (Parent Company), the subsidiaries' and joint venture accounting information is recognized under the equity method of accounting.

As at December 31, 2021 and 2020, the Company's interest in subsidiaries and joint venture is broken down as follows:

## Notes to the financial statements

Company	Activity	Interest 9/30/2021 (%)		Interest 12/31/2020 (%)	
		Direct	Indirect	Direct	Indirect
<b>Subsidiaries:</b>					
ACE	Sales	100.00	-	100.00	-
AETE	Transmission	-	32.06	-	32.06
AF Energia	Provision of services	100.00	-	100.00	-
Agua Limpa	Generation	99.99	-	99.99	-
Alupar Chile	Holding	100.00	-	100.00	-
Alupar Colombia	Holding	100.00	-	100.00	-
Alupar Peru	Holding	100.00	-	100.00	-
Apaete	Holding	36.96	-	36.96	-
EAP I	Generation	99.90	-	99.90	-
EAP II	Generation	99.90	-	99.90	-
EAP III (x)	Generation	99.90	-	99.90	-
EAP IV (x)	Generation	99.90	-	99.90	-
EAP V (x)	Generation	99.90	-	99.90	-
EAP VI (x)	Generation	99.90	-	99.90	-
EAP VII (x)	Generation	99.90	-	99.90	-
EATE	Transmission	50.02	-	50.02	-
EBTE (i)	Transmission	-	25.51	-	25.51
ECTE	Transmission	50.02	-	50.02	-
EDTE (vi)	Transmission	-	25.06	-	25.06
EDV I (iv)	Generation	-	100.00	-	100.00
EDV II (iv)	Generation	-	100.00	-	100.00
EDV III (iv)	Generation	-	100.00	-	100.00
EDV IV (iv)	Generation	-	100.00	-	100.00
EDV X (iv)	Generation	-	100.00	-	100.00
ELTE	Transmission	99.99	-	99.99	-
ENTE	Transmission	50.01	-	50.01	-
ERTE	Transmission	21.96	28.05	21.96	28.05
ESDE (iii)	Transmission	-	50.02	-	50.02
ESTE (i)	Transmission	-	50.02	-	50.02
ETAP	Transmission	100.00	-	100.00	-
ETB	Transmission	51.00	-	51.00	-
ETC	Transmission	100.00	-	100.00	-
ETEM	Transmission	62.79	-	62.79	-
ETEP	Transmission	50.02	-	50.02	-
ETES	Transmission	100.00	-	100.00	-
ETSE (iv)	Transmission	-	50.02	-	50.02
ETVG	Transmission	100.00	-	100.00	-
Ferreira Gomes	Generation	100.00	-	100.00	-
Foz	Generation	100.00	-	69.83	-
GET	Generation	51.00	-	51.00	-
Ijui	Generation	86.66	-	86.66	-
La Virgen (viii)	Generation	3.67	86.07	3.67	86.07
Lavrinhas	Generation	61.00	-	61.00	-
Lumitrans (i)	Transmission	15.00	40.01	15.00	40.01
Queluz	Generation	68.83	-	68.83	-
UFV Pitombeira	Generation	99.99	-	99.99	-
Risarda (vii)	Generation	0.34	99.62	0.34	99.62
STC (i)	Transmission	20.00	40.01	20.00	40.01
STN	Transmission	51.00	-	51.00	-
TCC	Transmission	65.70	-	51.00	-
TCE (vii)	Transmission	-	99.99	-	99.99
TME	Transmission	60.00	-	60.00	-
TPE	Transmission	51.00	-	51.00	-
Transirapé (ii) (v)	Transmission	-	33.71	-	33.71
Transleste (ii) (v)	Transmission	-	33.71	-	33.71
Transminas	Holding	70.02	-	70.02	-
Transudeste (ii) (v)	Transmission	-	33.71	-	33.71
TSM	Transmission	51.00	-	51.00	-
Verde 8	Generation	85.00	-	85.00	-
Windepar	Holding	100.00	-	100.00	-
<b>Joint venture:</b>					
TNE (*)	Transmission	51.00	-	51.00	-

## Notes to the financial statements

(i) Directly controlled by EATE. (ii) Directly controlled by Transminas. (iii) Directly controlled by ETEP. (iv) Directly controlled by ECTE. (v) Indirect interest through EATE. (vi) Indirect interest through ENTE. (vii) Indirect interest through Alupar Colombia. (viii) Indirect interest through Alupar Perú. (iv) Indirect interest through Windepar. (x) Subsidiaries established on September 16, 2020. (\*) TNE is jointly controlled as relevant decisions on business are approved by the unanimous decision of the shareholders holding the voting shares.

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.

### 2.6.2. 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. Significant accounting policies

The accounting policies 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, 2021, described in Note 4.

### 3.1. Financial instruments

#### 3.1.1. 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:

## Notes to the financial statements

- 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.

### 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.

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.

### 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).

## Notes to the financial statements

### 3.1.2. 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 31.2.

### 3.2. 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 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) and CPC 48 - Financial Instruments (IFRS 9). In the event that 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.

## Notes to the financial statements

### (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 on a monthly basis, 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.

### 3.3. Investments

The Company's investments in its subsidiaries and joint venture are measured under the equity method of accounting in the individual (Parent Company) and consolidated financial statements.

### 3.4. 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 take into account the estimated economic useful lives of assets.

## Notes to the financial statements

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.

### 3.5. 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.

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 – 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.

## Notes to the financial statements

### 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.

## 3.6. Impairment

### • 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.

### • 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.

## Notes to the financial statements

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.

### 3.7. 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.

#### 3.7.1. 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.

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".

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

#### 3.7.2. 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.

#### 3.7.3. 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 into operation. This provision is matched against property, plant and equipment or Infrastructure cost for the transmission companies that are required to apply ICPC 01.

#### 3.7.4. 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 take into account changes in circumstances, such as applicable

## Notes to the financial statements

limitation period, findings of physical inspections or additional exposures identified on the basis of new matters or court decisions.

### 3.8. Employee benefits

#### 3.8.1. 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.

#### 3.8.2. 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.

### 3.9. 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.

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.

### 3.10. 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:

## Notes to the financial statements

### 3.10.1. 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.

### 3.10.2. 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.

### 3.10.3. 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.

### 3.10.4. 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.

### 3.10.5. 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.

## Notes to the financial statements

### 3.10.6. 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.

### 3.11 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, at least 50% of net profit for the year is distributed as dividends. 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.

### 3.12. 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.

### 3.13. 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.

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.

### 3.14. 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.

### 3.15. 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.

## Notes to the financial statements

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.

### 3.16. 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.

### 3.17. 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) (IAS7) – Statement of Cash Flows, issued by CPC.

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

### 3.18. 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.

### 3.19. 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.

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.

## Notes to the financial statements

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.

### 4. New standards and interpretations revised

#### 4.1. Effective January 1, 2021

The following amended rules and interpretations are effective for the year beginning on January 1, 2021, however, there was no material impact on the individual and consolidated financial statements:

- Definition of materiality (amendments to CPC 26/IAS 1 and CPC 23/IAS 8).
- Benefits Related to Covid-19 Granted to Leaseholders in Lease Contracts (changes in CPC 06 (R2)/IFRS 16).
- Reform of the Reference Interest Rate (changes in CPC 40(R1) and CPC 48).

#### 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).

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	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Cash available (cash and banks)	-	-	223	568	-	-	35,208	44,514
Bank deposit certificates	95.00%	95.00%	65,306	189,216	98.13%	96.85%	181,706	411,479
Repurchase agreements	-	-	-	-	95.08%	94.17%	153,912	147,069
Investment funds	20.00%	20.00%	-	-	20.00%	20.00%	6,293	71,547
<b>Total</b>			<b>65,529</b>	<b>189,784</b>			<b>377,119</b>	<b>674,609</b>

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.

## Notes to the financial statements

## 6. Short-term investments

	Company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
<b>Portfolio composition</b>				
Government brazilian bonds – Financial Treasury Bills	196,344	155,150	713,903	230,118
Government brazilian bonds	221,839	371,677	703,311	1,073,830
Private notes	37,095	28,275	136,350	101,860
Other	58	(3)	(61)	(302)
<b>Total</b>	<b>455,336</b>	<b>555,099</b>	<b>1,553,503</b>	<b>1,405,506</b>

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 62.83% of CDI as at December 31, 2021 (88.57% of CDI as at December 31, 2020).

## 7. Marketable securities

Marketable securities	Average appreciation - % CDI		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Investment funds	97.50%	98.00%	121,666	103,619
			<b>121,666</b>	<b>103,619</b>
Current			971	767
Non-current			120,695	102,852

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.

## 8. Trade receivables

	Company		Consolidated					12/31/2021	12/31/2020
	Not past due		Falling due	Overdue					
	12/31/2021	12/31/2020		Up to 30 days	From 31 to 60 days	From 61 to 360 days	More than 361 days		
<b>Power transmission system</b>									
Transmission charges billed	-	-	262,998	346	74	1,216	24,005	288,639	212,069
	-	-	262,998	346	74	1,216	24,005	288,639	212,069
<b>Power generation system</b>									
Regulated environment	-	-	21,199	-	-	-	-	21,199	23,081
Free environment	9,670	12,729	52,091	-	-	-	46,779	98,870	77,832
MRE and Spot (short-term energy) (a)	782	19,450	7,523	-	-	-	-	7,523	123,274
	10,452	32,179	80,813	-	-	-	46,779	127,592	224,187
	<b>10,452</b>	<b>32,179</b>	<b>343,811</b>	<b>346</b>	<b>74</b>	<b>1,216</b>	<b>70,784</b>	<b>416,231</b>	<b>436,256</b>
Current	10,452	32,179						391,698	415,353
Non-current	-	-						24,533	20,903

During the year ended December 31, 2021, 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 was designed to be compliant, ensure financial health and avoid credit risk of the transmission system so that transmission system users are required to provide financial guarantees administered by the National Electric System Operator (ONS) to avoid default risk.

The subsidiaries Queluz and Lavrinhas have arbitration proceedings to deal with outstanding customer invoices in the amount of R\$46,779, related to the supply of energy in the free environment, as disclosed in Note 21.

## Notes to the financial statements

- (a) Of the outstanding amount of MRE and Spot (short-term energy) of R\$68,773 on December 31, 2020, the amount of R\$60,154 was used by its subsidiaries in the financial settlement of CCEE of the outstanding amounts referring to the GSF, as disclosed in note 1.2.

## 9. Contract asset

Changes in concession asset	Consolidated	
	12/31/2021	12/31/2020
<b>Opening balance</b>	<b>14,600,710</b>	<b>9,959,154</b>
Operation and maintenance revenue (note 24)	431,639	591,201
Concession asset payment (note 24)	3,541,001	2,266,275
Infrastructure revenue (note 24)	1,032,923	3,241,714
Gain from the result of the periodic tariff review	60,311	-
Loss as a result of the periodic tariff review	(11,436)	-
Concession asset performance	(2,051,025)	(1,457,634)
<b>Closing balance</b>	<b>17,604,123</b>	<b>14,600,710</b>
Current	1,701,139	1,290,362
Non-current	15,902,984	13,310,348

In the year ended December 31, 2021, the amounts of gross gain of R\$60,311 and gross loss 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, in accordance with Approving Resolution number 2,895, of July 13, 2021, effective since July, 2021, is being carried out as follows:

Cycle 2021 ~ 2022	Basic grid			Basic grid - frontier		DIT <sup>(e)</sup> (exclusive)		Total	Calculation of adjustment amount (PA)	Total net
	RBL <sup>(a)</sup>	RBNI <sup>(b)</sup>	RMEL <sup>(f)</sup>	RBL <sup>(a)</sup>	RBNI <sup>(b)</sup>	RPEC <sup>(c)</sup>	RCDM <sup>(d)</sup>			
EATE	345,747	12,349	47	-	-	-	-	358,143	(8,020)	350,123
TPE	262,658	398	-	-	-	-	-	263,056	(5,802)	257,254
TNE	182,119	-	-	-	-	-	-	182,119	(191)	181,928
ENTE	184,385	55	16	-	-	-	-	184,456	(4,356)	180,100
TCC	178,596	-	-	-	-	-	-	178,596	(594)	178,002
ETB	155,331	-	-	-	-	-	-	155,331	12,436	167,767
STN	147,530	2,381	-	-	-	-	-	149,911	121	150,032
ESTE	123,585	-	-	-	-	-	-	123,585	-	123,585
TSM	119,995	-	-	-	-	-	-	119,995	-	119,995
ETEP	80,279	21	263	-	-	-	-	80,563	(2,620)	77,943
ECTE	77,815	19	52	-	-	-	-	77,886	(2,412)	75,474
EDTE	76,120	-	-	-	-	-	-	76,120	(1,810)	74,310
ETAP	61,937	-	-	-	-	-	-	61,937	(1,752)	60,185
ELTE	57,477	-	-	-	-	-	-	57,477	-	57,477
TME	51,782	6,478	15	-	-	-	-	58,275	(3,393)	54,882
EBTE	44,702	4,745	10	2,938	-	467	-	52,862	(877)	51,985
Transirapé	27,063	12,998	-	6,165	5,880	503	1,757	54,366	(2,850)	51,516
STC	32,896	2,134	-	8,947	2,833	401	5,185	52,396	(1,258)	51,138
Lumitrans	43,604	30	-	-	-	-	-	43,634	(1,358)	42,276
AETE	38,841	-	41	-	-	-	-	38,882	(1,158)	37,724
ETC	11,171	-	-	21,084	-	3,700	-	35,955	(614)	35,341
Transudeste	34,154	-	-	-	-	-	-	34,154	(972)	33,182
Transleste	33,421	-	-	-	-	-	-	33,421	(1,212)	32,209
ETSE	17,326	169	-	2,656	4,154	1,103	-	25,408	(118)	25,290
ERTE	32,584	9,415	-	-	-	-	-	41,999	(17,214)	24,785
ETES	9,548	250	-	-	8,066	-	2,222	20,086	993	21,079
ETVG	1,586	226	-	3,321	10,001	580	650	16,364	3,186	19,550
ETEM	16,093	-	63	-	-	-	-	16,156	(435)	15,721
ESDE	10,074	-	27	4,484	-	1,096	-	15,681	(200)	15,481
<b>Total</b>	<b>2,458,419</b>	<b>51,668</b>	<b>534</b>	<b>49,595</b>	<b>30,934</b>	<b>7,850</b>	<b>9,814</b>	<b>2,608,814</b>	<b>(42,480)</b>	<b>2,566,334</b>

(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.

## Notes to the financial statements

## 10. Investments in subsidiaries and joint venture

Variation in investments	Balance as at 12/31/2020	Capital increase (reduce)	Acquisition of participation	Amortization of intangible	Adjustment to cumulative conversion	Equity pick up of subsidiaries	Dividends	Balance as at 12/31/2021
<b>Subsidiaries</b>								
ACE	14	6,000	-	-	-	33	-	6,047
AF	2,866	-	-	-	-	3,281	-	6,147
Agua Limpa	7,858	4,389	-	-	-	-	-	12,247
Alupar Colômbia	(1,521)	-	-	-	-	-	-	(1,521)
Alupar Chile	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
Risaralda	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
<b>Joint ventures</b>								
TNE	127,734	10,200	-	-	-	5,255	-	143,189
<b>Total Consolidated</b>	<b>127,734</b>	<b>10,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,255</b>	<b>-</b>	<b>143,189</b>
<b>Total Company</b>	<b>5,462,695</b>	<b>331,112</b>	<b>169,101</b>	<b>1,807</b>	<b>(14,588)</b>	<b>1,128,061</b>	<b>(643,675)</b>	<b>6,434,513</b>

(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

Variation in investments	Balance as at 12/31/2019	Additions (write-offs) (iv)	Amortization of intangible	Adjustment to cumulative conversion	Equity pick up of subsidiaries	Dividends (iii)	Balance as at 12/31/2020
<b>Subsidiaries</b>							
ACE	23	-	-	-	(9)	-	14
AF	789	-	-	-	2,077	-	2,866
Agua Limpa	7,878	-	-	-	(20)	-	7,858
Alupar Colômbia	46,380	22,039	-	14,017	4,141	-	86,577
Alupar Chile	(1,521)	-	-	-	-	-	(1,521)
Alupar Peru	96,064	198,347	-	26,179	(78,902)	-	241,688
Apaete	36,227	22,665	-	-	16,341	(12,379)	62,854
EAP I	(42)	-	-	-	(46)	-	(88)
EAP II	(42)	-	-	-	(41)	-	(83)
EAP III	-	1	-	-	-	-	1
EAP IV	-	1	-	-	-	-	1
EAP V	-	1	-	-	-	-	1
EAP VI	-	1	-	-	-	-	1
EAP VII	-	1	-	-	-	-	1
EATE	490,542	-	-	-	259,589	(171,031)	579,100
ECTE	106,101	-	-	-	41,858	(44,464)	103,495
ELTE	15,079	-	-	-	2,816	-	17,895
ENTE	271,312	-	-	-	92,924	(89,407)	274,829
ERTE	35,264	-	-	-	151	-	35,415
ETAP	188,890	-	-	-	70,451	(15,747)	243,594
ETB (ii)	107,397	17,891	(1,973)	-	80,925	(5,129)	199,111
ETC	78,502	-	-	-	26,840	(9,358)	95,984
ETEM	55,849	-	-	-	5,218	(889)	60,178
ETEP	145,743	-	-	-	32,965	(53,757)	124,951
ETES	53,945	-	-	-	8,384	-	62,329
ETVG	64,771	-	-	-	8,118	(1,456)	71,433
Ferreira Gomes	892,360	-	-	-	23,523	(4,445)	911,438
Foz	160,561	-	-	-	18,716	(4,445)	174,832
GET	(548)	-	-	-	-	-	(548)
Ijuí	285,056	-	-	-	10,172	(4,308)	290,920
La Virgen (i)	21,970	-	-	6,720	(1,457)	-	27,233
Lavrinhas	99,189	-	-	-	(943)	(1,099)	97,147
Lumitrans	15,907	(1,350)	-	-	4,294	(2,481)	16,370
Queluz	128,251	-	-	-	(1,285)	(1,184)	125,782
Risaralda	63	-	-	11	9	-	83
STC	44,731	-	-	-	4,011	(10,228)	38,514
STN	230,659	-	-	-	69,073	(30,115)	269,617
TCC	80,444	-	-	-	71,039	21,474	172,957
TME	194,710	-	(139)	-	18,758	(78,606)	134,723
TPE	114,102	79,560	-	-	193,163	(15,480)	371,345
Transminas	88,381	-	-	-	41,888	(19,916)	110,353
Transmissoras Reunidas	(2)	-	-	-	(10)	-	(12)
TSM	27,961	-	-	-	55,803	2,622	86,386
Verde 8	86,367	-	-	-	(1,654)	-	84,713
Windepar	133,799	33,530	-	-	(12,705)	-	154,624
Subtotal	4,403,112	372,687	(2,112)	46,927	1,066,175	(551,828)	5,334,961
<b>Joint ventures</b>							
TNE	136,958	-	-	-	(9,224)	-	127,734
<b>Total Consolidated</b>	<b>136,958</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,224)</b>	<b>-</b>	<b>127,734</b>
<b>Total Company</b>	<b>4,540,070</b>	<b>372,687</b>	<b>(2,112)</b>	<b>46,927</b>	<b>1,056,951</b>	<b>(551,828)</b>	<b>5,462,695</b>

(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. (iii) The positive values refer to the uncovered transfer of the mandatory minimum dividends declared in 2019 to the unrealized profit reserve of the subsidiaries. (iv) the positive values refer to payments and capital increases, with the exception of the amount of APAETE, which also comprises the acquisition of equity interest, in the amount of R\$16,186 and the capital gain determined in this operation, in the amount of R\$4,031.

## 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				12/31/2021			12/31/2020		
	12/31/2021				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
<b>Subsidiaries:</b>										
ACE	6,050	2	6,048	34	3,420,644	100.00	100.00	3,420,644	100.00	100.00
AF Energia	14,837	8,690	6,147	3,281	7,370,000	100.00	100.00	7,370,000	100.00	100.00
Agua Limpá	12,264	16	12,248	-	7,947,090	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	178,858	100,182	78,676	(4,127)	58,596,603,000	100.00	100.00	55,801,860,000	100.00	100.00
Alupar Peru	525,506	299,333	226,173	(86,367)	254,466,812	100.00	100.00	152,231,612	100.00	100.00
APAETE	84,019	8,913	75,106	37,650	74,348,851	51.00	36.96	71,497,851	51.00	25.50
EAP I	38,486	38,602	(116)	(28)	1,000	99.90	99.90	1,000	99.90	99.90
EAP II	65,390	65,501	(111)	(28)	1,000	99.90	99.90	1,000	99.90	99.90
EAP III	213	236	(23)	(24)	1,000	99.90	99.90	-	-	-
EAP IV	226	249	(23)	(24)	1,000	99.90	99.90	-	-	-
EAP V	163	186	(23)	(24)	1,000	99.90	99.90	-	-	-
EAP VI	239	262	(23)	(24)	1,000	99.90	99.90	-	-	-
EAP VII	262	285	(23)	(24)	1,000	99.90	99.90	-	-	-
EATE	2,675,058	1,255,622	1,419,436	528,070	92,000,000	50.02	50.02	92,000,000	50.02	50.02
ECTE	625,917	370,166	255,751	90,580	42,095,000	50.02	50.02	42,095,000	50.02	50.02
ELTE	118,448	8,977	109,471	(5,308)	112,467,000	100.00	100.00	15,467,000	100.00	100.00
ENTE	1,044,708	443,530	601,178	214,600	100,840,000	50.01	50.01	100,840,000	50.01	50.01
ERTE	204,150	34,170	169,980	41,695	84,133,970	21.96	21.96	84,133,970	21.96	21.96
ETAP	644,778	390,652	254,126	58,585	10,481,000	100.00	100.00	10,481,000	100.00	100.00
ETC	333,001	200,914	132,087	37,931	14,651,000	100.00	100.00	6,151,000	100.00	100.00
ETEM	181,319	68,069	113,250	22,254	43,000,000	62.79	62.79	43,000,000	62.79	62.79
ETEP	553,655	311,276	242,379	78,165	27,000,000	50.02	50.02	27,000,000	50.02	50.02
ETES	150,840	74,900	75,940	19,333	29,064,000	100.00	100.00	29,064,000	100.00	100.00
ETVG	203,331	93,107	110,224	50,010	34,847,722	100.00	100.00	34,847,722	100.00	100.00
Ferreira Gomes	1,525,044	586,324	938,720	33,454	807,080,529	100.00	100.00	807,080,529	100.00	100.00
Foz	871,929	642,563	229,366	27,237	67,717,178	100.00	100.00	67,717,178	100.00	69.83
GET	30	1,104	(1,074)	-	1,200	51.00	51.00	1,200	51.00	51.00
Ijui	455,094	108,756	346,338	38,070	273,064,862	100.00	86.66	273,064,862	100.00	86.66
La Virgen	1,023,129	460,534	562,595	(55,283)	384,236,203	3.67	3.67	384,236,203	3.67	3.67
Lavrinhas	263,688	79,251	184,437	33,007	70,910,870	61.00	61.00	70,910,870	61.00	61.00
Lumitrans	124,889	13,810	111,079	30,832	72,012,095	15.00	15.00	72,012,095	15.00	15.00
Queluz	309,241	102,308	206,933	31,721	96,782,146	68.83	68.83	96,782,146	68.83	68.83
Risaralda	204,611	141,219	63,392	10,497	29,093	0.34	0.34	29,093	0.34	0.34
STC	227,677	24,963	202,714	42,190	211,003,246	20.00	20.00	211,003,246	20.00	20.00
STN	758,000	229,472	528,528	98,319	198,000,000	51.00	51.00	198,000,000	51.00	51.00
TCC	2,037,872	1,381,471	656,401	250,450	149,028,926	65.70	65.70	22,728,926	51.00	51.00
TPE	2,955,202	2,082,209	872,993	162,449	208,553,107	51.00	51.00	31,553,107	51.00	51.00
Transminas	200,769	12,292	188,477	47,630	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	25,780	100.00	100.00
TSM	1,457,918	1,202,911	255,007	85,622	37,631,994	51.00	51.00	37,631,994	51.00	51.00
Verde 8	292,055	195,122	96,933	(2,729)	107,660,380	85.00	85.00	107,660,380	85.00	85.00
Windepar	312,649	73,306	239,343	(1,454)	207,820,239	100.00	100.00	164,832,956	100.00	100.00
TME	613,660	398,674	214,986	35,921	109,793,590	60.00	60.00	109,793,590	60.00	60.00
ETB	1,619,356	1,236,936	382,420	112,486	255,897	51.00	51.00	222,958	51.00	51.00
<b>Joint venture:</b>										
TNE	334,446	53,758	280,688	10,303	298,705,100	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	12/31/2021			12/31/2020		
	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
<b>Subsidiaries</b>						
Transminas	29.98	56,509	14,281	29.98	47,254	17,937
EATE	49.98	709,468	263,942	49.98	578,693	259,408
ENTE	49.99	300,523	107,276	49.99	274,708	92,883
ECTE	49.98	127,819	45,270	49.98	103,402	41,820
ERTE	21.95	37,311	9,152	21.95	35,399	152
ETEP	49.98	121,152	39,070	49.98	124,873	32,945
STN	49.00	258,979	48,176	49.00	259,043	66,363
EBTE	49.00	159,651	21,598	49.00	170,267	37,212
EDTE	49.90	107,236	25,502	49.90	105,815	46,495
Lumitrans	5.00	5,554	1,542	5.00	5,457	1,431
Ijuí	13.34	46,209	5,079	13.34	44,791	1,566
Foz	-	-	3,897	30.17	75,522	8,084
Lavrinhas	39.00	71,930	12,873	39.00	62,115	(603)
Queluz	31.17	64,501	9,887	31.17	56,962	(581)
ETEM	37.21	42,140	8,281	37.21	35,662	3,093
GET	49.00	(526)	-	49.00	(526)	-
Risaralda	0.03	22	4	0.03	8	1
Verde 08	15.00	14,540	(409)	15.00	14,965	(314)
La Virgen	10.26	40,706	(5,598)	15.42	49,635	85
TPE	49.00	427,767	79,600	49.00	356,781	185,587
TCC	34.30	225,146	121,654	49.00	166,175	68,254
TSM	49.00	124,953	41,955	49.00	82,998	53,614
Apaete	63.04	47,350	23,736	74.50	107,228	29,641
AETE	13.25	10,681	5,175	13.25	14,087	6,989
Transleste	49.00	52,465	17,192	49.00	41,558	16,550
Transudeste	49.00	39,791	12,421	49.00	34,151	16,079
Transirapé	49.00	85,229	26,373	49.00	91,418	38,839
TME	40.00	85,994	14,368	40.00	90,212	12,135
ETB	49.00	187,386	55,118	49.00	165,911	77,752
		<b>3,450,486</b>	<b>1,007,415</b>		<b>3,194,564</b>	<b>1,113,417</b>

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.

In the Year ended December 31, 2020, non-controlling shareholders increased their capital by R\$101,381 in the subsidiaries Apaete, ETB and TPE. There was also the distribution of dividends to non-controlling shareholders in the total amount of R\$592,430 and the transfer of mandatory dividends in the total amount of R\$65,179 from the subsidiaries TCC, TPE, TSM and ETB to the unrealized earnings reserve account, in view of cash management by the construction stage of these subsidiaries.

## Notes to the financial statements

12. Property, plant and equipment

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

Consolidated							
Annual average depreciation rate	12/31/2020	Additions	Write-offs	Transfers	Gain (loss) on conversion of balances	Other	12/31/2021
<b>In service</b>							
<b>Historical cost</b>							
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
<b>Total</b>	<b>4,173,577</b>	<b>16,079</b>	<b>(1,072)</b>	<b>960,369</b>	<b>(17,004)</b>	<b>9,965</b>	<b>5,141,914</b>
<b>Depreciation</b>							
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)
<b>Total depreciation</b>		<b>(712,485)</b>	<b>(136,008)</b>	<b>589</b>	<b>-</b>	<b>1,320</b>	<b>(846,584)</b>
<b>Total in service</b>		<b>3,461,092</b>	<b>(119,929)</b>	<b>(483)</b>	<b>960,369</b>	<b>(15,684)</b>	<b>4,295,330</b>
<b>In progress</b>							
		1,211,064	255,886	(65)	(960,369)	(90,415)	(1,193)
<b>Total property, plant and equipment</b>		<b>4,672,156</b>	<b>135,957</b>	<b>(548)</b>	<b>-</b>	<b>(106,099)</b>	<b>4,710,238</b>

Consolidated							
Annual average depreciation rate	12/31/2019	Additions	Write-offs	Transfers	Gain (loss) on conversion of balances	Other	12/31/2020
<b>In service</b>							
<b>Historical cost</b>							
Land	88,062	-	-	-	989	(20)	89,031
Reservoirs, dams and feeders	1,577,606	9	-	6,395	-	-	1,584,010
Buildings, civil construction and improvements	478,998	410	-	50,810	30,958	(34)	561,142
Machinery and equipment	1,858,764	1,495	(87)	17,859	11,630	79	1,889,740
Vehicles	3,225	173	(502)	-	297	(178)	3,015
Furniture and fixtures	7,843	518	(1,217)	43	573	21	7,781
Lease use right	34,327	5,530	(1,708)	-	312	397	38,858
<b>Total</b>	<b>4,048,825</b>	<b>8,135</b>	<b>(3,514)</b>	<b>75,107</b>	<b>44,759</b>	<b>265</b>	<b>4,173,577</b>
<b>Depreciation</b>							
Reservoirs, dams and feeders	9.82%	(205,046)	(37,395)	-	-	(1)	(242,442)
Buildings, civil construction and improvemen	21.22%	(60,688)	(23,605)	286	(1,389)	753	(84,643)
Machinery and equipment	14.31%	(304,901)	(63,218)	14	(1,413)	(884)	(370,402)
Vehicles	34.65%	(1,749)	(249)	462	(76)	(171)	(1,783)
Furniture and fixtures	39.00%	(4,005)	(673)	1,189	(292)	(33)	(3,814)
Lease use right	70.30%	(3,353)	(4,887)	406	(60)	(1,507)	(9,401)
<b>Total depreciation</b>		<b>(579,742)</b>	<b>(130,027)</b>	<b>2,357</b>	<b>(3,230)</b>	<b>(1,843)</b>	<b>(712,485)</b>
<b>Total in service</b>		<b>3,469,083</b>	<b>(121,892)</b>	<b>(1,157)</b>	<b>75,107</b>	<b>(1,578)</b>	<b>3,461,092</b>
<b>In progress</b>							
		956,943	178,053	(1,707)	(75,097)	156,962	(4,090)
<b>Total property, plant and equipment</b>		<b>4,426,026</b>	<b>56,161</b>	<b>(2,864)</b>	<b>10</b>	<b>198,491</b>	<b>4,672,156</b>

- a) The balance of construction in progress refers to costs incurred for construction of hydroelectric power plants and transmission lines, mainly subsidiaries TCE (R\$284,163), EAPs (R\$87,397), Foz (R\$4,344), EDVs (R\$11,803), Água Limpa (R\$12,149), Ijuí (R\$4,270) and Ferreira Gomes (R\$3,410).

## Notes to the financial statements

## b) Capitalization of charges

The subsidiaries in pre-operating stage capitalize interest on loans, financing and debentures at the construction cost of construction in progress. As at December 31, 2021, net capitalized financial charges totaled R\$15,492 (R\$23,892 as at December 31, 2020). 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\$922,557

## 13. Intangible assets

Intangible assets are demonstrated as follows:

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

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.

Company				
Annual average amortization rate	12/31/2019	Additions	Write-offs	12/31/2020
<b>Cost</b>				
Other intangible concession assets	813	177	-	990
Exploration rights	8,156	-	-	8,156
	<b>8,969</b>	<b>177</b>	-	<b>9,146</b>
<b>Amortization</b>				
Other intangible concession assets	20.00%	(676)	(55)	-
Exploration rights	3.33%	(2,743)	(361)	-
		<b>(3,419)</b>	<b>(416)</b>	<b>(3,835)</b>
<b>Projects in progress</b>				
		66,144	1,122	(18,283)
<b>Total intangible assets</b>		<b>71,694</b>	<b>883</b>	<b>(18,283)</b>
				<b>54,294</b>

## Notes to the financial statements

Consolidated						
Annual average amortization rate	12/31/2020	Additions	Write-offs	Transfers to Investments	Gain (loss) on conversion of balances	12/31/2021
<b>Cost</b>						
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
	<b>184,829</b>	<b>98,836</b>	<b>(582)</b>	<b>-</b>	<b>(5,957)</b>	<b>277,126</b>
<b>Amortization</b>						
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)
		<b>(36,510)</b>	<b>(4,521)</b>	<b>-</b>	<b>167</b>	<b>(40,864)</b>
<b>Project in progress</b>		49,681	2,682	(2,672)	(4,389)	-
<b>Total intangible assets</b>		<b>198,000</b>	<b>96,997</b>	<b>(3,254)</b>	<b>(4,389)</b>	<b>(5,790)</b>

Consolidated						
Annual average amortization rate	12/31/2019	Additions	Write-offs	Transfers	Gain (loss) on conversion of balances	12/31/2020
<b>Cost</b>						
Other intangible concession assets	39,531	29,424	(2,934)	6,919	7,209	80,149
Use of public asset	16,348	-	-	260	-	16,608
Exploration rights	88,081	-	(9)	-	-	88,072
	<b>143,960</b>	<b>29,424</b>	<b>(2,943)</b>	<b>7,179</b>	<b>7,209</b>	<b>184,829</b>
<b>Amortization</b>						
Other concession intangible assets	6.39%	(13,692)	(617)	2,933	(400)	(11,776)
Use of public assets	13.42%	(4,362)	(523)	-	-	(4,885)
Exploration rights	19.83%	(15,774)	(4,075)	-	-	(19,849)
		<b>(33,828)</b>	<b>(5,215)</b>	<b>2,933</b>	<b>(400)</b>	<b>(36,510)</b>
<b>Project in progress</b>		74,040	1,214	(18,283)	(99)	49,681
<b>Total intangible assets</b>		<b>184,172</b>	<b>25,423</b>	<b>(18,293)</b>	<b>(10)</b>	<b>198,000</b>

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	12/31/2021	12/31/2020	12/31/2021	12/31/2020	
<b>Cost</b>							
Queluz	4.58%	4/6/2004	4/13/2038	2,665	2,665	2,665	2,665
Lavrinhas	4.55%	4/6/2004	4/14/2038	5,245	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	246
				<b>8,156</b>	<b>8,156</b>	<b>88,072</b>	<b>88,072</b>
<b>Amortization</b>							
Queluz				(1,451)	(1,211)	(1,451)	(1,211)
Lavrinhas				(2,013)	(1,893)	(2,013)	(1,893)
ETB				-	-	(1,971)	(1,973)
EDV I (ii)				-	-	(550)	(456)
EDV II (ii)				-	-	(335)	(276)
EDV III (ii)				-	-	(520)	(434)
EDV IV (ii)				-	-	(721)	(595)
EDV X (ii)				-	-	(444)	(366)
STC (i)				-	-	(4,104)	(3,796)
Lumitrans (i)				-	-	(5,303)	(4,903)
Transleste (i)				-	-	(1,532)	(1,344)
Transudeste (i)				-	-	(1,103)	(965)
Transirapé (i)				-	-	(1,673)	(1,469)
EDTE (iii)				-	-	(228)	(168)
				<b>(3,464)</b>	<b>(3,104)</b>	<b>(21,948)</b>	<b>(19,849)</b>
<b>Total net</b>				<b>4,692</b>	<b>5,052</b>	<b>66,124</b>	<b>68,223</b>

(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.

## Notes to the financial statements

### 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, 2021.

## 14. Trade payables

	Company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Transmission use charges	-	-	2,834	2,649
Electric energy supply (a)	6,061	8,495	19,677	171,958
Materials and services	4,459	8,671	175,876	210,520
Related parties	30,932	9,576	-	-
<b>Total</b>	<b>41,452</b>	<b>26,742</b>	<b>198,387</b>	<b>385,127</b>

The balance of transmission service use charges, materials and services and electric energy supply, with the exception of item (a), has an average of three months to be paid, on December 31, 2021 and 2020..

- (a) On March 9, 2021, the subsidiaries Queluz and Lavrinhas carried out the financial settlement at the CCEE of the outstanding amounts related to the GSF, in the amount of R\$182,111 (R\$162,711 on December 31, 2020), as disclosed in the explanatory note 1.2.

## 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	
	12/31/2021	12/31/2020
<b>Opening balance</b>	<b>32,933</b>	<b>20,672</b>
Realization	(1,869)	(668)
Write-offs	(1,466)	(1,199)
Additions	170	12,513
Adjustment	823	1,615
<b>Closing balance</b>	<b>30,591</b>	<b>32,933</b>
Current	7,475	13,720
Non-current	23,116	19,213

**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.

Changes in the provision for the constitution of assets	Consolidated	
	12/31/2021	12/31/2020
<b>Opening balance</b>	<b>190,185</b>	<b>80,271</b>
Realization	(54,994)	(65,345)
Write-offs	(90,963)	(11,055)
Additions	297,368	186,314
<b>Closing balance</b>	<b>341,596</b>	<b>190,185</b>
Current	324,502	180,958
Non-current	17,094	9,227

**17. Regulatory charges**

	Consolidated	
	12/31/2021	12/31/2020
ANEEL inspection fee (TFSEE)	4,861	3,666
Quota for Global Reversal Reserve (RGR)	11,104	4,832
Financial Compensation for the Use of Water Resources (CFURH)	1,177	860
Research and Development (R&D)	35,320	47,915
National Fund for Scientific and Technological Development (FNDCT)	1,424	1,008
Ministry of Mines and Energy (MME)	710	500
	<b>54,596</b>	<b>58,781</b>

**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	
	12/31/2021	12/31/2020
Deferred TFSEE and RGR	217,031	194,158
Deferred PIS and COFINS	1,347,588	1,061,684
	<b>1,564,619</b>	<b>1,255,842</b>
Current	138,539	100,012
Non-current	1,426,080	1,155,830

## 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	Principal	Financial charges p.a.		Amortization frequency	12/31/2021				12/31/2020
					Index	Interest (%)		Unamortized costs	Charges	Principal	Total	Total
<b>Domestic currency - Brazilian reais</b>												
<b>Operating</b>												
BNDES - A - nº 11.2.1030.1	ETEM	Dec-11	Apr-26	44,700	TJLP	2.44	Monthly	-	48	14,409	14,457	17,787
BNDES - B - nº 11.2.1030.1	ETEM	Dec-11	Apr-26	2,100	TJLP	2.04	Monthly	-	2	705	707	871
BNDES - A - nº 13.2.1413.1	ETSE	Dec-13	Nov-28	27,446	TJLP	2.02	Monthly	-	-	-	-	25,755
BNDES (FINAME) - B - nº 13.2.1413.1	ETSE	Dec-13	Nov-23	34,254	-	3.50	Monthly	-	-	-	-	12,965
BNDES - A - nº 12.2.1390.1	FGE	Dec-12	Apr-31	198,420	TJLP	2.34	Monthly	-	495	150,657	151,152	167,293
BNDES - B - nº 12.2.1390.1	FGE	Dec-12	Apr-31	78,540	TJLP	2.34	Monthly	-	196	59,629	59,825	66,212
BNDES - C - nº 12.2.1390.1	FGE	Dec-12	Apr-31	9,500	TJLP	2.34	Monthly	-	22	6,728	6,750	7,472
BNDES - D - nº 12.2.1390.1	FGE	Dec-12	Dec-22	181,850	-	2.50	Monthly	(2,223)	26	7,705	5,508	46,999
BNDES - E - nº 12.2.1390.1	FGE	Dec-12	Apr-31	2,300	TJLP	-	Monthly	-	4	1,782	1,786	1,981
BNDES - nº 08.2.0070.1	Foz	Apr-08	Mar-27	201,630	TJLP	2.44	Monthly	-	-	-	-	109,401
BNDES - nº 08.2.0071.1	Ijuí	Apr-08	Sep-27	168,200	TJLP	3.17	Monthly	-	309	85,304	85,613	100,471
BNDES - nº 08.2.0976.1	Lavrinhas	Mar-09	Apr-25	111,185	TJLP	1.93	Monthly	-	99	31,800	31,899	41,456
BNDES - nº 10.2.0477.1	Lavrinhas	Aug-10	Apr-25	16,875	TJLP	2.22	Monthly	-	14	4,319	4,333	5,630
BNDES - nº 08.2.0975.1	Queluz	Mar-09	Jan-25	114,647	TJLP	1.93	Monthly	-	94	29,871	29,965	39,668
BNDES - nº 10.2.0478.1	Queluz	Aug-10	Jan-25	27,716	TJLP	2.22	Monthly	-	20	6,541	6,561	8,689
BNDES - nº 15.2.0778.1	EDV I	Mar-16	Oct-32	57,990	TJLP	2.18	Monthly	(58)	151	50,003	50,096	53,208
BNDES - nº 19.2.0598.1	EDV I	Dec-19	Oct-32	11,145	IPCA	1.68 +1.99	Monthly	-	26	15,211	15,237	14,940
BNDES - nº 15.2.0778.1	EDV II	Mar-16	Oct-32	32,220	TJLP	2.18	Monthly	(37)	85	28,225	28,273	29,981
BNDES - nº 19.2.0598.1	EDV II	Dec-19	Oct-32	4,850	IPCA	1.68 +1.99	Monthly	-	15	8,684	8,699	8,578
BNDES - nº 15.2.0778.1	EDV III	Mar-16	Oct-32	49,007	TJLP	2.18	Monthly	(42)	130	43,144	43,232	45,836
BNDES - nº 19.2.0598.1	EDV III	Dec-19	Oct-32	9,067	IPCA	1.68 +1.99	Monthly	-	19	10,755	10,774	10,631
BNDES - nº 15.2.0778.1	EDV IV	Mar-16	Oct-32	81,041	TJLP	2.18	Monthly	(51)	200	66,194	66,343	70,338
BNDES - nº 19.2.0598.1	EDV IV	Dec-19	Oct-32	7,857	IPCA	1.68 +1.99	Monthly	-	20	11,905	11,925	11,768
BNDES - nº 15.2.0778.1	EDV X	Mar-16	Oct-32	41,042	TJLP	2.18	Monthly	(49)	109	36,178	36,238	38,420
BNDES - nº 19.2.0598.1	EDV X	Dec-19	Oct-32	11,206	IPCA	1.68 +1.99	Monthly	-	23	13,340	13,363	13,186
BDMG (FINAME PSI) - nº 177906	Transirapé	Dec-13	Jan-24	19,761	-	3.50	Monthly	-	8	4,963	4,971	7,358
BDMG (FINEM) - nº 193.292	Transirapé	Oct-14	Oct-29	5,893	TJLP	3.50	Monthly	-	142	3,297	3,439	3,877
BDMG - nº 215.411/16	Transirapé	Apr-16	Apr-26	4,000	TJLP	6.00	Monthly	-	139	2,349	2,488	3,061
BDMG - nº 215.485/16	Transirapé	Apr-16	Apr-21	4,469	TJLP	4.50	Monthly	-	-	-	-	995
BDMG - nº 127.315	Transleste	Mar-05	Mar-25	47,029	-	9.50	Monthly	-	41	7,794	7,835	10,309
BNB - nº 05974828-A	Transleste	Mar-05	Mar-25	15,000	-	9.50	Monthly	-	180	2,204	2,384	3,130
Santander - CCB	TME	May-20	May-22	200,000	DI	3.30	Single installment	(186)	22,642	200,000	222,456	205,925
Santander - CCB	ETEP	Jul-20	Jul-25	90,000	CDI	2.90	Monthly	(492)	868	91,835	92,211	91,503
Santander - CCB	ECTE	Jul-20	Jul-25	80,000	CDI	2.90	Monthly	(453)	734	77,646	77,927	81,323
Santander - CCB	ENTE	Jul-20	Jul-25	100,000	CDI	2.90	Monthly	(546)	964	102,039	102,457	101,671
Itaú Unibanco S.A.	ETES	Sep-20	Sep-23	10,000	CDI	2.68	Semiannual	-	842	10,000	10,842	10,119
<b>Subtotal</b>								<b>(4,137)</b>	<b>28,667</b>	<b>1,185,216</b>	<b>1,209,746</b>	<b>1,468,807</b>
Current								(1,213)	28,667	308,207	335,661	147,320
Non-current								(2,924)	-	877,009	874,085	1,321,487

## Notes to the financial statements

Financing agents	Companies	Contractual conditions of loans and financing						Consolidated				
		Contracting date	Maturity	Principal	Financial charges p.a.		Amortization frequency	12/31/2021				12/31/2020
					Index	Interest (%)		Unamortized costs	Charges	Principal	Total	Total
<b>Foreign currency</b>												
<b>Operating</b>												
Itau Corpbanca	Risaralda	May-18	May-25	COP 120,000,000	IBR(**)	4.43	Quarterly	(1,239)	879	137,345	136,985	164,872
Itau Corpbanca Colombia S.A. - Leasing	Risaralda	Oct-20	Oct-23	COP 121,000	-	4.37	Monthly	-	1	120	121	-
Banco Itaú	Risaralda	Jun-20	Jul-20	COP 163,657	-	24.05	Monthly	-	-	181	181	177
Itau Coprbanca New York Branch	Alupar Peru	Sep-17	Nov-23	USD 18,000	-	4.15	Quarterly	-	-	101,196	101,196	93,856
Banco Santander Brasil	Alupar Peru	Dec-18	Dec-22	USD 17,500	Libor (*)	3.42	Annual	-	-	196,579	196,579	91,249
Banco Santander Brasil	Alupar Peru	Mar-19	Mar-22	USD 17,500	Libor (*)	3.42	Annual	-	-	-	-	94,163
						Float: up to five years 3.9%/after 5.7%;						
Corporacion Andina de Fomento CAF	La Virgen	Mar-17	Mar-32	USD 50,000	Libor (*)	Fixed: up to five years 5%/after 10.27%	Semiannual	-	-	245,641	245,641	241,466
						Up to five years 3.70; after five years 4.50						
Deg Deutsche Investitions	La Virgen	Mar-17	Mar-32	USD 30,000	Libor (*)		Semiannual	-	-	150,024	150,024	144,771
<b>Pre-operating</b>												
Santander Luxemburgo	Alupar Colombia	Nov-20	Nov-23	USD 11,000	-	3.40	Annual	-	233	60,171	60,404	57,728
Santander Luxemburgo	Alupar Colombia	Jan-21	Nov-23	USD 7,000	-	3.40	Annual	-	1,248	38,291	39,539	-
Santander Brasil - Capital de trabajo	TCE	May-18	Apr-21	USD 30,000	Libor (*)	3.70	Annual	-	-	-	-	162,361
Santander Luxemburgo	TCE	Apr-21	Apr-22	USD 45,000	-	2.75	Semiannual	-	1,022	246,155	247,177	-
<b>Subtotal</b>								<b>(1,239)</b>	<b>3,383</b>	<b>1,175,703</b>	<b>1,177,847</b>	<b>1,050,643</b>
Current								(358)	3,383	295,728	298,753	216,478
Non-current								(881)	-	879,975	879,094	834,165
<b>Total</b>								<b>(5,376)</b>	<b>32,050</b>	<b>2,360,919</b>	<b>2,387,593</b>	<b>2,519,450</b>
Current								(1,571)	32,050	603,935	634,414	363,798
Non-current								(3,805)	-	1,756,984	1,753,179	2,155,652

(\*) The Libor rate is a reference interest rate adopted by several banks operating in the London market. (\*\*) Reference Bank Indicator (IBR). The IBR rate is calculated on a monthly basis.

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, 2021 and 2020 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.

## Notes to the financial statements

As at December 31, 2021, certain subsidiaries' loans and financing have guarantees deposited in reserve accounts, in the amount of R\$121,666 (R\$103,619 as at December 31, 2020), as described in note 7.

Variation in loans and financing	Consolidated					
	Domestic currency		Foreign currency		Total	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
<b>Opening balance</b>	<b>1,468,807</b>	<b>1,212,192</b>	<b>1,050,643</b>	<b>811,665</b>	<b>2,519,450</b>	<b>2,023,857</b>
Debts (unamortized cost)	-	492,097	473,535	153,312	473,535	645,409
Accrued charges	95,945	86,232	57,329	56,452	153,274	142,684
Adjustment for inflation and exchange rate changes	6,028	1,494	92,546	68,331	98,574	69,825
Gain (loss) on conversion	-	-	(61,530)	165,703	(61,530)	165,703
Principal paid	(284,024)	(274,919)	(201,198)	(133,135)	(485,222)	(408,054)
Charges paid	(77,010)	(48,289)	(233,478)	(71,685)	(310,488)	(119,974)
<b>Closing balance</b>	<b>1,209,746</b>	<b>1,468,807</b>	<b>1,177,847</b>	<b>1,050,643</b>	<b>2,387,593</b>	<b>2,519,450</b>

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

Maturities by currency and index	12/31/2021							
	Consolidated							
	R\$							
	2022	2023	2024	2025	2026	2027	After 2026	Total
<b>Foreign currency</b>								
US dollar	283,623	143,059	331,414	32,552	28,828	9,115	211,969	1,040,560
Colombian peso	15,489	17,269	19,866	85,902	-	-	-	138,526
(-) Unamortized costs	(359)	(339)	(277)	(264)	-	-	-	(1,239)
	298,753	159,989	351,003	118,190	28,828	9,115	211,969	1,177,847
<b>Domestic currency</b>								
CDI	235,854	41,089	82,115	123,001	25,511	-	-	507,570
TJLP	80,939	79,974	81,120	64,303	58,706	55,245	200,619	620,906
Fixed rate	14,289	6,057	3,807	1,093	163	-	-	25,409
IPCA	5,632	5,553	5,553	5,553	5,553	5,553	26,601	59,998
(-) Unamortized costs	(1,053)	(918)	(569)	(328)	(240)	(240)	(789)	(4,137)
	335,661	131,755	172,026	193,622	89,693	60,558	226,431	1,209,746
	<b>634,414</b>	<b>291,744</b>	<b>523,029</b>	<b>311,812</b>	<b>118,521</b>	<b>69,673</b>	<b>438,400</b>	<b>2,387,593</b>

## Notes to the financial statements

### 20. Debentures

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

Financing agents	Companies	Consolidated							Company					Consolidated				
		Contractual conditions of debentures							12/31/2021				12/31/2020	12/31/2021				12/31/2020
		Contracting date	Maturity	Principal	Effective rate p.a.		Amortization		Unamortized costs	Charges	Principal	Total	Total	Unamortized costs	Charges	Principal	Total	Total
Index	Interest (%)				Principal	Charges												
<b>Operating</b>																		
6th Issuance	Alupar	Apr-15	Apr-21	250,000	IPCA	7.33	Annual	Semiannual	-	-	-	-	165,475	-	-	-	-	165,475
7th Issuance	Alupar	Dec-19	Oct-25	648,500	CDI	1.40	Single installment	Semiannual	(1,274)	12,310	648,500	659,536	651,366	(1,274)	12,310	648,500	659,536	651,366
1st Issuance	Windepar	Dec-16	Dec-28	67,500	IPCA	7.63	Semiannual	Semiannual	-	-	-	-	-	(3,656)	269	76,689	73,302	69,239
5th Issuance - II	EATE	Sep-16	Sep-21	54,000	CDI	116.00	Monthly	Monthly	-	-	-	-	-	-	-	-	-	54,055
6th Issuance	EATE	Sep-17	Sep-23	70,000	CDI	107.75	Monthly	Monthly	-	-	-	-	-	(15)	17	11,454	11,456	26,660
7th Issuance	EATE	Jun-18	Jun-23	85,000	CDI	112.00	Monthly	Monthly	-	-	-	-	-	(56)	43	27,818	27,805	46,227
8th Issuance	EATE	Jul-19	Jul-24	270,000	CDI	108.60	Single installment	Semiannual	-	-	-	-	-	(415)	8,429	270,000	278,014	272,013
4th Issuance	ECTE	Sep-17	Sep-22	75,000	CDI	107.75	Monthly	Monthly	-	-	-	-	-	(21)	35	23,276	23,290	54,217
5th Issuance	ECTE	Jul-19	Jul-24	50,000	CDI	108.60	Single installment	Semiannual	-	-	-	-	-	(134)	1,561	50,000	51,427	50,295
4th Issuance	ENTE	Jul-19	Jul-24	50,000	CDI	108.60	Single installment	Semiannual	-	-	-	-	-	(141)	1,561	50,000	51,420	50,287
3rd Issuance	ETEP	Jun-18	Jun-23	45,000	CDI	112.00	Monthly	Monthly	-	-	-	-	-	(34)	26	16,531	16,523	27,466
3rd Issuance	Ferreira Gomes	Jun-14	Dec-27	210,900	IPCA	6.47	Semiannual	Semiannual	-	-	-	-	-	(7,918)	922	308,046	301,050	290,418
2nd Issuance	Transirapé	Sep-17	Sep-22	30,000	CDI	107.75 €	Monthly	Monthly	-	-	-	-	-	(8)	11	7,297	7,300	16,990
2nd Issuance	Transleste	Sep-17	Jun-22	30,000	CDI	107.75 €	Monthly	Monthly	-	-	-	-	-	(11)	16	10,800	10,805	25,150
2nd Issuance	Transudeste	Sep-17	Sep-22	50,000	CDI	107.75 €	Monthly	Monthly	-	-	-	-	-	(10)	14	9,184	9,188	21,383
1st Issuance	EBTE	Jun-18	Jun-23	110,000	CDI	112.00	Monthly	Monthly	-	-	-	-	-	(70)	51	33,003	32,984	54,831
1st Issuance	ETES	Jun-18	Jun-23	40,000	CDI	112.00	Monthly	Monthly	-	-	-	-	-	(73)	19	12,001	11,947	19,884
2nd Issuance - I	ETAP	Sep-18	Sep-23	41,300	CDI	112.00	Single installment	Semiannual	-	-	-	-	-	(422)	965	41,300	41,843	40,887
2nd Issuance - II	ETAP	Sep-18	Sep-25	114,700	IPCA	6.17	Annual	Semiannual	-	-	-	-	-	(1,818)	7,421	133,222	138,825	125,088
1st Issuance	ETVG	Jun-18	Jun-23	38,000	CDI	112.00	Monthly	Monthly	-	-	-	-	-	(62)	18	11,401	11,357	18,904
2nd Issuance	Verde 08	Jul-18	Jul-25	140,000	IPCA	5.96	Single installment	Semiannual	-	-	-	-	-	(1,685)	4,603	169,089	172,007	155,177
2nd Issuance - I	ETC	Sep-18	Sep-23	30,700	CDI	113.50	Single installment	Semiannual	-	-	-	-	-	(311)	727	30,700	31,116	30,400
2nd Issuance - II	ETC	Sep-18	Sep-25	85,300	IPCA	6.17	Annual	Semiannual	-	-	-	-	-	(1,339)	5,519	99,074	103,254	93,042
2nd Issuance	EDTE	Dec-18	Dec-28	315,000	IPCA	NTN-B + 0,5%	Semiannual	Semiannual	-	-	-	-	-	(7,620)	62,744	315,000	370,124	333,300
1st Issuance	ETB	Dec-18	Feb-29	715,000	IPCA	5.34	Semiannual	Semiannual	-	-	-	-	-	(17,107)	157,180	715,000	855,073	770,373
1st Issuance	AETE	Sep-20	Sep-26	130,000	CDI	2.70	Semiannual	Semiannual	-	-	-	-	-	(1,123)	3,513	117,260	119,650	130,019
9th Issuance	EATE	Apr-21	Apr-26	200,000	CDI	1.90	Semiannual	Semiannual	-	-	-	-	-	(544)	4,389	200,000	203,845	-
5th Issuance	ECTE	Apr-21	Apr-26	50,000	CDI	100.00	Single installment	Semiannual	-	-	-	-	-	(199)	1,096	50,000	50,897	-
4th Issuance	EETP	Apr-21	Apr-26	50,000	CDI	100.00	Single installment	Semiannual	-	-	-	-	-	(199)	1,097	50,000	50,898	-
3rd Issuance	Transirapé	Apr-21	Apr-26	50,000	CDI	2.65	Semiannual	Semiannual	-	-	-	-	-	(192)	1,097	50,000	50,905	-
2nd Issuance	EBTE	Apr-21	Apr-26	50,000	CDI	1.90	Semiannual	Semiannual	-	-	-	-	-	(198)	1,098	50,000	50,900	-
1st Issuance	Foz	Oct-21	Sep-28	600,000	CDI	1.70	Single installment	Semiannual	-	-	-	-	-	(532)	12,514	600,000	611,982	-
1st Issuance	TCC	Sep-18	Sep-28	680,000	IPCA	6.53	Semiannual	Semiannual	-	-	-	-	-	(16,721)	150,738	680,000	814,017	733,293
1st Issuance	TPE	Sep-18	Sep-28	1,070,000	IPCA	6.53	Semiannual	Semiannual	-	-	-	-	-	(26,252)	237,192	1,070,000	1,280,940	1,153,925
1st Issuance	TSM	Dec-19	Dec-44	530,000	IPCA	4.50	Semiannual	Semiannual	-	-	-	-	-	(31,251)	3,546	664,608	636,903	546,649
<b>Pre-operating</b>																		
1st Issuance	ESTE	Dec-19	Dec-44	415,000	IPCA	4.50	Semiannual	Semiannual	-	-	-	-	-	(23,597)	108,177	415,000	499,580	428,993
<b>TOTAL</b>									<b>(1,274)</b>	<b>12,310</b>	<b>648,500</b>	<b>659,536</b>	<b>816,841</b>	<b>(145,008)</b>	<b>788,918</b>	<b>7,016,253</b>	<b>7,660,163</b>	<b>6,456,006</b>
Current									(365)	12,310	-	11,945	169,588	(17,648)	163,469	170,958	316,779	459,821
Non-current									(909)	-	648,500	647,591	647,253	(127,360)	625,449	6,845,295	7,343,384	5,996,185

## 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, 2021 and 2020, 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	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
<b>Opening balance</b>	<b>816,841</b>	<b>964,630</b>	<b>6,456,006</b>	<b>6,490,298</b>
Debts (unamortized cost)	-	-	998,359	128,394
Accrued charges	12,916	25,776	835,354	523,901
Adjustment for inflation and exchange rate changes	33,509	26,807	94,553	46,038
Principal paid	(168,278)	(158,605)	(410,032)	(433,377)
Charges paid	(35,452)	(41,767)	(314,077)	(299,248)
<b>Closing balance</b>	<b>659,536</b>	<b>816,841</b>	<b>7,660,163</b>	<b>6,456,006</b>

The maturities of debentures, by index, as follows:

Maturities by index	12/31/2021							
	Company							
	2022	2023	2024	2025	2026	2027	After 2026	Total
CDI	12,310	-	324,250	324,250	-	-	-	660,810
(-) unamortized costs	(365)	(337)	(337)	(235)	-	-	-	(1,274)
	<b>11,945</b>	<b>(337)</b>	<b>323,913</b>	<b>324,015</b>	-	-	-	<b>659,536</b>

Maturities by index	12/31/2021							
	Consolidated							
	2022	2023	2024	2025	2026	2027	After 2026	Total
CDI	190,063	116,434	706,600	488,550	444,485	175,000	300,000	2,421,132
IPCA	143,317	235,915	533,931	727,141	445,394	462,147	2,836,194	5,384,039
(-) unamortized costs	(16,601)	(18,196)	(16,892)	(15,835)	(14,304)	(12,970)	(50,210)	(145,008)
	<b>316,779</b>	<b>334,153</b>	<b>1,223,639</b>	<b>1,199,856</b>	<b>875,575</b>	<b>624,177</b>	<b>3,085,984</b>	<b>7,660,163</b>

## Notes to the financial statements

### 21. 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	
12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020

#### Lawsuits

Tax	-	-	-	-	1,706	1,477	5,008	3,953
Civil	6	6	5	5	1,180	8,537	5,623	8,461
Severance	-	-	-	-	-	-	2,657	718
Labor	1,645	5,108	810	773	3,266	8,448	2,548	2,558

#### Administrative proceedings

Regulatory (ANEEL)	-	-	-	-	-	-	26	27
	<b>1,651</b>	<b>5,114</b>	<b>815</b>	<b>778</b>	<b>6,152</b>	<b>18,462</b>	<b>15,862</b>	<b>15,717</b>
Current	-	-	-	-	-	2,712	384	384
Non-current	1,651	5,114	815	778	6,152	15,750	15,478	15,333

- b) Changes in the provision for contingencies:

Company				
12/31/2020	Filing	Update	Reversals	12/31/2021

#### Lawsuits

Civil	6	-	-	-	6
Labor	5,108	-	1,135	(4,598)	1,645
	<b>5,114</b>	<b>-</b>	<b>1,135</b>	<b>(4,598)</b>	<b>1,651</b>

Company			
12/31/2019	Additions	Reversals	12/31/2020

#### Lawsuits

Civil	-	6	-	6
Labor	5,933	764	(1,589)	5,108
	<b>5,933</b>	<b>770</b>	<b>(1,589)</b>	<b>5,114</b>

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
	<b>18,462</b>	<b>347</b>	<b>1,476</b>	<b>(14,124)</b>	<b>(9)</b>	<b>6,152</b>

## Notes to the financial statements

	Consolidated				12/31/2020
	12/31/2019	Additions	Adjustments	Reversals	
<b>Lawsuits</b>					
Tax	1	1,476	-	-	1,477
Civil	6,122	2,515	-	(100)	8,537
Labor	9,044	1,661	475	(2,732)	8,448
	<b>15,167</b>	<b>5,652</b>	<b>475</b>	<b>(2,832)</b>	<b>18,462</b>

As of December 31, 2021, 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, 2021, the Company's and its subsidiaries' lawsuits whose likelihood of loss is possible are demonstrated as follows:

	12/31/2021		12/31/2020	
	Quantity	Value	Quantity	Value
<b>Lawsuits</b>				
Tax	49	46,103	50	60,060
Environmental and civil	56	304,800	42	187,401
Labor	81	8,813	147	13,266
Regulatory	6	2	10	49
	<b>192</b>	<b>359,718</b>	<b>249</b>	<b>260,776</b>

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.

## Notes to the financial statements

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). The value at risk is approximately R\$18,532 (R\$17,568 as at December 31, 2020); and
- 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\$14,962 (R\$15,960 as at December 31, 2020).

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\$9,560.

### (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\$81,004 (R\$30,000 as at December 31, 2020);
- 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\$66,075 (R\$20,000 as at December 31, 2020);

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 00002067420208030006 – 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\$16,387 (R\$9,018 as at December 31, 2020);
- 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\$13,290 (R\$7,000 as at December 31, 2020);
- 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\$5,695 (R\$3.000 em 31 de dezembro de 2020);

## Notes to the financial statements

- 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. Value at risk cannot be estimated;
- 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 00016274120158030006 – proposed by the Public Ministry of the State of Amapá, against subsidiary Ferreira Gomes Energia S.A., in which it claims indemnity due to alleged material damages caused to the environment. With the signature of the Conduct Adjustment Term (TAC) the process was suspended, and the movement results only from the gathering of the supporting documents of compliance. Criminal Action No. 00016282620158030006 - proposed by the State Public Ministry, which aims to investigate the possible occurrence of an environmental crime related to fish mortality, is also suspended due to the execution of the TAC. The value at risk was not estimated;
- Public Civil Action nº 00184082320134013200 – filed by the Federal Public Prosecution Office against joint venture TNE for the preservation of allegedly offended indigenous rights. The value at risk is approximately R\$1,211 (R\$1,211 as at December 31, 2020);
- Public Civil Action nº 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; and
- Public Civil Action nº 00180326620154013200 – filed by the Federal Public Prosecution Office against joint venture Transnorte Energia S.A. for the preservation of allegedly offended indigenous rights. The value at risk is approximately R\$100 (R\$100 as at December 31, 2020).
- 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 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\$20,743.

### (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 Thermolectric 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\$255 (R\$5,270 as at December 31, 2020).

## Notes to the financial statements

**(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\$41,990 (R\$39,256 as of December 31, 2020); 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\$11,432 (R\$10,687 as of December 31, 2020).

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:**

- Process 10.2020 and Process 11.2020: 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.

**22. 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, 2021 and 2020, 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:

12/31/2021					
Common		Preferred		Total	
Number	%	Number	%	Number	%

**Shareholders**

Guarupart	445,995,367	74.71	5,471,128	1.94	<b>451,466,495</b>	<b>51.35</b>
Other (*)	150,960,603	25.29	276,684,171	98.06	<b>427,644,774</b>	<b>48.65</b>
<b>Total shares</b>	<b>596,955,970</b>	<b>100.00</b>	<b>282,155,299</b>	<b>100.00</b>	<b>879,111,269</b>	<b>100.00</b>

12/31/2020					
Common		Preferred		Total	
Number	%	Number	%	Number	%

**Shareholders**

Guarupart	445,995,367	74.71	5,471,128	1.94	<b>451,466,495</b>	<b>51.35</b>
FI - FGTS (*)	35,162,754	5.89	70,325,508	24.92	<b>105,488,262</b>	<b>12.00</b>
Other (*)	115,797,849	19.40	206,358,663	73.14	<b>322,156,512</b>	<b>36.65</b>
<b>Total shares</b>	<b>596,955,970</b>	<b>100.00</b>	<b>282,155,299</b>	<b>100.00</b>	<b>879,111,269</b>	<b>100.00</b>

(\*) Free floor

## Notes to the financial statements

## c) Retained earnings

c.1) Legal reserve in the amount of R\$285,560 as of December 31, 2021 (R\$229,790 as of December 31, 2020): 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\$2,605,373 as of December 31, 2021 (R\$2,075,560 as of December 31, 2020): 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\$591,409 as of December 31, 2021 (R\$422,029 as of December 31, 2020): refers to the portion of mandatory minimum dividend (50%) exceeding the realized portion of the net profit for the year ended December 31, 2020, as set forth in article 197, of Law 6404/76. This reserve indicates that the financial performance of the operating income will take place in future years. Once realized, in the event the reserve is not absorbed by subsequent losses, the Company may allocate the remaining balance to the distribution of dividends.

## d) Capital reserve

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

	Company	
	12/31/2021	12/31/2020
<b>Gain (loss) on capital transaction</b>		
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)	(31,987)
TME	(27,823)	(27,823)
TCC	79,610	-
	<u>80,736</u>	<u>19,992</u>
<b>Reinvestment reserve</b>		
ENTE	466	466
ETEP	57	57
	<u>523</u>	<u>523</u>
	<u><b>81,259</b></u>	<u><b>20,515</b></u>

## e) Other comprehensive income

This refers to gain and loss on translation of the financial statements of subsidiaries domiciled abroad, as follows:

	Company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
<b>Balance at the beginning of the year</b>	85,453	38,526	85,155	38,526
<b>Exchange differences from conversion of assets overseas</b>				
<b>Subsidiaries:</b>				
La Virgen	1,616	6,720	(1,216)	6,422
Risaralda	98	11	98	11
Alupar Peru	(8,349)	26,179	(8,349)	26,179
Alupar Colombia	(7,953)	14,017	(7,953)	14,017
<b>Balance at the end of the year</b>	<u><b>70,865</b></u>	<u><b>85,453</b></u>	<u><b>67,735</b></u>	<u><b>85,155</b></u>

## Notes to the financial statements

### f) Profit allocation

According to article 37 of the Company's Articles of Incorporation, shareholders are entitled to receive noncumulative mandatory dividends (minimum dividend), each year, corresponding to 50% (fifty percent) 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.

As set forth in article 202, item II, of Law 6404/76, the mandatory minimum dividend payable may be limited to the realized value of the net profit, which unpaid difference must be recognized as unrealized earnings reserve (article 197 of the same legal provision). For the year 2021, the Company's Management found that the net income for the year ended December 31, 2021, is basically due to the positive result of equity in the earnings (unrealized), thus, it constituted a Reserve for Unrealized Profits of 50% of net income for the year, corresponding to the minimum mandatory dividend for that year, in the amount of R\$529,816.

Additionally, during 2021, the Company realized the amount of R\$360,436, of the R\$422,029 allocated to the Unrealized Profit Reserve in 2020, upon the receipt of dividends from its subsidiaries and reclassified this amount to the item "Dividends payable", as determined by article 202 item III of Law No. 6,404/76. The dividend value per share of this distribution is R\$0.41 and per UNIT R\$1.23.

	12/31/2021	12/31/2020
Net profit for the year	1,115,401	896,077
Recognition of legal reserve (5%)	(55,770)	(47,104)
Balance	<b>1,059,631</b>	<b>848,973</b>
Recognition of unrealized earnings reserve	(529,816)	(422,029)
Mandatory minimum dividends payable	-	(25,462)
Remaining earnings at the disposal of the Shareholders' Meeting	(529,815)	(401,482)
Dividend per share	-	0.03
Dividend per unit	-	0.09

## 23. 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, 2021 and 2020:

	Consolidated	
	Year ended	
	12/31/2021	12/31/2020
<b>Numerator:</b>		
Net profit for the period attributed to controlling shareholders	1,115,401	942,088
<b>Denominator (in thousands of shares)</b>		
Weighted average number of common shares (*)	596,956	596,956
Weighted average number of preferred shares (*)	282,155	282,155
<b>Earnings per share</b>		
Basic and diluted earnings per common share (*)	1.26878	1.07164
Basic and diluted earnings per preferred shares (*)	1.26878	1.07164

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

## 24. Net operating revenue

	Company		Consolidated	
	Year ended		Year ended	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
<b>Gross operating revenue</b>				
<b>Power transmission system</b>				
Operation and maintenance revenue (note 9)	-	-	431,639	591,201
Infrastructure revenue (note 9)	-	-	1,032,923	3,241,714
Concession asset payment (note 9)	-	-	3,541,001	2,266,275
	-	-	5,005,563	6,099,190
<b>Power generation system</b>				
Power supply (note 25)	136,929	119,853	797,636	645,875
<b>Total gross operating revenue</b>	<b>136,929</b>	<b>119,853</b>	<b>5,803,199</b>	<b>6,745,065</b>
<b>Taxes on gross operating revenue</b>				
PIS	(2,259)	(1,928)	(41,003)	(22,237)
COFINS	(10,405)	(8,883)	(160,533)	(103,032)
Deferred PIS and COFINS	-	-	(281,401)	(403,742)
ICMS	-	-	(600)	(1,584)
ISS	-	-	(434)	(387)
	(12,664)	(10,811)	(483,971)	(530,982)
<b>Regulatory charges</b>				
RGR	-	-	(31,934)	(30,433)
R&D	-	-	(8,747)	(6,584)
FNDCT	-	-	(8,747)	(6,525)
MME	-	-	(4,374)	(3,264)
TFSEE	-	-	(9,816)	(7,639)
Deferred TFSEE and RGR	-	-	(21,402)	(18,893)
	-	-	(85,020)	(73,338)
<b>Total deductions on gross operating revenue</b>	<b>(12,664)</b>	<b>(10,811)</b>	<b>(568,991)</b>	<b>(604,320)</b>
<b>Total net operating revenue</b>	<b>124,265</b>	<b>109,042</b>	<b>5,234,208</b>	<b>6,140,745</b>

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

	Consolidated	
	Year ended	
	12/31/2021	12/31/2020
<b>Infrastructure implementation</b>		
Infrastructure revenue	1,032,923	3,241,714
Infrastructure cost	(933,340)	(2,204,273)
Margin	99,583	1,037,441
% Perceived margin	9.64%	32.00%
<b>Operação &amp; Manutenção</b>		
Operation and maintenance revenue	431,639	591,201
Operation and maintenance cost	(137,752)	(126,439)
Margin	293,887	464,762
% Perceived margin	68.09%	78.61%

Notes to the financial statements

25. Power supply and electric energy purchased for resale

	Company						Consolidated					
	Year ended						Year ended					
	12/31/2021			12/31/2020			12/31/2021			12/31/2020		
	MWh (*)	Average price	Value	MWh (*)	Average price	Value	MWh (*)	Average price	Value	MWh (*)	Average price	Value
<b>Power supply</b>												
Free market	-	-	-	-	-	-	442,451	310.03	137,172	483,611	257.73	124,639
Free market - trading	338,194	217.58	73,583	598,008	161.86	96,792	1,030,886	261.17	269,240	978,754	169.00	165,406
Free market - related parties	305,248	187.29	57,171	175,946	76.43	13,447	-	-	-	-	-	-
Regulated market	-	-	-	-	-	-	1,873,764	173.10	324,355	1,878,897	165.67	311,281
MRE and Spot (short term)	-	-	6,175	-	-	9,614	-	-	66,869	-	-	44,549
<b>Total gross operating revenue</b>			<b>136,929</b>			<b>119,853</b>			<b>797,636</b>			<b>645,875</b>
<b>Power purchased for resale</b>												
Free market	(233,527)	154.98	(36,192)	(394,294)	208.77	(82,318)	(833,566)	195.25	(162,753)	(850,559)	164.47	(139,888)
Free market - related parties	(435,899)	247.20	(107,753)	(424,708)	199.81	(84,862)	-	-	-	-	-	-
MRE and Spot (short term)	-	-	(24)	-	-	(2,977)	-	-	(3,095)	-	-	(23,341)
(-) PIS/COFINS credits	-	-	11,565	-	-	17,003	-	-	19,683	-	-	21,457
			<b>(132,404)</b>			<b>(153,154)</b>			<b>(146,165)</b>			<b>(141,772)</b>

(\*) Information not reviewed by independent auditors

26. Costs and expenses

	Company					
	Year ended					
	12/31/2021			12/31/2020		
	Expenses	Cost of services	Total	Expenses	Cost of services	Total
General and administrative	General and administrative					
Personnel	(11,653)	(894)	(12,547)	(11,411)	(642)	(12,053)
Management fees	(15,068)	-	(15,068)	(10,582)	-	(10,582)
Material	(147)	-	(147)	(122)	-	(122)
Services	(9,281)	(184)	(9,465)	(12,320)	(314)	(12,634)
Depreciation and amortization	(1,076)	-	(1,076)	(2,948)	-	(2,948)
Provision for contingencies	3,463	-	3,463	818	-	818
Rentals	(247)	-	(247)	(287)	-	(287)
Insurance	(51)	-	(51)	(182)	-	(182)
Donations, contributions and grants	(210)	(162)	(372)	(802)	(249)	(1,051)
Taxes and rates	(503)	-	(503)	(430)	(60)	(490)
Other	(473)	-	(473)	(6)	-	(6)
<b>Total</b>	<b>(35,246)</b>	<b>(1,240)</b>	<b>(36,486)</b>	<b>(38,272)</b>	<b>(1,265)</b>	<b>(39,537)</b>

	Consolidated							
	Year ended							
	12/31/2021				12/31/2020			
	Cost of services		Expenses		Total	Cost of services		Expenses
Services provided	Infrastructure cost	General and administrative	General and administrative	Services provided		Infrastructure cost	General and administrative	Total
Personnel	(84,852)	(23,019)	(40,038)	(147,909)	(60,817)	(57,037)	(38,575)	(156,429)
Management fees	-	-	(31,454)	(31,454)	-	-	(25,155)	(25,155)
Material	(20,305)	(23,684)	(1,695)	(45,684)	(43,036)	(646,774)	(837)	(690,647)
Services	(68,815)	(695,746)	(49,674)	(814,235)	(52,756)	(1,080,328)	(40,230)	(1,173,314)
Depreciation and amortization	(134,496)	-	(5,067)	(139,563)	(127,828)	-	(7,357)	(135,185)
Provision	922	(1,989)	3,357	2,290	(3,268)	(38,264)	1,073	(40,459)
Rentals and leases	(6,967)	(1,149)	(773)	(8,889)	(4,075)	(624)	(928)	(5,627)
Insurance	(20,036)	(695)	(440)	(21,171)	(14,610)	(1,583)	(493)	(16,686)
Donations and contributions	(875)	-	(4,654)	(5,529)	(974)	-	(5,836)	(6,810)
Taxes and rates	(2,907)	(2,165)	(1,644)	(6,716)	(2,809)	(40,619)	(1,759)	(45,187)
Other	(805)	(184,893)	(1,812)	(187,510)	(2,101)	(339,044)	(797)	(341,942)
Cost Recovery - GSF	62,753	-	-	62,753	-	-	-	-
<b>Total</b>	<b>(276,383)</b>	<b>(933,340)</b>	<b>(133,894)</b>	<b>(1,343,617)</b>	<b>(312,274)</b>	<b>(2,204,273)</b>	<b>(120,894)</b>	<b>(2,637,441)</b>

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

## 27. Finance income (costs)

	Company		Consolidated	
	Year ended		Year ended	
	12/31/2021	9/30/2020	12/31/2021	9/30/2020
<b>Finance income</b>				
Income from short-term investments	24,638	20,471	70,956	42,164
Adjustment for inflation	1,017	785	28,803	5,227
Other financial income (*)	52,473	2,662	8,064	3,923
<b>Total</b>	<b>78,128</b>	<b>23,918</b>	<b>107,823</b>	<b>51,314</b>
<b>Finance costs</b>				
Debt charges	(46,425)	(52,655)	(873,426)	(387,289)
Gain (loss) on exchange rate changes	11	43	(96,231)	(59,015)
Adjustment for inflation	-	-	(27,919)	(52,923)
Interest on leases	(74)	(176)	(11,298)	(5,142)
Bank expenses	(1,048)	(848)	(3,205)	(3,550)
Other financial expense	(614)	(581)	(11,289)	(5,134)
<b>Total</b>	<b>(48,150)</b>	<b>(54,217)</b>	<b>(1,023,368)</b>	<b>(513,053)</b>
<b>Total net</b>	<b>29,978</b>	<b>(30,299)</b>	<b>(915,545)</b>	<b>(461,739)</b>

(\*) The amount of R\$48,582 in Other financial income of the parent company, refers to the surety fee on loans provided by Alupar in favor of subsidiaries, see note 29, based on an agreement between the controlling shareholders and the shareholders non-controlling interests of these subsidiaries.

## 28. Income tax and social contribution

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

	Company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Corporate Income Tax (IRPJ)	27,464	25,596	49,603	68,237
Social Contribution on Net Income (CSLL)	1,242	-	5,170	1,423
Withholding Income Tax (IRRF)	-	436	13,783	15,211
<b>Total income tax and social contribution to be offset</b>	<b>28,706</b>	<b>26,032</b>	<b>68,556</b>	<b>84,871</b>
Current	28,706	26,032	65,067	81,684
Non-current	-	-	3,489	3,187

	Company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Corporate Income Tax (IRPJ)	-	-	24,826	22,594
Social Contribution on Net Income (CSLL)	-	-	40,727	41,048
<b>Total income tax and social contribution</b>	<b>-</b>	<b>-</b>	<b>65,553</b>	<b>63,642</b>

## Notes to the financial statements

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

<b><u>Deferred income tax and social contribution</u></b>	<b>Consolidated</b>	
	<b>12/31/2021</b>	<b>12/31/2020</b>
Deferred income tax - assets	16,708	4,243
Deferred social contribution - assets	3,499	2,445
<b>Total assets</b>	<b>20,207</b>	<b>6,688</b>
Deferred income tax - liabilities	1,811,556	1,349,057
Deferred social contribution - liabilities	760,424	576,767
<b>Total liabilities</b>	<b>2,571,980</b>	<b>1,925,824</b>

Companies under taxable income regime impacted by Law 12973: 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:

	<b>Consolidated</b>			
	<b>Balance sheet</b>		<b>Profit or loss</b>	
	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>12/31/2021</b>	<b>12/31/2020</b>
Tax loss carryforwards	20,207	6,688	(1,300)	1,240
Concession Agreement	(2,568,752)	(1,923,319)	(603,068)	(695,924)
Deferred revenue for public bodies	(3,228)	(2,505)	(3,228)	(2,505)
Right to extend the grant	-	-	(23,304)	-
<b>Deferred income tax and social contribution</b>	<b>(2,551,773)</b>	<b>(1,919,136)</b>	<b>(630,900)</b>	<b>(697,189)</b>

### Tax credits to be offset

Under CPC 32, 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, 2021, 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.

<b><u>Unrecognized tax credit</u></b>	<b>Company</b>	
	<b>12/31/2021</b>	<b>12/31/2020</b>
Tax losses	633,833	622,594
Tax loss carryforwards	663,183	645,998

## Notes to the financial statements

c) Reconciliation of the effective nominal rate for the year ended December 31, 2021 and 2020 is as follows:

	Consolidated	
	Year ended	
	12/31/2021	12/31/2020
<b>a) Composition of income taxes</b>		
<b>Income taxes recognized in the Statement of Income</b>		
Current	(110,751)	(104,121)
Deferred	(630,900)	(697,189)
<b>Total</b>	<b>(741,651)</b>	<b>(801,310)</b>
<b>b) Income taxes calculation - expenses:</b>		
<b>Income before taxation</b>	2,864,467	2,856,815
Nominal rate	34%	34%
Expected income tax expense on the nominal tax rates	<b>(973,918)</b>	<b>(971,317)</b>
<b>Reconciling items to determine the effective tax rate</b>		
Tax incentive (*)	119,744	114,182
Compensation for tax loss carryforwards and negative basis	(18,445)	2,298
Non-deductible expenses and provisions	(5,095)	(2,326)
Equity pick up of subsidiaries	(1,787)	9,224
(-) Exclusion - Financial revenue from the concession - Art. 84 item II IN nº 1515/14	859,289	461,608
(+) Addition "AVP" - Art. 84 item II IN nº 1515/14	(387,881)	(241,191)
Reversal of deemed profit rate	113,362	52,131
Exclusion of CPC effects 47	(481,814)	(88,740)
Deferral of public bodies	(3,228)	(2,505)
Right to extend the grant	23,304	-
Others	11,894	(138,181)
<b>Income taxes expenses - current and deferred</b>	<b>(741,651)</b>	<b>(801,310)</b>
<b>c) Effective tax rate</b>	<b>25.9%</b>	<b>28.0%</b>

(\*) 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 2021				
	PIS and COFINS rate	REIDI incentive through:	Sudam/Sudene incentive through:	ICMS incentive through:	Tax regime
<b>Subsidiaries</b>					
Alupar Peru	Not applicable	-	-	-	(***)
Transminas	9.25%	-	-	-	Taxable income
Alupar Chile	Not applicable	-	-	-	(***)
Foz	3.65%	-	-	-	Deemed profit
Ijuí	3.65%	-	-	-	Deemed profit
Lavrinhas	3.65%	-	-	-	Deemed profit
Queluz	3.65%	-	-	-	Deemed profit
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	-	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%	-	-	-	Taxable income
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	9.25%	2022	-	-	Taxable income
EAP II	9.25%	2022	-	-	Taxable income
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
<b>Joint venture</b>					
TNE	9.25%	-	-	2017	Taxable income

## Notes to the financial statements

(\*) 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/ 002, 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.

### 29. Related parties

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

Related party/transaction	Company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
<b>Balance sheet</b>				
<b>Assets</b>				
<b>Short-term investment</b>	-	<b>258,892</b>	-	<b>327,576</b>
Brazil's Federal Savings and Loans Bank (i)	-	258,892	-	327,576
<b>Trade receivables</b>	<b>149</b>	-	-	-
Ferreira Gomes	149	-	-	-
<b>Other assets</b>	<b>3,888</b>	<b>13,263</b>	-	-
Verde 8 - Reembolso de despesas (ii)	-	13,263	-	-
TPE - guarantor commission (vii)	1,688	-	-	-
ETB - guarantor commission (viii)	1,127	-	-	-
TCC - guarantor commission (viii)	1,073	-	-	-
<b>Dividends receivable (iii)</b>	<b>341,754</b>	<b>390,119</b>	<b>75</b>	<b>75</b>
Transminas	8,338	7,073	-	-
EATE	62,029	111,335	-	-
ENTE	24,001	14,517	-	-
ECTE	11,328	10,464	-	-
ETEP	3,401	7,137	-	-
STN	11,909	-	-	-
STC	485	1,437	-	-
Lumitrans	371	1,391	-	-
ETES	16,915	12,736	-	-
Ijui	7,835	8,878	-	-
Foz	8,176	8,927	-	-
Lavrinhas	13,262	11,531	-	-
Queluz	25,936	24,192	-	-
TME	3,981	8,749	-	-
ETEM	3,899	1,969	-	-
ETVG	15,557	8,960	-	-
Ferreira Gomes	6,171	6,970	-	-
TNE	75	75	75	75
ETAP	38,054	51,864	-	-
ETC	26,942	26,818	-	-
TPE	19,677	45,876	-	-
ETB	13,625	19,220	-	-
APAETE	3,304	-	-	-
<b>Advance for future capital increase (iv)</b>	<b>215,433</b>	<b>103,600</b>	-	-
GET	695	695	-	-
UFV Pitombeira	970	12	-	-
Agua Limpa	-	50	-	-
ELTE	-	2,000	-	-
Alupar Chile	2,887	2,850	-	-
Windepar	-	86,171	-	-
ETC	-	8,500	-	-
TSM	106,500	-	-	-
EAP I	38,044	1,919	-	-
EAP II	65,154	1,403	-	-
EAP III	229	-	-	-
EAP IV	242	-	-	-
EAP V	179	-	-	-
EAP VI	255	-	-	-
EAP VII	278	-	-	-
<b>Liabilities</b>				
<b>Trade payables - power purchased in free market (v)</b>	<b>28,859</b>	<b>9,576</b>	-	-
Ferreira Gomes	28,859	9,576	-	-
Lavrinhas	691	-	-	-
Queluz	691	-	-	-
Verde 8	691	-	-	-
<b>Dividends payable (vi)</b>	<b>360,439</b>	<b>246,153</b>	<b>568,412</b>	<b>509,475</b>
Guarupart	185,103	126,411	185,103	126,411
Non-controlling shareholders of the parent company	175,336	119,742	175,336	119,742
Non-controlling shareholders	-	-	207,973	263,322

Related party/transaction	Company	
	Year ended	
	12/31/2021	12/31/2020
<b>Statement of profit and loss</b>		
<b>Revenue - power supply (vii)</b>	<b>57,171</b>	<b>13,447</b>
Ferreira Gomes	55,768	9,289
Queluz	-	1,630
Lavrinhas	-	1,894
Foz do Rio Claro	1,403	53
Ijuí	-	581
<b>Cost - power purchased for resale (v)</b>	<b>(107,753)</b>	<b>(84,862)</b>
Ferreira Gomes	(104,257)	(80,771)
Queluz	(691)	(954)
Lavrinhas	(691)	(954)
Verde 8	(2,114)	(2,183)
<b>Finance income</b>	<b>49,094</b>	<b>26,638</b>
Brazil's Federal Savings and Loans Bank - short-term investments (i)	-	23,983
Verde 8 Energia S.A. - interest on project sold (ii)	512	1,510
Windepar - loan	-	1,145
TPE - guarantor commission (viii)	22,567	-
ETB - guarantor commission (viii)	16,356	-
TCC - guarantor commission (viii)	9,659	-

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

- i) Referred to short-term investments performed by Caixa Econômica Federal, which are managed FI-FGTS, shareholder of some the Company's subsidiaries, at market rates. FI-FGTS ceased to be a shareholder of the Company on April 26, 2021, see further details in Note 1.3 (a);
- ii) Referred to reimbursement of rental and condominium expenses and also reimbursement of study expenses, environmental projects and licenses, between the Company and its subsidiary;
- iii) Refers to dividends receivable for years 2021, 2020 and prior years of the Company's subsidiaries, to be settled by the end of 2022;
- iv) Refers to advance for future capital increase (AFAC) performed by the Company on behalf of its subsidiaries for cash increase, payable through June 2022;
- v) 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 25;
- vi) Refers to dividends payable by the Company and its subsidiaries to shareholders.
- vii) 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 25; and
- viii) 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.

## Notes to the financial statements

### b) Guarantees

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

Authorization date	Authorizing body	Guaranteed company	Guarantor	Agreement	Collateral	Agreement value	Effective date	Termination date	Outstanding balance as at 12/31/2021
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	15,164
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	225,021
02/11/08	Board of Directors	Ijui	Alupar	Financing - BNDES	Unconditional pledge	168,200	04/09/08	09/15/27	85,613
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	31,899
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	4,333
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	29,965
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	6,561
06/06/11	Board of Directors	TME	Alupar	Commercial Credit Note 20.00474-5	Surety and pledged shares	200,000	03/01/16	02/01/29	222,456
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	3,439
08/08/13	Extraordinary Shareholders' Meeting	Transleste	EATE	Financing - BDMG - Agreement 127.315	Pledged shares	47,029	03/10/05	02/10/25	7,835
08/08/13	Extraordinary Shareholders' Meeting	Transleste	EATE	Financing - BNB - Agreement 05974828-A	Pledged shares	15,000	03/10/05	03/01/25	2,384
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	4,971
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	308,968
12/11/17	Extraordinary Shareholders' Meeting	ETAP	Alupar	Debentures - 2nd issuance	Pledge	156,000	09/15/18	09/15/25	182,908
09/26/18	Extraordinary Shareholders' Meeting on 09.26.2018	TCC	Alupar	Debentures - 1st issuance	Guarantor	680,000	09/15/18	09/15/28	830,738
09/26/18	Extraordinary Shareholders' Meeting on 09.26.2018	TPE	Alupar	Debentures - 1st issuance	Guarantor	1,070,000	09/15/18	09/15/28	1,307,192
12/11/17	Extraordinary Shareholders' Meeting	ETC	Alupar	Debentures - 2nd issuance	Pledge	116,000	09/15/18	09/15/25	136,020
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 CVEE 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 agreements and corporate pledge.	57,990	02/11/16	10/15/32	50,154
12/14/15		EDV II				32,220	02/11/16	10/15/32	28,310
12/14/15		EDV III				49,007	02/11/16	10/15/32	43,274
12/14/15		EDV IV				81,047	02/11/16	10/15/32	66,394
12/14/15		EDV X				47,042	02/11/16	10/15/32	36,287
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	2,488
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	76,958
07/15/18	-	Verde 8	Alupar	Debentures - 2nd issuance, Verde 08	Guarantor	140,000	07/15/18	07/15/25	172,007
11/06/19	Extraordinary Shareholders' Meeting	EDV I	Alupar/ Windepar	Financing Agreement - BNDES - nº 19.2.0598.1	I. by EDV1, 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 short-term market operations and / or operation under test.	14,700	12/10/19	10/15/32	15,237
11/06/19		EDV II				10,100	12/10/19	10/15/32	8,699
11/06/19		EDV III				10,400	12/10/19	10/15/32	10,774
11/06/19		EDV IV				11,900	12/10/19	10/15/32	11,925
11/06/19		EDV X				12,900	12/10/19	10/15/32	13,363
03/10/15	N/A	La Virgen	Alupar	Long-term loan agreement	Corporate pledge	USD 80,000	03/10/15	03/10/32	395,665
12/04/18	Extraordinary Shareholders' Meeting	EDTE	Alupar, TAESA and ENTE	Debentures - 2nd issuance (incentive)	Guarantor	315,000	12/04/18	12/15/28	377,744
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	523,177
11/16/20	Shareholders' Meeting	Alupar Peru	Alupar	Long term loan agreement	Pay in favor of Itaú	USD 18,000	11/27/20	11/27/23	101,196

b.2) Intercompany transactions of guarantees relating to supply agreements, assembling supervision, commissioning supervision, pledge and rental of non-residential property 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 12/31/2021
03/10/17	Board of La Virgen S.A.C.	La Virgen	Alupar	Pledge Letter	Guaranty agreement	USD 80,000	03/10/17	03/10/32	395,665
-	-	Risaralda	Alupar	Pledge Letter	Guarantor under the Loan Agreement dated 05/29/2018	COP \$120,000,000,000	05/30/18	05/30/25	138,345
-	-	TCE	Alupar	Pledge	Bank guarantee on behalf of XM Companhia de Expertos en Mercados S.A. E.S.P.	COP \$ 53.259.299	11/30/16	03/01/22	53,259,299,347
-	-	Ferreira Gomes	Alupar	Pledge Letter	Private Pledge Agreement nº 180220317 - ONS	3,434	07/04/18	06/25/21	3,434
-	-	Foz	Alupar	Pledge	Guarantee the payment of the value executed in the court records nº 0119265.58.8.09.0173, in progress before the Civil Court of the City of São Simão	1,512	03/15/19	03/15/21	Pledge subject to termination after decision is rendered
-	-	Alupar Peru	Alupar	Letter of Guarantee	Guarantor in the Loan Agreement	USD 17,500	03/18/19	03/17/22	196,579
-	-	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	AF Energia	Remote Operation and Plant Maintenance Services.	-	Remote Operation and Maintenance R\$ 170,000.00	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	ACE	Advisory Agreement	-	Free	06/01/14	undetermined	-
-	-	Lavrinhas	ACE	Advisory Agreement	-	Free	06/01/14	undetermined	-
-	-	Queluz	ACE	Advisory Agreement	-	Free	06/01/14	undetermined	-
-	-	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	Operation and maintenance	-	R\$ 52,490.64/monthly	10/15/12	02/06/22	-
-	-	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 denominada do 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 Telecommunications Services	-	R\$ 2,969,079.12/Year at June/2014 prices	02/01/10	Contract provides that the extension of the term at its end, by means of an Addendum.	-
-	-	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.	-
-	-	TRANSLESTE	TRANSIRAPÉ	Lease agreement	-	-	05/27/21	05/27/22	-
-	-	EDTE	ESTE	Lease agreement	-	-	06/09/21	06/09/22	-
-	-	EDTE	TPE, IE Paraguaçu e Tropicália	Term of Non-Onerous Transfer - Distribution Branch	-	34,782	10/02/20	undetermined	-
-	-	STC	ETSE	Lease Agreement (Transformer)	-	-	02/10/21	02/10/22	-
-	-	ENTE	TRANSIRAPÉ	Lease Agreement (Thermovisor)	-	-	02/15/21	02/15/22	-

## Notes to the financial statements

## c) Key management personnel compensation

At the Extraordinary General Meeting held on April 27, 2021, the Company's shareholders approved the global compensation of the members of the Board of Directors and the Executive Board for the fiscal year 2021 in the amount of up to R\$13,146 net of social charges - INSS onus of the Company according to Circular Letter SEP 01/2021 of CVM, of which R\$928 refer to the remuneration of the members of the Board of Directors and R\$12,218 refer to the remuneration of the Executive Board members:

	Company		Consolidated	
	Year ended		Year ended	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Board of Executive Officers (i)	10,948	8,095	22,614	19,471
Board of Directors	946	1,084	1,906	2,577
Board and Executive Board Social Charges	3,174	1,403	6,934	3,107
<b>Total</b>	<b>15,068</b>	<b>10,582</b>	<b>31,454</b>	<b>25,155</b>

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

## 30. Financial instruments and risk management

## 30.1. General considerations

The Company and its subsidiaries have operations with financial instruments, whose limits of exposure to credit risks are approved and periodically reviewed by Management. The Company and its subsidiaries limit their credit risks by investing funds in prime financial institutions.

## 30.2. Fair value

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, 2021 and 2020. 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				Classification	Level
	12/31/2021		12/31/2020			
	Carrying amount	Fair value	Carrying amount	Fair value		
<b>Financial assets</b>						
Cash and banks	35,208	35,208	44,514	44,514	Amortized cost	-
Cash equivalents	341,911	341,911	630,095	630,095	Fair value through profit or loss	2
Short-term investments	1,553,503	1,553,503	1,405,506	1,405,506	Fair value through profit or loss	2
Marketable securities	121,666	121,666	103,619	103,619	Fair value through profit or loss	2
Trade receivables	416,231	416,231	436,256	436,256	Amortized cost	-
	<b>2,468,519</b>	<b>2,468,519</b>	<b>2,619,990</b>	<b>2,619,990</b>		
<b>Financial liabilities</b>						
Trade payables	198,387	198,387	385,127	385,127	Amortized cost	-
Loans and financing	2,387,593	2,387,593	2,519,450	2,519,450	Amortized cost	-
Debentures	7,660,163	7,655,751	6,456,006	6,451,594	Amortized cost	-
Lease liability	48,413	48,413	35,692	35,692	Amortized cost	-
	<b>10,294,556</b>	<b>10,290,144</b>	<b>9,396,275</b>	<b>9,391,863</b>		

## Notes to the financial statements

In the year ended December 31, 2021, 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 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.
  - i) FCO Banco do Brasil: since the amounts payable are adjusted by reference to the TJLP (reference interest rate of the Federal Government), the fair value of this debt is its carrying amount, since market rates are reflected for this financial instrument.
- 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](http://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, 2021.

### 30.3. Liquidity information

The policy of the Company and its subsidiaries is to eliminate market risks, thus avoiding exposure to market value fluctuations, operating only with instruments that enable risk control. The Company and its subsidiaries do not make speculative investments in derivatives or other risky assets. The results obtained from these transactions are consistent with the policies and strategies defined by Company's Management.

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 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, 2021, total consolidated debt (sum of loans, financing and debentures of current and non-current liabilities) was R\$10,047,756, out of which 9.47% of this amount (or R\$951,193) 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 0.97 (1.03 in 2020) and 1.32 (1.16 in 2020) in Parent Company and Consolidated, respectively. 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. If the Company and its subsidiaries cannot

## Notes to the financial statements

service its debt levels and/or incur additional debt, this may adversely affect their business, operating and financial results and cash flows.

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's consolidated capital structure is comprised of 38.9% of own funds against 61.1% of third-party capital (39.6% of own funds and 60.4% of third-party capital as at December 31, 2020).

In addition, the Company and its subsidiaries have a debt-to-equity ratio of 97% as at December 31, 2021 (100.3% as at December 31, 2020).

### 30.4. Qualitative and quantitative information on financial instruments

#### Sensitivity analysis of short-term investments

In order to analyze the sensitivity of the short-term investment rate to which the Company and subsidiaries were exposed as at December 31, 2021, five different scenarios were defined. The SELIC/CDI projected rates were obtained based on the FOCUS report of December 31, 2021 and defined as a probable scenario, based on which the variations of 25% and 50% were calculated.

Gross finance income was calculated for each scenario, not taking into consideration the taxes levied on yield from these investments. The portfolio base date used was December 31, 2021, with a one-year projection and checking CDI sensitivity in each scenario.

Short-term investments - Consolidated	Index	Position as at 12.31.2021	Projected finance income - one year				
			Probable scenario	Reduction risk		Increase risk	
				Scenario I (-50%)	Scenario II (-25%)	Scenario III (+25%)	Scenario IV (+50%)
			<b>10.63%</b>	<b>5.31%</b>	<b>7.97%</b>	<b>13.28%</b>	<b>15.94%</b>
Cash equivalents	CDI	341,911	36,328	18,164	27,246	45,410	54,492
Short-term investments	CDI	1,553,503	165,060	82,530	123,795	206,325	247,590
Marketable securities	CDI	121,666	12,927	6,464	9,695	16,159	19,391
<b>Total</b>		<b>2,017,080</b>	<b>214,315</b>	<b>107,158</b>	<b>160,736</b>	<b>267,894</b>	<b>321,473</b>

#### Sensitivity analysis of interest rate risk

For the purpose of assessing the sensitivity of the debt rates to which the Company and its subsidiaries were subject at base date December 31, 2021, 5 scenarios were defined. As a probable scenario, adopted by the Company, projected CDI and IPCA were obtained based on the FOCUS report of December 31, 2021. In the case of TJLP, the rate used was the last one published by the National Monetary Council (CMN), based on which scenarios I and II with 25% and 50% decrease in risk and scenarios III and IV with 25% and 50% increase in risk, respectively, were calculated.

For each scenario, gross finance 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, 2021, with a one-year projection and checking sensitivity of the rates in each scenario.

## Notes to the financial statements

Loans, financing and debentures - Consolidated	Index	Average interest rate p.a.	Position as at 12.31.2021 (*)	Projected finance costs - one year				
				Probable scenario	Reduction risk		Increase risk	
					Scenario I (-50%)	Scenario II (-25%)	Scenario III (+25%)	Scenario IV (+50%)
<b>Loans and financing</b>				<b>6.08%</b>	<b>3.04%</b>	<b>4.56%</b>	<b>7.60%</b>	<b>9.12%</b>
	TJLP +	2.36%	620,906	53,264	33,944	43,604	62,924	72,584
	IPCA +	1.68%	59,998	3,829	2,419	3,124	4,535	5,240
	CDI +	3.06%	507,570	39,733	27,637	33,685	45,782	51,830
<b>Debentures</b>				<b>10.63%</b>	<b>5.31%</b>	<b>7.97%</b>	<b>13.28%</b>	<b>15.94%</b>
	CDI +	4.62%	2,421,132	1,151,798	980,215	1,066,006	1,237,588	1,323,378
	IPCA +	5.44%	5,384,039	555,570	424,288	489,928	621,211	686,850
<b>Total</b>			<b>8,993,645</b>	<b>1,804,194</b>	<b>1,468,503</b>	<b>1,636,347</b>	<b>1,972,040</b>	<b>2,139,882</b>

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

### 30.5. Risk factors that may affect the Company's and its subsidiaries' businesses

The main risk factors that may affect the Company's and its subsidiaries' businesses are described below:

#### 30.5.1. 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 and short-term investments.

##### a) 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.

##### b) Cash and cash equivalents and short-term investments

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.

#### 30.5.2. Liquidity risk

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\$2,052,288 on a consolidated basis. The Company's cash generation is sufficient to cover short-term commitments and for its acquisition and investment program.

Additionally, 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.

Another important aspect is that 93.44% of the consolidated debt refers to indebtedness of subsidiaries (90.90% as at December 31, 2020), most of which refers to project financing, raised with BNDES, issuance of infrastructure debentures

## Notes to the financial statements

and other fostering institutions. Approximately 8.43% of the total consolidated debt refers to the companies in the pre-operating phase (38.01% as at December 31, 2020).

### 30.5.3. Market risks

- **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.

- **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.

### 30.5.4. Foreign exchange risk

The Company and its subsidiaries do not use derivative financial instruments to hedge or reduce financial costs from financing operations and purchase agreements pegged to foreign currencies, since exposure to debt denominated in foreign currency of Company and its subsidiaries represent only 10.36% of the total consolidated debt as at December 31, 2021 (9.87% as at December 31, 2020).

According to financial policies, the Company and its subsidiaries have no transactions involving financial instruments of a speculative nature.

## Notes to the financial statements

### 30.5.5. 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.

### 30.5.6. Financial risk

This refers to the risk associated with financial investments held with financial institutions that 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, with the establishment of concentration limits.

### 30.5.7. Debt acceleration risk

In connection with the loan, financing and debenture agreements, the Company and its subsidiaries have covenants usually applicable to these transactions, which require that financial and economic ratios, cash generation and other indices are met (Notes 19 and 20).

### 30.5.8. Capital structure risk

This 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.

In order to mitigate liquidity risk and optimize weighted average cost of capital, the Company and its subsidiaries permanently monitor debt levels in relation to market standards and compliance with indices (covenants) provided for in loan and financing agreements. Under certain circumstances, new loans may be entered into, among other instruments that the Company and its subsidiaries may deem necessary.

As at December 31, 2021 and 2020, 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:

	Controladora		Consolidado	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Empréstimos e financiamentos	-	-	2,387,593	2,519,450
Debêntures	659,536	816,841	7,660,163	6,456,006
Dívida bruta	659,536	816,841	10,047,756	8,975,456
(-) Caixa e equivalentes de caixa	(65,529)	(189,784)	(377,119)	(674,609)
(-) Investimentos de curto prazo	(455,336)	(555,099)	(1,553,503)	(1,405,506)
(-) Títulos e valores mobiliários	-	-	(121,666)	(103,619)
Dívida líquida	138,671	71,958	7,995,468	6,791,722
Patrimônio líquido	6,911,673	5,750,118	10,362,159	8,944,682
<b>Índice de endividamento líquido</b>	<b>0.02</b>	<b>0.01</b>	<b>0.77</b>	<b>0.76</b>

## 31. 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, 2021 and 2020, 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
	12/31/2021							
	Transmission	Generation	Holding (a)	Other (b)				
<b>Gross operating revenue</b>	<b>5,031,104</b>	<b>825,631</b>	-	<b>147,535</b>	<b>6,004,270</b>	<b>(25,541)</b>	<b>(175,530)</b>	<b>5,803,199</b>
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)	-
<b>Deductions from gross operating revenue</b>	<b>(506,328)</b>	<b>(51,908)</b>	-	<b>(14,079)</b>	<b>(572,315)</b>	<b>3,324</b>	-	<b>(568,991)</b>
<b>Net operating revenue</b>	<b>4,524,776</b>	<b>773,723</b>	-	<b>133,456</b>	<b>5,431,955</b>	<b>(22,217)</b>	<b>(175,530)</b>	<b>5,234,208</b>
<b>Cost of services</b>								
<b>Electric energy cost</b>								
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)
<b>Operational cost</b>								
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)
	<b>(1,078,674)</b>	<b>(365,136)</b>	-	<b>(138,928)</b>	<b>(1,582,738)</b>	<b>7,582</b>	<b>175,530</b>	<b>(1,399,626)</b>
<b>Gross profit</b>	<b>3,446,102</b>	<b>408,587</b>	-	<b>(5,472)</b>	<b>3,849,217</b>	<b>(14,635)</b>	-	<b>3,834,582</b>
<b>Operating revenues (expenses)</b>								
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)
	<b>1,461</b>	<b>(28,872)</b>	<b>1,149,678</b>	-	<b>1,122,267</b>	<b>895</b>	<b>(1,177,732)</b>	<b>(54,570)</b>
<b>EBIT</b>	<b>3,447,563</b>	<b>379,715</b>	<b>1,149,678</b>	<b>(5,472)</b>	<b>4,971,484</b>	<b>(13,740)</b>	<b>(1,177,732)</b>	<b>3,780,012</b>
Depreciation/amortization	7,274	130,582	1,620	134	139,610	(47)	-	139,563
<b>EBITDA</b>	<b>3,454,837</b>	<b>510,297</b>	<b>1,151,298</b>	<b>(5,338)</b>	<b>5,111,094</b>	<b>(13,787)</b>	<b>(1,177,732)</b>	<b>3,919,575</b>
<b>Finance income (costs)</b>								
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
	<b>(686,434)</b>	<b>(194,747)</b>	<b>(34,535)</b>	<b>374</b>	<b>(915,342)</b>	<b>(203)</b>	-	<b>(915,545)</b>
<b>EBIT</b>	<b>2,761,129</b>	<b>184,968</b>	<b>1,115,143</b>	<b>(5,098)</b>	<b>4,056,142</b>	<b>(13,943)</b>	<b>(1,177,732)</b>	<b>2,864,467</b>
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)
	<b>(690,995)</b>	<b>(56,299)</b>	<b>2,969</b>	<b>(966)</b>	<b>(745,291)</b>	<b>3,640</b>	-	<b>(741,651)</b>
<b>Consolidated net profit</b>	<b>2,070,134</b>	<b>128,669</b>	<b>1,118,112</b>	<b>(6,064)</b>	<b>3,310,851</b>	<b>(10,303)</b>	<b>(1,177,732)</b>	<b>2,122,816</b>
Interest of non-controlling	-	-	-	-	-	-	(1,007,415)	(1,007,415)
<b>Net profit controlling shareholder's</b>	<b>2,070,134</b>	<b>128,669</b>	<b>1,118,112</b>	<b>(6,064)</b>	<b>3,310,851</b>	<b>(10,303)</b>	<b>(2,185,147)</b>	<b>1,115,401</b>
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

	Year ended				Subtotal	Eliminations - shared control	Eliminations - intercompany	Total Consolidated
	12/31/2020							
	Transmission	Generation	Holding (a)	Other (b)				
<b>Gross operating revenue</b>	<b>6,298,890</b>	<b>625,829</b>	-	<b>128,888</b>	<b>7,053,607</b>	<b>(199,700)</b>	<b>(108,842)</b>	<b>6,745,065</b>
Revenue from operation and maintenance	593,229	-	-	-	593,229	(2,028)	-	591,201
Infrastructure revenue	3,466,296	-	-	-	3,466,296	(224,582)	-	3,241,714
Revenue from remuneration of the concession	2,239,365	-	-	-	2,239,365	26,910	-	2,266,275
Power supply	-	625,829	-	119,853	745,682	-	(99,807)	645,875
Operation and maintenance services	-	-	-	9,035	9,035	-	(9,035)	-
<b>Deductions from gross operating revenue</b>	<b>(570,327)</b>	<b>(46,586)</b>	-	<b>(12,034)</b>	<b>(628,947)</b>	<b>24,627</b>	-	<b>(604,320)</b>
<b>Net operating revenue</b>	<b>5,728,563</b>	<b>579,243</b>	-	<b>116,854</b>	<b>6,424,660</b>	<b>(175,073)</b>	<b>(108,842)</b>	<b>6,140,745</b>
<b>Cost of services</b>								
<b>Electric energy cost</b>								
Power purchased for resale	-	(88,425)	-	(153,154)	(241,579)	-	99,807	(141,772)
Power grid charges (CUST)	-	(32,795)	-	-	(32,795)	-	-	(32,795)
CFURH	-	(8,441)	-	-	(8,441)	-	-	(8,441)
<b>Operational cost</b>								
Services provided	(125,839)	(63,416)	-	(6,426)	(195,681)	2,200	9,035	(184,446)
Infrastructure cost	(2,403,083)	-	-	-	(2,403,083)	198,810	-	(2,204,273)
Depreciation/amortization	(2,849)	(124,958)	-	(70)	(127,877)	49	-	(127,828)
	<b>(2,531,771)</b>	<b>(318,035)</b>	-	<b>(159,650)</b>	<b>(3,009,456)</b>	<b>201,059</b>	<b>108,842</b>	<b>(2,699,555)</b>
<b>Gross profit</b>	<b>3,196,792</b>	<b>261,208</b>	-	<b>(42,796)</b>	<b>3,415,204</b>	<b>25,986</b>	-	<b>3,441,190</b>
<b>Operating revenues (expenses)</b>								
General and administrative	(52,838)	(26,250)	(42,090)	-	(121,178)	284	-	(120,894)
Equity pick up of subsidiaries	-	-	1,124,835	-	1,124,835	-	(1,134,059)	(9,224)
Other revenues	3,984	3,714	119	-	7,817	-	-	7,817
Other expenses	(304)	-	(31)	-	(335)	-	-	(335)
	<b>(49,158)</b>	<b>(22,536)</b>	<b>1,082,833</b>	-	<b>1,011,139</b>	<b>284</b>	<b>(1,134,059)</b>	<b>(122,636)</b>
<b>EBIT</b>	<b>3,147,634</b>	<b>238,672</b>	<b>1,082,833</b>	<b>(42,796)</b>	<b>4,426,343</b>	<b>26,270</b>	<b>(1,134,059)</b>	<b>3,318,554</b>
Depreciation/amortization	5,286	126,155	3,723	70	135,234	(49)	-	135,185
<b>EBITDA</b>	<b>3,152,920</b>	<b>364,827</b>	<b>1,086,556</b>	<b>(42,726)</b>	<b>4,561,577</b>	<b>26,221</b>	<b>(1,134,059)</b>	<b>3,453,739</b>
<b>Finance income (costs)</b>								
Finance costs	(198,214)	(214,918)	(103,151)	(400)	(516,683)	24	3,606	(513,053)
Debt charges	(188,952)	(125,774)	(78,273)	(391)	(393,390)	8	951	(392,431)
Exchange rate changes	1,178	(38,558)	(21,635)	-	(59,015)	-	-	(59,015)
Other	(10,440)	(50,586)	(3,243)	(9)	(64,278)	16	2,655	(61,607)
Finance income	19,869	8,872	26,177	436	55,354	(434)	(3,606)	51,314
Income from short-term investments	12,337	8,146	21,719	31	42,233	(69)	-	42,164
Other	7,532	726	4,458	405	13,121	(365)	(3,606)	9,150
	<b>(178,345)</b>	<b>(206,046)</b>	<b>(76,974)</b>	<b>36</b>	<b>(461,329)</b>	<b>(410)</b>	-	<b>(461,739)</b>
<b>EBIT</b>	<b>2,969,289</b>	<b>32,626</b>	<b>1,005,859</b>	<b>(42,760)</b>	<b>3,965,014</b>	<b>25,860</b>	<b>(1,134,059)</b>	<b>2,856,815</b>
Current income tax and social contribution	(88,041)	(15,629)	(64)	(548)	(104,282)	161	-	(104,121)
Deferred income tax and social contribution	(690,550)	1,295	-	-	(689,255)	(7,934)	-	(697,189)
	<b>(778,591)</b>	<b>(14,334)</b>	<b>(64)</b>	<b>(548)</b>	<b>(793,537)</b>	<b>(7,773)</b>	-	<b>(801,310)</b>
<b>Consolidated net profit</b>	<b>2,190,698</b>	<b>18,292</b>	<b>1,005,795</b>	<b>(43,308)</b>	<b>3,171,477</b>	<b>18,087</b>	<b>(1,134,059)</b>	<b>2,055,505</b>
Interest of non-controlling	-	-	-	-	-	-	(1,113,417)	(1,113,417)
<b>Net profit controlling shareholder's</b>	<b>2,190,698</b>	<b>18,292</b>	<b>1,005,795</b>	<b>(43,308)</b>	<b>3,171,477</b>	<b>18,087</b>	<b>(2,247,476)</b>	<b>942,088</b>
Assets	8,168,565	17,505,254	5,236,518	7,891	30,918,228	(282,883)	(8,058,835)	22,576,510
Investments evaluated by MEP	6,544,351	1,033,700	-	-	7,578,051	-	(7,450,318)	127,733
Liabilities	8,168,565	17,505,254	5,236,518	7,891	30,918,228	(282,883)	(8,058,835)	22,576,510

## Notes to the financial statements

## 32. 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	
	12/31/2021	12/31/2020
Direct compensation	120,754	137,979
Food allowance	8,577	7,844
Health and life insurance	12,443	10,658
Public transportation allowances	141	141
Education allowances	864	590
Private pension (a)	2,077	2,638
Other employee benefits	7,800	3,564
Guarantee Fund for Length of Service (FGTS)	8,649	7,740
Public social pension (INSS)	27,815	22,859
<b>Total</b>	<b>189,120</b>	<b>194,013</b>

- 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.

## 33. Insurance

As at December 31, 2021, insurance is broken down as follows:

	Consolidated	
	12/31/2021	
	Coverage	Total premium
Corporate comprehensive	399,575	600
Civil liability	4,490,005	2,072
Engineering risk	1,392,618	2,277
Corporate fraud and D.O.	5,000	54
Named perils/operational risks	11,451,735	6,469
Corporate fraud risk	5,000	59
Vehicles	Table values	125
Equipment	338	5
Compliance	405,913	6,629
Legal guarantee	6,723	188
Performance guarantee	74,094	796

## Notes to the financial statements

### 34. Commitments

As at December 31, 2021, 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	6,249
TSM	32,762
ESTE	1,332
Transirapé	166,216
EAP I	75,373
EAP II	113,430
<b>Total Consolidated</b>	<b>395,362</b>

### 35. Subsequent events

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

The Extraordinary 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 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 will be paid in cash until December 31, 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 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 will be paid in cash until December 31, 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.

- Acquisition of Equity Stake – TPE**

On February 14, 2022 the Companhia exercised the purchase option for 30% of subscribed and paid-in shares of the subsidiary Transmissora Paraiso 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%

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\$131,196, and the underpaid amount over the equity value was R\$104,847, will be recognized in capital reserves, increasing shareholders' equity, given that the Company already held control of TPE.

## Notes to the financial statements

- **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\$123.6 million 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 to be unitized will be approximately R\$495.4 million (RAP/CAPEX ratio: 25%). Additionally, the amount of R\$107.9 million related to the net financial expenses during the implementation period was capitalized, thus, the total investment of the project to be unitized of R\$603.3 million.

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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, February 24, 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, 2021.

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**Paulo Roberto de Godoy Pereira**

Chief Executive Officer

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**José Luiz de Godoy Pereira**

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

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**Enio Luigi Nucci**

Technical and Sales Officer

## Officers' Statement on Independent Auditor's Report

São Paulo, February 24, 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, 2021.

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**Paulo Roberto de Godoy Pereira**

Chief Executive Officer

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**José Luiz de Godoy Pereira**

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

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**Enio Luigi Nucci**

Technical and Sales Officer