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

EBES Sistemas de Energia S.A.

Individual and Consolidated
Financial Statements
for the Year Ended
December 31, 2022 and
Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

EBES SISTEMAS DE ENERGIA S.A.

INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

CONTENTS

EBES SISTEMAS DE ENERGIA S.A.

Management Report - 2022

The Management of EBES Sistemas de Energia S.A ("Company" or "Órigo") submits to your analysis the Management Report and corresponding Individual and Consolidated Financial Statements, together with the Independent Auditor's Report, for the year ended December 31, 2022.

Disclaimer

Any statements contained herein related to the Company's business perspectives, projections and its growth potential are mere projections and were based on Management's expectations regarding the Company's future. These expectations are highly influenced by changes in the market and the general economic performance in the country, the sector and the foreign market, and are therefore subject to changes and should not be used as a future projection of the Company's results of operations.

Message to the shareholders

The year 2022 was remarkable for the Company. We received contributions and carried out issuances in important capital markets that corroborated once again our business model.

We improved our Corporate Governance, and currently own three advisory committees, in particular the Environmental, Sustainability & Governance (ESG) committee.

We were able to substantially increase the number of solar farms and, through the use of consortiums and cooperatives, significantly expand the base of consumers interested in generating electric power using renewable sources in different states. This process has been positive to the environment, reducing the emissions of carbon dioxide (CO_2) in the atmosphere, as well as contributing to the economy of families and small businesses through discounts in the electricity bill.

All this amidst a challenging political macroeconomic and geopolitical scenario that marked the year. Also, the COVID-19 pandemic continued to affect many countries, mainly China, the largest solar panel producer. These represented important events that contributed to inflationary pressures.

The offer of energy from renewable sources in 2022, above 8.2 gigawatts (GW), represented the biggest growth since 2016. The Distributed Generation (GD) was responsible for adding another 7 GW power, as shown by the National Electric Energy Agency (Aneel).

Main highlights

- The number of shared remote distributed generation customers, served through consortiums and cooperatives, that rent, share and benefit from the economic rights of the solar plants (UFVs) of the Company or third parties, grew from approximately 30 thousand in 2021 to 62 thousand in 2022. The capacity of connected farms grew approximately 40% from 2021 to 2022, reaching 166 MWp.

- Consolidated net revenue mainly deriving from the rental of Solar Plants (UFVs) posted a growth by 66.7% when compared to 2021, from R$54.2 million in 2021 to R$90.4 million in 2022, due to the increase in the installed capacity. Loss for the year totaled R$235.8 million (loss of R$96.2 million in 2021) and EBITDA was negative by R$77.6 million in the year ended 2022 (negative by R$13,8 million in 2021), due to the initiatives for connection or prospection of land for purposes of development or prospection of access opinions, thus enabling a pipeline of projects in conformity with the Company's strategic objectives.

The reconciliation of loss for the year with EBITDA with the Company's consolidated financial statements is as follows:

(In thousands of R$)	2022	2021
Loss	(235,815)	(96,196)
Finance income (costs)	129,560	65,154
Depreciation and amortization	20,039	12,812
Income tax and social contribution	8,548	4,479
EBITDA (negative)	(77,668)	(13,751)

(1) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is a non-accounting measurement disclosed by the Company, reconciled with its consolidated financial statements, in conformity with CVM Instruction 527/12, of October 4, 2012 ("ICVM 527"), and consists of profit (loss) for the year adjusted by finance income (costs), net, current and deferred income tax and social contribution and depreciation and amortization. EBITDA is not a measurement defined by the accounting practices adopted in Brazil, nor by the International Financial Reporting Standards (IFRS), issued by the International Accounting Standard Board (IASB), and does not represent cash flow for the years presented and should not be considered as a substitute of profit (loss), as an indicator of the operational performance, as a substitute of cash flow, as an indicator of liquidity or as a basis for the distribution of dividends. Even though EBITDA has a standard meaning, pursuant to article 3, item I, of ICVM 527, the Company cannot ensure that other companies, including closely-held companies, will adopt this same meaning.

- The Company reinforced its access to the Brazilian capital market by issuing, throughout 2022, loans or securitizing receivables to finance its expansion. As a highlight, we may mention the issuances totaling approximately R$220.1 million through Real Estate Receivables Certificate (CRI) and approximately R$151.1 million through Receivables Investment Fund (FIDC). In 2022, the Company increased its capital and capital reserves by approximately R$700 million and there was partial convertibility of its first and second issuance of debentures in the approximate amount of R$175.2 million through the issuance of the Company's new shares, as well as total optional early redemption of R$177 million of its first issuance of commercial notes. The increase of capital and decrease of indebtedness in 2022 caused Management to believe that, through the improvement of its capital framework, and despite of atypical market conditions, the Company has the capacity to continue to provide incremental third-party or own resources for the development of its projects.

- We continue to invest to increase the number of new solar farms. As at December 31, 2022, the Company had 166 MWp in operation and another 180.5 MWp of which the source of fund for building is already guaranteed, either through own funds or under agreements with third parties.

- Financial highlights

(In thousands of R$)	2022	AH%	2021	AH%
Net revenue	90,416	66.96%	54,153	14.09%
Gross profit	73,791	67.51%	44,053	24.37%
Finance costs	(201,304)	145.73%	(81,920)	340.74%
Loss	(235,815)	145.14%	(96,196)	177.93%
EBITDA	(77,668)	464.82%	(13,751)	167.01%
Net debt (2)	287,935	-32.09%	423,975	242.93%

(2) Gross debt is represented by the sum of borrowings, financing and derivatives (current and noncurrent), debentures (current and noncurrent) and lease liability (current and noncurrent). Net debt correspond to the gross debt less cash and cash equivalents, restricted cash and linked securities. Gross debt and net debt are not measurements of financial performance, liquidity or indebtedness recognized by the accounting practices adopted in Brazil, nor by the International Financial Reporting Standards (IFRS), issued by the International Accounting Standard Board (IASB)and have no standard meaning. Other companies may calculate gross debt and net debt differently from the calculation adopted by the Company. The reconciliation of gross debt and net debt with the Company's consolidated financial statements is as follows:

(In thousands of R$)	2022	AH%	2021	AH%
Borrowings, financing and derivatives (current and noncurrent)	562,508	-3.49%	582,854	494.30%
Debentures (current and noncurrent)	174,106	-20.37%	218,649	335.50%
Lease liability (current and noncurrent)	54,243	60.63%	33,769	202.30%
(=) Gross debt	790,857	-5.32%	835,272	423.90%
(-) Cash and cash equivalents	-390,841	666.25%	-51,007	91.90%
(-) Restricted cash	-996	-99.69%	-321,281	3378.60%
(-) Linked securities	-111,085	184.77%	-39,009	100.00%
Net debt (2)	287,935	-32.09%	423,975	242.90%

The growth in the consolidated net revenue over the years was due to the increase in the installed capacity of own and third-party farms, with 166 MWp in operation at the end of 2022. Loss mainly arises from the development, obtaining or prospection of access opinions to expand its installed capacity. The significant volume of investments in the construction of solar farms, with low volume of revenue, is because many farms were connected and started to operate only at the end of the current year, in addition to those under construction and, therefore, not yet operational, thus not generating revenue. A substantial portion of the costs and development were part of those costs and expenses recorded by the Company since previous years, thus resulting in accumulated losses.

Finance costs are also directly related to borrowings and financing, debentures, derivative instruments to finance, refinance and mitigate foreign exchange risks or risks arising from indices arising on the purchase of equipment and development of solar farms so as to ensure the expansion of its installed distributed energy generation capacity. The Company constantly monitors and assesses financing sources and tools, as well as market conditions to raise funds to support the Company's strategic objectives. In the next years, the Company plans to continue to invest in sources of renewable energy, expanding its business, with the purpose of standardizing the consumption of renewable energy in Brazil.

Effects of Covid on our activities

Since the beginning of the pandemic, Órigo has been operating on a preventive basis to mitigate the impact arising from the COVID-19 on its business and constantly seeking the welfare of its employees.

Despite the negative impact on the global economy, COVID-19 did not significantly affect the results and/or operations of Órigo in the year ended December 31, 2022; the exception was the increase in finance costs due to the increase in inflation and interest rate as a result of the pandemic.

The Company's Management continues to monitor the impact of COVID-19 and the global context, its financial condition, its liquidity, the situation of its suppliers, partners and its workforce to ensure the security of its employees and guarantee the maintenance of its business.

Also, upon normalization of the economic activity in Brazil, the Company does not expect significant effects that may affect its result or jeopardize its operating capacity and the implementation of new projects.

Investments

The Company has been maintaining the necessary investments in the expansion of its operations, upon the construction of Photovoltaic Plants ("UFVs"), seeking to achieve operational balance, totaling CAPEX[1] of R$721.9 million in 2022 (R$346.7 million in 2021).

Human Resources

In spite of the economic problems in Brazil, the Company continues to invest in the professional development of its employees, with approximately 44 hours of education and training per employee (in the past 12 months), internships, in addition to technical and operational training courses.

The Company 671 employees at the end of 2022 (352 in 2021).

Relationship with Independent Auditors

In conformity with CVM Instruction 162/22, we inform that the Company's formal procedure when engaging independent auditors is to make sure that the provision of other services does not affect its independence and objectivity necessary for the provision of independent audit services. The Company's policy when engaging independent audit services is to make sure that there is no conflict of interests, loss of independence or objectivity. These principles are based on the following assumptions: a) the auditor must not audit his or her own work; b) the auditor must not exercise management functions in the client; and c) the auditor must not serve in a position of being an advocate for his or her client. In the year ended December 31, 2022, Deloitte Touche Tohmatsu Auditores Independentes Ltda. did not provide services, other than assurance services, which overall compensation exceeded 5% of the compensation for external audit services.

Acknowledgements

We would like to thank again all those present that supported us during 2022, including our employees, customers, suppliers, shareholders, financial institutions and members of the Board of Directors.

[2] *Capital Expenditure* - consiste nas despesas de capital, como investimentos em ativo imobilizado, como máquinas, equipamentos e outras benfeitorias nas instalações da Companhia.

Deloitte.

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

To the Management and Shareholders of
EBES Sistemas de Energia S.A.

Opinion

We have audited the accompanying individual and consolidated financial statements of EBES Sistemas de Energia S.A. ("Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheet as at December 31, 2022, and the related statements of profit and loss, of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Emphasis of matter

Restatement of the individual and consolidated financial statements for December 31, 2022

We draw attention to note 2.5.15 to the individual and consolidated financial statements, which were changed and are being restated, to reflect the result of the technical analyses conducted by the Company's Management on certain characteristics of the debentures issued by the Company, mainly related to the options of convertibility, minimum return and early redemption, as well as effective interest rate, as detailed in note 19. On April 20, 2023, we issued an audit report, containing modification related to the lack of these technical analyses previously mentioned, on the Company's individual and consolidated financial statements as at December 31, 2022, which are now being restated. Consequently, the qualification concerning such matter included in our audit report previously issued is no longer necessary and, therefore, our new report, which replaces the previous report, does not contain any modification.

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Key audit matters

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

Analysis of the impairment of property, plant and equipment

As described in notes 2.5.6 and 15 to the individual and consolidated financial statements, the Company annually assesses the existence or not of indications of risks of impairment of its property, plant and equipment. The assessments comprise the estimates related to internal and external factors that can affect the assets and require a significant level of judgment by Management. As at December 31, 2022, the assets recognized by the Company as property, plant and equipment totaled R$726,712 thousand, in the consolidated. These assets refer mainly to photovoltaic plants and are mainly comprised of solar panels and other solar generation equipment.

This matter was considered a KAM as: (i) the relevant amounts were considered material for our audit; (ii) there is judgment involved with respect to the determination of the cash-generating units and the estimated future cash flows, which contemplates the future revenue projection, as well as the costs related to the operation of solar farms; and (iii) there is judgment involved with respect to the determination of the discount rate to be applied to these future cash flows.

Our audit procedures included, among others: (i) understanding the significant internal control activities associated with the preparation and review of the impairment test of property, plant and equipment; (ii) assessing the reasonableness of the model and methodology used by Management in the impairment test of the assets, as well as the determination of the cash-generating units (solar farms); (iii) assessing the business assumptions used by the Company, relating to the discount rate used, as well as the projections of revenue and operating cost; and (iv) assessing the disclosure of the information concerning the impairment test in the financial statements.

Based on the audit procedures performed, we believe that the criteria and assumptions adopted by Management for the impairment test of its property, plant and equipment, as well as the related disclosures in notes 2.5.6 and 15 to the individual and consolidated financial statements, are acceptable in the context of the individual and consolidated financial statements taken as a whole.

Borrowings and financing - recognition and measurement of CRIs and FIDCs

As disclosed in note 18 to the individual and consolidated financial statements, the Company and its subsidiaries raised financial resources during 2022, through the assignment of real estate credits which supported the issuance of Real Estate Receivables Certificates (CRIs), as well as through Receivables Investment Funds (FIDCs). As at December 31, 2022, the balance of borrowings and financing is R$5,351 thousand and R$563,283 thousand, in the Parent and Consolidated, respectively.

The recognition and derecognition of financial liabilities and financial assets relating to the borrowing raised through the assignment of real estate credits and issuance of the CRIs and creation of the FIDCs, in accordance with technical pronouncement CPC 48 - "Instrumentos Financeiros" (IFRS 9 - Financial Instruments), require the exercise of significant judgment on the retention of risks and benefits, control over assets and recognition of collaterals, among other aspects. Additionally, such debt instrument has covenants that require the compliance with certain conditions and other non-financial obligations. The raising of funds through CRIs and FIDCs is intended to finance the construction of photovoltaic generation plants. Due to the materiality of the amounts and significant judgment involved, we consider the recognition and measurement of the assets and liabilities related to the CRIs and FIDCs a KAM.

Accordingly, our key audit procedures included, among others: (i) understanding the process for recognition of the financial assets and financial liabilities related to the CRIs and FIDCs; (ii) reading the agreements and other documents supporting the transactions; (iii) performing substantive tests related to the amounts raised, as well as the revenues and expenses related to the CRIs and FIDCs recognized in profit or loss for the year; (iv) checking external sources to confirm the number of certificates and amounts; and (v) assessing the disclosures made by Management in the financial statements.

Based on the audit procedures performed and the audit evidence obtained that support our tests, we believe that the criteria for recognition and measurement of the liabilities and assets related to the CRIs and FIDCs, as well as the related disclosures in note 18 to the individual and consolidated financial statements, are acceptable in the context of the individual and consolidated financial statements for the year ended December 31, 2022 taken as a whole.

Other matters

Corresponding figures for the prior year

The financial statements referred to above include the corresponding figures for the year ended December 31, 2021. The individual and consolidated financial statements for the year ended December 31, 2021 were audited by another independent auditor, who issued an unmodified independent auditor's report thereon, dated February 22, 2022.

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

Management is responsible for the other information. Such other information comprises 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 audit conclusion thereon.

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

Management's responsibilities 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 accounting practices adopted in Brazil and IFRS, issued by the IASB, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, 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.

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

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

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

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

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

- Conclude 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 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 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 to cease to continue as a going concern.

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

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

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

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

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

São Paulo, May 26, 2023

DELOITTE TOUCHE TOHMATSU	Renato Vieira Lima
Auditores Independentes Ltda.	Engagement Partner

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

EBES SISTEMAS DE ENERGIA S.A.

BALANCE SHEETS AS AT DECEMBER 31, 2022 AND 2021
(In thousands of Brazilian reais - R$)

		Parent		Consolidated	
	Note	12/31/2022	12/31/2021	12/31/2022	12/31/2021
ASSETS					
CURRENT					
Cash and cash equivalents	4	379,749	31,649	390,841	51,007
Restricted cash	5	-	803	73	1,283
Trade receivables	7	13,492	5,092	38,275	14,458
Financial instruments	8	4,784	141	4,784	141
Inventories	9	96,034	38,748	-	-
Related parties	10	106,830	26,370	-	-
Recoverable taxes	11	18,653	8,518	18,801	8,634
Other assets	12	65,170	18,570	72,209	24,784
		684,712	129,891	524,983	100,307
Assets from discontinued operations	13	94	183	94	183
Total current assets		684,806	130,074	525,077	100,490
NONCURRENT					
Restricted cash	5	134	317,882	923	319,998
Securities	6	-	-	111,085	39,009
Related parties	10	39,663	3,538	18,649	2,195
Recoverable taxes	11	7,398	1,390	7,398	1,390
Escrow deposits	21	515	235	533	243
Investments	14	87,927	49,072	-	-
Property, plant and equipment	15	34,135	14,689	726,712	349,109
Right of use of assets	16	3,988	876	49,624	32,127
Intangible assets	17	7,302	3,769	16,194	26,194
		181,062	391,451	931,118	770,265
TOTAL ASSETS		865,868	521,525	1,456,195	870,755

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

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EBES SISTEMAS DE ENERGIA S.A.

BALANCE SHEETS AS AT DECEMBER 31, 2022 AND 2021
(In thousands of Brazilian reais - R$)

LIABILITIES

LIABILITIES AND EQUITY

CURRENT					
Trade payables		9,422	31,227	19,240	34,363
Borrowings and financing	18	625	20,109	42,598	50,529
Debentures	19	16	4,965	16	4,965
Financial instruments	8	4,009	1,738	4,009	1,738
Related parties	10	9,761	12,296	-	-
Lease liability	16	1,738	184	11,396	6,184
Payroll and related taxes		20,213	12,177	20,213	12,177
Share-based payments	20	2,021	-	2,021	-
Taxes payable		912	643	5,637	2,310
Other liabilities		1,038	822	1,038	823
		49,755	84,161	106,168	113,089
Liabilities from discontinued operations	13	-	9	-	9
Total current liabilities		49,755	84,170	106,168	113,098
NONCURRENT					
Borrowings and financing	18	4,726	231,824	520,685	530,728
Debentures	19	174,090	213,684	174,090	213,684
Lease liability	16	2,543	786	42,847	27,585
Share-based payments	20	-	10,708	-	10,708
Provision for losses in subsidiaries	14	22,349	5,401	-	-
Provision for risks	21	53	81	53	81
Total noncurrent liabilities		203,761	462,484	737,675	782,786
EQUITY					
Capital	22	445,055	196,369	445,055	196,369
Capital reserves		625,213	603	625,213	603
Goodwill reserve		504	724	504	724
Accumulated losses		(458,420)	(222,825)	(458,420)	(222,825)
Total equity		612,352	(25,129)	612,352	(25,129)
TOTAL LIABILITIES AND EQUITY		865,868	521,525	1,456,195	870,755

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

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

EBES SISTEMAS DE ENERGIA S.A.

STATEMENTS OF PROFIT AND LOSS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(In thousands of Brazilian reais - R$, except loss per share in Brazilian reais - R$)

		Parent		Consolidated	
	Note	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Net operating revenue	24	185,806	107,579	90,416	54,153
Costs of sales and services	25	(169,221)	(96,922)	(16,625)	(10,100)
Gross profit (loss)		16,585	10,657	73,791	44,053
Other operating (expenses) income					
Selling expenses	25	(44,409)	(16,068)	(52,527)	(16,068)
General and administrative expenses	25	(105,693)	(48,148)	(118,593)	(53,631)
Other operating expenses, net		(383)	(829)	(354)	(829)
Share of profit (loss) of subsidiaries	14	(30,466)	(23,461)	-	-
		(180,951)	(88,506)	(171,474)	(70,528)
Loss before finance income (costs)		(164,366)	(77,849)	(97,683)	(26,475)
Finance income	26	56,204	15,269	71,744	16,766
Finance costs	26	(127,629)	(33,529)	(201,304)	(81,920)
Finance income (costs)	26	(71,425)	(18,260)	(129,560)	(65,154)
Loss before income tax and social contribution		(235,791)	(96,109)	(227,243)	(91,629)
Income tax and social contribution	27	-	-	(8,548)	(4,480)
Loss for the year		(235,791)	(96,109)	(235,791)	(96,109)
Discontinued operations	13	(24)	(88)	(24)	(88)
Loss from discontinued operations		(24)	(88)	(24)	(88)
Loss for the year		(235,815)	(96,197)	(235,815)	(96,197)
Basic and diluted loss per share from discontinued operations	24			-	(0,02)
Basic loss per share from continuing operations	24			(43,14)	(22,75)
Diluted loss per share from continuing operations	24			(42,49)	(21,70)
Loss per share	24			(42,49)	(21,72)

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

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

EBES SISTEMAS DE ENERGIA S.A.

STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(In thousands of Brazilian reais - R$)

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Loss for the year	(235,815)	(96,197)	(235,815)	(96,197)
Other comprehensive income	-	-		-
Comprehensive income for the year	(235,815)	(96,197)	(235,815)	(96,197)
Total comprehensive income for the year				
Continuing operations	(235,791)	(96,109)	(235,791)	(96,109)
Discontinued operations	(24)	(88)	(24)	(88)
	(235,815)	(96,197)	(235,815)	(96,197)

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

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

EBES SISTEMAS DE ENERGIA S.A.

STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(In thousands of Brazilian reais - R$)

	Note	Subscribed capital	Capital reserves	Goodwill reserve	Accumulated losses	Total equity
Balances as at December 31, 2020		196,369	603	944	(126,849)	71,067
Goodwill amortization	17 and 22			(220)	220	-
Loss for the year					(96,196)	(96,196)
Balances as at December 31, 2021		196,369	603	724	(222,824)	(25,130)
Capital increase		249,544				249,544
Goodwill amortization	17 and 22			(220)	220	
Increase of capital reserve			629,816			629,816
Share issuance costs		(858)	(7,720)			(8,578)
Stock option plan			2,514			2,514
Loss for the year					(235,815)	(235,815)
Balances as at December 31, 2022		445,055	625,213	504	(458,420)	612,352

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

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

EBES SISTEMAS DE ENERGIA S.A.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(In thousands of Brazilian reais - R$)

		Parent		Consolidated	
	Note	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Cash flows from operating activities					
Loss for the year		(235,815)	(96,197)	(235,815)	(96,197)
Adjustments to reconcile loss for the year to net cash used in operating activities:					
Depreciation and amortization	25	2,640	1,101	19,112	12,812
Share of profit (loss) of subsidiaries	14	30,466	23,461		-
Residual value of property, plant and equipment written off	15	174	54	139	54
Share-based payment		(8,687)	2,875	(8,687)	2,875
Provision for risks	21	(27)	81	(27)	81
Expenses on stock option plan	22	2,514	-	2,514	-
Interest on borrowings, financing, debentures and lease liability	18,19,16	80,967	16,616	165,069	61,883
		(127,768)	(52,009)	(57,695)	(18,492)
Changes in operating assets and liabilities:					
Trade receivables		(8,312)	306	(23,729)	2,007
Inventories		(57,286)	(38,748)	-	-
Recoverable taxes		(16,143)	(2,250)	(16,175)	(2,272)
Escrow deposits		(281)	(127)	(290)	(135)
Financial instruments		(2,372)	2,428	(2,372)	2,428
Other receivables		(46,600)	(10,111)	(47,425)	(16,180)
Trade payables		(21,806)	26,511	(15,123)	29,378
Payroll and related taxes		8,036	5,372	8,036	5,393
Taxes and contributions payable		269	81	11,875	4,591
Other liabilities		207	429	207	429
Related parties		(104,095)	14,283	(1,316)	-
Dividends received		2,386	-	-	-
Interest paid on borrowings, financing, leases and debentures		(53,001)	(3,937)	(107,233)	(21,997)
Income tax and social contribution paid		-	-	(8,548)	(4,506)
Net cash generated by (used in) operating activities		(426,766)	(57,772)	(259,788)	(19,356)
Cash flows from investing activities					
Purchase of property, plant and equipment and intangible assets	15 and 17	(24,837)	(11,906)	(384,399)	(216,686)
Investments in subsidiaries	14	(54,759)	(11,594)	-	-
Net cash from merged subsidiary	13	-	30	-	-
Restricted cash	5	318,551	(316,456)	320,285	(312,044)
Securities	6	-	-	(72,076)	(44,116)
Investments in associates	14	-	-	-	-
Net cash generated by (used in) investing activities		238,955	(339,926)	(136,190)	(572,846)
Cash flows from financing activities					
Assignment of intragroup loans		(15,026)	(437)	(15,139)	(935)
Borrowings and financing	18	-	222,000	228,687	484,582
Repayment of borrowings and financing		(246,090)	(16,778)	(269,900)	(20,887)
Issuance of debentures		60,000	206,000	60,000	206,000
Amortization of debentures		(133,000)	-	(133,000)	(51,805)
Payment of lease liability (principal)		(755)	(30)	(5,618)	(326)
Capital payment	22	879,360	-	879,360	-
Payment of share issuance costs, net of taxes		(8,578)	-	(8,578)	-
Net cash generated by financing activities		535,911	410,755	735,812	616,629
Increase (decrease) in cash and cash equivalents, net		348,100	13,057	339,834	24,427
Cash and cash equivalents at the beginning of the year		31,649	18,592	51,007	26,580
Cash and cash equivalents at the end of the year		379,749	31,649	390,841	51,007
Increase (decrease) in cash and cash equivalents, net		348,100	13,057	339,834	24,427

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

1. GENERAL INFORMATION

EBES Sistemas de Energia S.A. ("Company" or "Órigo"), established on February 17, 2011, is engaged in the provision of development, consulting and engineering services regarding thermal, mechanical and solar power system and electromechanical equipment projects, as well as in the business representation, distribution, import, export, manufacturing, sale, installation, construction works, maintenance and lease of power system equipment.

The Company holds interest in the capital of other companies, participates in projects related to its corporate purpose, in the form of consortiums, condominiums or cooperatives and/or another legal structure without own legal identity, and also designs and participates in distributed energy generation projects relating to the Energy Compensation System of the National Electric Energy Agency (ANEEL).

The Company is headquartered at rua Conceição, 233, sala 404, Centro, Campinas/SP. The Company's business name is Órigo Energia (Órigo). The Company owns branches in São Paulo - SP; the financial office is located in Barueri - SP, in Mombaça - Ceará, in Belo Horizonte - MG, and in Recife - PE.

Through its subsidiaries, the Company develops projects for the implementation of Micro and Mini-generation Photovoltaic Energy Plants (UFVs). After each UFV is built and established, the Company operates in the management of Consortiums (combination of CNPJs) or Cooperative (combination of CPFs and CNPJs) of energy consumers which, in turn, rent the generation assets installed at the UFV UFVs from the Company's subsidiaries. The consortiums or cooperative share the economic rights of the UFVs between consortium or cooperative members, as the case may be, and are responsible for the management, operating and maintenance costs of the rented UFV, in order to benefit from the corresponding energy generation from the power distribution companies, through a discount in their energy bills. Accordingly, the Company's revenue derive from the rents paid by the consortiums and cooperatives to the subsidiaries (holders of the UFVs) and the management service paid to the Company.

The Company increased the investment in new solar energy generation plants in 2022, serving, through the consortiums and cooperatives managed by it, approximately 62 thousand customers in the states of Minas Gerais, Pernambuco and São Paulo, through the rental of own and third-party farms. As at December 31, 2022, 47 photovoltaic plants, own and third parties, were in operation with 166 MWp[1].

[1] Energy production unit equal to the energy produced through the continuing operation of one megawatt of capacity during a given period. MWac is the nominal power and MWp is the plate peak power.

As at December 31, 2022 and 2021, the Company had 73 MWac and 41 MWac, respectively, connected and operating through the UFVs installed in its subsidiaries, as detailed below:

	Connected MWac	
	2022	2021
João Pinheiro Solar Ltda	9.5	3.5
Sagarana Geração de Energia Solar Ltda.	5	5
Francisco SA II Geração de Energia Solar Ltda.	35	20
Manga I Geração de Energia Solar Ltda.	5	5
Janaúba II Geração de Energia Solar Ltda.	5	5
Melgaço Geração de Energia Solar 31 Ltda	11	2.5
Monte Carmelo Geração de Energia Solar 44 Ltda	2.5	-
São Francisco Angicos Geração de Energia Solar Ltda. (*)	-	-
	73.1	41.0

(*) Operation of 75 KWac only, below 1MW or 1,000KW.

Also, as at December 31, 2022, the Company owns subsidiaries at the pre-operating stage, as detailed in note 2.4.

The Company also holds interest in Finco Assessoria Financeira Eireli (“Finco”), which is engaged in the provision of administrative services to other Group companies, in addition to holding interest in the capital of other subsidiaries. This subsidiary is dormant and, therefore, has no impact on the consolidated balances (see note 14).

Corporate restructuring

The transactions below were carried out as part of the Company’s corporate restructuring.

All mergers were carried out to optimize the shareholding structure or seek the synergy of its subsidiaries’ operations.

The mergers carried out by the Company were based on the net accounting assets of the subsidiaries, determined based on the carrying amounts on the respective merger dates, without any gain or loss, as shown below:

- On January 27, 2021, subsidiaries São Bento Geração de Energia Solar 17 Ltda., Lambari Geração de Energia Solar 20 Ltda. and Pimenta Geração de Energia 28 Ltda. were merged into subsidiary João Pinheiro Solar Ltda., and established the opening of branches.

	2021		
	Merged net assets		
	São Bento	Lambari	Pimenta
Cash and cash equivalents	1	-	-
Other receivables	3	4	-
Current	4	4	-
Right of use of assets	679	3,351	1,453
Property, plant and equipment	41	67	92
Intangible assets	-	32	-
Noncurrent	720	3,450	1,545
Total assets	724	3,454	1,545

	2021		
	Merged net assets		
	São Bento	Lambari	Pimenta
Trade payables	11	32	11
Payroll and related taxes			
Taxes payable	1	8	2
Lease liability	79	384	170
Borrowings and financing	-	-	-
Current	91	424	183
Lease liability	614	3,017	1,319
Noncurrent	614	3,017	1,319
Total liabilities	705	3,441	1,502
Total merged net assets	19	13	43

- On February 24, 2021, the Company merged subsidiary Ebes Administradora de Consórcios Ltda.

	2021
	Merged net assets
	EBES Adm
Cash and cash equivalents	30
Trade receivables	3,036
Recoverable taxes	12
Other receivables	115
Current	3,193
Related parties	2,252
Noncurrent	2,252
Total assets	5,445
Trade payables	20
Payroll and related taxes	20
Taxes payable	124
Current	144
Related parties	1
Noncurrent	1
Total liabilities	145
Total merged net assets	5,300

- On December 16, 2021, Management approved the merger of subsidiaries Guariba Geração de Energia 43 Ltda., Três Reis Geração de Energia Solar Ltda., Lagoa Grande Geração de Energia Solar Ltda., and Barreiro Geração de Energia Ltda. into subsidiary Francisco Sá II Geração de Energia S.A., and established the opening of branches.

	2021			
	Merged net assets			
	Barreiro	Lagoa Grande	Três Reis	Guariba
Cash and cash equivalents	127	3	1,345	617
Other receivables	42	263	112	308
Related parties	8,443	1,036	2,869	20,819
Current	8,612	1,302	4,326	21,744
Financial instruments	-	19,382	-	2,695
Right of use of assets	3,301	1,632	102	810
Property, plant and equipment	1,774	33,711	22,171	12,801
Intangible assets	11,209	-	-	-
Noncurrent	16,284	54,725	22,273	16,306
Total assets	24,896	56,027	26,599	38,050
Trade payables	1,169	2,563	(149)	2,116
Taxes payable	18	53	16	53
Related parties	-	16,186	-	8,000
Lease liability	133	184	10	95
Borrowings and financing	382	4,776	2,429	1,621
Current	1,702	23,762	2,306	11,885
Related parties	8,000	327	-	-
Lease liability	1,672	1,502	95	739
Borrowings and financing	13,890	41,243	26,310	26,981
Noncurrent	23,562	43,072	26,405	27,720
Total liabilities	25,264	66,834	28,711	39,605
Total merged net assets	(368)	(10,807)	(2,112)	(1,555)

- On March 31, 2022, subsidiaries Irai de Minas Geração de Energia Solar 19 Ltda., Santa Rosa Geração de Energia Solar 14 Ltda., São Gotardo Geração de Energia Solar 32 Ltda. and Bananal Geração de Energia Solar 46 Ltda. were merged into Melgaço Geração de Energia Solar 31 Ltda., and established the opening of branches.

	Merged net assets				
Assets	Santa Rosa	São Gotardo	Iraí de Minas	Bananal	Total
Cash and cash equivalents	3	3	3	4	13
Trade receivables	-	-	-	-	-
Related parties	-	-	-	-	-
Other assets	779	213	141	11	1,144
Current	782	216	144	15	1,157
Right of use of assets	557	2,401	1,279	440	4,677
Property, plant and equipment	2,135	105	257	12,524	15,021
Intangible assets	-	-	-	-	-
Noncurrent	2,692	2,506	1,536	12,964	19,698
Total assets	3,474	2,722	1,680	12,979	20,855
Liabilities					
Trade payables	1,513	-	-	8,569	10,082
Taxes payable	18	10	8	44	80
Related parties	-	-	-	-	-
Lease liability	117	537	304	101	1,059
Borrowings and financing	-	-	-	-	-
Current	1,648	547	312	8,714	11,221
Related parties	325	79	45	63	512
Lease liability	420	1,921	1,002	363	3,706
Noncurrent	745	2,000	1,047	426	4,218
Total liabilities	2,393	2,547	1,359	9,140	15,439
Total merged net assets	1,081	175	321	3,839	5,416

- On May 31, 2022, subsidiaries Terra Vista II Geração de Energia 30 Ltda. and Piumhi Geração de Energia 33 Ltda. were merged into subsidiary Monte Carmelo Geração de Energia 44 Ltda., and established the opening of branches.

	Merged net assets		
Assets	Terra Vista	Piumhi	Total
Cash and cash equivalents	4	3	7
Trade receivables	-	-	-
Related parties	-	-	-
Other assets	-	-	-
Current	4	3	7
Right of use of assets	831	2,175	3,007
Property, plant and equipment	449	425	874
Intangible assets	-	-	-
Noncurrent	1,280	2,600	3,880
Total assets	1,284	2,603	3,887

Liabilities	Merged net assets Terra Vista	Piumhi	Total
Trade payables	97	-	97
Taxes payable	3	6	9
Lease liability	7	487	494
Current	107	493	600
Related parties	-	-	-
Lease liability	836	1,740	2,576
Noncurrent	836	1,740	2,576
Total liabilities	943	2,233	3,176
Total merged net assets	341	370	711

- On May 31, 2022, subsidiaries Cruzeiro Geração de Energia Solar 24 Ltda., Papagaio Geração de Energia 26 Ltda., Campestre Geração de Energia Solar 16 Ltda. and Januária Geração de Energia 45 Ltda. were merged into subsidiary Janaúba II Geração de Energia Solar S.A.

	Merged net assets				
Assets	Cruzeiro	Campestre	Papagaio	Januária	Total
Cash and cash equivalents	3	3	4	4	14
Trade receivables	-	-	-	-	-
Related parties	-	-	-	-	-
Other assets	-	-	839	328	1,169
Current	4	3	843	332	1,182
Escrow deposits	-	-	-	-	-
Right of use of assets	1,847	1,657	1,690	894	6,089
Property, plant and equipment	4,269	1,284	11,229	143	16,925
Securities	-	-	-	-	-
Intangible assets	-	-	-	-	-
Noncurrent	6,116	2,941	12,920	1,037	23,014
Total assets	6,120	2,944	13,763	1,369	24,196
Liabilities					
Trade payables	3,102	318	9,474	36	12,930
Taxes payable	30	4	45	3	82
Related parties	-	-	-	-	-
Lease liability	394	410	379	199	1,382
Borrowings and financing	-	-	-	-	-
Current	3,527	731	9,898	238	14,393
Related parties	1,458	566	1,691	354	4,070
Lease liability	1,538	1,340	1,430	712	5,019
Borrowings and financing					-
Noncurrent	2,996	1,906	3,121	1,066	9,090
Total liabilities	6,523	2,637	13,019	1,304	23,483
Total merged net assets	(403)	307	744	66	713

Also, between 2019 and 2020, in view of the strategic positioning for UFV construction, the Company discontinued its activities on the sale and distribution of Photovoltaic Solar Generator (GSF) and project development and installation (Rooftop and Kit) installation services (see details in note 13).

Financial condition

As at December 31, 2022, the Company recognizes positive negative working capital in the Parent of R$635,051 and positive negative working capital in the consolidated of R$418,909 (positive negative working capital in the Parent of R$45,904 and negative net working capital in the consolidated of R$12,608, respectively, as at December 31, 2021) and positive equity, in the Parent and consolidated, of R$612,352 as at December 31, 2022 (negative equity, in the Parent and consolidated, of R$25,129 as at December 31, 2021). Additionally, the Company recognizes balance of accumulated losses, in the Parent and consolidated, of R$458,420 as at December 31, 2022 (R$222,825 as at December 31, 2021, in the Parent and consolidated). As at December 31, 2022, cash flow from operating activities was negative in the amounts of R$426,766 and R$259,788 in the Parent and consolidated, respectively (negative in the amounts of R$57,772 and R$19,356 in the Parent and consolidated, respectively, as at December 31, 2021).

This scenario is mainly due to the Company's expansion, with a significant volume of investments made for the construction of the solar farms. Despite the increase in the installed power in 2022 (reaching 166 MWp in December), it is still less representative when compared to the volume expected for the future as, at the end of 2022, there were access opinions formalized with the power distribution companies for approximate power of 1,360 MWp - in addition to those already connected - for development in the next years. Finally, the Company still incurred high expenses arising from connection or land prospection initiatives for purposes of development, obtaining or prospection of access opinions, thus building a project pipeline in accordance with the Company's strategic objectives.

These investments in prospection, rental expenses and implementation of new projects resulted in operating loss, as the operating farms, due to their low proportionality in relation to the total prospected project pipeline, as they do not generate comparable result to support the significant expected growth for the next years. However, it is important to state that it refers to an expense or investment to implement the Company's future UFVs and not the recurring situation in a stability scenario.

Also, we stress that the finance costs total R$127,629 and R$201,304 as at December 31, 2022, in the Parent and Consolidated, respectively (R$33,529 and R$81,920 as at December 31, 2021, in the Parent and Consolidated, respectively) and are directly related to the debt instruments raised by the Company to support expenses arising from connection or land prospection or refinancing or financing to develop, build solar farms and ensure the expansion of the shared energy generation capacity.

In addition, in order to enable the continuing investment in renewable energy sources and its business expansion, the Company constantly monitors and assesses sources and tools of own or third-party resources to support the development of its pipeline in conformity with is strategic objectives. Even though the use of third-party capital can initially adversely affect the Company's finance income (costs), through the issuance or raising or new debt instruments and respective debt service, it allows the development and connection of new farms that promote operating cash flow and, consequently, contributes to the improvement of operating income (expenses). In addition to the use of third-party capital, the Company aims at adjusting its capital structure through the obtainment of additional own capital that contributes to the development of its pipeline and improvement of operating income (expenses).

Based on the facts and circumstances existing up to the date of authorization of these financial statements, Management assessed the Company's capacity to continue as a going concern and is convinced that its operations are capable of generating resources its continuity in the future. Additionally, Management is not aware of any material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Accordingly, these financial statements have been prepared on a going concern basis.

This assertion is based on Management's expectations with respect to the Company's future, in line with its business plan and strategic objectives. Annually, the Company usually prepares business plans comprising annual or multi-year budgets, which detail the capital investment plans, the strategic plans and the Company's facilities maintenance schedules. These plans are monitored during the year by the Company's Board of Directors, and may be subject to changes.

The members of the Company's Executive Board have audited the set of the individual and consolidated financial statements for the years ended December 31, 2022 and 2021, and concluded that these financial statements present fairly its financial position, and approved them on May 26, 2023.

Impacts arising from COVID-19 (Coronavirus) on the Company's business

On January 31, 2020, the World Health Organization (WHO) announced that the Coronavirus (COVID-19) was a global health emergency. On March 11, 2020, the WHO raised the outbreak classification to a pandemic, due to its global reach.

The quick and sudden spread of this pandemic continues to cause the suspension of activities of several production and commercial sectors and give rise to important decisions from governments and private sector entities that increase the level of uncertainty for the economic agents and resulted in significant impacts on the economic activity of certain sectors.

Despite the negative impact on the global economy, COVID-19 did not significantly affect the results and/or operations of Órigo in the 12-month period ended December 31, 2022; the exception was the increase in finance costs due to the increase in inflation and interest rate as a result of the pandemic. To meet the construction deadlines of the UFVs, Management held weekly meetings with the construction work coordinators and internal infrastructure teams, so as to get ahead of any problem and quickly seek a solution in order to not cause the projects' delay.

In order to mitigate the financial impacts, Management has also adopted the following measures:

- Implementation of a Crisis Management Committee;
- Restrictions in relation to the transit and agglomeration of people in its facilities, in order to avoid the virus spread;
- Adoption of the hybrid work regime in 2021, in the pandemic period, for all employees;
- More internal communications on preventive measures.
- Optimization of the use of technology to ensure the virtual service to its customers, impacting as least as possible their administrative and operating activities.

As a result of the measures above, Management believes that it has efficiently followed the instructions from the competent bodies with respect to good practices in the work environment for COVID-19 prevention, and quickly adapted to the new remote and hybrid work reality. Management currently considers the effects of the measures adopted or in effect as positive for the administrative and operating context.

The Company's Management continues to monitor the impact of COVID-19 and the global context, its financial condition, its liquidity, the situation of its suppliers, partners, counterparties and its workforce to ensure the security of its employees and guarantee the maintenance of its business.

Also, upon normalization of the economic activity in Brazil, the Company does not expect significant effects that may affect its result or jeopardize its administrative, financial and operating capacity and the implementation of new projects in the next year.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The Company's individual and consolidated financial statements have been prepared in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee (CPC) and International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), implemented in Brazil through the Accounting Pronouncements Committee (CPC) and its technical interpretations (ICPC) and guidelines (OCPC), approved by the Brazilian Securities and Exchange Commission (CVM).

The Company's individual financial statements, hereinafter referred to as Parent, are being disclosed together with the consolidated financial statements and presented as a single set, in a side-by-side format.

All relevant information for the financial statements, and only this information, is being disclosed and corresponds to the information used by Management in managing the Company's activities, pursuant to technical guideline OCPC 07 - Disclosures in General Purpose Financial Reporting.

2.1. Basis of measurement

The individual and consolidated financial statements have been prepared on a historical cost basis, except for the measurement of certain assets and liabilities such as derivative financial instruments and share-based payments, which are measured at fair value.

The historical cost is generally based on the fair value of the consideration paid in exchange for assets or services.

2.2. Functional and presentation currency

These financial statements are stated in Brazilian reais (R$), which is the Company's and its subsidiaries' functional and presentation currency. The financial information is presented in thousands of Brazilian reais, unless otherwise stated.

2.3. Foreign currency

Foreign currency-denominated transactions, if any, are translated into the functional currency at the exchange rate prevailing at the transaction dates. Exchange gains or losses arising on the translation of foreign currencies are recognized in profit or loss.

2.4. Basis of consolidation and investments in subsidiaries and associates

The consolidated financial statements comprise the financial statements of the Parent and its subsidiaries, as listed below, as at December 31, 2022 and 2021, specifically for the consolidated balance sheet.

The consolidated financial statements have been prepared in accordance with the following criteria:

- Elimination of intragroup asset and liability balances;
- Elimination of intragroup investments and share of profit (loss) of subsidiaries against the respective equity of the investee;
- Elimination of income and expenses arising from intragroup transactions;
- Elimination of profit on inventories and sale of property, plant and equipment, when applicable, arising from intragroup sales;

The accounting policies below are applied in the preparation of the consolidated financial statements.

a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company holds control. The Company controls an entity when it is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through the power over the entity. Subsidiaries are fully consolidated when the control is transferred to the Company. Consolidation is discontinued from the date on which the Company ceases to hold control. Investments in subsidiaries are recognized under the equity method from the date control is acquired.

All intragroup transactions, balances and unrealized gains are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the transferred asset.

The accounting practices and estimates of subsidiaries are in line with those of the Company. In addition, all subsidiaries follow the Company's fiscal year, which ends every December 31.

b) Associates

Associates are all entities over which the Company has significant influence, but does not hold control, generally together with a 20% to 50% interest in voting rights. Investments in associates are accounted for under the equity method and are initially recognized at cost.

As at December 31, 2022 and 2021, the Company does not hold investments in associates.

c) Transactions and interests of noncontrolling shareholders

The Company does not have noncontrolling shareholders, as it holds, together with its subsidiary FINCO, 100% of the interest in other subsidiaries, based on the percentage equity interest disclosed below.

All subsidiaries are established with 1,000 shares, of which one share is held by subsidiary Finco Assessoria Financeira Ltda. and 999 shares are held by Ebes Sistemas S.A. (Parent). In case of need of own capital, the Parent contributes the funds, diluting the equity interest of subsidiary Finco Assessoria Financeira Ltda.

The percentage equity interests held by the Company in its subsidiaries and associates and the core activity of each one, comprising the annual financial statements, are shown below:

Subsidiary	Core activity	Equity interest - % 2022	2021
Operating			
João Pinheiro Solar Ltda	Rental of photovoltaic solar energy generation unit	100	100
Sagarana Geração de Energia Solar Ltda	Rental of photovoltaic solar energy generation unit	100	100
Manga I Geração de Energia Solar Ltda	Rental of photovoltaic solar energy generation unit	100	100
Francisco Sá II Geração de Energia Solar Ltda	Rental of photovoltaic solar energy generation unit	100	100
Janauba II Geração de Energia Solar Ltda	Rental of photovoltaic solar energy generation unit	100	100
São Francisco Angicos Geração de Energia Solar Ltda	Rental of photovoltaic solar energy generation unit	100	100
Melgaço Geração De Energia 31 Ltda.	Rental of photovoltaic solar energy generation unit	100	100
Monte Carmelo Geração De Energia 44 Ltda.	Rental of photovoltaic solar energy generation unit	99,90	99,90
Santa Rosa Geração de Energia Solar 14 Ltda. *(a)	Rental of photovoltaic solar energy generation unit	100	100
Irai de Minas Geração de Energia Solar 19 Ltda. *(a)	Rental of photovoltaic solar energy generation unit	100	100
Cruzeiro Geração de Energia Solar 24 Ltda. *(a)	Rental of photovoltaic solar energy generation unit	100	100
Campestre Geração de Energia Solar 16 Ltda. *(a)	Rental of photovoltaic solar energy generation unit	100	100
Papagaio Geração de Energia 26 Ltda. *(a)	Rental of photovoltaic solar energy generation unit	100	100
São Gotardo Geração De Energia 32 Ltda. *(a)	Rental of photovoltaic solar energy generation unit	100	100
Piumhi Geração De Energia 33 Ltda. *(a)	Rental of photovoltaic solar energy generation unit	100	100
Terra Vista II Geração De Energia 30 Ltda *(a)	Rental of photovoltaic solar energy generation unit	100	100
Bananal Geração De Energia Solar 46 Ltda. *(a)	Rental of photovoltaic solar energy generation unit	100	100
Januária Geração De Energia 45 Ltda. *(a)	Rental of photovoltaic solar energy generation unit	99,90	99,90
Finco Assessoria Financeira Ltda	Provision of preventive and corrective maintenance services for the operation of solar energy generation equipment	100	100
Green FIDC Solar GD (Fundo de Investimentos em Direitos Creditórios Socioambiental - Energia Solar FIDC) ©	Exclusive fund controlled by Francisco Sá II Geração de Energia S.A.	100	100
Green FIDC Solar GD II (Fundo de Investimentos em Direitos Creditórios Socioambiental - Energia Solar FIDC) ©	Exclusive fund controlled by Janaúba II Geração de Energia S.A.	100	100

(a) Subsidiaries merged (note 1).

The companies listed below are at the pre-operating stage, have as core activity the rental of the photovoltaic solar energy generation unit (UFV), and in 2022 and 2021, hold the equity interest shown below:

Pre-operating		Equity interest - % 2022	2021
São Francisco III Geração de Energia Solar Ltda	Rental of photovoltaic solar energy generation unit	100	100
Mato Verde Geração de Energia Solar Ltda	Rental of photovoltaic solar energy generation unit	100	100
Varzea da Palma Curumatai Geração de Energia Solar Ltda.	Rental of photovoltaic solar energy generation unit	100	100
Buriti Geração de Energia Solar 25 Ltda.	Rental of photovoltaic solar energy generation unit	100	100
Capim Branco Geração de Energia Solar 15 Ltda.	Rental of photovoltaic solar energy generation unit	100	100
Marimbondo Geração de Energia Solar 23 Ltda.	Rental of photovoltaic solar energy generation unit	100	100
Six Energy Desenvolvimento de Negócios Ltda.	Rental of photovoltaic solar energy generation unit	100	100
Frutal Geração de Energia 27 Ltda	Rental of photovoltaic solar energy generation unit	100	100
Santa Martha Geração De Energia 29 Ltda.	Rental of photovoltaic solar energy generation unit	100	100
Ponte Alta Geração De Energia 34 Ltda.	Rental of photovoltaic solar energy generation unit	100	100
Poutrinha Geração De Energia 37 Ltda.	Rental of photovoltaic solar energy generation unit	100	100
Três Amores Geração De Energia 36 Ltda.	Rental of photovoltaic solar energy generation unit	100	100
Jacauna Geração De Energia 35 Ltda.	Rental of photovoltaic solar energy generation unit	100	100
Vertentes Geração De Energia 39 Ltda	Rental of photovoltaic solar energy generation unit	100	100
Petrolina Geração De Energia 38 Ltda	Rental of photovoltaic solar energy generation unit	100	100
Parnamirim Geração De Energia 40 Ltda	Rental of photovoltaic solar energy generation unit	100	100
Princesa Dos Canaviais Geração De Energia 41 Ltda	Rental of photovoltaic solar energy generation unit	100	100
Campos Novos Geração De Energia 42 Ltda	Rental of photovoltaic solar energy generation unit	100	100
Paratinga Geração de Energia 51 Ltda	Rental of photovoltaic solar energy generation unit	99,90	99,90
Other SPEs (a)	Rental of photovoltaic solar energy generation unit	99,90	-

(a) Comprises 460 CNPJs where the Parent holds 99.90% interest, which were created during 2022 and with capital of R$1 thousand.

2.5. Significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. The accounting policies and practices were consistently applied for all reporting years and for the Company's individual and consolidated financial statements, except if otherwise stated.

2.5.1. Financial instruments

CPC 48 (IFRS 09) - Financial Instruments is effective for annual periods beginning January 1, 2018. This standard provides for three main categories for the classification and measurement of financial assets: (i) amortized cost; (ii) fair value through other comprehensive income; and (iii) fair value through profit or loss (residual category).

The Company conducted a detailed impact assessment upon adoption of the new standard and identified the following aspects:

CPC 48 (IFRS 09) contains a financial asset classification and measurement approach that reflects the business model within which assets are managed and their cash flow characteristics. In relation to financial liabilities, it requires that a change in the fair value of the financial liability designated at fair value through profit or loss, that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income and not in the statement of profit and loss, unless such recognition results in a mismatch in the statement of profit and loss.

Measurement

Financial assets and financial liabilities must be initially measured at fair value. The criteria to determine the fair value of financial assets and financial liabilities were (i) the price quoted in an active market or, in the lack thereof and (ii) the use of valuation techniques that allow estimating fair value on the transaction date taking into consideration the amount that would be traded between independent, knowledgeable parties to the transaction, interested in carrying out the transaction.

The subsequent measurement of financial assets and financial liabilities follows the fair value or amortized cost method, pursuant to the category. The amortized cost corresponds to:

- The amount initially recognized for the financial asset or financial liability;
- Less principal repayments; and
- Plus/less cumulative interest under the effective interest method.

The effects of the subsequent measurement of financial assets and financial liabilities are directly allocated to profit or loss for the period. Long-term assets and liabilities with financial instrument characteristics are initially recorded at their present value.

Recognition

Regular-way purchases and sales of financial assets are recognized on a trade date basis, i.e., on the date the Company agrees to buy or sell the asset. Financial assets at fair value through profit or loss are initially recognized at fair value, and transaction costs are recorded in the statement of profit and loss. Loans and receivables are stated at amortized cost.

Gains or losses arising on changes in the fair value of other financial assets measured at fair value through profit or loss are recognized in the statement of profit and loss in “Income” or “Costs”, respectively, in the period in which they occur.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or assumed an obligation to pay cash flows received in full, with no significant delay, to a third party under a transfer arrangement; and (a) the Company has substantially transferred all risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards incidental to the asset but it has transferred control over the asset.

A financial liability is derecognized when the obligation thereunder is extinguished, i.e., when the obligation specified in the contract is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender under substantially different terms, or the terms of an existing liability are substantially modified, such a change or modification is treated as the derecognition of the original liability and recognition of a new liability. Any difference in the respective carrying amounts is recognized in the statement of profit and loss.

The Company’s financial assets include mainly cash and cash equivalents, restricted cash, securities, trade receivables and due to related parties and derivative financial instruments.

The Company’s financial liabilities include mainly trade payables, borrowings and financing, debentures, lease liabilities, due to related parties and derivative financial instruments.

The Company has no hedge accounting transactions as at December 31, 2022 and 2021.

Other financial liabilities

Other financial liabilities are measured at amortized cost under the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating its interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including fees and points paid or received that are an integral part of the effective interest rate, transaction costs, and other premiums or discounts) over the estimated life of the financial liability or, where appropriate, over a shorter period, for the initial recognition of the net carrying amount.

Impairment of financial assets

CPC 48 (IFRS 09) replaced the incurred loss model for a prospective expected loss model. This new approach requires considerable judgement on how changes in economic factors impact expected credit losses, which will be determined based on the weighted probabilities.

The allowance for expected credit loss is recognized in an amount considered sufficient by Management to cover probable risks on the customer portfolio and other amounts receivable recognized at the balance sheet date. The allowance recognition criterion takes into consideration the assessment of the risk associated with the transactions and receivables past due for more than 60 days, and based on past experience of losses on receivables, it is adjusted to specific prospective factors for the debtors and the economic environment.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term investments with original short-term maturity, which are subject to an insignificant risk of change in value and are used in managing short-term obligations.

Trade receivables

Include revenue from the rental of the UFVs by the subsidiaries and the provision of management services and performance fees by the Company to the consortiums and cooperatives, on accrual basis. These are stated at fair value and classified as trade receivables, as they represent fixed and determinable rights and are not quoted in an active market; are measured at amortized cost, for which there are no interest impact; as trade receivables are normally settled within less than 90 days, the carrying amounts substantially represent the present value at the balance sheet date.

Trade payables

Trade payables correspond to payables for goods or services that were acquired from suppliers in the normal course of business, are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. In practice, they are usually recognized at the corresponding invoice amount.

Refer to the purchase of materials for the design and development of photovoltaic solar generators, equipment for the construction of solar farms, services payable, purchase of office supplies, among others.

Borrowings, financing and debentures

Borrowings, financing and debentures are initially recognized at the net amounts received by the Company, and the difference is treated as finance charges and subsequently stated at amortized cost. Debentures correspond to debt instruments issued by publicly-held companies and directly offered to the investors (debentureholders), which become the Company's creditors and receive a compensation (usually as interest) up to the instrument maturity.

Borrowings, financing and debentures--Continued

Under CPC 08 (R1) / IAS 32 - Transaction Costs and Premiums on the Issuance of Securities, transaction costs incurred in borrowings through the contracting of a debt instrument (borrowings, financing or debt instruments such as debentures, commercial notes or other securities) are accounted for as reduction of the initially recognized fair value of the financial instrument issued, for disclosure of the net amount received, under unamortized costs.

Capitalization of borrowing costs

Costs directly related to the acquisition, construction or production of an asset that necessarily requires a substantial period of time to get ready for use or sale are capitalized as part of the cost of the asset. All other borrowing costs are recognized as expenses when incurred. Borrowing costs comprise interest and other costs incurred by the Company related to the borrowing. Interest expenses are recognized under the effective interest method over the borrowing or financing period, so that, on the maturity date, the account balance corresponds to the amount due.

Derivative financial instruments

Derivative financial instruments contracted by the Company are used to hedge transactions against the risks of fluctuations in exchange and interest rates on domestic or foreign currency-denominated borrowings and foreign exchange differences in the import of equipment, and are not used for speculative purposes.

These derivative financial instruments are initially recognized at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value at the balance sheet date, considering the change in the fair value and market conditions on that date.

Derivatives are recorded as financial assets when the fair value is positive, and as financial liabilities when the fair value is negative.

Present value adjustment of assets and liabilities

Long-term monetary assets and liabilities are adjusted for inflation and, therefore, adjusted at their present value. The adjustment to present value of short-term monetary assets and liabilities is calculated, and only recognized, if it is considered material in relation to the financial statements taken as a whole. For purposes of recognition and determination of materiality, the present value adjustment is calculated taking into consideration the contractual cash flows and the explicit, and in certain cases implicit, interest rate of the related assets and liabilities at the transaction date. As at December 31, 2022, there is only the residual value of the present value adjustment of the trade receivables relating to the financed sales of kits and rooftops, which were discontinued, as mentioned in note 13.

Other current and noncurrent assets and liabilities

An asset is recognized in the balance sheet when it is probable that its future economic benefits will flow into the Company and its cost or amount can be measured reliably. A liability is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that a disbursement will be required to settle it in the future.

These are stated at their known or determinable amounts, plus the income earned and charges and inflation adjustments incurred up to the balance sheet date, when applicable, and, in the case of assets, adjusted by an allowance for losses, when necessary.

Assets and liabilities maturing up to the next year are classified in current liabilities, and those with greater maturities are classified in noncurrent liabilities.

2.5.2. Inventories

Refer to solar photovoltaic modules, parts, pieces and accessories for photovoltaic equipment for the Company's resale to its subsidiaries, without margin, used for the construction of solar farms of the Company's subsidiaries.

Inventories are measured at the lower of cost and net realizable value, and if necessary, an allowance for losses is recognized. The cost of inventories includes expenditures incurred on the purchase of inventories, costs of production and processing and other costs incurred in bringing the inventories to their present location and condition.

2.5.3. Leases

The Company as lessee

The Company applies one single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets that represent the right of use of the underlying assets.

With respect to short-term and low-value asset leases, the Company applies the recognition exemption provided for in the standard to its short-term leases, for which the lease term is equal to or lower than 12 months as from the commencement date and which do not contain a call option, and for leases of low-value assets, related to leases of office equipment considered as low value. Payments for short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

Right of use of assets

The Company recognizes right of use of assets at the commencement date (that is, the date in which the underlying asset is available for use by the lessee). Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any new remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred and lease payments made up to the commencement date, less any lease incentives received. The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the assets.

Lease liabilities

At the lease commencement date, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a call option reasonably certain to be exercised by the Company and payment of fines for terminating a lease, if the lease term reflects the Company exercising the option to terminate a lease.

Variable lease payments that do not depend on an index or rate are recognized as expenses in the period in which the event or condition that generates these payments occurs.

When calculating the present value of lease payments, the Company uses its incremental borrowing rate on the contract commencement date, as the interest rate implicit in the lease contracts cannot be readily determined. After the commencement date, the amount of lease liabilities is increased to reflect the interest incurred and decreased for lease payments made. Additionally, the carrying amount of lease liabilities is remeasured if there is a modification, such as a change in the lease term, a change in lease payments (e.g. changes in future payments arising from a change in an index or rate used to determine these lease payments) or a change in the assessment of the call option of the underlying asset.

Recognition assumptions

The Company recognizes the right of use of assets and lease liabilities based on the following assumptions:

(i) Inclusion of contracts at the beginning of their term, including its right-of-use asset amount defined on that time.

(ii) Transactions with contracts entered into for more than 12 months are part of the standard scope. The Company does not consider renewal aspects in its methodology, as the transaction assets can be replaced by an adjustment of future technologies directly affecting the conduction of business, and changing the way they are operated.

(iii) Contracts involving the use of low-value assets are not considered.

(iv) Only transactions involving specific assets set out in the contract or for exclusive use over the contract term are considered.

(v) The methodology used to calculate the net present value of the contracts corresponds to the cash flow from the considerations assumed discounted at the discount rate set for the asset class.

(vi) The discount rate used ranges from 18.55% p.a. to 23.76% p.a. in 2022 and 2021, respectively, changed according to the maturity of each lease contract, calculated when adding to the last DI x floating date of 02/08/2021 the credit spread levied on the issuance of the Real Estate Receivables Certificate (CRI).

(vii) Term of each lease contract adjusted by the length of the respective payment flow;

(viii) In addition to the risk-free rate, the Company’s credit risk was considered

(ix) Similar economic environment - Company’s credit risk, country risk, currency of the contract and borrowing commencement date.

Recognition assumptions--Continued

The Company’s leases effective as at December 31, 2022 and 2021 are not subject to covenants that require the maintenance of financial ratios, and do not present variable payment clauses, or residual value guarantee and call option clauses that must be taken into consideration at the end of the contracts.

The finance charges are recognized during the lease term in order to produce a constant periodic interest rate over the remaining balance of the liability. Payments made under operating leases were recognized in profit or loss, on a straight-line basis, over the lease term.

The Company as lessor

The Company, through its subsidiaries, which are the owners of the UFVs, acts as the lessor, leasing these UFVs to the consortiums and cooperatives, and does not substantially transfer all risks and rewards inherent to the asset ownership, which are classified as operating leases. Initial direct costs incurred on the negotiation of operating leases are added to the carrying amount of the asset leased and recognized over the lease term, on the same basis as the rental revenue. Contingent rents are recognized as revenue over the time they are incurred.

2.5.4. Property, plant and equipment

Property, plant and equipment items are measured at the historical acquisition or construction cost, less accumulated depreciation and impairment losses, when applicable. Professional fees and, in the case of qualifying assets, capitalized borrowing costs, when eligible, are recognized as part of the costs of construction in progress, until the completion of construction of the assets. These constructions in progress are classified into the appropriate categories of property, plant and equipment when completed and ready for the intended use. Depreciation of these assets begins when they are ready for the intended use on the same basis of other property, plant and equipment items.

Depreciation of assets is calculated on a straight-line basis considering their costs and residual values over the estimated useful life or during the term of the contracts for lease of the right of use of the surfaces where the photovoltaic plants are build, whichever the lower. These lease contracts are effective between 25 and 30 years, and the estimated useful life of the equipment is as follows:

	Useful life (years)	
	2022	2021
Machinery and equipment	10	10
Furniture and fixtures	10	10
Tools	10	10
IT equipment	5	5
Leasehold improvements	5	5
Company cars	5	5
Communication equipment	10	10
Facilities	10	10
Solar equipment	25 - 30	20 - 30

At the end of each year, the Company reviews the carrying amount of its tangible assets to determine if there are any indications that these assets might be impaired. If such indication exists, the recoverable amount of the asset is estimated to measure the impairment loss, if any.

The carrying amount of a property, plant and equipment item is immediately written down to its recoverable amount when the carrying amount of the asset is higher than its estimated recoverable amount (note 2.5.6). Gains and losses on disposals are determined by comparing the results with its carrying amount and are recognized in line item “Other operating expenses, net” in the statement of profit and loss.

2.5.5. Intangible assets

Separately acquired intangible assets, such as software, software licenses, renewable energy certificate that attests the use of renewable energy for the performance of its activities, among others, are measured at cost upon initial recognition. After initial recognition, intangible assets are carried at cost, less accumulated amortization and accumulated impairment losses.

The amortization rates of intangible assets are stated in note 17.

The Company capitalized the expenditures on development and formation of the customer portfolio (Set-Up of customers), taking into account that these are expenditures incurred for customer loyalty that will generate future economic benefits. The amortization rate was defined based on the average turnover of the customer portfolio.

As at December 31, 2022, the Company changed the procedures and the total residual balance of intangible assets was written off as selling expenses.

Also, the Company capitalized in intangible assets the incremental costs to enter into a contract with the customer, as they will generate future economic benefits. The capitalized amounts comprise costs on commission, pursuant to CPC 47 - Revenue from Contracts with Customers. The amortization rate was defined based on the average turnover of the customer portfolio.

2.5.6. Impairment of non-financial assets

Pursuant to technical pronouncement CPC 01 (R1) - Impairment of Assets, when there are indications that the carrying amounts of property, plant and equipment items and intangible assets with finite useful life are higher than their recoverable values, these items are annually tested to determine the need to recognized an allowance to write down their carrying amounts to their realizable values.

At the end of each annual reporting period, the Company and its subsidiaries review the balances of property, plant and equipment and intangible assets to determine whether there is any indication that these assets might be impaired (value in use). If there is such indication, Management conducts a detailed impairment test of each asset by calculating the individual future cash flow discounted to present value, adjusting the balance of the respective asset, if necessary.

The Company tested its assets for impairment, by assessing its business plans for the next periods considering the current scenario impacted by the COVID-19 and did not identify the need to recognize an allowance for impairment of assets for the years ended December 31, 2022 and 2021.

The recoverable amount of each of the CGUs, which is the cash-generating unit, was determined based on the calculation of the value in use, in view of the cash flow projections based on financial budgets approved by the Board of Directors, in conformity with the lease contracts of each photovoltaic unit during a 25-year period. The pretax discount rate applied to the cash flow projections is 15% p.a. (12.4% in 2021). The growth rate for expenses and revenue was the IPCA. Projections consider the projected inflation of the lease contracts, without real growth rate. The Company concluded that the net fair value of expenses did not exceed the value in use.

Considering the discounted cash flow as at December 31, 2022, the Company calculated the potential impact of the changes in the discount rate and EBITDA margin in relation to all business projections, considering the scenarios of decrease/increase of the recoverable amount of the asset. Management concluded that there is no impairment loss on non-financial assets.

2.5.7. Revenue recognition

Revenue is recognized to the extent it is probable that economic benefits will be generated and flow to the Company and its subsidiaries, which can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of any variable considerations, such as discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items.

Revenue from lease and services

Corresponds to the revenue from lease of micro and mini-generation photovoltaic energy (UFV) assets of the Company's subsidiaries to low and medium voltage consumer consortiums or cooperatives (energy compensation system), which share the economic rights of these assets. The revenue from lease is accounted for under the straight-line method, during the lease period of 25 years.

It also includes the provision of administrative, financial and commercial management services for consortiums and cooperatives, which enter into lease contracts with own and third-party photovoltaic plants, and consider a monthly fixed compensation.

Also, the Company also earns revenue, as established in a contract, relating to the addition compensation for its performance, due to its contribution to the efficiency of cooperatives and consortiums, based on its experience in the management of these structures. This revenue is recognized after measurement and acceptance / agreement by the counterparty.

Revenue from sale of equipment and other

Corresponds to the sale of equipment, parts, pieces and accessories used for construction of photovoltaic plants (UFVs), carried out by the Parent for its subsidiaries, in view of the specific records it has for the import of these pieces of equipment. These transactions are eliminated from the Company's consolidated profit or loss. Also, the Company, together with its subsidiaries, carries out special, non-recurring projects for the installation of UFV to third parties, including the sale of equipment and photovoltaic modules.

2.5.8. Taxes

Current income tax and social contribution

Current tax assets and liabilities for the current and previous years are measured at the amount that is expected to be recovered from or paid to the tax authorities.

In the Parent, which adopts the taxable income regime, income tax and social contribution are calculated based on the criteria set forth in the prevailing tax laws, at the regular rates of 15%, plus a 10% surtax for income tax and 9% for social contribution.

All Company's subsidiaries adopt the deemed income regime, calculated at the regular rates of 32% of deemed income, and 15% is levied on the percentage rate of 32%, plus a 10% surtax for income tax and 9% for social contribution.

Management periodically assesses the tax position regarding situations in which the tax regulation requires interpretation and establishes provisions, when appropriate.

Deferred taxes

Deferred tax arises from temporary differences at the balance sheet between the tax bases of assets and liabilities and their amounts, applicable to the entities that adopt the taxable income regime.

Deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized. As at December 31, 2022 and 2021, the Company did not satisfy the criteria above and, therefore, no amount was recorded. Also, on the same dates, the Company did not recognize any temporary difference that would require the recognition of deferred tax liabilities.

2.5.9. Provisions

A provision is recognized when the Company or its subsidiaries has a contractual or constructive obligation that can be reliably estimated as a result of a past event and it is probable that an outflow of funds will be required to settle the obligation. Finance costs incurred are recognized in profit or loss.

2.5.10. Transactions involving share-based payment

Up to 2022, certain Company's employees (including senior executives) received share-based payments, where these professionals provide services and are remunerated through rights on the appreciation of shares, which could only be settled with cash, and were denominated as "Phantoms".

For the cash-settled transactions, the liability must be remeasured at the end of each reporting period, until it is settled.

A liability is recognized at the fair value of the cash-settled transaction. Fair value is initially measured and at each reporting date up to - including - the settlement date, including the changes in the fair value, recognized as expenses on employee benefits, in the statement of profit and loss, in line item "General and administrative expenses" (note 25).

Fair value is recognized as expense over the period up to the vesting date, upon recognition of a corresponding liability. Fair value is determined based on the Black & Scholes model. Further information is disclosed in note 20.

In 2022, this plan was canceled and a new stock option plan was created, pursuant to note 22.

2.5.11. Segment reporting

The Company presents in its individual and consolidated financial statements, considering only one operating segment, the construction of UFVs for lease under the category of distributed generation to several customers, individuals and legal entities, as shown in note 1, and which mainly represents the total consolidated revenue of the Company and its subsidiaries, only remaining other services, but treated on one single business and segment.

2.5.12. Statement of cash flows

The statements of cash flows have been prepared and are being presented in accordance with CPC 03 (IAS 7) - Statement of Cash Flows, issued by the Accounting Pronouncements Committee (CPC) and reflects the changes in cash and cash equivalents that occurred in the years presented.

2.5.13. New or revised pronouncements adopted for the first time in 2022

The Company applied for the year time the pronouncements and amendments effective beginning January 1, 2022. The Company did not early adopt any other standard, interpretation or amendment that has been issued, but is not yet effective.

Amendments to CPC 06 (R2), CPC 11, CPC 38, CPC 40 (R1) and CPC 48: Interest Rate Benchmark Reform

The amendments to CPC 38 and CPC 48 provide temporary exceptions that address the effects of the financial statements when an interbank deposit certificate rate is replaced for an almost risk-free rate. These amendments have no impact on the Company's financial statements.

Amendments to CPC 06 (R2): Covid-19-Related Rent Concessions that extend beyond June 30, 2021

The amendments provide for concessions to lessees in applying the guidance in CPC 06 (R2) on the modification of a lease contract, when accounting for rent concessions as a direct consequence of the COVID-19 pandemic. These amendments did not impact the Company's financial statements, as it has not yet received Covid-19-related rent concessions granted to lessees.

2.5.14. Standards issued but not yet effective

The new and revised standards and interpretations issued, but not yet effective up to the date of issuance of the Company's financial statements, are described below. The Company intends to adopt these new and revised standards and interpretations, if applicable, when they become effective:

- Replacement of CPC 11 - Insurance Contracts (IFRS 4) for CPC 50 - Insurance Contracts (IFRS 17);
- Amendments to IRFS 10 and CPC 36 and IAS 28 and CPC 18: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current;
- Amendments to IAS 8: Definition of Accounting Estimates;
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies;
- Amendments to IAS 12 and CPC 32: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction.

The Company is assessing the impacts arising from the amendments issued by the IASB and intends to adopt these new standards and interpretations, if applicable, when they are issued by the CPC and are effective, but it does not expect significant impacts on the financial statements.

2.5.15. Restatement of financial statements

After the issuance of financial statements for the year ended December 31, 2022, Management completed the analysis on certain characteristics of the debentures issued by the Company, related to the options of convertibility, minimum return and early redemption, as well as effective interest, for the year then ended. Consequently, the financial statements for December 31, 2022 are being restated to supplement certain disclosures in note 19 associated with these characteristics, so as to improve these disclosures and presentations, in light of accounting practices adopted in Brazil and IFRS.

3. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements requires Management to make judgments and estimates and establishes assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from those estimates.

The estimates and underlying assumptions are revised on an ongoing basis. The effects from the revision of accounting estimates are recognized in the year or period in which estimates are revised, if the revision affects only that year or period, or also in subsequent years or periods, if the revision affects both current and future years or periods.

In order to provide an understanding of how the Company and its subsidiaries form their judgments about future events, including regarding the variables and assumptions underlying the estimates, comments have been included with respect to some matters, as follows:

(a) Allowance for expected credit losses: note 2.5.9

(b) Useful life of property, plant and equipment and intangible assets: notes 2.5.4 and 2.5.5

(c) Impairment of non-financial assets: note 2.5.6

(d) Provision for risks

Provisions are recognized for all risks relating to tax, civil and labor lawsuits, among others, that represent probable losses and that can be reliably estimated. The likelihood of loss is assessed based on available evidence, the hierarchy of laws, available case rulings, most recent court decisions, their relevance within the legal system, and the assessment made by the Company's outside legal counsel.

The Company applied IFRIC 23/ICPC 22 - Uncertainty over Income Tax Treatments, beginning January 1, 2019, which had no impact on its individual and consolidated financial statements.

(e) Leases - Estimated incremental borrowing rate: note 2.5.3

4. CASH AND CASH EQUIVALENTS

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Banks - checking account	560	2,964	3,383	3,242
Short-term investments	379,189	28,685	387,458	47,765
	379,749	31,649	390,841	51,007

Short-term investments are highly liquid, indexed to the Interbank Deposit Certificate ("CDI"), yielding interest at rates of up to 105.2% of the CDI as at December 31, 2021 and up to 105% of the CDI as at December 31, 2022. Short-term investments are broken down as follows:

(i) Investments in repurchase transactions, issued by financial institutions in Brazil, available for redemption within up to one day

(ii) Investments in Bank Deposit Certificates (CDBs), issued by financial institutions in Brazil, available for redemption within up to 90 days

(iii) Investments in Financial Bills (LFs), issued by financial institutions in Brazil, subject to interest calculated based on the contractual curve, available for redemption based on the contractual curve within up to 30 days

5. RESTRICTED CASH

The Company maintains restricted cash in subsidiaries, as fiduciary assignment arising from borrowings, as shown in notes 18 and 19.

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Current	-	803	73	1,283
Noncurrent	134	317,882	923	319,998
	134	318,685	996	321,281

In March, May and July 2022, the Company and its subsidiaries entered into capital market debts. These borrowings are part of the Company's strategic financial planning, which aims to finance its projects and strengthen cash.

6. SECURITIES

	Consolidated	
	12/31/2022	12/31/2021
Certificates of real estate receivables (CRIs) (a)	46,500	16,017
Receivables Investment Fund (FIDC) (b)	64,585	22,992
	111,085	39,009

(a) Corresponds to the subordinated units subscribed by subsidiary João Pinheiro Solar Ltda. and Monte Carmelo Geração de Energia 44 Ltda in the respective issuances of CRI, as shown in note 18.

(b) Corresponds to the subordinated units subscribed by subsidiary Francisco Sá II Geração de Energia S.A. and Janaúba II Geração de Energia S.A. in the respective issuances of FIDC, as shown in note 18.

In December 2022, the subordinated units (TVM) subscribed by subsidiary Francisco Sá II Geração de energia S.A totaled 29,143 units in the amount of R$953.26 each, and the subordinated units (TVM) subscribed by subsidiary Janaúba II Geração de Energia S.A. totaled 33,976 units in the amount of R$1,083.27 each.

	2021	Investment	Changes in the junior unit	2022
GREEN FIDC SOLAR GD	22,992	-	4,788	27,780
GREEN FIDC SOLAR GD II	-	33,976	2,829	36,805
	22,992	33,976	7,617	64,585

	2020	Investment	Changes in the junior unit	Changes in the senior/mezzanine unit	2021
GREEN FIDC SOLAR GD	-	28,100	(2,062)	(3,045)	22,993

7. TRADE RECEIVABLES

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Trade notes receivable	13,492	5,092	38,275	14,458
	13,492	5,092	38,275	14,458

The Company has no balance of past-due trade notes as at December 31, 2022 and 2021, and also has no expectation of loss; therefore, no allowance for losses was recorded.

8. DERIVATIVE FINANCIAL INSTRUMENTS

Assets	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
SWAP	-	141	-	141
NDF	4,784	-	4,784	-
	4,784	141	4,784	141

Liabilities	Parent		Consolidated	
Financial instruments	12/31/2022	12/31/2021	12/31/2022	12/31/2021
SWAP	1,194	1,478	1,194	1,478
NDF	2,815	260	2,815	260
	4,009	1,738	4,009	1,738

In August 2021, the Company entered into a swap derivative instrument to change the exposure to the fixed index to a floating rate. Fair value is determined based on the discounted future rate.

As at December 31, 2022, the Company had Non-deliverable forward (NDF) contracts to hedge against the risks of fluctuation of exchange rates arising from imported equipment purchase agreements. Fair value is determined based on the discounted future rate.

Assets

			Long position		Short position		
Type	Notional	Maturity	Rate	Balance as at 12/31/2022	Rate	Balance as at 12/31/2022	Balance
NDF	USD 60,000	Jul/23	5,3585	4,784	5,3166	-	4,784
				4,784		-	4,784

			Long position		Short position		
Type	Notional	Maturity	Rate	Balance as at 12/31/21	Rate	Balance as at 12/31/21	Net asset balance
SWAP	US$954 thousand	Aug/22	Exchange rate changes USD + 4.24% p.a.	3,546	CDI + 5.00% p.a.	(3,405)	141
				3,546		(3,405)	141

Liabilities

			Long position		Short position		
Type	Notional	Maturity	Rate	Balance as at 12/31/2022	Rate	Balance as at 12/31/2022	Balance
NDF	US$40,000	Apr/23		-	5,3564	2,815	2,815
SWAP	R$5,400	Dec/24	11.75% p.a.	-	230% of CDI	1,194	1,194
				-		4,009	4,009

			Long position		Short position		
Type	Notional	Maturity	Rate	Balance as at 12/31/2021	Rate	Balance as at 12/31/2021	Balance
NDF	US$6,678 thousand	Mar/22	5,7443	260			260
SWAP	R$6,000	Dec/24	11.75% p.a.	7.623	230% of CDI	(6,146)	1,477
				7.883		(6,146)	1,737

9. INVENTORIES

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Goods for resale (photovoltaic modules)	96,034	38,748	-	-
	96,034	38,748	-	-

As at December 31, 2022, the balance refers to items that will be resold to the subsidiaries that already have access opinions and constructions are in progress.

10. RELATED PARTIES

Transactions with related parties refer mainly to cash requirements at the Company's subsidiaries, mainly due to the purchase of the main components used in the construction of photovoltaic plants (modules/inverters). Also, only the Company has margin and limit to operate the necessary volumes with the banks, and has the records necessary for equipment import.

The Company is responsible for raising funds through capital market transactions, and transfers these funds to its subsidiaries through intragroup loans. The intragroup loans between the Company and its subsidiaries are subject to a rate of 12% p.a. calculated based on consecutive days (360 basis) and over which Tax on Financial Transactions (IOF) and Income Tax (IR) are levied. Transactions between related parties are carried out based on the terms and conditions agreed upon among the parties with maturity of up to ten years.

Balances and transactions are broken down below:

a) Balances

Current assets	Parent		Consolidated	
Trade receivables	12/31/2022	12/31/2021	12/31/2022	12/31/2021
João Pinheiro Energia Solar	1,568	-	-	-
Sagarana Geração de Energia Solar	2,386	3,303	-	-
Janauba II Geração de Energia Solar	-	3,215	-	-
São Francisco Angicos Geração de Energia Solar	185	225	-	-
Melgaço Geração De Energia 31 Ltda.	9,670	9,538	-	-
Bananal Geração De Energia Solar 46 Ltda.	-	9,574	-	-
Frutal Geração de Energia Solar	16,794	-	-	-
Santa Martha Geração de Energia Solar	15,394	-	-	-
Ponte Alta Geração de Energia Solar	18,015	-	-	-
Monte Carmelo Geração de Energia Solar	411	-	-	-
Flores Geração de Energia Solar 02	209	-	-	-
Flores Geração de Energia Solar 04	209	-	-	-
Flores Geração de Energia Solar 05	211	-	-	-
Flores Geração de Energia Solar 03	180	-	-	-
Flores Geração de Energia Solar 01	180	-	-	-
Solonopole 380 Geração de Energia Solar 921	3,449	-	-	-
Solonopole 380 Geração de Energia Solar 439	2,370	-	-	-
Solonopole 380 Geração de Energia Solar 114	3,048	-	-	-
Solonopole 380 Geração de Energia Solar 516	5,052	-	-	-
Inaja 436 Geração de Energia Solar 907	2,833	-	-	-
Inaja 436 Geração de Energia Solar 908	2,055	-	-	-
Inaja 436 Geração de Energia Solar 909	1,219	-	-	-
Inaja 436 Geração de Energia Solar 910	1,989	-	-	-
Petrolina 584 Geração de Energia Solar 914	4,502	-	-	-
Petrolina 584 Geração de Energia Solar 915	2,726	-	-	-
Oroco 375 Geração de Energia Solar 976	4,091	-	-	-

Current assets	Parent		Consolidated	
Trade receivables	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Oroco 375 Geração de Energia Solar 979	2,043	-	-	-
Oroco 375 Geração de Energia Solar 977	2,043	-	-	-
Oroco 375 Geração de Energia Solar 981	1,949	-	-	-
Oroco 375 Geração de Energia Solar 976	2,049	-	-	-
	106,830	25,855	-	-
Dividends receivable				
Janauba Floresta	-	515	-	-
	106,830	26,370	-	-
Noncurrent				
Intragroup loans and transactions with consortiums				
João Pinheiro Solar Ltda.	4,454	-	-	-
Sagarana Geração de Energia Solar	-	526	-	-
Francisco SA II Geração de Energia	10,351	167	-	-
Janaúba II Geração de Energia Solar	1	-	-	-
São Francisco III Geração de Energia Solar	3	-	-	-
Cruzeiro Geração de Energia Solar	2,149	651	-	-
Frutal Geração de Energia Solar	1	-	-	-
Melgaço Geração de Energia Solar	2,380	-	-	-
Monte Carmelo Geração de Energia Solar	1,417	-	-	-
Manga I Geração de Energia Solar	170	-	-	-
GD Flores	3	-	-	-
Six Energy	88	-	-	-
Cooperativa Órigo Geração de Energia Solar	14,232	1,918	14,232	1918
Consórcio Sagarana	274	-	274	-
Other consortiums (i)	4,140	276	4,140	277
	39,663	3,538	18,646	2,195
Current liabilities				
Advances from customers (ii)				
João Pinheiro Solar Ltda.	-	8,749	-	-
Francisco SA II Geração de Energia	1,993	3,547	-	-
Janauba II Geração de Energia Solar	7,768			
	9,761	12,296	-	-

(i) Diversified amounts receivable below R$100. Outstanding balances with consortiums and cooperatives refer to amounts available to cover short-term obligations and that will be reimbursed during 2023.

(ii) Refers to amounts advanced by subsidiaries to the Parent to provide financial resources for the equipment import processes that will be used in the construction of Solar Plants (UFVs).

b) Transactions

	Parent				Consolidated	
	12/31/2022		12/31/2021		12/31/2022	12/31/2021
	Net sales revenue	Interest on intragroup loans	Net sales revenue	Interest on intragroup loans	Interest on intragroup loans	
João Pinheiro	7,198	112	24,147	-	-	-
Lagoa Grande	-	-	23,325	-	-	-
Três Reis	-	-	14,080	-	-	-
Guariba	-	-	8,066	-	-	-
Barreiro	-	-	7,975	-	-	-
Melgaço	10,877	58	7,699	-	-	-
Bananal	8,484	-	7,051	-	-	-
Manga I	-	3	-	-	-	-
Six Energy	-	1	-		-	-
Frutal	15,241	122	-	-	-	-
Monte Carmelo	17,616	15	-	-	-	-

	Parent				Consolidated	
	12/31/2022		12/31/2021		12/31/2022	12/31/2021
	Net sales revenue	Interest on intragroup loans	Net sales revenue	Interest on intragroup loans	Interest on intragroup loans	
Papagaio	8,911	-	-	-	-	-
Ponte Alta	16,349	-	-	-	-	-
Santa Rosa	8,303	-	-	-	-	-
Sagarana		-	-	20	-	-
Francisco SA II	1,967	491	-	-	-	-
Janauba II	10,848	-	-	-	-	-
Cruzeiro	5,725	-	-	29	-	-
Santa Martha	13,970	-	-	-	-	-
Solonópole 114	2,766	-	-	-	-	-
Solonópole 516	4,585	-	-	-	-	-
Solonópole 921	3,130	-	-	-	-	-
Solonópole 439	2,150	-	-	-	-	-
Inaja 907	2,571	-	-	-	-	-
Inaja 909	1,105	-	-	-	-	-
Inaja 910	1,805	-	-	-	-	-
Inaja 908	1,864	-	-	-	-	-
Petrolina 914	4,086	-	-	-	-	-
Petrolina 915	2,473	-	-	-	-	-
Orocó 976	3,713	-	-	-	-	-
Orocó 979	1,853	-	-	-	-	-
Orocó 977	1,853	-	-	-	-	-
Orocó 981	1,859	-	-	-	-	-
Orocó 982	1,769	-	-	-	-	-
Flores 02	190	-	-	-	-	-
Flores 04	190	-	-	-	-	-
Flores 05	192	-	-	-	-	-
Flores 01	163	-	-	-	-	-
Flores 03	163	-	-	-	-	-
Cooperativa Origo Geração	-	859	-	95	859	95
Cooperativa Solar	-	73	-	-	73	-
	163,969	1,734	92,343	144	932	95

c) Management compensation

Management compensation includes short-term benefits, such as related taxes, bonus and share-based payments (Phantoms), and totaled R$16,646 for the year ended December 31, 2022 (R$8,815 in 2021).

11. RECOVERABLE TAXES

	Parent		Consolidated	
	31/12/2023	12/31/2022	31/12/2023	12/31/2022
Federal VAT (IPI)	3,113	2,450	3,113	2,450
State VAT (ICMS)	9,295	6,529	9,308	6,529
Withholding income tax (IRR)	4,985	16	5,021	16
Tax on revenue (PIS)	1,382	261	1,391	270
Tax on revenue (COFINS)	5,851	983	5,851	983
Service tax (ISS)	58	58	59	58
Social security contribution (INSS)	27	27	27	27

	Parent		Consolidated	
	31/12/2023	12/31/2022	31/12/2023	12/31/2022
Provision for losses - ICMS	-	(1,691)	-	(1,691)
Corporate income tax (IRPJ)	1,305	1,266	1,389	1,371
Social contribution (CSLL)	35	9	40	11
	26,051	9,908	26,199	10,024
Current	18,653	8,518	18,801	8,634
Noncurrent	7,398	1,390	7,398	1,390
	26,051	9,908	26,199	10,024

The Company has periodically assessed the development of these accumulated tax credits seeking their utilization, and Management understands that they will be recovered in the normal course of business over the next years.

12. OTHER ASSETS

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Connection of solar farm (i)	59,268	16,678	60,708	16,678
Advances to suppliers	2,369	396	4,232	2,602
Advances to employees	601	68	601	68
Provision for advances to suppliers	(29)	-	(29)	-
Prepaid expenses	2,343	1,428	6,078	5,436
Losses receivable (ii)	618	-	618	-
	65,170	18,570	72,209	24,784

(i) Expenditures incurred for the connection of solar farms with the distribution companies to be reimbursed.

(ii) Loss relating to inventory items. Amount expected to be received in 2023.

The Company incurs costs on the adaptation of networks in substations in the name of the distribution companies for connection of solar farms, which are reimbursed to the Company. The regulatory period is six months, subject to fine and interest in case of noncompliance as set forth in an agreement. These expenditures started in 2019, when the first solar farms were connected and reimbursements started in 2020. As at December 31, 2022 and 2021, there are no outstanding past-due reimbursements.

13. DISCONTINUED OPERATIONS

Between 2019 and 2020, in view of the strategic positioning for UFV construction, the Company discontinued its activities on the sale and distribution of Photovoltaic Solar Generator (GSF) and project development and installation (Rooftop and Kit) installation services. The staff was fully maintained and reallocated to the Company's new activities. The remaining amounts related to these activities are presented as discontinued operations in the balance sheet and in the statements of profit and loss and comprehensive income.

The remaining assets and liabilities, as well as profit and loss components arising from discontinued operations are detailed below:

a) The assets from discontinued operations are as follows:

	Parent and Consolidated	
	12/31/2022	12/31/2021
Trade receivables	94	183
	94	183

b) Liabilities from discontinued operations are as follows:

	Parent and Consolidated	
	12/31/2022	12/31/2021
Other liabilities	-	9
	-	9

c) Profit or loss for the year from discontinued operations are as follows:

	Parent and Consolidated	
	12/31/2022	12/31/2021
Net operating revenue	-	21
Costs of sales and services	(12)	(154)
Gross profit (loss)	12)	(133)
Other operating (expenses) income		
Selling, general and administrative expenses	(13)	1
Other operating expenses, net	10	44
	(3)	45
Finance income (costs)	9	-
Loss from discontinued operations	(24)	(88)

d) Cash flow from discontinued operations

	Parent and Consolidated	
	12/31/2022	12/31/2021
Cash flows from operating activities	89	718
	89	718

14. INVESTMENTS

a) Balances

Subsidiaries	Parent	
	12/31/2022	12/31/2022
João Pinheiro Solar Ltda	(6,529)	3,768
Finco Assessoria Financeira Ltda	248	230
Sagarana Geração de Energia Solar Ltda	10,658	9,760
Francisco De Sa ll Geração de Energia Solar Ltda	(15,678)	(5,197)
Janauba ll Geração de Energia Solar Ltda	8,500	11,037
Manga l Geração de Energia Solar Ltda	11,887	13,155
Capim Branco Geração de Energia Solar 15 Ltda	(141)	312
Marimbondo Geração de Energia Solar 23 Ltda	326	80
Six Energy Desenvolvimento de Negócios Ltda	2,230	945
Frutal Geração de Energia 27 Ltda	8,223	6
Melgaco Geração de Energia 31 Ltda	1,260	3,827
Santa Martha Geração de Energia 29	4,643	23
Ponte Alta Geração de Energia 34 Ltda	9,925	47
Jacauna Geração de Energia 35 Ltda	107	3
Monte Carmelo Geração de Energia 44 Ltda	2,488	68
Flores pe Geracao de Energia solar 02 Ltda	746	-
Flores pe Geracao de Energia solar 04 Ltda	687	-
Flores pe Geracao de Energia solar 05 Ltda	675	-
Inaja pe 436 Geracao de Energia 908 Ltda	1,203	-
Trairi CE 721 Geracao de Energia 179 Ltda	132	-
Santa Quiteria CE 297 Geracao de Energia 525 Ltda	635	-
Santa quiteria CE 297 Geracao de Energia 246 Ltda	545	-
Santa quiteria CE 297 Geracao de Energia 709 Ltda	554	-
Solonopole CE 380 Geracao de Energia 921 Ltda	1,319	-
Solonopole CE 380 Geracao de Energia 439 Ltda	1,531	-
Solonopole CE 380 Geracao de Energia 114 Ltda	1,479	-
Oroco pe 375 Geracao de Energia 981 Ltda	495	-
Trairi CE 721 Geracao de Energia 007 Ltda	113	-
Flores pe Geracao de Energia solar 01 Ltda	917	-
Solonopole CE 380 Geracao de Energia 516 Ltda	977	-
Petrolina pe 584 Geracao de Energia 914 Ltda	1,897	-
Petrolina pe 584 Geracao de Energia 915 Ltda	1,053	-
Inaja pe 436 Geracao de Energia 909 Ltda	565	-
Inaja pe 436 Geracao de Energia 910 Ltda	658	-
Oroco pe 375 Geracao de Energia 976 Ltda	421	-
Oroco pe 375 Geracao de Energia 979 Ltda	448	-
Oroco pe 375 Geracao de Energia 977 Ltda	475	-
Oroco pe 375 Geracao de Energia 982 Ltda	344	-
Santa quiteria CE 297 Geracao de Energia 948 Ltda	375	-
Flores pe Geracao de Energia solar 03 Ltda	451	-
Inaja pe 436 Geracao de Energia 907 Ltda	1,407	-
Morada nova CE 699 Geracao de Energia 495 Ltda	189	-
Morada nova CE 699 Geracao de Energia 538 Ltda	130	-
Morada nova CE 699 Geracao de Energia 804 Ltda	134	-
Cassilandia MS 514 Geracao de Energia 735 Ltda	141	-

Subsidiaries	Parent 12/31/2022	Parent 12/31/2022
Santa maria da Boa vista pe 815 Geracao de Energia 019 Ltda	141	-
Afranio PE 598 Geracao de Energia 887 Ltda	137	-
Ribas do rio pardo MS 519 Geracao de Energia 601 Ltda	140	-
Other SPEs (i)	6,317	5,607
	65,578	43,671
Provision for losses in subsidiaries	22,349	5,401
Total investments	87,927	49,072

(i) 92 subsidiaries with investment amount of up to R$100.

b) Variations in the investments in subsidiaries

Variations in investments, net of the provision for losses in subsidiaries, stated in the individual financial statements, are as follows:

Variations in 2022

	Opening balances - 2021	Capital increase / reserves	Advance for future capital increase	Distribution of dividends	Share of profit (loss) of subsidiaries	Assignment and transfer of shares/write-off	Closing balances - 2022
Joao Pinheiro Solar Ltda	3,677	21	(21)	-	(10,206)	-	(6,529)
Finco Assessoria Financeira Eireli	228	-	2	-	16	-	246
Sagarana Ger Energia Solar Ltda	9,760	-	-	-	898	-	10,658
Francisco Sa Ii Ger E Solar S.A.	(5,105)	-	(412)	-	(10,161)	-	(15,678)
Janauba Ii Ger E Solar S.A.	11,036	16	-	26	(3,291)	713	8,500
Manga I Ger Energia Solar Ltda.	13,155	-	-	(2,412)	1,144	-	11,887
Capim Branco Geracao de Energia Solar 15 Ltda.	312	380	137	-	(969)	-	(140)
Marimbondo Geracao de Energia Solar 23 Ltda.	80	68	461	-	(282)	-	327
Six Energy desenvolvimento de Negócios Ltda.	945	115	2,198	-	(1,028)	-	2,230
Frutal Geracao de Energia 27 Ltda	6	13	7,338	-	866	-	8,223
Melgaco Geracao de Energia 31 Ltda.	3,827	3,777	(3,726)	-	(8,034)	5,416	1,260
Santa Martha Geração de Energia 29 Ltda.	23	129	4,519	-	(28)	-	4,643
Ponte Alta Geração de Energia 34 Ltda.	47	48	9,653	-	177	-	9,925
Jacauna Geracao de Energia 35 Ltda.	3	4	1,114	-	(1,014)	-	107
Monte Carmelo Geracao de Energia 44 Ltda	67	72	989	-	650	710	2,488
Flores Pe Geracao de Energia Solar 02 Ltda	-	1	721	-	25	-	747
Flores Pe Geracao de Energia Solar 04 Ltda	-	1	660	-	25	-	686
Flores Pe Geracao de Energia Solar 05 Ltda	-	1	651	-	23	-	675
Inaja Pe 436 Geracao de Energia 908 Ltda	-	1	1,218	-	(16)	-	1,203
Trairi Ce 721 Geracao de Energia 179 Ltda	-	1	131	-	-	-	132
Santa Quiteria Ce 297 Geracao de Energia 525 Ltda	-	1	634	-	-	-	635
Santa Quiteria Ce 297 Geracao de Energia 246 Ltda	-	1	545	-	-	-	545
Santa Quiteria Ce 297 Geracao de Energia 709 Ltda	-	1	553	-	-	-	554
Solonopole Ce 380 Geracao de Energia 921 Ltda	-	1	1,315	-	3	-	1,319
Solonopole Ce 380 Geracao de Energia 439 Ltda	-	1	1,518	-	13	-	1,532

	Opening balances - 2021	Capital increase / reserves	Advance for future capital increase	Distribution of dividends	Share of profit (loss) of subsidiaries	Assignment and transfer of shares/write-off	Closing balances - 2022
Solonopole Ce 380 Geracao de Energia 114 Ltda	-	1	1,417	-	61	-	1,479
Oroco Pe 375 Geracao de Energia 981 Ltda	-	1	516	-	(22)	-	495
Trairi Ce 721 Geracao de Energia 007 Ltda	-	1	112	-	-	-	113
Flores Pe Geracao de Energia Solar 01 Ltda	-	1	896	-	20	-	917
Solonopole Ce 380 Geracao de Energia 516 Ltda	-	1	958	-	18	-	977
Petrolina Pe 584 Geracao de Energia 914 Ltda	-	1	1,900	-	(4)	-	1,897
Petrolina Pe 584 Geracao de Energia 915 Ltda	-	1	1,062	-	(9)	-	1,054
Inaja Pe 436 Geracao de Energia 909 Ltda	-	1	581	-	(17)	-	565
Inaja Pe 436 Geracao de Energia 910 Ltda	-	1	672	-	(14)	-	659
Oroco Pe 375 Geracao de Energia 976 Ltda	-	1	456	-	(36)	-	421
Oroco Pe 375 Geracao de Energia 979 Ltda	-	1	463	-	(16)	-	448
Oroco Pe 375 Geracao de Energia 977 Ltda	-	1	490	-	(16)	-	475
Oroco Pe 375 Geracao de Energia 982 Ltda	-	1	361	-	(18)	-	344
Santa Quiteria Ce 297 Geracao de Energia 948 Ltda	-	1	374	-	-	-	375
Flores Pe Geracao de Energia Solar 03 Ltda	-	1	431	-	20	-	452
Inaja Pe 436 Geracao de Energia 907 Ltda	-	1	1,370	-	32	-	1,403
Morada Nova Ce 699 Geracao de Energia 495 Ltda	-	1	188	-	-	-	189
Morada Nova Ce 699 Geracao de Energia 538 Ltda	-	1	129	-	-	-	130
Morada Nova Ce 699 Geracao de Energia 804 Ltda	-	1	132	-	-	-	133
Cassilandia Ms 514 Geracao de Energia 735 Ltda	-	1	139	-	-	-	140
Santa Maria Da Boa Vista Pe 815 Geracao de Energia 019 Ltda	-	1	140	-	-	-	141
Afranio Pe 598 Geracao de Energia 887 Ltda	-	1	137	-	-	-	138
Ribas Do Rio Pardo Ms 519 Geracao de Energia 601 Ltda	-	1	139	-	-	-	140
Other SPEs (a)	5,521	12,399	1,693	-	732	(14,028)	6,318
	43,583	17,075	44,954	(2,386)	(30,458)	(7,189)	65,579
Provision for losses in subsidiaries	5,309	-	-		17,040	-	22,49 -
	48,892	17,075	44,954	(2,386)	(13,418)	(7,189)	87,928

(i) 92 subsidiaries with equity amount of up to R$100.

In 2022 364 SPEs were established due to the Company's expansion plan, which received no capital contribution from the Parent during the year.

Variations in 2021

	Opening balances - 2020	Capital increase / reserves	Advance for future capital increase	Distribution of dividends	Share of profit (loss) of subsidiaries	Assignment and transfer of shares/write-off	Closing balances - 2021
Joao Pinheiro Solar Ltda	5,212	392	20	-	(1,541)	(315)	3,768
Finco Assessoria Financeira Eireli	250	-	-	-	(21)	-	228
Sagarana Ger Energia Solar Ltda	10,188	-	-	-	(428)	-	9,760
Francisco Sa Ii Ger E Solar S.A.	19,554	1,146	(1,146)	-	(9,915)	(14,836)	(5,197)
Janauba Ii Ger E Solar S.A.	9,440	8,094	(8,094)	(515)	2,111	-	11,036
Manga I Ger Energia Solar Ltda.	10,697	0	-	-	2,458	-	13,155

	Opening balances - 2020	Capital increase / reserves	Advance for future capital increase	Distribution of dividends	Share of profit (loss) of subsidiaries	Assignment and transfer of shares/write-off	Closing balances - 2021
Capim Branco Geracao de Energia Solar 15 Ltda.	15	30	351	-	(84)	-	312
Lambari Ger de Energia Solar 20 Ltda	(2)	-	31	-	(14)	(15)	0
Lambari Ger de Energia Solar 20 Ltda	13	25	93	-	(10,937)	10,806	0
Marimbondo Geracao de Energia Solar 23 Ltda.	14	32	36	-	(2)	-	80
Six Energy desenvolvimento de Negócios Ltda.	831	8	107	-	(1)	-	945
Frutal Geracao de Energia 27 Ltda	3	9	3	-	(9)	-	6
Melgaco Geracao de Energia 31 Ltda.	5	11	3,767	-	44	-	3,827
Santa Martha Geração de Energia 29 Ltda.	4	6	123	-	(110)	-	23
Ponte Alta Geração de Energia 34 Ltda.	4	6	42	-	(5)	-	47
Jacauna Geracao de Energia 35 Ltda.	3	8	(4)	-	(4)	-	3
Monte Carmelo Geracao de Energia 44 Ltda	-	1	72	-	(6)	-	67
Other SPEs (i)	5,511	999	5,415	(2)	(4,992)	(1,334)	5,597
	61,745	10,769	820	(515)	(23,454)	(5,692)	43,673
Provision for losses in subsidiaries	26			-	5,283	-	5,309
							-
Non-subsidiaries							-
Sol + Lar	-	-	-	-	-	-	-
	61,771	10,769	820	(515)	(18,171)	(5,692)	48,982

(i) Subsidiaries with investment amount of up to R$100.

c) Investees' balances

The balances of assets, liabilities, equity and profit or loss of subsidiaries are as follows:

	12/31/2022		12/31/2021	
Subsidiaries	Equity	Profit (loss) for the year (*)	Equity	Profit (loss) for the year (*)
Manga I Geração de Energia Solar Ltda	(11,436)	(1,754)	-	-
Sagarana Geração de Energia Solar Ltda	(10,985)	(1,381)	10,559	443
Ponte Alta Geração De Energia 34 Ltda.	(9,434)	314	47	5
Janauba II Geração de Energia Solar Ltda	(9,189)	2,702	11,038	(2,055)
Frutal Geração de Energia Solar Ltda	(7,214)	143	6	9
Santa Martha Geração De Energia 29 Ltda.	(4,318)	353	23	110
Melgaco Geração De Energia 31 Ltda.	(3,260)	5,731	3,661	121
Monte Carmelo Geração De Energia	(2,741)	(1,031)	69	4
Six Energy Desenvolvimento de Negócios Ltda	(2,229)	1,028	944	1
Petrolina PE 584 Geração de Energia 914 LTDA	(1,897)	4	-	-
Solonopole CE 380 Geração de Energia 439 LTDA	(1,515)	4	-	-
Solonopole CE 380 Geração de Energia 114 LTDA	(1,415)	4	-	-
Inaja PE 436 Geração de Energia 907 LTDA	(1,374)	1	-	-
Solonopole CE 380 Geração de Energia 921 LTDA	(1,312)	4	-	-
Inaja PE 436 Geração de Energia 908 LTDA	(1,217)	2	-	-
Petrolina PE 584 Geração de Energia 915 LTDA	(1,060)	2	-	-
Other SPEs (i)	5,385	19,757	9,145	27,614
	(65,211)	25,883	35,492	26,252

(i) Subsidiaries with equity amount of up to R$1000.

(*) The differences between the profit or loss of subsidiaries and share of profit (loss) of subsidiaries refers to the elimination of profit on inventories/materials sold by the Parent.

15. PROPERTY, PLANT AND EQUIPMENT

a) Balances

	Average annual depreciation rate - %	Parent 12/31/2022 Cost	Accumulated depreciation	Net	12/31/2021 Cost	Accumulated depreciation	Net
Machinery and equipment	10	424	(163)	261	290	(132)	158
Furniture and fixtures	10	1,113	(287)	826	670	(208)	462
Tools	10	107	(59)	47	104	(49)	55
IT equipment	20	4,332	(1,418)	2,914	2,330	(834)	1,497
Leasehold improvements	20	780	(118)	662	286	(68)	218
Company cars	20	54	(54)	-	54	(54)	-
Communication equipment	20	34	(24)	9	29	(22)	6
Facilities	10	87	(16)	71	52	(8)	45
Leased machinery and equipment - Solar Farm	10 and 0.33	486	(355)	131	622	(406)	217
Assets in use/operation		7,415	(2,494)	4,921	4,438	(1,780)	2,658
Plants under construction - Solar Farm	-	23,930	-	23,930	12,032	-	12,032
Advances to suppliers - property, plant and equipment		5,284		5,284			
		36,628	(2,494)	34,135	16,471	(1,780)	14,689

	Average annual depreciation rate - %	Consolidated 12/31/2022 Cost	Accumulated depreciation	Net	12/31/2021 Cost	Accumulated depreciation	Net
Machinery and equipment	10	424	(163)	261	290	(132)	158
Furniture and fixtures	10	1,113	(287)	826	670	(208)	462
Tools	10	107	(59)	47	104	(49)	55
IT equipment	20	4,332	(1,418)	2,914	2,330	(834)	1,497
Leasehold improvements	20	780	(118)	662	286	(68)	218
Company cars	20	54	(54)	-	54	(54)	-
Communication equipment	20	34	(24)	9	29	(22)	6
Facilities	10	87	(16)	71	52	(8)	45
Leased machinery and equipment - Solar Farm	10 and 0.33	382,697	(25,544)	357,153	206,184	(14,503)	191,681
Assets in use/operation		389,625	(27,682)	361,944	209,999	(15,878)	194,122
Plants under construction - Solar Farm	-	328,034	-	328,034	154,987	-	154,987
Advances to suppliers - property, plant and equipment		36,735	-	36,735	-	-	-
		754,395	(27,682)	726,712	364,987	(15,878)	349,109

b) Variations in property, plant and equipment

Variations in property, plant and equipment in the years ended December 31, 2022 and 2021 are as follows:

	Parent										
	Machinery and equipment	Furniture and fixtures	Tools	IT equipment	Leasehold improvements	Company cars	Communication equipment	Facilities	Leased machinery and equipment - Solar Farm	Plants under construction - Solar Farm	Total
Balance as at December 31, 2020	185	356	61	422	143	38	29	34	280	4,664	6,210
Additions	8	151	9	1,355	138	-	-	21	-	7,365	9,047
Write-offs, net	(9)	(30)	(5)	-	(18)	(11)	(18)	(5)	-	-	(97)
Depreciation	(26)	(57)	(10)	(279)	(45)	(27)	(4)	(4)	(62)	-	(513)
Allowance for losses	-	42	-	-	-	-	-	-	-	-	42
Transfers	-	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2021	158	462	55	1,497	218	(0)	7	46	218	12,029	14,689
Additions	133	443	2	2,012	616	-	5	55	-	17,182	20,450
Write-offs, net				(10)	(107)			(19)	(38)		(174)
Depreciation	(30)	(79)	(10)	(585)	(65)	-	(2)	(10)	(49)		(830)
Allowance for losses					-						-
Transfers	-	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2022	260	826	47	2,915	663	(0)	10	73	131	29,211	34,136

(a) Some pieces of equipment are acquired by the Parent and subsequently transferred to the subsidiaries in related parties.

	Consolidated										
	Machinery and equipment	Furniture and fixtures	Tools	IT equipment	Leasehold improvements	Company cars	Communication equipment	Facilities	Leased machinery and equipment - Solar Farm	Plants under construction - Solar Farm	Total
Balance as at December 31, 2020	183	357	61	420	145	38	29	34	149,466	5,987	156,720
Additions	8	151	9	1,354	138	-	-	21	223	198,206	200,110
Write-offs, net	(8)	(30)	(5)	-	(18)	(11)	(18)	(5)	-	-	(95)
Depreciation	(26)	(57)	(10)	(279)	(45)	(25)	(4)	(4)	(7,213)	-	(7,663)
Allowance for losses	-	42	-	-	-	-	-	-	-	-	42
Transfers	-	-	-	-	-	-	-	-	48,654	(48,654)	-
Balance as at December 31, 2021	156	464	55	1,495	220	2	7	46	191,129	155,540	349,114
Additions	133	443	2	2,012	616	-	5	55	8,835	377,457	389,559
Write-offs, net	-	-	-	(10)	(107)	-	-	(19)	(4)	-	(139)
Depreciation	(30)	(79)	(10)	(585)	(65)	-	(2)	(10)	(11,040)	-	(11,822)
Allowance for losses	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	168,234	(168,234)	-
Balance as at December 31, 2022	258	829	47	2,912	664	2	10	73	357,154	364,763	726,712

(i) Refers to UFVs, equipment owned by the Company and its subsidiaries, which are leased to the energy generation consortiums and depreciated based on the term of each contract entered into.

(ii) The additions in plants under construction - Solar Farm refer mainly to the costs incurred with constructions in progress of photovoltaic generation units (solar farms) in the subsidiaries.

As at December 31, 2022, R$17,023 of interest was capitalized in assets under construction (R$2,777 as at December 31, 2021).

The capitalization rate used in determining the amount of borrowing costs eligible for capitalization was 24% as at December 31, 2022.

Total machinery and equipment (solar farm) leased and under construction of the Company and its subsidiaries were pledged as collateral for borrowings, financing and debentures, corresponding to R$721,916 as at December 31, 2022 (R$346,669 as at December 31, 2021, respectively).

Despite the scenario resulting from the COVID-19 pandemic and the Company's financial condition, as described in note 1, Management assessed the current circumstances and tested its assets for impairment, as described in note 2.5.6, and concluded that there was no need to recognize an allowance for impairment of the assets of the Company and its subsidiaries.

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	Consolidated					
	Right of use					
	Land	Buildings and improvements	Company cars	IT equipment	Total	Lease liability
Balance as at 12.31.2020	10,130	447	481	31	11,089	11,769
Additions	21,899	346	109	-	22,354	21,674
Depreciation	(829)	(59)	(22)	(17)	(928)	-
Write-offs	-	(68)	(320)	-	(388)	-
Interest	-	-	-	-	-	3,728
Payment - principal	-	-	-	-	-	(326)
Payment of interest	-	-	-	-	-	(3,076)
Balance as at 12.31.2021	31,200	666	248	14	32,127	33,769
Additions	23,884	2,584	363	-	26,831	25,081
Depreciation	(1,510)	(657)	(284)	(4)	(2,455)	-
Write-offs	(6,871)	-	-	(10)	(6,880)	(7,677)
Interest	-	-	-	-	-	12,479
Payment - principal	-	-	-	-	-	(3,070)
Payment of interest	-	-	-	-	-	(6,339)
Balance as at 12.31.2022	46,704	2,593	327	-	49,624	54,243

	Parent					
	Right of use					
	Land	Buildings and improvements	Company cars	IT equipment	Total	Lease liability
Balance as at 12.31.2020	-	390	480	31	901	962
Additions	-	346	-	-	346	455
Depreciation	-	(66)	(23)	(17)	(106)	-
Write-offs	-	(54)	(210)	-	(264)	(408)
Interest	-	-	-	-	-	130
Payment - principal	-	-	-	-	-	(38)
Payment	-	-	-	-	-	(130)
Balance as at 12.31.2021	-	615	247	14	877	971
Additions	1,128	2,584	363	-	4,076	4059
Depreciation	(16)	(650)	(284)	(4)	(954)	-
Write-offs	-	-	-	(10)	(10)	(11)
Interest	-	-	-	-	-	708
Payment - principal	-	-	-	-	-	(737)
Payment	-	-	-	-	-	(708)
Balance as at 12.31.2022	1,112	2,550	326	-	3,989	4,282

Incremental borrowing rate

The nominal rates and corresponding actual rates for each maturity are shown below:

	Consolidated			
	12/31/2022		12/31/2021	
Lease terms	Nominal rate - % p.a.	Actual real % p.a.	Nominal rate - % p.a.	Actual real % p.a.
2 years	20.26%	15.06%	20.26%	15.06%
3 years	21.17%	16.06%	21.17%	16.06%
4 years	21.78%	16.64%	21.78%	16.64%
5 years	22.15%	17.08%	22.15%	17.08%
6 years	22.49%	17.45%	22.49%	17.45%
7 years	22.76%	17.72%	22.76%	17.72%
8 years	23.00%	17.93%	23.00%	17.93%
9 years	23.21%	18.08%	23.21%	18.08%
10 years	23.38%	18.20%	23.38%	18.20%
11 to 15 years	23.65%	18.47%	23.65%	18.47%
Over 15 years	23.76%	18.58%	23.76%	18.58%

Lease payments include fixed payments. There were no variable lease payments.

Amounts recognized in profit or loss

As at December 31, 2022, the amounts recognized in profit or loss relating to variable payments or low-value contracts, not included in lease liabilities, were R$5,446 (R$2,264 as at December 31, 2021 and R$1,326 as at December 31, 2020).

PIS and COFINS credits

The Company is entitled to PIS and COFINS credit on certain lease contracts upon payment. As at December 31, 2022, potential PIS/COFINS credit on the gross payment flow is R$134 in the Parent (R$73 in 2021).

17. INTANGIBLE ASSETS

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Goodwill (note 22.b)	505	724	1,331	1,551
Software	3,408	3,010	3,407	3,010
Set Up - Solar Farm (a)	-	-	-	21,598
Commission - CPC 47 (c)	3,366	-	11,431	-
Other	23	35	25	35
	7,302	3,769	16,194	26,194

(a) Refers to investments made for development of the customer portfolio of consortiums and cooperatives, pursuant to note 2.5.5.

(b) The Company maintained the acquisition under the former method and elected to continue to amortize goodwill upon first-time adoption of CPCs/IFRS.

(c) Refers to expenditures on commissions incurred for the acquisition of customer contracts, pursuant to CPC 47 - Revenue from Contracts with Customers.

Variations in intangible assets for the years ended December 31, 2022 and 2021 are broken down below:

	Parent					
	Goodwill	Software	Other	Set Up - Solar Farm	Commissions	Total
Balance as at December 31, 2020	944	438	9	-	-	1,391
Additions	-	2,828	32	-	-	2,860
Amortization	(220)	(256)	(6)	-	-	(482)
Balance as at December 31, 2021	724	3,010	35	-	-	3,769
Additions	-	1,021	-	-	3,336	4,387
Amortization	(220)	(624)	(10)	-	-	(854)
Balance as at December 31, 2022	504	3,407	25	-	3,336	7,302
Amortization rate - %	10	20	20	20	20	

	Consolidated					
	Goodwill	Software	Other	Set Up - Solar Farm	Commissions	Total
Balance as at December 31, 2020	1,771	438	10	11,621	-	13,840
Additions	-	2,828	32	13,714	-	16,574
Amortization	(220)	(256)	(7)	(3,737)		(4,220)
Balance as at December 31, 2021	1,551	3,010	35	21,598		26,194
Additions	-	1,021	-	-	15,412	16,433
Write-offs	-	-	-	(21,598)		(21,598)
Amortization	(220)	(624)	(10)	(0)	(3,981)	(4,835)
Balance as at December 31, 2022	1,331	3,407	25	-	11,431	16,194
Amortization rate - %	10	20	20	20	20	

18. BORROWINGS AND FINANCING

a) Balances

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Borrowings and financing	5,425	75,253	35,299	122,728
Commercial notes	-	177,574	-	177,574
Green FIDC Solar GD (Social and Environmental Receivables Investment Fund - Solar Energy) - FIDC	-	-	371,899	204,312
Real Estate Receivables Certificates (CRI)	-	-	306,752	80,156
	5,425	252,827	713,951	584,770
(-) Unrecognized transaction costs	(74)	(894)	(8,074)	(3,512)
(-) Retained amounts (Securitization Company)	-	-	(12,985)	-
(-) Tranches			(129,609)	
	5,351	251,933	563,283	581,257
Current	625	20,109	42,598	50,529
Noncurrent	4,726	231,824	520,685	530,728
	5,351	251,933	563,283	581,257

b) Variations

Parent - 2022

Type of financing	Interest rate	Currency	Maturity	2021	Borrowings	Accrued interest	Payment of interest	Payment of principal	Exchange rate changes	2022	Current	Noncurrent
CCB	CDI + 4.80% p.a.	BRL	Jan/23	40,037	-	1,035	(1,072)	(40,000)	-	-	-	-
FRN	CDI + 4.24% p.a.	USD	Aug/22	3,553	-	15	(16)	(3,551)	-	-	-	-
CCB	CDI + 4.50% p.a.	BRL	Aug/22	9,666	-	625	(1,217)	(9,074)	-	-	-	-
NC	CDI + 4.95% p.a.	BRL	Jan/23	177,574	-	5,051	(5,625)	(177,000)	-	-	-	-
CCB	CDI + 6.54% p.a.	BRL	Oct/23	4,951	-	348	(410)	(4,889)	-	-	-	-
CCB	11.75% p.a.	BRL	Dec/24	6,028	-	645	(647)	(600)	-	5,426	626	4,800
CCB	CDI + 6.73% p.a.	BRL	Feb/25	7,612	-	712	(724)	(7,600)	-	-	-	-
CCB	CDI + 8.47% p.a.	BRL	Jun/24	3,407	-	284	(315)	(3,377)	-	-	-	-
				252,826	-	8,715	(10,026)	(246,091)	-	5,426	626	4,800

Parent - 2021

Type	Interest rate	Currency	Maturity	2020	Borrowings	Accrued interest	Payment of interest	Payment of principal	Exchange rate changes	2021	Current	Noncurrent
	Exchange rate changes											
FRN	USD + 4.24% p.a.	Dollar	Aug/22	-	5,000	22	(20)	(1,667)	218	3,553	3,553	-
CCB	CDI + 3.75% p.a.	BRL	Apr/21	1,112	-	13	(34)	(1,091)	-	-	-	-
CCB	CDI + 4.50% p.a.	BRL	Jun/22	15,116	-	1,112	(782)	(5,781)	-	9,665	9,665	-
CCB	CDI + 6.00% p.a.	BRL	Jun/21	4,102	-	124	(321)	(3,905)	-	-	-	-
CCB	CDI + 6.54% p.a.	BRL	Oct/23	6,041	-	609	(588)	(1,111)	-	4,951	2,729	2,222
CCB	11.77% p.a.	BRL	Dec/24	6,028	-	679	(679)	-	-	6,028	578	5,450
CCB	CDI + 6.73% p.a.	BRL	Feb/25	8,406	-	905	(899)	(800)	-	7,612	2,412	5,200
CCB	CDI + 8.47% p.a.	BRL	Jun/24	4,079	-	441	(440)	(673)	-	3,407	1,381	2,026
CCB	CDI + 4.80% p.a.	BRL	Jan/23	1,754	40,000	67	(34)	(1,750)	-	40,037	37	40,000
NC	CDI + 4.95% p.a.	BRL	Jan/23	-	177,000	574	-	-	-	177,574	574	177,000
	Exchange rate changes USD + 4.24% p.a.			46,638	222,000	4,546	(3,797)	(16,778)	218	252,827	20,929	231,898

Consolidated - 2022

Type of financing	Interest rate	Currency	Maturity	2021	Borrowings	Accrued interest	Payment of interest	Payment of principal	Exchange rate changes	2022	Current	Noncurrent
CCB	CDI + 4.80% p.a.	BRL	Kan/23	40,037	-	1,035	(1,072)	(40,000)	-	-	-	-
FRN	CDI + 4.24% p.a.	USD	Aug/22	3,552	-	15	(16)	(3,551)	-	-	-	-
CCB	CDI + 4.50% p.a.	BRL	Aug/22	9,666	-	625	(1,217)	(9,074)	-	-	-	-
NC	CDI + 4.95% p.a.	BRL	Jan/23	177,574	-	5,051	(5,625)	(177,000)	-	-	-	-
CCB	CDI + 6.54% p.a.	BRL	Oct/23	4,951	-	348	(410)	(4,889)	-	-	-	-
CCB	11.75% p.a.	BRL	Dec/24	6,028	-	645	(647)	(600)	-	5,426	626	4,800
CCB	CDI + 6.73% p.a.	BRL	Feb/25	7,612	-	712	(724)	(7,600)	-	-	-	-
CCB	CDI + 8.47% p.a.	BRL	Jun/24	3,407	-	284	(314)	(3,377)	-	-	-	-
CRI I	IPCA + 10% - 15.58% p.a.	BRL	Mar/36	80,156	-	16,776	(7,552)	(1,411)	-	87,969	9,524	78,445
CCB	IPCA + 1.54% p.a.	BRL	Dec/33	19,361	-	1,366	(1,636)	(1,427)	-	17,664	1,896	15,768
FIDC I	IPCA + 11.00% p.a.	BRL	May/30	204,312	-	36,043	(27,308)	-	-	213,047	33,584	179,463
CCB	CDI + 6.00% p.a.	BRL	Jun/29	14,161	-	1,085	(1,184)	(14,062)	-	-	-	-
CCB	SELIC + 5.50% p.a.	BRL	Nov/29	13,951	-	2,236	(2,228)	(1,749)	-	12,210	1,856	10,354
CRI II	IPCA + 10.7144% p.a.	BRL	Apr/37	-	75,000	8,287	(4,514)	(3,053)	-	75,720	5,169	70,551
FIDC II	IPCA + 11% p.a.	BRL	May/30	-	151,127	8,145	(420)	-	-	158,852	23,429	135,423
CRI III	IPCA + 10% p.a.	BRL	Jun/34	-	145,152	3,777	(3,760)	(2,107)	-	143,063	5,325	137,739
				584,768	371,280	86,430	(58,627)	(269,900)	-	713,951	81,408	632,543

Consolidated - 2021

Type of financing	Interest rate	Currency	Maturity	2020	Borrowings	Accrued interest	Payment of interest	Payment of principal	Exchange rate changes	2021	Current	Noncurrent
CCB	CDI + 4.80% p.a.	BRL	Jan/23	1754	40,000	67	(34)	(1,750)	-	40,037	37	40,000,00
FRN	Exchange rate changes USD + 4.24% p.a.	Dollar	Aug/22	-	5,000	22	(20)	(1,667)	218	3,553	3,553	-
CCB	CDI + 4.50% p.a.	BRL	Aug/22	15,116	-	1,112	(782)	(5,781)	-	9,665	9,665	-
NC	CDI + 4.95% p.a.	BRL	Jan/23	-	177,000	574	-	-	-	177,574	574	177,000
CCB	CDI + 3.75% p.a.	BRL	Apr/21	1,112	-	13	(34)	(1,091)	-	-	-	-
CCB	CDI + 6.00% p.a.	BRL	Jun/21	4,102	-	124	(321)	(3,905)	-	-	-	-
CCB	CDI + 6.54% p.a.	BRL	Oct/23	6,041	-	609	(588)	(1,111)	-	4,951	2,729	2,222
CCB	11.75% p.a.	BRL	Dec/24	6,028	-	679	(679)	-	-	6,028	578	5,450
CCB	CDI + 6.73% p.a.	BRL	Feb/25	8,406	-	905	(899)	(800)	-	7,612	2,412	5,200
CCB	CDI + 8.47% p.a.	BRL	Jun/24	4,079	-	441	(440)	(673)	-	3,407	1,381	2,026
CCB	CDI + 6.00% p.a.	BRL	Jun/29	15,048	-	1,431	(1,380)	(938)	-	14,161	1,974	12,187
CRI	IPCA + 10% - 15.58% p.a.	BRL	Mar/36	-	80,083	5,182	(5,110)	-	-	80,155	2,866	77,289
FIDIC	IPCA + 11.00% p.a.	BRL	May/30	-	182,499	21,813	-	-	-	204,312	21,813	182,499
CCB	IPCA + 1.54% p.a.	BRL	Dec/33	20,723	-	2,296	(2,236)	(1,421)	-	19,362	2,122	17,240
CCB	SELIC + 5.50% p.a.	BRL	Nov/29	15,655	-	1,427	(1,381)	(1,750)	-	13,951	1,847	12,104
				98,064	484,582	36,695	(13,904)	(20,887)	218	584,768	51,551	533,217

c) Real Estate Receivables Certificates (CRI)

<u>João Pinheiro Solar</u>

In February 2021, João Pinheiro Solar Ltda. carried out its 1st issuance of Real Estate Receivables Certificates (CRI), in the amount of R$80,083 with public distribution, of which R$64,067 of Senior CRI and R$16,017 of Subordinated CRI, in conformity with CVM Instruction 414 and CVM Instruction 476, maturing on March 28, 2031 and March 28, 2036, respectively.

The compensatory fixed interest rate of the CRI corresponds to 10%, plus inflation adjustment based on the IPCA. To support the receivables assignment transaction, the percentage rate of 88.9% of the leases receivable by the Company was considered.

The CRI instrument is comprised of senior and subordinated real estate receivables certificates, the latter acquired by the Company, as shown in note 6.

The proceeds were fully transferred to the Company, except for retained amount, as set forth in the contract. As at December 31, 2022, in order to cover sundry expenses, the amount of R$92 was recognized to also cover the payment of interest in the first months of the contractual term, in the amount of R$4,546. These balances are presented as reduction of the total debt amount of R$87,969

<u>Melgaço</u>

In March 2022, Melgaço Geração de Energia 31 LTDA. carried out its 1st issuance of the Company's Real Estate Receivables Certificates (CRI) in the capacity of assignor of the real estate receivables, based on the lease contracts of each photovoltaic unit with corresponding consortium or cooperative ("Lease Contract"), in the amount of R$75,000, with public distribution in conformity with CVM Instruction 414 and CVM Instruction 476, maturing on March 4, 2037.

The CRI instrument, issued to finance solar farms, has as collateral the sale of real surface right, fiduciary sale of shares and fiduciary sale of equipment, in addition to fidejussory guarantee with the Parent. The subscriptions, payments and releases of the funds under the instrument were carried out in conformity with the deadlines, terms and conditions described in the transaction documents of Parent EBES Sistemas de Energia. The subscription, payment and release were carried out in one single installment at the gross amount of R$75,000.

The initial compensatory fixed interest rate of the CRI corresponds to 11%%, used to adjust to present value the future flow of real estate receivables assigned, and final compensatory fixed interest rate corresponding to 10% plus inflation adjustment based on the IPCA, respectively. In conformity with the terms and conditions described in the CRI issuance documents, the decrease of the compensatory fixed interest rate is carried out upon satisfaction of the conditions for completion of each one of the solar farms financed through the CRI. As at December 31, 2022, the compensatory fixed interest rate was 10.7144%. To support the receivables assignment transaction, the percentage rate of 70% of the leases receivable by the Company was considered.

The proceeds were fully transferred to the Company, except for retained amount, as set forth in the contract. As at December 31, 2022, in order to cover sundry expenses, the amount of R$50 was recognized to also cover the payment of interest in the first months of the contractual term, in the amount of R$8,293. These balances are presented as reduction of the total debt amount of R$75,720

Monte Carmelo

In July 2022, Monte Carmelo Geração de Energia 44 LTDA. carried out its 1st issuance of the Company's Real Estate Receivables Certificates (CRI) in the capacity of assignor of the real estate receivables, based on the lease contracts of each photovoltaic unit with corresponding consortium or cooperative ("Lease Contract"), in the amount of R$145,152, with public distribution in conformity with CVM Instruction 414 and CVM Instruction 476, maturing on June 30, 2042.

The compensatory fixed interest rate of the CRI corresponds to 10%, plus inflation adjustment based on the IPCA. To support the receivables assignment transaction, the percentage rate of 80% of the leases receivable by the Company was considered.

The CRI instrument is comprised of senior and subordinated real estate receivables certificates, the latter acquired by the Company, as shown in note 6.

This instrument, issued to finance solar farms, has as collateral the sale of real surface right, fiduciary sale of shares and fiduciary sale of equipment, in addition to fidejussory guarantee provided by the Parent EBES Sistemas de Energia. The subscriptions, payments and releases of the funds under the instrument are carried out based on the physical and financial schedule. The initial amount released was R$9,147, and the accumulated amount released up to December 2022 was R$30,995. The remainder in the amount of R$85,127 (indicated as *"tranches*") will be released in 2023, in conformity with the deadlines, terms and conditions described in the previously established transaction documents, which are related to the physical schedule of completion of the facilities and connections of the photovoltaic plants linked to the real estate receivables assigned.

d) Social and Environmental Receivables Investment Funds - Solar Energy (FIDCs)

Janaúba II Geração de Energia Solar S.A.

In May 2022, Janaúba II Geração de Energia Solar S.A. entered into an instrument for factoring of receivables through the Green FIDC Solar II - Social and Environmental Receivables Investment Funds - Solar Energy (FIDC), established as a closed-end condominium, in the total amount of R$151,127 with term of 12 years, in conformity with CMN Resolution 2.907, CVM Instruction 356 and other applicable legal and regulatory provisions. The Instrument was not classified as true sales, and, therefore, the balance of trade receivables was not written off.

The fund's objective is to offer to unitholders the appreciation of their units, through the investment of the funds in the acquisition of receivables arising from solar farm lease operation projects. The fund is comprised of senior, mezzanine and subordinated unitholders, and the Company's subsidiary, Janaúba II Geração de Energia S.A., holds all subordinated units, totaling R$36,805 as at December 31, 2022, and are recorded as securities, as shown in note 6. In case of default in the abovementioned lease transactions, the first losses will be assumed based on the order of subordination indices, the first losses being assumed by the subordinated unitholders. If there is no default, Janaúba II Geração de Energia Solar S.A. receives the funds contributed adjusted for inflation, pursuant to the regulation and accessory documents.

The amount released up to December 31, 2022 was R$64,750, and the remaining amount of R$44,482, (indicated as "tranches") will be released in 2023, in conformity with the deadlines, terms and conditions described in the previously established transaction documents, which are related to the physical schedule for completion of the facilities and connections of photovoltaic plants linked to the real estate receivables assigned.

Francisco Sá II Geração de Energia S.A.

Green FIDC SOLAR GD - Social and Environmental Receivables Investment Fund - Solar Energy ("Green FIDC") was established in 2021. It refers to a receivables investment fund, originating from long-term lease contracts of UFVs (Photovoltaic Plants) of subsidiary Francisco Sá II Geração de Energia S.A., entered into with consortiums or cooperatives, established as a closed-end condominium, with term of 12 years.

The fund's objective is to offer to unitholders the appreciation of their units, through the investment of the funds in the acquisition of receivables arising from solar farm lease operation projects. The fund is comprised of senior, mezzanine and subordinated unitholders, and the Company's subsidiary, Francisco Sá II geração de Energia S.A., holds all subordinated units, totaling R$27,780 as at December 31, 2022, and are recorded as securities, as shown in note 6. In case of default in the abovementioned lease transactions, the first losses will be assumed based on the order of subordination indices, the first losses being assumed by the subordinated unitholders. If there is no default, Francisco Sá II Geração de Energia S.A receives the funds contributed adjusted for inflation, pursuant to the regulation and accessory documents.

e) Commercial notes

On December 20, 2021, the Company carried out the first issuance of Book-entry Commercial Notes, in a single series, in the amount of R$177,000 with term of 13 months. The net proceeds from the issuance were used by the Company for the ordinary management of its cash.

The first issuance of Commercial Notes was subject to optional redemption and fully settled during the fiscal year without the collection of premium.

f) Settlement schedule

The long-term payment schedule of the installments of borrowings and financing is as follows:

Maturity	Parent	Consolidated
2024	4,800	50,393
2025	-	49,588
2026	-	54,055
2027	-	58,684
2028	-	63,731
2029	-	69,386
2030	-	74,256
2031	-	47,452
2032	-	38,816
2033	-	42,367
2034	-	37,542
2035	-	13,427
2036 - 2042	-	32,845
	4,800	632,542

g) Collaterals

The working capital loan comprises from the lack of collaterals to fidejussory guarantees. Borrowings for refinancing or financing of construction, development of solar farms, are mostly collateralized, as applicable, by the fiduciary assignment of receivables and real surface right, fiduciary sale of units and equipment, in addition to fidejussory guarantee (note 14).

h) Covenants

The Company and its subsidiaries are parties to borrowing agreements with financial and non-financial covenants, which noncompliance can result in, at the discretion of the respective lenders, after notification, the accelerated maturity of the debts in question.

(i) Limitation of distribution and/or payment of dividends, interest on capital or similar, in case of default with respect to any of its pecuniary obligations.

(ii) Capital decrease, except for purposes of absorption of accumulated losses.

(iii) Default under or protest of pecuniary obligations.

(iv) Corporate restructuring, except if authorized.

The financial covenant of Melgaço Geração de Energia 31 Ltda. is represented by the Debt Service Coverage Ratio (DSCR) which must correspond, on a quarterly basis, to an indicator higher than or equal to 1.2x up to the agreement maturity date. As at December 31, 2022, the financial covenant was not effective and, therefore, was not applicable. The financial covenant will be effective 12 months counted from the month following the connection of the Company’s last project, which must occur after 2023, based on the Company’s best estimate at this time. As at December 31, 2022 and 2021, the Company does not present deviations in relation to the compliance with the contractual conditions in said agreement.

As at December 31, 2022, the Company and its subsidiaries do not present deviations in relation to the compliance with the contractual conditions in said agreement.

19. DEBENTURES (RESTATED)

a) Balances

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Debentures (a)	175,283	220,428	175,283	220,428
(-) Unrecognized issuance costs (b)	(1,177)	(1,779)	(1,177)	(1,779)
	174,106	218,649	174,106	218,649
Current	16	4,965	16	4,965
Noncurrent	174,091	213,684	174,091	213,684
	174,107	218,649	174,107	218,649

b) Variations

Parent and Consolidated - 2022

Type of financing	Interest rate	Currency	Maturity	2021	Borrowings	Accrued interest	Interest converted into shares	Principal converted into shares	2022
Debentures	25% p.a.	BRL	Feb/29	220,428	60,000	70,122	(42,267)	(133,000)	175,283
(-) Unrecognized issuance costs (b)	IPCA + 8% p.a.								(1,177)
									174,106

Parent - 2021

Type of financing	Interest rate	Currency	Maturity	2020	Borrowings	Accrued interest	2021	Current	Noncurrent
Debentures	25% p.a.	BRL	12/2029	-	206,000	14,428	220,428	5,213	215,215
(-) Unrecognized issuance costs (b)							(1,779)	(248)	(1,531)
							218,649	4,965	213,684

Consolidated - 2021

Type of financing	Interest rate	Currency	Maturity	2020	Borrowings	Accrued interest	Payment of interest	Payment of principal	2021
Debentures	CDI + 4.5%	BRL	03/2027	51,805	-	1,289	(1,289)	(51,805)	-
Debentures	25% p.a.	BRL	12/2029	-	206,000	14,428	-	-	220,428
(-) Unrecognized issuance costs									(1,779)
									218,649

In February 2021, the Company carried out its 1st issuance of simple, nonconvertible, with fidejussory and additional real guarantee, in a single series, in the amount of R$106,000.

In December 2021, the Company amended the first issuance and carried out the second issuance of debentures, both non-convertible, with fidejussory and additional real guarantee, in the amounts of R$120,354 and R$200,000, respectively.

In December 2021, the amount of R$100,000 was received, in March 2022, the amount of R$60,000 was received. The Company elected, pursuant to the issuance terms and conditions, not to request the payment of the remaining R$40,000 relating to the second issuance of debentures.

The debenture indenture provides for a compensation of 25% per year in the first two years, and IPCA + 11% per year in the other six remaining years, and the minimum return is guaranteed, in US dollars, of 9.5% per year. Also, there is early redemption option to be exercised by the Company at any time as from the third year, upon payment of the accumulated return up to the option date, plus a premium. Both aspects were analyzed under the light of embedded derivatives and, as a result of this analysis, no additional effects or impacts were identified for purposes of recognition.

In December 2022, and given the performance of capital contributions in 2022 (a "liquidity event", as set out in the debenture indentures), the debentures were optionally converted, in a quantity equivalent to 50% of the debentures issued and paid up, representing 53,000 debentures of the first issuance and 80,000 debentures of the second issuance, into registered common shares, without par value, issued by the Company. The optional conversion was carried out in conformity with the deadlines, terms and conditions described in the issuance indentures, which was carried out based on the conversion amount supported by the Unit Par Value of the debentures plus compensatory interest of 25%. Pursuant to CPC 48 - Financial Instruments, such option of convertibility of debentures into shares is an embedded derivative, which fair value was considered zero, as the variables used in the calculation of conversion, as stipulated in the debenture indenture, mainly with respect to the price of the share, are described and defined so as to consider its fair value on the conversion date.

The remaining balances not converted into shares are subject to compensatory interest corresponding to the fixed rate of 25% in the first two years and IPCA +11% as from the third year, with quarterly settlement of interest as from 2024 and quarterly settlement of principal as from 2025, totaling an effective rate of approximately 18% per year. They have a term of eight years counted from the issuance date, and therefore mature in 2029. As set forth in the debenture indentures, the options for conversion into shares of the remaining balances continue to be effective, subject to exercise pursuant to the conditions in the indentures.

c) Covenants

The debentures have financial and non-financial covenants, which noncompliance can result in, at the discretion of the respective lender, after notification, the accelerated maturity.

The existing financial ratios as at December 31, 2022 are broken down as follows:

DSCR OpCO[1]	DSCR HoldCO[2]	Net debt/Ebitda	Cash position[3]	Type
1,3	N/A	N/A	N/A	Accelerated Maturity

Debt Service Coverage Ratio ("DSCR") means the ratio obtained by the division of (i) Operating Cash Generation by the (ii) Debt Service, where:

[1] DSCR OpCo means the DSCR of all Associates (Operating and Pre-operating). Applicable since 2021.

[2] Adjusted DSCR HoldCo means the DSCR HoldCo, less the amounts corresponding to the Pre-operating Associates, applicable beginning 2025.

[3] Cash Position equal to or higher than R$8,000, determined based on the Company's consolidated financial statements, applicable beginning 2025.

As at December 31, 2022, the Company does not present deviations in relation to the compliance with the contractual conditions in the debenture indenture.

d) Settlement schedule

The payment schedule of the noncurrent balance is as follows:

Maturity	Parent and Consolidated
2024	-
2025	13,145
2026	17,527
2027	17,527
2028	70,147
2029	56,922
	175,268

20. SHARE-BASED PAYMENT

The Company had a Long-term Incentive Plan through the granting of stock options (“ILP” or “Plan”) to its Management and employees, eligible by the Board of Directors, and who freely elected to join the plan. It referred to Phantom share-based payment transaction settled in cash.

The vesting of the right to the Phantom shares granted was subject to a grace period of five years. After compliance with the grace period of each portion of the Phantom shares and in case of a liquidity event, the participant would be entitled to the right to receive, in cash, the gross amount corresponding to the appreciation of the Phantom shares since the grant date. If, within a period of 15 years, counted from the grant date, there was no liquidity event, all Phantom shares were automatically canceled by operation of law, not resulting in any right to the participant. In turn, the Participant would receive, in cash, the amount corresponding to the appreciation of the Phantom shares from the grant date up to the date of the 15^{th} anniversary of the grant.

In 2022, the incentive plan then granted to Management and employees, based on Phantom shares, settled in cash, was canceled as a result of the approval of a new long-term incentive plan (“ILP” or “Plan”), through the granting of Restricted Shares and/or Options, as described in note 22.

As a result of the cancelation of the incentive plan based on Phantom shares, an agreement was entered into with Management or employees holding Phantom shares. Under this agreement, the payment in two stages was established, the first payment of R$1,694 made in October 2022 and the second of R$2,021 in October 2023.

All amount provisioned relating to the Phantom shares plan was reversed from profit or loss, remaining only the provision of the remaining balance for payment in 2023 (R$2,021).

The fair value of the Phantom shares is R$2,021 as at December 31, 2022 (R$10,708 as at December 31, 2021, respectively).

21. PROVISIONS FOR RISKS AND ESCROW DEPOSITS

In the ordinary course of its activities, the Company and its subsidiaries are subject to tax, social security, labor and civil lawsuits. Management, based on the opinion of its legal counsel, recognized a provision in an amount considered sufficient to cover probable losses on the outcome of ongoing lawsuits.

The likelihood of loss is assessed based on the analysis of available evidence, the hierarchy of laws, available case rulings, most recent court decisions, and the assessment made by the outside legal counsel. The Company continuously reviews its estimates and assumptions.

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Escrow deposits	515	235	533	243
Provision for risks	(53)	(81)	(53)	(81)
	462	154	480	162

Variations in the provision for risks of the Company and its subsidiaries are as follows:

	Parent				Consolidated			
	Civil	Tax	Labor	Total	Civil	Tax	Labor	Total
Balances as at December 31, 2020	-	-	-	-	-	-	-	-
Additions	18	-	63	81	17	-	63	80
Reversals	-	-	-	-	-	-	-	-
Payments	-	-	-	-	-	-	-	-
Balances as at December 31, 2021	18	-	63	81	17	-	63	80
Additions	15	-	61	76	15	-	61	76
Reversals	(17)	-	(86)	(104)	(17)	-	(86)	(104)
Payments	-	-	-	-	-	-	-	-
Balances as at December 31, 2022	16	-	38	53	15	-	38	53

Contingencies classified as possible losses

As at December 31, 2022 and 2021, contingencies assessed as possible loss (the likelihood of occurrence of one or more future events is less than probable and more than remote) and, therefore, not recorded in the individual and consolidated financial statements, are as follows:

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Tax (a)	4,421	4,027	4,421	4,027
Labor (b)	831	1,354	831	1,777
Civil (c)	29	58	29	178
	5,281	5,439	5,281	5,982

(a) In May 2018, the Company received a tax assessment notice issued by SEFA-PA due to alleged lack of payment relating to the difference in ICMS tax rates in its operations, in the amount of R$3,671. Also, the Company received in 2019 a tax assessment notice issued by the city of Porto de Moz/PA, due to alleged lack of payment of ISSQN in its operations, in the amount of R$357.

(b) Correspond to labor claims filed by former employees claiming the payment of commissions, overtime and rescission fees.

(c) Refers to the collection of invoices considered undue and action for breach of contract.

22. EQUITY

a) Capital

As at December 31, 2022, the Company's capital is R$445,912, represented by 9,841,630 registered common shares, without par value (R$196,369, represented by 4,227,721 common shares, without par value as at December 31, 2021).

	2022		2021	
Shareholders	Number of shares	Equity interest	Number of shares	Equity interest
Augment Brazil Fundo De Investimento em Participações Multiestratégia	4,470,583	46%	-	0%
TPG Art I Fundo De Investimento em Participações Multiestratégia em Investimentos no Exterior	2,334,763	24%	2,334,763	55%
Blue Like An Orange Sustainable Capital Fund SICAF - SIF SCS	1,094,452	11%	-	0%
Mitsui & Co. Ltd.	713,142	7%	713,142	17%
MOV Investimentos Ltda	708,116	7%	708,116	17%
Other	520,574	5%	471,700	11%
	9,841,630	100%	4,227,721	100%

Capital increases

(i) On May 29, 2022, the Extraordinary General Meeting approved the capital increase by the Company's Management, which subscribed 48,874 shares, at the unit price of R$87.92, totaling R$4,297. The Company's capital, fully subscribed and paid up, amounted to R$200,665, represented by 4,276,595 registered common shares, without par value.

(ii) On July 26, 2022, the Extraordinary General Meeting approved the issuance of 2,750,131 new registered common shares, without par value, at the issuance price of R$167.00 per common shares, in the total amount of R$459,276, fully subscribed and paid up by Augment Brazil Fundo de Investimento em Participações Multiestratégia. On the same date, the amount of R$45,927 was allocated to the Company's capital, and the remaining amount of R$413,348 was allocated to the capital reserve. The Company's capital was R$246,593, represented by 7,026,726 registered common shares, without par value. Also on the same date, the change of the Company's authorized capital from up to 16,128,000 registered common shares, without par value, to up to 4,252,523 registered common shares, without par value, was approved.

(iii) On November 14, 2022, the Extraordinary General Meeting approved the Company's capital increase in the total amount of up to R$273,679, upon the issuance of up to 1,649,447 new registered common shares, without par value, at the issuance price of R$165.92 per common share. It was established that the homologation of the increase of capital partially subscribed would be accepted, to be decided by the shareholders up to December 31, 2022.

(iv) On December 7, 2022, the Extraordinary General Meeting approved the partial homologation of the Company's capital increase, at the amount effectively subscribed and paid up of R$240,519, upon the issuance of 1,449,593 new registered common shares, without par value, at the issuance price of R$165.92 per common share, fully subscribed and paid up by Augment Brazil Fundo de Investimento em Participações Multiestratégia. The amount of R$24,051 was allocated to the Company's capital, and the remaining amount of R$216,467 was allocated to the capital reserve. The Company's capital was R$270,645, represented by 8,476,319 registered common shares, without par value.

(v) On December 9, 2022, the Extraordinary General Meeting approved the issuance of 1,094,452 new Company's registered common shares, without par value, in the total issuance amount of R$175,267, at the issuance price of R$160.14 per common share, as a result of the voluntary conversion of 53,000 debentures of the 1st Issuance of convertible Debentures, and 80,000 debentures of the 2nd Issuance of convertible Debentures, both carried out by debentureholder Blue Like an Orange Sustainable Capital Fund Sicav-SIF SCS - BLAO. On the same date, as a result of the partial conversion of the Debentures of the 1st Issuance and Debentures of the 2nd Issuance, the issuance of 270,859 new Company's registered common shares, without par value, was approved at the total issuance of R$1.00, to be subscribed and paid up by Augment Brazil Fundo de Investimento em Participações Multiestratégia. As a result of the issuance of the new shares and capital increase, the Company's capital increased to R$445,912, represented by 9,841,630 registered common shares, without par value.

The Company's current authorized capital is represented by 4,252,523 registered common shares, without par value, enabling the increase of the Company's capital, regardless of any amendments to the bylaws, as approved by the Board of Directors, which will determine the issuance price and other subscription and payment conditions.

b) Reserves

Legal reserve

The legal reserve is recognized annually upon the allocation of 5% of profit for the year, and cannot exceed 20% of capital. The purpose of the legal reserve is to ensure the integrity of capital and can only be used to offset losses and increase capital. As a result of the losses recognized in the years ended December 31, 2022 and 2021, no legal reserve was set up.

Goodwill reserve

On March 31, 2015, the then Parent TPG ART Participações 1 S.A. was downstream merged into the Company, resulting in a goodwill reserve of R$2,211 (residual balance of R$504 as at December 31, 2022 and R$724 as at December 31, 2021), based on a report prepared by independent appraisers, which is being amortized over a 10-year period (note 17).

Capital reserve

	Parent and Consolidated	
	12/31/2022	12/31/2021
Capital reserve (i)	630,419	603
Stock option plan (ii)	2,514	-
(-) Costs on the issuance of equity instruments (iii)	(7,720)	-
	625,213	603

(i) Capital reserves:

On April 12, 2019, upon the contribution of capital of Mitsui & Co Ltd. in the amount of R$5,576, used to repurchase the shares of Sustainable Equity Investments S.A. at the amount of R$4,973, a balance in the reserve was recognized in the amount of R$603.

On July 26, 2022, the EGM established that the amount of R$413,348, originating from the aforesaid contributions, would be allocated to the capital reserve.

On December 7, 2022, the EGM established that the amount of R$216,467, originating from the aforesaid contributions, would be allocated to the capital reserve.

	Variations
Balance as at January 1, 2019	-
Capital reserve established - Mitsui	5,576
(-) Repurchase of shares - Mitsui	(4,973)
Balance as at December 31, 2019	603
Capital reserve established - Augment - Jul/2022	413,348
Capital reserve established - Augment - Dec/2022	216,467
Balance as at December 31, 2022	630,418

(ii) Stock option plan:

The Company established in 2022 a long-term incentive plan (“LP” or “Plan”) granted to its Management and employees, eligible by the Board of Directors and who freely elect to join the plant. The purpose of the Plan is to promote and encourage the sustainable productivity, the generation of value in the long term, retention and maintenance of Eligible Persons, alignment of interests between the Eligible Persons and the Company’s shareholders, through the granting of Restricted Shares and/or Options, so as to share the risks and rewards on equitable basis and in the long term.

The Agreements were entered into individually with each Eligible Person, subject to the terms and conditions set out in this Plan and the respective Program. The number of Options can vary at each new grant. The limit Exercise Period of all lots vested will be of up to 10 years counted from each of the Vesting dates or the occurrence of the liquidity event, whichever the latter. The grace period corresponds to five years and the conditions for exercise of the Options will be established in the respective Programs and Agreements. No Participant will have any of the rights and privileges of the Company’s shareholder until its Options are fully exercised and the respective Shares are acquired or subscribed, under the Plan, the Program and respective Agreement.

On the first grant of the Plan, beginning on September 30, 2022, 240,376 options were granted at the exercise price of R$150.00.

The fair value attributable to the options was determined based on the Black & Scholes pricing model. The table below shows a list of information on the model used for the years ended December 31, 2022 and 2021:

	2022	2021
Weighted average of the fair value on the measurement date	34,86	-
Dividend yield (%)	0%	-
Expected volatility (%)	30,5	-
Risk-free return rate - p.a. (%)	11,83	-
Expected stock option life	2	-

The volatility and time to elapse until the exercise were calculated based on assumptions that took into account Management’s understanding. There are no expected dividends for this plan. The exercise price considers the amount on the option grant date adjusted by the IPCA up to the exercise date. The risk-free rate and inflation are based on the DI x PRE and DI x IPCA rates disclosed by B3- Brasil, Bolsa, Balcão.

The Company measured the fair value on the grant date and recorded the variations in profit or loss for the year, of which R$2,514 was recorded as expenses on share-based compensation in the year ended December 31, 2022 (R$0 as at December 31, 2021).

The fair value of the stock option plan is R$2,514 as at December 31, 2022 (R$0 as at December 31, 2021).

(iii) Share issuance costs:

Refers to transaction costs incurred and directly attributable to the capital increase by Augment Brazil Fundo de Investimento em Participações Multiestratégia, in the total amount of R$8,578, broken down between capital and capital reserve proportionally to the principal amounts recognized in each line item, totaling R$7,720 in capital reserve (R$0 as at December 31, 2021).

c) Distribution of dividends

Under the bylaws, the Company is required to distribute mandatory minimum dividends corresponding to 25% of profit for the year. Due to the losses recognized, no dividends were distributed as at December 31, 2022 and 2021

23. LOSS PER SHARE

Basic and diluted

Basic loss per share is calculated by dividing profit (loss) attributable to the Company's shareholders by the weighted average number of common shares issued in the period. The table below shows the calculation of basic and diluted loss per share:

	Parent and Consolidated			
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Loss attributable to the Company's shareholders from continuing operations	(235,791)	(96,109)	(235,791)	(96,109)
Loss attributable to the Company's shareholders from discontinued operations	(24)	(88)	(24)	(88)
	(235,815)	(96,197)	(235,815)	(96,197)
Weighted average number of common and preferred shares issued (thousands)	5,466	4,228	5,466	4,228
Basic loss per share - in Brazilian reais (R$)	(43,14)	(22,75)	(43,14)	(22,75)
Loss attributable to the Company's shareholders from continuing operations	(235,791)	(96,109)	(235,791)	(96,109)
Loss attributable to the Company's shareholders from discontinued operations	(24)	(88)	(24)	(88)
	(235,815)	(96,197)	(235,815)	(96,197)
Dilutive effect of convertible debentures	5,550	4,434	5,550	4,434
Diluted loss per share - in Brazilian reais (R$)	(42.49)	(21.70)	(42.29)	(21.70)

24. NET OPERATING REVENUE

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Sales revenue	180,649	101,759	97	-
Service revenue	26,806	17,644	26,805	18,239
Lease revenue	89	69	69,922	39,903
(-) Returns	(1,302)	-	-	-
(-) Freight	-	(2)	-	(2)
(-) Taxes on revenue	(20,435)	(11,891)	(6,409)	(3,987)
	185,806	107,579	90,416	54,153

Sales revenue presented in the Parent corresponds to the sale of equipment for construction of photovoltaic plants to the subsidiaries, which is fully eliminated in consolidation, as they refer to transactions without profit margin.

Lease revenue corresponds to the lease of the solar energy generation structure of the Company's subsidiaries to the consortiums and cooperatives, which start to hold the economic right to explore the structure so that que the consortium and cooperative members can generate energy credits to be used for offset against their respective energy bills from the distribution companies.

Service revenue refers to the management of the consortiums and cooperatives by the Company, determined based on the service agreement, and which considers fixed and variable portion, according to efficiency parameters reached.

25. BREAKDOWN OF COSTS AND EXPENSES BY NATURE

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Raw materials, materials and outside services	(168,678)	(96,197)	(3,563)	(1,428)
Outside services	(41,934)	(10,271)	(46,621)	(11,730)
Employee payroll and benefits	(79,621)	(44,014)	(82,987)	(44,015)
Share-based payments	(2,514)	(2,875)	(2,514)	(2,875)
Rents	(5,446)	(2,264)	(5,753)	(2,264)
Commuting, travel and meals	(6,390)	(1,973)	(6,390)	(1,973)
Depreciation and amortization	(2,407)	(1,101)	(20,039)	(12,812)
Tax expenses	(10,946)	(562)	(12,669)	(734)
Other income and expenses	(1,386)	(1,880)	(2,458)	(1,968)
Others (a)	-	-	(4,750)	-
	(319,323)	(161,137)	(187,745)	(79,799)
Costs of sales and services	(169,221)	(96,922)	(16,625)	(10,100)
General and administrative	(105,693)	(48,147)	(118,593)	(53,631)
Selling expenses	(44,409)	(16,068)	(52,527)	(16,068)
	(319,323)	(161,137)	(187,745)	(79,799)

(a) Refers to non-incremental commercial management costs for obtaining of contracts with customers.

26. FINANCE INCOME (COSTS)

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Finance costs				
Bank expenses	(272)	(114)	(666)	(634)
Interest, fines and discounts	(83,413)	(19,472)	(156,367)	(61,494)
Negative variance - short-term investments	-	-	(319)	(5,849)
Exchange losses	(43,943)	(13,943)	(43,952)	(13,943)
	(127,628)	(33,529)	(201,304)	(81,920)
Finance income				
Interest from short-term investments	26,871	2,780	43,676	4,606
Interest receivable and discounts	2,991	439	892	110
Exchange gains	26,342	12,050	26,342	12,050
Other	-	-	834	-
	56,204	15,269	71,744	16,766
	(71,424)	(18,260)	(129,560)	(65,154)

27. INCOME TAX AND SOCIAL CONTRIBUTION

a) Current income tax and social contribution

The calculation of income tax and social contribution expenses for the years indicated is as follows:

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Loss before income tax and social contribution	(235,815)	(96,197)	(227,267)	(91,717)
Income tax and social contribution - 34% rate	80,177	32,707	77,271	31,184
Share of profit (loss) of subsidiaries	(10,358)	(7,977)	-	-
Unrecognized deferred income tax	(69,819)	(24,730)	(69,819)	(35,145)
Effect of subsidiaries' deemed income	-	-	(16,000)	(2,236)
Other				1,718
	-	-	(8,548)	(4,480)
Effective rate	-	-	3.8%	4.9%

b) Deferred income tax and social contribution

	Parent and Consolidated	
	12/31/2022	12/31/2021
Income tax and social contribution losses	215,971	61,543
Provision for Phantom shares	687	3,641
Provision for bonus	855	2,696
Provisions for risks, realization of taxes and other	3,352	1,100
Unrealized exchange gains (losses)	1,514	578
Other	186	248
	222,565	69,806
(-) Unrecognized deferred tax assets	(222,565)	(69,806)
	-	-

As at December 31, 2022, the Group recognizes income tax and social contribution losses amounting to R$399,644 (R$183,672 as at December 31, 2021) for which no deferred income tax and social contribution credits were recognized as there is no expectation of future taxable income.

28. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Risk management

The Company enters into transactions involving financial instruments. These instruments are managed through operating strategies and internal controls that are aimed at liquidity, profitability and security. The control policy consists of a permanent monitoring of contracted terms and conditions compared to market terms and conditions. The Company does conduct transactions (short-term investments) involving derivatives or any other risk assets for speculative purposes. Gains and losses on these transactions are consistent with the policies and strategies designed by the Company's Management. The Company's transactions are subject to the risk factors described below:

Financial instruments by fair value and carrying amount category

The carrying amount of the main financial instruments does not significantly differ from the respective fair values, and are classified as follows:

	Parent				
	2022	2022	2021	2021	
Financial assets	Carrying amount	Fair value	Carrying amount	Fair value	Fair value measurement
Amortized cost					
Trade receivables (note 7)	13,492	13,492	5,092	5,092	Level 2
Related parties (note 10)	146,492	146,492	29,908	29,908	Level 2
Fair value through profit or loss					
Cash and cash equivalents (note 4)	379,749	379,749	31,649	31,649	Level 2
Restricted cash (note 5)	134	134	318,685	318,685	Level 2
Financial instruments (note 8)	4,784	4,784	141	141	Level 2
Financial liabilities					Level 2
Amortized cost					
Trade payables	9,422	9,422	31,227	31,227	Level 2
Borrowings and financing (note 18)	5,351	5,351	251,933	251,933	Level 2
Debentures (note 19)	174,106	175,340	218,649	218,649	Level 2
Financial instruments (note 8)	4,009	4,009	1,738	1,738	Level 2
Lease liabilities (note 16)	4,282	4,282	971	971	Level 2
Fair value through profit or loss					
Financial instruments (note 8)	4,009	4,009	1,738	1,738	Level 2
Share-based payments - Phantoms (note 20)	2,021	2,021	10,708	10,708	Level 3

	Consolidated				
	2022	2022	2021	2021	
Financial assets	Carrying amount	Fair value	Carrying amount	Fair value	Fair value measurement
Amortized cost					
Trade receivables (note 7)	38,276	38,276	14,458	14,458	Level 2
Related parties (note 10)	18,650	18,650	2,195	2,195	Level 2
Fair value through profit or loss					
Cash and cash equivalents (note 4)	390,841	390,841	51,007	51,007	Level 2
Restricted cash (note 5)	996	996	321,281	321,281	Level 2
Securities (note 6)	111,085	78,404	39,009	39,009	Level 2
Financial instruments (note 8)	4,784	4,784	141	141	Level 2
Financial liabilities					

	Consolidated				
	2022	2022	2021	2021	
Financial assets	Carrying amount	Fair value	Carrying amount	Fair value	Fair value measurement
Amortized cost					
Trade payables	19,240	19,240	34,363	34,363	Level 2
Borrowings and financing (note 18)	563,283	681,423	581,257	581,257	Level 2
Debentures (note 19)	174,106	175,340	218,649	218,649	Level 2
Lease liabilities (note 16)	54,243	54,243	33,769	33,769	Level 2
Fair value through profit or loss					
Financial instruments (note 8)	4,009	4,009	1,738	1,738	Level 2
Share-based payments - Phantoms (note 20)	-	-	10,708	10,708	Level 3

a) Risk considerations

Hierarchy

The classification of financial assets and financial liabilities at amortized cost or at fair value through profit or loss is based on the business model and the cash flow characteristics expected by the Company for each instrument.

The fair value of an instrument corresponds to its maturity amount (redemption amount) discounted at present value by a discount factor (corresponding to the maturity date of the instrument) obtained from the market interest rate curve in Brazilian reais. The three fair-value hierarchy levels are:

- Level 1: prices quoted in an active market for identical instruments;
- Level 2: observable information other than prices quoted in an active market, which are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: instruments whose relevant factors are not observable market inputs.

Fair value calculation - Level 3

The valuation technique used to determine the fair value measurement of the financial statements classified at Level 3 of the fair value hierarchy, which comprises Phantoms share-based transactions and stock option plan, was the Black-Scholes.

i) Credit risk

The Company restricts the exposure to credit risks associated with cash and cash equivalents and restricted cash by investing in first tier financial institutions. The Company seeks to mitigate this risk by carrying out transactions with a diversified group of counterparties according to its policies.

In relation to trade receivables, the Company is exposed to potential noncompliance when unrelated counterparties are unable to fulfill their financial or other commitments, minimizing these credit risks through financial analyses or risk rating.

Also, there are no significant history of losses, based on the monitoring of the individual limits, in order to minimize any default problems with respect to these trade receivables.

ii) Interest rate risk

Arises from the possibility of the Company obtaining gains or incurring losses due to fluctuations in interest rates applied on its financial assets and liabilities. The interest rates on short-term investments are described in note 4.

The Company's exposure to the risk of fluctuations in market interest rates mainly arises from its long-term payables subject to floating interest rates.

The Company manages interest rate risk by keeping a balanced borrowings portfolio subject to fixed and floating rates (swaps), as detailed in note 8.

iii) Exchange rate risk

This risk arises from the possibility of the Company incurring losses due to exchange rate fluctuations, which increase the amounts raised in the market.

The Company's exposure is basically related to borrowings and financing and acquisitions of equipment in foreign currency. As a measure to mitigate the risks of exchange rate fluctuations, the Company contracts foreign exchange hedge through NDF contracts or instruments that achieve the intended purpose.

The Company can enter into swap instruments linked to borrowing agreements to mitigate the exchange rate risk or interest indices, as detailed in note Nota 8.

iv) Liquidity risk

The liquidity risk represents the possibility of a mismatch between the maturities of assets and liabilities, which could result in an inability to meet obligations within the established deadlines. The Company's general policy involves maintaining appropriate liquidity levels to make sure that present and future liabilities are discharged, while seizing any commercial opportunities to the extent they arise.

Management understands that the Company has no significant liquidity risk, considering its cash generation, capital increase, and debenture conversion capacity in 2022. Also, mechanisms and tools that allow raising funds to reverse positions that could jeopardize the Company's liquidity are periodically analyzed. The table below shows the liquidity risks of the main financial instruments by maturity range and reflect the Company's undiscounted financial flow as at December 31, 2022:

Consolidated	Balance	Financial flow	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
As at December 31, 2022							
Liabilities:							
Trade payables	19,240	19,240	18,255	792	193	-	19,240
Borrowings and financing (note 18)	563,283	1,480,620	18,415	92,076	685,598	684,531	1,480,620
Debentures (note 19)	174,106	401,083	-	-	161,601	239,482	401,083
Financial instruments (note 8)	4,009	4,009	2,188	627	1,194	-	4,009
Lease liabilities (note 16)	54,243	263,186	2,744	8,186	49,110	203,146	263,186
Phantoms (note 20)	2,021	2,021	-	2,021	-	-	2,021
As at December 31, 2021							
Liabilities:							
Trade payables	34,363	34,363	1,145	33,218	-	-	34,363
Borrowings and financing (note 18)	581,257	943,783	12,352	85,971	496,524	348,937	943,784
Debentures (note 19)	218,649	582,114	-	-	168,644	413,470	582,114
Financial instruments (note 8)	1,738	1,738	260	-	1,478	-	1,738
Lease liabilities (note 16)	33,769	178,797	1,748	5,184	31,967	139,898	178,797
Phantoms (note 20)	10,708	10,708	-	-	10,708	-	10,708

v) Net debt

Results from the choice between own capital (capital contributions and earnings retention) and third-party capital that the Company makes to finance its operations. To mitigate liquidity risks and optimize the weighted average cost of capital, Management permanently monitors indebtedness levels according to its internal policy.

	12/31/2022	12/31/2021
Borrowings and financing (note 18)	563,283	581,257
Debentures (note 19)	174,106	218,649
Lease liability (note 16)	54,243	33,769
(=) Gross debt	791,632	833,675
(-) Cash and cash equivalents (note 4)	(390,841)	(51,007)
(-) Restricted cash (note 5)	(996)	(321,281)
(-) Securities (note 6)	(111,085)	(39,009)
Net debt	288,709	422,378
Total equity	612,352	(25,129)

vi) *Regulatory risk*

The Company is subject to the regulations of the Remote Distributed Generation segment. The effects of this legal system on the Company’s current and future results are monitored by the Executive Board and the Board of Directors.

b) Valuation of financial instruments

The valuation of the main financial assets and liabilities are described in note 2.5.1, as well as their valuation criteria.

c) Sensitivity analysis of financial instruments

The Company conducted sensitivity analyses, prepared based on the net exposure to the variable rates of the financial assets and financial liabilities, derivative and non-derivative, significant and outstanding, assuming that the amount of assets and liabilities below was outstanding during the entire period, adjusted based on the estimated rates for a probable scenario of the risk behavior that, if occurred, may give rise to adverse results.

As at December 31, 2022, the Company has short-term investments, restricted cash, securities, borrowings and financing, debentures and lease liabilities indexed to the CDI and IPCA. Financing subject to fixed interest is not part of this analysis.

Transaction	Risks	Increase 35%	Increase 20%	Increase 10%	Decrease 10%	Decrease 20%	Decrease 35%
Exposure to floating rates							
Assets:							
Short-term investments	CDI increase/decrease	37,846	37,212	36,789	35,944	35,521	34,887
Restricted cash	CDI increase/decrease	97	96	95	92	91	90
Securities	CDI increase/decrease	48	42	39	32	28	23
Liabilities:							
Borrowings and financing	CDI and IPCA increase/decrease	125,830	123,882	122,583	119,985	118,687	116,738

Transaction	Risks	Increase 35%	Increase 20%	Increase 10%	Decrease 10%	Decrease 20%	Decrease 35%
Debentures	CDI and IPCA increase/decrease	26,286	25,879	25,608	25,065	24,794	24,387
Lease liabilities	CDI and IPCA increase/decrease	8,931	8,794	8,702	8,519	8,428	8,291

29. INSURANCE COVERAGE

The Company's property, plant and equipment are covered by insurance contracts with coverages determined based on the advice of specialists, taking into account the nature and degree of risk, in amounts considered sufficient by Management to cover significant probable losses on the Company's assets and liabilities.

The Company's Management contracts insurance coverage for assets subject to risks in amounts considered sufficient to cover probable losses, considering the nature of its activities.

Insurance contracts are effective for one year and annually renewed.

Description	Maximum indemnity limit	Beginning date	End date
Civil liability		12/15/2022	12/15/2023
Construction works and/or installation and/or assembling services for machinery and/or equipment, sudden pollution, cross civil liability	10,000 per event and 20,000 in the aggregate		
Pain and suffering	10,000 per event and 20,000 in the aggregate		
Operational risks		28/12/2022	28/12/2023
Property damages - including arising from fire of any kind	60,000		
Errors and omissions	26,500		
Windstorm, hurricane and cyclone	30,000		
Electrical damages	10,000		
Extraordinary expenses	1,000		
Acceleration expenses	1,000		
Debris removal expenses	1,000		
Savage and loss containment expenses	1,000		
Expenses on expert fees	1,500		
Small engineering work for application, repair and refurbishment	5,000		
Recovery of records and documents	300		
Robbery and theft of assets and breaking and entering at the insured's premises (subject to the existence and maintenance of 24-hour surveillance at the risk site)	2,500		
Flooding	5,000		
Loss of profit	9,000		
Equipment damage (property damages)	15,000		
Firefighting expenses	1,000		

30. EVENTS AFTER THE REPORTING PERIOD

In line with the Company's expansion plan, in the first quarter 25 new solar farms (UFV) were connected in the subsidiaries with total capacity of 31.8 MWac.