Individual and Consolidated Financial Statements

EBES Sistemas de Energia S.A.

December 31, 2021, 2020 and 2019
with Independent Auditor's Report

EBES Sistemas de Energia S.A.

Management Report 2021

The Management of EBES Sistemas de Energia S.A. ("Company" or "Órigo") submits to your appreciation the Management Report and the corresponding Individual and Consolidated Financial Statements, together with the Independent Auditor's Report, for the year ended December 31, 2021.

Disclaimer of opinion

Any statements contained in this report regarding the Company's business prospects, projections and its growth potential are mere forecasts and were based on management's expectations regarding the Company's future. These expectations are highly influenced by changes in the market and in the general economic performance of the country, the industry and the international market, and are therefore subject to change and should not be used as future projections of the Company's results.

Message to shareholders

In 2021, the macroeconomic environment continued to be affected by the COVID-19 pandemic, with a scenario characterized by strong inflationary pressure, which led the Central Bank of Brazil to accelerate the pace of interventions by raising the benchmark interest rate (Selic).

One of the factors that contributed to greater pressure on prices (energy tariffs) in the period was the worsening of the water crisis in the country, the worst in the last 91 years, due to the low volume of rainfall in the wet season compared to the historical average, which brought impacts to the formation of the Affluent Natural Energy (ENA), particularly in the Southeast and Midwest regions, and contributed to the significant rise in energy prices.

According to information released by ABSOLAR – the Brazilian Solar Photovoltaic Energy Association, the photovoltaic power potential in Brazil has been increasing significantly. Photovoltaic power generation has long been seen as a clean, sustainable energy technology that relies on the most abundant and widely available renewable source of energy on the planet – the sun. Brazil has enormous potential to be developed and a large market not yet penetrated.

Highlights

- The Company continued to grow at high rates, the number of customers increased from approximately 4,000 in 2020 to 30,000 in 2021. The capacity of grid-connected farms increased by 114% from 2020 to 2021, reaching 88 MWac, equivalent to approximately 119 MWp.

- Consolidated net revenue increased by 14.1% compared to 2020, from R$47.5 million in 2020 to R$54.2 million in 2021 (R$22.6 million in 2019), due to the increase in installed capacity. Profit or loss for the year totaled a loss of R$96.2 million (losses of R$34.6 million and R$27.9 million in 2020 and 2019, respectively) and EBITDA was negative by R$13.8 million in the year ended in 2021 (negative R$5.2 million in fiscal year 2020 and negative R$18.4 million in fiscal year 2019).

Below is a reconciliation of the loss for the year to EBITDA with the Company's financial statements:

(In thousands of reais)	**2021**	**2020**	**2019**
Loss for the year	**(96,196)**	**(34,611)**	**(27,985)**
Finance income (costs)	65,154	14,561	4,148
Income and social contribution taxes	4,479	4,955	1,619
Depreciation and amortization	12,812	9,945	3,776
EBITDA (1) (negative)	**(13,751)**	**(5,150)**	**(18,442)**

(1) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization), or LAJIDA, is a non-accounting measure disclosed by the Company, reconciled with its consolidated financial statements, in accordance with the CVM Rule No. 527/12, of October 4, 2012 ("CVM 527"), and consists of the net income (loss) for the year adjusted by the net finance income (costs), current and deferred income and social contribution taxes, and depreciation and amortization. EBITDA is not an accounting measure defined by the accounting practices adopted in Brazil (BRGAAP) nor by the International Financial Reporting Standards (IFRS), issued by the International Accounting Standard Board (IASB). EBITDA does not represent the cash flow for the years presented and should not be considered as a substitute to net income (loss), as an indicator of operating performance, as a substitute for cash flow, as an indicator of liquidity or as a basis for the distribution of dividends. Although EBITDA has a standard meaning, pursuant to article 3, item I, of ICVM 527, the Company cannot guarantee that other companies, including closely-held companies, will adopt that same meaning.

- The Company expanded its access to the Brazilian capital markets by issuing various debt instruments to finance its expansion. A highlight is the issuance of approximately R$80 million via Certificates of Real Estate Receivables (CRI), R$201.5 million via Credit Rights Investment Fund (FIDC), R$220 million in convertible debentures and R$177 million via commercial papers. The growth in indebtedness in 2021 leads management to believe that, even in atypical market conditions, the Company has the capacity to continue financing its projects.

- We continue to invest in increasing the number of new solar farms. As of December 31, 2021, the Company had 119 MWp in operation and 334 MWp of which the source of funds to build is already guaranteed, either with its own resources or with contracts with third parties. In addition to these projects, the Company has already obtained 271 MWp in access opinions[1], whose processes related to project development, acquisition of licenses, layout definition, acquisition of right of way from the connection network to the distributor's network, are already under way, and we are defining the source of resources needed to build, as they have not yet reached the stage that allows building to begin. These projects will ensure the Company's growth in the coming years and will guarantee the geographic expansion of Órigo, since many of these projects are in new states.

[1] Access opinion – A document through which the distributor consolidates the studies and feasibility assessments of the access request required for a connection to the electrical system.

Financial highlights

(In thousands of reais)	2021	HA%	2020	HA%	2019
Net revenue	54,153	14.1%	47,464	109.8%	22,619
Gross profit	44,053	24.4%	35,422	162.3%	13,503
Finance costs	(81,920)	340.7%	(18,587)	163.7%	(7,048)
Net loss	(96,196)	177.9%	(34,611)	23.7%	(27,985)
EBITDA	(13,751)	167.0%	(5,150)	(72.1%)	(18,442)
Net debt (2)	423,975	242.9%	123,632	26.2%	97,954

(2) Gross debt is represented by the sum of loans, financing and derivatives (current and noncurrent), debentures (current and noncurrent) and lease liabilities (current and noncurrent). Net Debt corresponds to Gross Debt less cash and cash equivalents, restricted cash and restricted marketable securities. Gross Debt and Net Debt are not measures of financial performance, liquidity or indebtedness recognized by accounting practices adopted in Brazil, nor by 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 than the Company. Below we present the reconciliation of Gross Debt and Net Debt with the Company's consolidated financial statements:

(In thousands of reais)	2021	HA%	2020	HA%	2019
Loans, financing and derivatives (current and noncurrent)	582,854	494.3%	98,066	-22.9%	127,222
Debentures (current and noncurrent)	218,649	335.5%	50,212	100.0%	-
Lease liability (current and noncurrent)	33,769	202.3%	11,170	60.0%	6,981
(=) Gross Debt	**835,272**	**423.9%**	**159,448**	**18.8%**	**134,203**
(-) Cash and cash equivalents	(51,007)	91.9%	(26,580)	31.6%	(20,192)
(-) Restricted cash	(321,281)	3378.6%	(9,236)	-42.5%	(16,057)
(-) Restricted marketable securities	(39,009)	100.0%	-	-	-
Net debt (2)	**423,975**	242.9%	**123,632**	26.2%	**97,954**

The growth in consolidated net revenue over the years was due to the increase in the installed capacity of its own and third-party farms, ending 2021 with 119 MWp in operation. The gross loss substantially reflects this expansion phase of the Company, with a significant volume of investments made for the construction of solar farms, and with a low volume of revenues, considering that many farms were connected and started operating only at the end of the current year, in addition to those that are under construction and, therefore, have not yet come into operation and do not generate revenue. It is worth noting that a substantial part of the costs and developments were part of those costs and expenses recorded by the Company since previous years, culminating in a situation of accumulated losses.

Finance costs are also directly related to debt instruments raised by the Company to finance the construction of solar farms and ensure the expansion of shared energy generation capacity. In addition, the Company is negotiating new fundraising for the first half of 2022, with the objective of accelerating its financial recovery. The Company's plan for the coming years is to continue investing in renewable energy sources, expanding its business and having as its mission the mass consumption of renewable energy in Brazil.

Impacts of Covid-19 on our activities

Since the beginning of the pandemic, Órigo has been taking preventive measures to mitigate the impact of COVID-19 on its business and constantly seeking the well-being of its employees.

Despite the negative impact on the world economy, COVID-19 did not significantly affect Órigo's profit or loss and/or operations in the year ended December 31, 2021, with the exception of the increase in finance costs due to the increase in inflation and the interest rate. In 2020, the Company completed the project to include individuals in the customer base. This project ensured that the farms - the ones in operation and new farms – maintained their occupation as planned.

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

Additionally, with the normalization of economic activity in Brazil, the Company does not estimate significant effects that could affect its profit or loss or compromise its operational capacity and the implementation of new projects.

Investments

The Company has been maintaining the necessary investments to expand its operations with the construction of Photovoltaic Plants "PVPs", seeking operational balance, totaling a CAPEX[2] of R$346.7 million in 2021 (R$155.5 million in 2020 and R$174.6 million in 2019).

Human resources

Despite the economic difficulties in the country, the Company continues to invest in the professional development of its employees, with approximately 22.15 hours of teaching and training per employee (in the last 12 months), internships, in addition to training with the development of technical and operational skills.

The Company ended 2021 with a workforce of 352 employees (173 in 2020 and 160 in 2019).

[2] *Capital Expenditure* - consists of capital expenditures, such as investments in fixed assets, such as machinery, equipment and other improvements to the Company's facilities.

Relationship with the independent auditors

In accordance with CVM Rule No. 381/03, we inform that the Company adopts, as a formal procedure when hiring independent auditors, to ensure that the provision of other services does not affect its independence and objectivity necessary for the performance of independent audit services. The Company's policy of hiring independent auditors ensures that there is no conflict of interest, loss of independence or objectivity. These principles are based on the following assumptions: a) the auditor shall not audit their own work; b) the auditor shall not make management decisions for their client; c) the auditor shall not advocate for the interests of their client. In the fiscal year ended December 31, 2021, Ernst & Young Auditores Independentes did not provide services whose overall compensation exceeded 5% (five percent) of the compensation for external audit services (R$ 42 thousand in 2020).

Acknowledgement

We once more thank all those who were present and supported us in 2021, including our Employees, Customers, Suppliers, Shareholders, Financial Institutions and Members of the Company's Board of Directors.

EBES Sistemas de Energia S.A.

Individual and consolidated financial statements

December 31, 2021, 2020 and 2019

Contents

Independent auditor's report on individual and consolidated financial statements 1

Audited individual and consolidated financial statements

Statements of financial position 9
Statements of profit or loss 11
Statements of comprehensive income (loss) 12
Statements of changes in equity 13
Statements of cash flows 14
Statements of value added 16
Notes to individual and consolidated financial statements 17

Edifício Trade Tower
Av. J osé de Souza Campos, 900
1° andar - Nova Campinas
13092-123 - Campinas - SP - Brasil
Tel: +55 19 3322-0500
Fax: +55 19 3322-0559
ey.com.br

A free translation from Portuguese into English of Independent auditor's report on individual and consolidated financial statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil

Independent auditor's report on individual and consolidated financial statements

To the Executive Board, Board of Directors and Shareholders of
EBES Sistemas de Energia S.A.
São Paulo

Opinion

We have audited the individual and consolidated financial statements of EBES Sistemas de Energia S.A. (the "Company"), identified as individual and consolidated, respectively, which comprise the statement of financial position as at December 31, 2021 and the statements of profit or loss, of comprehensive income (loss), 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 accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of EBES Sistemas de Energia S.A. as at December 31, 2021, and its individual and consolidated financial performance and cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

Basis for opinion

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

Building a better working world

Emphasis of matter – Restatement of individual and consolidated financial statements

As mentioned in Note 2.5.15, as a result of the enhancement of certain disclosures, review of accounting policies and correction of errors described in said explanatory note, prior-year corresponding figures, presented for comparison purposes, were adjusted and are restated as provided for in NBC TG 23 - Accounting Policies, Changes in Accounting Estimates and Errors). Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide an individual opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

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

Impairment analysis of property, plant and equipment and intangible assets

As described in Notes 14 and 16, the Company has recorded in property, plant and equipment and intangible assets the amounts of R$14,689 thousand and R$3,769 thousand, respectively, in the Individual financial statements, and R$349,109 thousand and R$26,194 thousand, in the Consolidated financial statements, representing 4% and 43% of the Individual and Consolidated total assets, respectively, on that date. At least once a year, the Company tests these assets for impairment based on estimates of future profitability, taking into consideration the business plans and annual budget adopted by the Executive Board and approved by the Board of Directors. The methodology and modeling used to determine the recoverable amount of these assets were based on the discounted cash flow of the Company and its subsidiaries, an estimate for which subjective assumptions were used, which involve a reasonable degree of judgment, economic and market information and conditions, discount rates, among other indicators.

The monitoring of this matter was considered significant for our audit due to the materiality of the amounts involved in relation to the total assets and the potential risks to profit or loss for the year in the event of impairment of these assets, in addition to the uncertainties inherent in the determination of the estimated recoverable amounts, considering the use of market information and a high degree of judgment exercised by the Executive Board in determining the assumptions for such calculation. A change in any of these assumptions could have a significant impact on the Company's individual and consolidated financial statements.

How our audit addressed this matter:

Our audit procedures included the involvement of valuation experts to assist in the analysis and review of the methodologies and models used by the Executive Board for analysis of the assumptions supporting the projections that determined the business plan, budget, technical studies and analyses of the recoverable amount of the Company's property, plant and equipment and intangible assets. Our procedures also included evaluating the reasonableness and consistency of the data and assumptions used in the preparation of these documents, including discount rates, cash flow projections, among others, as provided by the Company's Executive Board. We also analyzed the accuracy of arithmetic calculations. We have analyzed information that could contradict the most significant assumptions and selected methodologies.

Additionally, we compared the recoverable amount determined by the Company's Executive Board with the book value of property, plant and equipment and intangible assets, and assessed the adequacy of the disclosures Notes 14 and 16 to the individual and consolidated financial statements as of December 31, 2021.

Based on the result of the audit procedures carried out on the impairment testing of property, plant and equipment and intangible assets, we concluded that the Executive Board's assessment is consistent with our procedures, and that the respective disclosures in Notes 14 and 16 are acceptable in the context of the individual and consolidated financial statements taken as a whole.

Covenants on loans, financing and debentures

As disclosed in Notes 17 and 18 to the financial statements, the Company has a total amount of R$470,582 thousand and R$799,906 thousand, Individual and Consolidated, respectively, at December 31, 2021, presented under Loans, financing and debentures, in current and noncurrent liabilities, for which compliance with various financial and nonfinancial covenants is required. The funds raised through these loans, financing and debentures were and/or are still being used, substantially, to finance the implementation of photovoltaic generation plants.

This matter was considered significant for our audit, since the risk of failure to comply with these covenants may result in the declaration of early maturity of these debts, requiring that the Company make immediate payments and, as such, significantly impact the financial position recorded in the Company's financial statements.

How our audit addressed this matter

Our audit procedures included the following, among others: (i) reading and understanding covenants; (ii) analysis and review of the calculations of financial covenant indicators and compliance with nonfinancial covenants, carried out by the Executive Board; (iii) independent calculations of financial covenant indicators, as determined in the respective agreements with creditors; and (iv) obtaining representation from the Executive Board. We also reviewed the adequacy of the disclosures made by the Company in the notes to the individual and consolidated financial statements.

Based on the result of the audit procedures performed on the assessment of compliance with covenants, which are consistent with the Executive Board's assessment, we consider that the criteria and procedures adopted by the Executive Board, as well as the respective disclosures in Notes 17 and 18 are acceptable, in the context of the individual and consolidated financial statements taken as a whole.

Going concern considerations

The individual and consolidated financial statements were prepared under the going concern assumption, based on the fact that the Company is expanding its activities and will remain in operation for the foreseeable future, at least 12 months, as of the statement of financial position date. This assumption takes into consideration the assumption that the Shareholders do not intend to liquidate the entity or discontinue its operations, unless they have no realistic alternative but to do so. Note 1 to the financial statements details how the Company's Executive Board concluded that there is a reasonable expectation that the Company will continue as a going concern to support the preparation of the financial statements under the going concern assumption.

The Company has capital deficiency, negative cash flows from operating activities and has recorded losses in recent years, and the Executive Board's assessment described in the aforementioned Note includes measures already implemented and in progress to reverse the negative equity and financial situation. The calculations that support the assumptions of projected future profitability and cash flows require that the Executive Board make judgments with a high degree of subjectivity, in addition to analyzing new fundraising. Thus, in view of the economic and financial situation of the Company mentioned above, as well as the history of negative results and the judgments and estimates involved in the going concern analysis, we consider this a key audit matter.

How our audit addressed this matter

Our audit procedures included, among others, (i) obtaining and analyzing the financial assessment prepared by the Company regarding uncertainties related to its ability to continue as a going concern and the assessment of cash flow projections prepared by the Company for the next 12 months as of the statement of financial position date; (ii) assessment of the assumptions used to determine the cash flow projections, considering realized income (loss), external data and market conditions, as well as the consistency of the projections made compared to amounts realized subsequently; (iii) reading the contractual terms of debentures and loans and financing, considering any potential material failure to comply with new terms and conditions, as well as the minutes of shareholders' meetings, those charged with governance, relevant committees, among others; (iv) obtaining a letter of financial support from the representatives of the controlling shareholder; and, (v) assessment of the adequacy of the Company's disclosures, included in Note 1 to the individual and consolidated financial statements.

Based on the audit procedures performed, which are consistent with the Executive Board's assessment, we consider acceptable the Company's judgment that there is no material uncertainty related to its ability to continue as a going concern in the context of the financial statements taken as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added (SVA) for the year ended December 31, 2021, prepared under the responsibility of the Company's Executive Board, the presentation of which is required as supplementary information under IFRS, have been subject to audit procedures in conjunction with the audit of the Company's financial statements. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria provided for in Accounting Pronouncement NBC TG 09 - Statement of Value Added. In our opinion, these statements of value added were fairly prepared, in all material respects, in accordance with the criteria set forth in CPC 09, and are consistent with the individual and consolidated financial statements taken as a whole.

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

The Company's Board of Directors is responsible for such other information, which comprise the Management Report.

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

In connection with 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 of the Management Report, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free 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:

- Identified and assessed the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the Executive Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Companies' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the individual and consolidated 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.

Campinas, February 22, 2022.

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

Cristiane Cléria S. Hilário
Accountant CRC-1SP243766/O-8

EBES Sistemas de Energia S.A.

Statements of financial position
December 31, 2021, 2020, 2019 and January 1, 2019
(In thousands of reais)

		Individual				Consolidated			
	Note	12/31/2021	12/31/2020 (restated)	12/31/2019 (restated)	01/01/2019 (restated)	12/31/2021	12/31/2020 (restated)	12/31/2019 (restated)	01/01/2019 (restated)
Assets									
Current assets									
Cash and cash equivalents	4	**31,649**	18,592	1,128	22,787	**51,007**	26,580	20,192	27,409
Restricted cash	5	**803**	643	-	-	**1,283**	830	-	-
Accounts receivable	7	**5,092**	2,261	137	6,708	**14,458**	16,216	5,894	6,919
Derivative financial instruments	8	**141**	831	-	-	**141**	831	-	-
Inventories	9	**38,748**	-	-	7,701	**-**	-	-	7,701
Related parties	10	**26,370**	25,591	34,961	4,787	**-**	-	-	-
Income and social contribution taxes recoverable		**1,276**	225	384	454	**1,382**	225	384	454
Taxes recoverable		**7,242**	7,417	10,986	932	**7,251**	7,523	11,010	950
Other assets	11	**18,570**	7,739	8,910	356	**24,784**	9,216	11,242	511
		129,891	63,299	56,506	43,725	**100,306**	61,421	48,722	43,944
Assets from discontinued operations	12	**183**	500	5,527	-	**183**	500	5,527	-
Total current assets		**130,074**	63,799	62,033	43,725	**100,489**	61,921	54,249	43,944
Noncurrent assets									
Restricted cash	5	**317,882**	1,586	1,962	-	**319,998**	8,407	16,057	6,482
Marketable securities	6	**-**	-	-	-	**39,009**	-	-	-
Trade accounts receivable	7	**-**	-	-	315	**-**	-	-	315
Related parties	10	**3,538**	3,100	8,358	24,724	**2,195**	1,259	973	67
Taxes recoverable		**1,390**	4	-	7,977	**1,390**	4	-	7,977
Judicial deposits	20	**235**	108	152	152	**243**	108	152	152
Investments	13	**49,072**	61,768	56,008	42,207	**-**	-	91	41
Property, plant and equipment	14	**14,689**	6,210	14,589	5,303	**349,109**	156,715	175,968	91,663
Right-of-use assets	15	**876**	901	1,297	208	**32,127**	11,089	6,642	5,139
Intangible assets	16	**3,769**	1,392	1,391	1,625	**26,194**	13,840	11,298	5,972
		391,451	75,069	83,757	82,511	**770,265**	191,422	211,181	117,808
Total assets		**521,525**	138,868	145,790	126,236	**870,754**	253,343	265,430	161,752

		Individual				Consolidated			
	Note	12/31/2021	12/31/2020 (restated)	12/31/2019 (restated)	01/01/2019 (restated)	12/31/2021	12/31/2020 (restated)	12/31/2019 (restated)	01/01/2019 (restated)
Liabilities and equity									
Current liabilities									
Trade accounts payable		**31,227**	4,698	4,607	8,024	**34,363**	4,967	5,988	8,973
Loans and financing	17	**20,109**	22,938	10,801	5,782	**50,529**	27,781	50,091	8,097
Debentures	18	**4,965**	-	-	-	**4,965**	6,653	-	-
Derivative financial instruments	8	**1,738**	-	416	31	**1,738**	-	416	31
Related parties	10	**12,296**	-	5,000	-	**-**	-	-	-
Lease liabilities	15	**184**	401	707	208	**6,184**	1,727	1,426	1,000
Labor obligations and related charges		**12,177**	6,785	4,933	4,338	**12,177**	6,784	4,933	4,347
Tax obligations		**643**	432	653	103	**2,310**	2,219	4,173	539
Other liabilities		**822**	390	1,781	5,438	**822**	390	1,780	5,438
		84,161	35,644	28,898	23,924	**113,088**	50,521	68,807	28,425
Liabilities from discontinued operations	12	**9**	36	2,161	-	**9**	36	2,161	-
Total current liabilities		**84,170**	35,680	31,059	23,924	**113,097**	50,557	70,968	28,425
Noncurrent liabilities									
Loans and financing	17	**231,824**	23,701	1,885	2,665	**530,728**	70,285	76,714	29,262
Debentures	18	**213,684**	-	-	-	**213,684**	43,559	-	-
Lease liabilities	15	**786**	561	615	-	**27,585**	10,042	5,555	4,139
Share-based payments	19	**10,708**	7,833	6,512	5,931	**10,708**	7,833	6,512	5,931
Provision for losses on subsidiaries	13	**5,401**	26	38	-	**-**	-	-	-
Provision for contingencies	20	**81**	-	3	8	**81**	-	3	287
Total noncurrent liabilities		**462,484**	32,121	9,053	8,604	**782,786**	131,719	88,784	39,619
Equity									
Capital	21	**196,369**	196,369	196,369	157,017	**196,369**	196,369	196,369	157,017
Capital reserve		**603**	603	603	-	**603**	603	603	-
Goodwill reserve		**724**	944	1,164	1,384	**724**	944	1,164	1,384
Accumulated losses		**(222,825)**	(126,849)	(92,458)	(64,693)	**(222,825)**	(126,849)	(92,458)	(64,693)
Total equity		**(25,129)**	71,067	105,678	93,708	**(25,129)**	71,067	105,678	93,708
Total liabilities and equity		**521,525**	138,868	145,790	126,236	**870,754**	253,343	265,430	161,752

See accompanying notes.

EBES Sistemas de Energia S.A.

Statements of profit or loss
Years ended December 31, 2021, 2020 and 2019
(In thousands of reais, unless losses per share, stated in reais)

		Individual			Consolidated		
	Note	**12/31/2021**	**12/31/2020 (restated)**	**12/31/2019 (restated)**	**12/31/2021**	**12/31/2020 (restated)**	**12/31/2019 (restated)**
Net operating revenue	23	**107,579**	2,918	19,148	**54,153**	47,464	22,619
Cost of products sold and services rendered	24	**(96,922)**	(3,343)	(17,354)	**(10,100)**	(12,042)	(9,116)
Gross profit (loss)		**10,657**	(425)	1,794	**44,053**	35,422	13,503
Other operating income (expenses)							
Selling expenses	24	**(16,068)**	(7,822)	(1,760)	**(16,068)**	(9,628)	(4,114)
General and administrative expenses	24	**(48,147)**	(32,916)	(25,612)	**(53,631)**	(38,664)	(28,215)
Other operating expenses, net		**(829)**	(188)	(45)	**(829)**	(208)	(82)
Equity pickup	13	**(23,461)**	10,726	(547)	**-**	-	-
		(88,505)	(30,200)	(27,964)	**(70,528)**	(48,500)	(32,411)
Loss before finance income (costs)		**(77,848)**	(30,625)	(26,170)	**(26,475)**	(13,078)	(18,908)
Finance income		**15,269**	4,445	4,030	**16,766**	4,026	2,900
Finance costs		**(33,529)**	(6,414)	(2,535)	**(81,920)**	(18,587)	(7,048)
Finance income (costs), net	25	**(18,260)**	(1,969)	1,495	**(65,154)**	(14,561)	(4,148)
Loss before income and social contribution taxes		**(96,108)**	(32,594)	(24,675)	**(91,629)**	(27,639)	(23,056)
Income and social contribution taxes	26	**-**	-	-	**(4,479)**	(4,955)	(1,619)
Loss for the year from continuing operations		**(96,108)**	(32,594)	(24,675)	**(96,108)**	(32,594)	(24,675)
Discontinued operations	12	**(88)**	(2,017)	(3,310)	**(88)**	(2,017)	(3,310)
Loss for the year from discontinued operations		**(88)**	(2,017)	(3,310)	**(88)**	(2,017)	(3,310)
Loss for the year		**(96,196)**	(34,611)	(27,985)	**(96,196)**	(34,611)	(27,985)
Losses per share from continuing operations – basic and diluted – in R$	22				**(22.73)**	(7.71)	(6.06)
Losses per share (in R$)	22				**(22.75)**	(8.19)	(6.88)

See accompanying notes.

EBES Sistemas de Energia S.A.

Statements of comprehensive income (loss)
Years ended December 31, 2021, 2020 and 2019
(In thousands of reais)

	Individual and Consolidated		
	12/31/2021	**12/31/2020**	**12/31/2019**
		(restated)	**(restated)**
Net loss for the year	**(96,196)**	(34,611)	(27,985)
Other comprehensive income (loss)	**-**	-	-
Total comprehensive income (loss) for the year	**(96,196)**	(34,611)	(27,985)
Total comprehensive income (loss) for the year			
Continuing operations	**(96,108)**	(32,594)	(24,675)
Discontinued operations	**(88)**	(2,017)	(3,310)
	(96,196)	(34,611)	(27,985)

See accompanying notes.

EBES Sistemas de Energia S.A.

Statements of changes in equity
Years ended December 31, 2021, 2020 and 2019
(In thousands of reais)

	Note	Subscribed capital	Capital reserve	Goodwill reserve	Accumulated losses	Total equity
Balances at January 1, 2019 (restated)		157,017	-	1,384	(64,693)	93,708
Capital Increase	21	39,352	-	-	-	39,352
Amortization of goodwill	16 and 21	-	-	(220)	220	-
Increase in capital reserve	21	-	603	-	-	603
Loss for the year		-		-	(27,985)	(27,985)
Balances at December 31, 2019 (restated)		196,369	603	1,164	(92,458)	105,678
Amortization of goodwill	16 and 21	-	-	(220)	220	-
Loss for the year		-	-	-	(34,611)	(34,611)
Balances at December 31, 2020 (restated)		196,369	603	944	(126,849)	71,067
Amortization of goodwill	16 and 21	**-**	**-**	**(220)**	**220**	**-**
Loss for the year		**-**	**-**	**-**	**(96,196)**	**(96,196)**
Balances at December 31, 2021		**196,369**	**603**	**724**	**(222,825)**	**(25,129)**

See accompanying notes.

EBES Sistemas de Energia S.A.

Statements of cash flows
Years ended December 31, 2021, 2020 and 2019
(In thousands of reais)

		Individual			Consolidated		
	Note	12/31/2021	12/31/2020	12/31/2019	12/31/2021	12/31/2020	12/31/2019
			(restated)	(restated)		(restated)	(restated)
Loss for the year		**(96,196)**	(34,611)	(27,985)	**(96,196)**	(34,611)	(27,985)
Adjustments to reconcile loss for the year with net cash flows used in operating activities:							
Depreciation and amortization	24	**1,101**	1,220	1,060	**12,812**	9,945	3,776
Equity pickup	13	**23,461**	(10,726)	547	**-**	-	-
Residual value of property, plant and equipment written off	14	**54**	466	127	**54**	15,189	118
Loss on write-off and disposal of investments		**-**	(31)	-	**-**	91	-
Provision for losses on PP&E		**-**	42	-	**-**	42	-
Provision for realization of taxes recoverable		**-**	651	184	**-**	651	184
Provision for share-based payments	19	**2,875**	1,321	581	**2,875**	1,321	581
Provision for contingencies		**81**	-	3	**81**	-	3
Interest and foreign exchange differences on loans, financing, debentures and lease liabilities		**16,616**	6,357	1,544	**61,883**	14,940	6,906
		(52,008)	(35,311)	(23,939)	**(18,491)**	7,568	(16,417)
Changes in operating assets and liabilities:							
Accounts receivable		**306**	(561)	(5,803)	**2,007**	(8,759)	(1,028)
Inventories		**(38,748)**	3,195	4,193	**-**	3,195	4,193
Taxes recoverable		**(2,250)**	2,392	(2,191)	**(2,272)**	2,309	(2,197)
Judicial deposits		**(127)**	46	(3)	**(135)**	46	(3)
Derivative financial instruments		**2,428**	(831)	-	**2,428**	(831)	-
Other assets		**(10,111)**	3,220	55	**(16,180)**	4,072	(2,075)
Trade accounts payable		**26,511**	(1,167)	(2,142)	**29,378**	(2,279)	(1,711)
Labor obligations and related charges		**5,372**	1,358	1,088	**5,393**	1,358	1,080
Taxes payable		**81**	(222)	560	**4,591**	1,097	4,221
Contingencies - payments		**-**	(3)	(8)	**-**	(3)	(287)
Other liabilities		**429**	(1,767)	(3,271)	**429**	(1,767)	(3,270)
Related parties		**14,283**	23,509	-	**-**	(287)	(148)
Dividends received		**-**	2,649	755	**-**	-	-
Interest on loans, financing, leases and debentures		**(3,937)**	(1,676)	(585)	**(21,997)**	(8,862)	(5,495)
Income and social contribution taxes paid		**-**	-	-	**(4,506)**	(3,046)	(580)
Net cash flows used in operating activities		**(57,771)**	(5,169)	(31,291)	**(19,355)**	(6,189)	(23,717)
Cash flows from investing activities							
Acquisition of property, plant and equipment and intangible assets	14 and 16	**(11,906)**	(6,525)	(26,876)	**(216,686)**	(21,710)	(102,580)
Investments in subsidiaries	13	**(11,594)**	(10,729)	(14,217)	**-**	-	-
Net cash flows from merged subsidiary	13	**30**	-	-	**-**	-	-
Amount received from disposal of subsidiaries/assets	13	**-**	13,277	-	**-**	13,277	-
Restricted cash	5	**(316,456)**	(266)	(1,962)	**(312,044)**	6,819	(9,575)
Marketable securities	6	**-**	-	-	**(44,116)**	-	-
Investments in associates	13	**-**	-	(50)	**-**	-	(49)
Net cash flows used in investing activities		**(339,926)**	(4,243)	(43,105)	**(572,846)**	(1,614)	(112,204)
Cash flows from financing activities							
Intercompany loans granted, net of receipts		**(438)**	(1,840)	8,887	**(936)**	-	-
Loans and financing raised	17	**222,000**	60,088	4,224	**484,582**	60,088	88,977
Repayment of loans and financing (principal)	17	**(16,778)**	(30,675)	-	**(20,887)**	(93,653)	-
Issue of debentures	18	**206,000**	-	-	**206,000**	48,408	-

EBES Sistemas de Energia S.A.

Statements of cash flows (Continued)
Years ended December 31, 2021, 2020 and 2019
(In thousands of reais)

	Note	Individual			Consolidated		
		12/31/2021	12/31/2020 (restated)	12/31/2019 (restated)	12/31/2021	12/31/2020 (restated)	12/31/2019 (restated)
Amortization of debentures	18	**-**	-	-	**(51,805)**	-	-
Payment of lease liabilities (principal)	15	**(30)**	(697)	(329)	**(326)**	(652)	(228)
Capital payment	21	**-**	-	39,352	**-**	-	39,352
Capital reserve		**-**	-	603	**-**	-	603
Net cash flows from financing activities		**410,754**	26,876	52,737	**616,628**	14,191	128,704
Increase (decrease) in cash and cash equivalents, net		**13,057**	17,464	(21,659)	**24,427**	6,388	(7,217)
Cash and cash equivalents at beginning of year	4	**18,592**	1,128	22,787	**26,580**	20,192	27,409
Cash and cash equivalents at end of year	4	**31,649**	18,592	1,128	**51,007**	26,580	20,192

See accompanying notes.

EBES Sistemas de Energia S.A.

Statements of value added
Years ended December 31, 2021, 2020 and 2019
(In thousands of reais)

		Individual			Consolidated		
	Note	12/31/2021	12/31/2020	12/31/2019	12/31/2021	12/31/2020	12/31/2019
Revenues:							
Revenue from sales of products and services rendered	23	**119,497**	9,467	55,879	**58,167**	55,915	58,887
Other revenues		**96**	5	195	**372**	5	157
Provision for expected credit losses – reversal / (set-up)		**52**	-	(317)	**52**	-	(317)
		119,645	9,472	55,757	**58,591**	55,920	58,727
Bought-in inputs:							
Cost of goods and products sold and services rendered	24	**(96,508)**	(8,008)	(45,871)	**(1,680)**	(10,519)	(35,761)
Materials, energy, third-party services and other expenses		**(14,877)**	(14,241)	(7,670)	**(16,638)**	(18,874)	(10,578)
		(111,385)	(22,249)	(53,541)	**(18,318)**	(29,393)	(46,339)
Gross value added		**8,260**	(12,777)	2,216	**40,273**	26,527	12,388
Depreciation and amortization	24	**(1,101)**	(1,220)	(1,060)	**(12,812)**	(9,945)	(3,776)
Total value added, net		**7,159**	(13,997)	1,156	**27,461**	16,582	8,612
Value added received in transfer							
Equity pickup	13	**(23,461)**	10,726	(547)	**-**	-	-
Finance income	25	**15,269**	4,445	4,030	**16,766**	4,026	2,900
		(8,192)	15,171	3,483	**16,766**	4,026	2,900
Total value added to be distributed		**(1,033)**	1,174	4,639	**44,227**	20,608	11,512
Distribution of value added							
Personnel and charges							
Salaries and social charges		**32,849**	17,936	14,577	**32,849**	17,936	14,607
Benefits		**5,321**	3,084	2,194	**5,321**	3,084	2,194
Unemployment Compensation Fund (FGTS)		**1,816**	1,144	1,050	**1,816**	1,144	1,055
		39,985	22,164	17,821	**39,986**	22,164	17,856
Taxes, charges and contributions							
Federal		**18,106**	4,841	9,635	**14,715**	11,511	11,844
State		**140**	883	514	**196**	1,013	467
Local		**1,015**	161	423	**1,156**	649	684
		19,261	5,883	10,572	**16,067**	13,173	12,995
Interest and rents							
Interest, foreign exchange differences and monetary variation	25	**33,652**	6,410	2,438	**82,106**	18,556	6,853
Rents and leases	24	**2,264**	1,326	1,793	**2,264**	1,326	1,793
		35,916	7,736	4,231	**84,370**	19,882	8,646
Equity remuneration							
Loss for the year		**(96,196)**	(34,611)	(27,985)	**(96,196)**	(34,611)	(27,985)
		(96,196)	(34,611)	(27,985)	**(96,196)**	(34,611)	(27,985)
Distribution of value added		**(1,033)**	1,174	4,639	**44,227**	20,608	11,512

See accompanying notes.

1. Operations

EBES Sistemas de Energia S.A. (“Company” or “EBES”), established on February 17, 2011, is primarily engaged in provision of development, advisory and engineering services in projects involving thermal, mechanic and solar energy systems and electromechanical equipment, as well as commercial representation, distribution, import, export, manufacture, sale, installation, civil construction works, and maintenance and rental of equipment for energy systems.

The Company holds interest in other entities, participates in projects relating to its business purpose, in the form of consortia, condominiums or cooperatives and/or other legal structures that have no distinct corporate personality, and structures and takes part in distributed energy generation projects relating to the Net Metering System regulated by Brazilian Electricity Regulatory Agency (ANEEL).

The main office of the Company is located at rua Conceição, 233, sala 404, Centro, Campinas/SP, and its corporate name is Órigo Energia (Órigo). The Company has branches in São Paulo (state of São Paulo), where the financial office is located, in Mombaca (state of Ceará), and in Belo Horizonte (state of Minas Gerais).
The Company, through its subsidiaries, develops projects for the implementation of Micro- and Mini-generation Photovoltaic Plants (PVPs). Once each PVP is built and established, the Company works to set up Consortia (union of Brazilian IRS Registry of Legal Entities (CNPJs)) or Cooperatives (union of Personal Taxpayer Identification Numbers (CPFs) and CNPJs) of energy consumers, which in turn rent generation assets implemented in the PVPs from the Company’s subsidiaries. Consortia or cooperatives share the economic rights of the PVPs among consortium or cooperative members, as the case may be, and are responsible for the management, operation and maintenance expenses of the leased PVP, aiming to benefit from the corresponding energy generation with the energy distribution companies, by means of discounts on energy bills.

At December 31, 2021, 2020 and 2019, the active Consortia and Cooperatives (*Consórcios e Cooperativas*) are as follows: Consórcio Canastra, Consórcio Chico Rei, Consórcio Daltez, Consórcio Fenícia, Consórcio Inconfidentes, Consórcio Libertas, Consórcio Órigo Energia Estrada Real, Consórcio Órigo Energia Igarassu I, Consórcio Órigo Energia Igarassu II, Consórcio Órigo Energia Serra Do Cipó, Consórcio Pampulha, Consórcio Peruaçú, Consórcio Sagarana, Consórcio Tiradentes, Consórcio Tropeiros, Consórcio Velho Chico, Cooperativa Órigo Geração Distribuída (Cogd) and Cooperativa Solar Geração Distribuída (Csgd).

The Company increased its investment in new solar power generation plants in 2021, serving approximately 30 thousand customers in the states of Minas Gerais, Pernambuco and São Paulo with own and third-party farms. At December 31, 2021, 29 own and third-party Photovoltaic Plants were in operation with 119 MWac[1].

[1] Energy production unit equal to the energy produced by the continuing operation of one megawatt of capacity over a period of time. MWac is the nominal power and MWp is used to describe the rated power output of solar power systems.

(In thousands of reais - R$, unless otherwise stated)

1. **Operations** (Continued)

As of December 31, 2021, 2020 and 2019, the Company had 41 MWac, 31 MWac and 11 MWac, respectively, connected and operating through the PVPs installed in its subsidiaries as detailed below:

	2021	**2020**	**2019**
João Pinheiro Solar Ltda	**3.5**	1	**1**
Sagarana Geração de Energia Solar Ltda.	**5**	5	**5**
Francisco SA II Geração de Energia Solar Ltda.	**20**	15	**5**
Manga I Geração de Energia Solar Ltda.	**5**	5	**-**
Janaúba II Geração de Energia Solar Ltda.	**5**	5	**-**
Melgaço Geração de Energia Solar Ltda	**2.5**	-	**-**
São Francisco Angicos Geração de Energia Sola Ltda. (*)	**-**	-	**-**
	41	31	**11**

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

Additionally, as of December 31, 2021, the Company has subsidiaries that are in the pre-operating phase, as detailed in Note 2.4.

The Company also holds interest in Finco Assessoria Financeira Eireli (“Finco”), whose business purpose is to provide administrative services to other group companies, in addition to holding interest in the capital of other subsidiaries. No changes have been recorded in this subsidiary and thus there is no impact on the consolidated balances.

<u>Corporate restructuring</u>

As part of the Company’s corporate restructuring, the following transactions were carried out:

- On June 22, 2020, the Company sold, for R$13,277, all the units of interest of subsidiary Tiradentes Geração de Energia Solar Ltda., with a capacity of 5 MWac, to third parties, the Fundo de Investimento em Participações em Infraestrutura Solar I, managed by Casaforte Investimentos S/A. (Note 13)
- On August 27, 2020, the companies Brasília de Minas Campo Lindo Geração de Energia Solar Ltda., Janaúba Floresta Geração de Energia Solar Ltda., and Pampulha Geração de Energia Solar Ltda. were merged into the subsidiary Francisco Sá II Geração de Energia Solar Ltda., which established three branches in the cities of Francisco de Sá-MG, Janaúba-MG and Brasília de Minas-MG on September 21, 2020.
- On January 27, 2021, the 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 new branches.

(In thousands of reais - R$, unless otherwise stated)

1. Operations (Continued)

Corporate restructuring (Continued)

- On February 24, 2021, subsidiary Ebes Administradora de Consórcios Ltda. was merged into the Company.
- On December 16, 2021, management approved the merger of the 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. by the subsidiary Francisco Sá II Geração de Energia S.A. and established new branches.

All mergers were carried to seek synergy in the operations of its subsidiaries.

The mergers carried out by the Company were based on the subsidiaries' net book assets, calculated based on the book values at the respective merger dates, without generating gains or losses, as shown below:

				2021				
				Net assets merged				
	São Bento	**Lambari**	**Pimenta**	**EBES Adm**	**Barreiro**	**Lagoa Grande**	**Três Reis**	**Guariba**
Cash and cash equivalents	1	-	-	30	127	3	1,345	617
Accounts receivable	-	-	-	3,036	-	-	-	-
Taxes recoverable	-	-	-	12				
Other receivables	3	4	-	115	42	263	112	308
Related parties	-	-	-	-	8,443	1,036	2,869	20,819
Current assets	4	4	-	3,193	8,612	1,302	4,326	21,744
Related parties	-	-	-	2,252	-	-	-	
Financial instruments	-	-	-	-	-	19,382	-	2,695
Right-of-use assets	679	3,351	1,453	-	3,301	1,632	102	810
Property, plant and equipment	41	67	92	-	1,774	33,711	22,171	12,801
Intangible assets	-	32	-	-	11,209	-	-	-
Noncurrent assets	720	3,450	1,545	2,252	16,284	54,725	22,273	16,306
Total assets	724	3,454	1,545	5,445	24,896	56,027	26,599	38,050
Trade accounts payable	11	32	11		1,169	2,563	(149)	2,116
Labor obligations				20				
Tax obligations	1	8	2	124	18	53	16	53
Related parties	-	-	-		-	16,186	-	8,000
Lease liabilities	79	384	170		133	184	10	95
Loans and financing	-	-	-		382	4,776	2,429	1,621
Current liabilities	91	424	183	144	1,702	23,762	2,306	11,885
Related parties	-	-	-	1	8,000	327	-	-
Lease liabilities	614	3,017	1,319		1,672	1,502	95	739
Loans and financing	-	-	-		13,890	41,243	26,310	26,981
Noncurrent liabilities	614	3,017	1,319	1	23,562	43,072	26,405	27,720
Total liabilities	705	3,441	1,502	145	25,264	66,834	28,711	39,605
Total net assets merged	19	13	43	5,300	(368)	(10,807)	(2,112)	(1,555)

1. **Operations** (Continued)

Corporate restructuring (Continued)

In addition, between 2019 and 2020, in view of the strategic positioning to work in the construction of PVPs, the Company discontinued its activities of sale and distribution of Photovoltaic (PV) Generators and project development and installation services (Rooftop and Kit), see details in Note 10.

Financial position

As of December 31, 2021, the Company recorded positive net working capital in the Individual financial statements of R$45,904 and negative net working capital in the Consolidated financial statements of R$12,608 (positive R$28,119 and R$11,364, Individual and Consolidated, respectively, as of December 31, 2020; and positive R$30,974 - Individual, and negative R$16,719 - Consolidated as of December 31, 2019) and negative equity, Individual and Consolidated, of R$25,129, as of December 31, 2021, as well as a loss of R$96,196 for the year then ended, respectively (R$71,067 of positive equity at December 31, 2020, and R$34,611 of loss for the year then ended, respectively; and also, R$105,678 of positive equity at December 31, 2019, and loss for the year then ended date of R$27,985, respectively). Additionally, the Company maintains a balance of accumulated losses of R$222,825 as of December 31, 2021 (R$126,849 as of December 31, 2020 and R$92,458 as of December 31, 2019).

This scenario substantially reflects this expansion phase of the Company, with a significant volume of investments made for the construction of solar farms, and with a low volume of revenues, considering that many farms were connected and started operating only at the end of the current year, in addition to those that are under construction and, therefore, have not yet come into operation and do not generate revenue. It is worth noting that a substantial part of the costs and developments were part of those costs and expenses recorded by the Company since previous years, culminating in a situation of accumulated losses, as mentioned above.

In addition, the Company invested in prospecting new projects in several Brazilian states, including a greater number of projects in states where operations are already starting, such as Minas Gerais. This investment generates an increase in the expenses with the lease of land until projects are implemented, contributing to the operating loss of the last years. However, this is an investment in future Pipeline.

1. **Operations** (Continued)

Financial position (Continued)

We also point out that finance costs amount to R$33,529 and R$81,920 as of December 31, 2021, Individual and Consolidated, respectively (R$6,414 and R$18,587, Individual and Consolidated as of December 31, 2020, respectively; and R$2,535 and R$7,048, Individual and Consolidated, as of December 31, 2019, respectively) and are directly related to debt instruments issued by the Company to finance the construction of solar farms and ensure the expansion of shared energy generation capacity.
With the farms already connected and with an initial installed capacity of 119MWac, in addition to the connections scheduled to start operating in 2022, and also with the farms under construction already financed, whose generation capacity would be 123 MWac, the Company should significantly increase its recurring revenues, reach a balance in operating income (loss) and thus revert its current financial position. In addition, the Company is negotiating new fundraising for the first half of 2022, with the objective of accelerating its financial recovery. The Company's plan for the coming years is to continue investing in renewable energy sources, expanding its business and having as its mission the mass consumption of renewable energy in Brazil.

Based on the facts and circumstances existing until the date when these financial statements were authorized, management assessed the Company's ability to continue as a going concern and is convinced that the Company is able to generate funds in order to continue as a going concern in the future. Additionally, management is not aware of any material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, these financial statements were prepared using the going concern basis of accounting.

This statement is based on management's expectation relating to the future of the Company, which is consistent with its business plan. Throughout the year, the Company routinely prepares business plans, comprising annual or multi-annual budgets, which contain detailed information on capital investment plans, strategic plans and Company facilities maintenance programs. These plans are monitored over the year by Company Board of Directors and may be changed.

1. **Operations** (Continued)

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

On January 31, 2020, the World Health Organization (WHO) declared the novel coronavirus outbreak (COVID-19) a public health emergency of international concern. On March 11, 2020, the same organization characterized the outbreak as a pandemic, due to its global reach.

The rapid and sudden spread of the coronavirus continues to bring several productive and commercial sectors to a standstill and trigger significant decisions by governments and private sector entities that increase the degree of uncertainty for economic agents and generate relevant impacts on the economic activity of certain industries.

Despite the negative impact on the world economy, the COVID-19 pandemic did not significantly affect Órigo's profit or loss and/or operations in the 12-month period ended December 31, 2021, with the exception of the increase in finance costs due to the increase in inflation and the interest rate. In 2020, the Company completed the project to include individuals in the customer base. This project ensured that the farms - the ones in operation and new farms – maintained their occupation as planned. There was no impact on the schedule of projects. To meet the deadlines for the construction of the PVPs, management held weekly meetings with the coordinators of the works and internal infrastructure teams to anticipate any problems that might arise and quickly seek a solution so as not to delay the projects.

To reduce financial impacts, management also adopted the following measures:

- Implementation of a Crisis Management committee;
- Restrictions regarding the movement and crowding of people on its premises, as a way to prevent the spread of the virus;
- Adoption of a hybrid work regime in 2021, during the pandemic period, for all employees;
- Intensification in internal communications of preventive measures.
- Optimization of the use of technology to ensure virtual service to its customers, impacting as little as possible its administrative and operational activities.

As a result of the measures above, management considers to have effectively followed the guidelines of the competent agencies in relation to good practices in the work environment for the prevention of COVID-19, rapidly adapting to the new reality of remote work.

1. **Operations** (Continued)

Impacts of COVID-19 (Coronavirus) on the Company's business (Continued)

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

Additionally, with the normalization of economic activity in Brazil, the Company does not estimate significant effects that could affect its profit or loss or compromise its operational capacity and the implementation of new projects in the next year.

The members of the Company's Executive Board examined the set of individual and consolidated financial statements for the years ended December 31, 2021, 2020 and 2019, and concluded that these financial statements accurately reflect their financial position and approved them in February 22, 2022.

2. Basis of preparation and presentation of financial statements

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

Accordingly, the Company's individual financial statements (Individual) are being disclosed together with the consolidated financial statements (Consolidated) and presented side by side in a single set of financial statements.

In this set of individual and consolidated financial statements, the Company presents the last two years compared to the year ended December 31, 2021. In addition, the Company presents an additional statement of financial position at the beginning of the oldest period disclosed, when an accounting policy is adopted retrospectively, and financial statement items are restated or reclassified retrospectively. The additional statement of financial position as at January 1, 2019 is presented in these individual and consolidated financial statements due to the retrospective restatement for correction of error (Note 2.5.15).

2. Basis of preparation and presentation of financial statements (Continued)

All significant information included in the financial statements, and only such information, is disclosed and corresponds to that used for management of the Company's activities, in accordance with Accounting Guidance OCPC 07 – General Purpose Financial Reporting.

2.1. Measurement basis

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

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

2.2. Functional and presentation currency

These financial statements are presented in Brazilian reais, which is the Company's and its subsidiaries' presentation currency. All financial information was presented in thousands of reais, unless otherwise stated.

2.3. Foreign currency

Foreign currency transactions, when they occur, are translated into the functional currency at the exchange rates prevailing on the transaction dates. Exchange gains or losses from translation of foreign currencies are recognized in P&L.

2.4. Basis of consolidation and investments in subsidiaries and associates

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries, as detailed below, as of December 31, 2021, 2020 and 2019, in addition to January 1, 2019, specifically, for the consolidated statement of financial position.

The consolidated financial statements were prepared under the following criteria:

2. Basis of preparation and presentation of financial statements (Continued)

2.4. Basis of consolidation and investments in subsidiaries and associates (Continued)

- Elimination of asset and liability balances between consolidated companies;
- Elimination of investments and equity pickup in the consolidated companies against respective equity of the investee;
- Elimination of revenues and expenses deriving from intercompany transactions;
- Elimination of profit from inventories and property, plant and equipment disposed of, where applicable, upon intercompany sales;

The following accounting practices are applied for preparation of the consolidated financial statements.

a) <u>Subsidiaries</u>

Subsidiaries are entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The subsidiaries are fully consolidated as from the date when the control is transferred to the Company. The consolidation is discontinued from the date on which such control ends. Investments in subsidiaries are measured by the equity pickup method from the date control is acquired.

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

The accounting practices and estimates of the subsidiaries are consistent with the accounting practices and estimates adopted by the Company. Additionally, all subsidiaries have the same fiscal year as that of the Company, ending December 31 of each year.

2. Basis of preparation and presentation of financial statements (Continued)

2.4. Basis of consolidation and investments in subsidiaries and associates (Continued)

b) Associates

Associates are all entities over which the Company has significant influence, but not control, generally through a 20% to 50% ownership interest in the voting rights. Investments in associates are recorded using the equity method and are initially recognized at cost.

At December 31, 2021 and 2020, the Company has no investments in associates, in view of the investment written off, as per Note 13.

c) Transactions and equity interest of noncontrolling shareholders/members

The Company does not have noncontrolling shareholders/members, considering that it holds, together with its subsidiary FINCO, 100% control over the other subsidiaries, according to the percentage of interest disclosed below.

(In thousands of reais - R$, unless otherwise stated)

2. Basis of preparation and presentation of financial statements (Continued)

2.4. Basis of consolidation and investments in subsidiaries and associates (Continued)

c) Transactions and equity interest of noncontrolling shareholders/members (Continued)

Below are the percentages of interest held by the Company in its subsidiaries and associates, and the business purpose of each of them, included in the financial statements in each year:

		Interest held - % (c)			
Name of subsidiary	**Business purpose**	**2021**	**2020**	**2019**	**01/01/19**
In operation					
Finco Assessoria Financeira Ltda.	Provision of administrative services	**100**	100	100	100.00
João Pinheiro Solar Ltda.	Lease of photovoltaic solar power generation unit	**100**	100	100	99.99
Sagarana Geração de Energia Solar Ltda.	Lease of photovoltaic solar power generation unit	**100**	100	100	99.90
Manga Geração de Energia Solar Ltda.	Lease of photovoltaic solar power generation unit	**100**	100	100	99.90
Francisco Sá II Geração de Energia Solar Ltda.	Lease of photovoltaic solar power generation unit	**100**	100	100	99.90
Janaúba II Geração de Energia Solar Ltda.	Lease of photovoltaic solar power generation unit	**100**	100	100	99.90
São Francisco Angicos Geração de Energia Solar Ltda.	Lease of photovoltaic solar power generation unit	**100**	99.90	99.90	99.90
Melgaço Geração De Energia 31 Ltda.	Lease of photovoltaic solar power generation unit	**100**	99.90	-	-
EBES Administradora de Consórcios Ltda. *(b)	Management of consortia	**-**	100	100	99.90
Tiradentes Geração de Energia Solar Ltda. *(a)	Lease of photovoltaic solar power generation unit	**-**	-	100	99.90
Pampulha Geração de Energia Solar Ltda. *(b)	Lease of photovoltaic solar power generation unit	**-**	-	100	99.90
Janaúba Floresta Geração de Energia Solar Ltda. *(b)	Lease of photovoltaic solar power generation unit	**-**	-	100	99.90
Barreiro Geração de Energia Solar 21 Ltda. *(b)	Lease of photovoltaic solar power generation unit	**-**	99.90	99.90	-
Brasília de Minas Campo Lindo Geração de Energia Solar Ltda. *(b)	Lease of photovoltaic solar power generation unit	**-**	-	99.90	-
Lagoa Grande Geração de Energia Solar 22 Ltda. *(b)	Lease of photovoltaic solar power generation unit	**-**	99.90	99.90	-
Lambari Geração de Energia Solar 20 Ltda. *(b)	Lease of photovoltaic solar power generation unit	**-**	99.90	99.90	-
Santa Rosa Geração de Energia Solar 14 Ltda.	Lease of photovoltaic solar power generation unit	**100**	99.90	99.90	-
São Bento Geração de Energia Solar 17 Ltda. *(b)	Lease of photovoltaic solar power generation unit	**-**	99.90	99.90	-
Três Reis Geração de Energia Solar 18 Ltda. *(b)	Lease of photovoltaic solar power generation unit	**-**	99.90	99.90	-
Pimenta Geração de Energia 28 Ltda. *(b)	Lease of photovoltaic solar power generation unit	**-**	99.90	99.90	-
Guariba Geração De Energia 43 Ltda. *(b)	Lease of photovoltaic solar power generation unit	**-**	-	-	-

(In thousands of reais - R$, unless otherwise stated)

2. Basis of preparation and presentation of financial statements (Continued)

2.4. Basis of consolidation and investments in subsidiaries and associates (Continued)

c) Transactions and equity interest of noncontrolling shareholders/members (Continued)

		Interest held - % (c)			
Name of subsidiary	Business purpose	2021	2020	2019	01/01/19
In pre-operational phase					
São Francisco III Geração de Energia Solar Ltda.	Lease of photovoltaic solar power generation unit	**100**	99.90	99.90	99.90
Mato Verde Geração de Energia Solar Ltda.	Lease of photovoltaic solar power generation unit	**100**	99.90	99.90	99.90
Várzea da Palma Curumatai Geração de Energia Solar Ltda.	Lease of photovoltaic solar power generation unit	**100**	99.90	99.90	-
Buriti Geração de Energia Solar 25 Ltda.	Lease of photovoltaic solar power generation unit	**100**	99.90	99.90	-
Capim Branco Geração de Energia Solar 15 Ltda.	Lease of photovoltaic solar power generation unit	**100**	99.90	99.90	-
Irai de Minas Geração de Energia Solar 19 Ltda.	Lease of photovoltaic solar power generation unit	**100**	99.90	99.90	-
Marimbondo Geração de Energia Solar 23 Ltda.	Lease of photovoltaic solar power generation unit	**100**	99.90	99.90	-
Cruzeiro Geração de Energia Solar 24 Ltda.	Lease of photovoltaic solar power generation unit	**100**	99.90	99.90	-
Campestre Geração de Energia Solar 16 Ltda.	Lease of photovoltaic solar power generation unit	**100**	99.90	99.90	-
Six Energy Desenvolvimento de Negócios Ltda.	Lease of photovoltaic solar power generation unit	**100**	99.90	99.90	-
Papagaio Geração de Energia 26 Ltda.	Lease of photovoltaic solar power generation unit	**100**	99.90	99.90	-
Frutal Geração de Energia 27 Ltda.	Lease of photovoltaic solar power generation unit	**100**	99.90	99.90	-
São Gotardo Geração De Energia 32 Ltda.	Lease of photovoltaic solar power generation unit	**100**	99.90	-	-
Piumhi Geração De Energia 33 Ltda.	Lease of photovoltaic solar power generation unit	**100**	99.90	-	-
Terra Vista II Geração De Energia 30 Ltda.	Lease of photovoltaic solar power generation unit	**100**	99.90	-	-
Santa Martha Geração De Energia 29 Ltda.	Lease of photovoltaic solar power generation unit	**100**	99.90	-	-
Ponte Alta Geração De Energia 34 Ltda.	Lease of photovoltaic solar power generation unit	**100**	99.90	-	-
Poutrinha Geração De Energia 37 Ltda.	Lease of photovoltaic solar power generation unit	**100**	99.90	-	-
Três Amores Geração De Energia 36 Ltda.	Lease of photovoltaic solar power generation unit	**100**	99.90	-	-
Jacaúna Geração De Energia 35 Ltda.	Lease of photovoltaic solar power generation unit	**100**	99.90	-	-
Vertentes Geração De Energia 39 Ltda.	Lease of photovoltaic solar power generation unit	**100**	99.90	-	-
Petrolina Geração De Energia 38 Ltda.	Lease of photovoltaic solar power generation unit	**100**	99.90	-	-
Parnamirim Geração De Energia 40 Ltda.	Lease of photovoltaic solar power generation unit	**100**	99.90	-	-
Princesa Dos Canaviais Geração De Energia 41 Ltda.	Lease of photovoltaic solar power generation unit	**100**	99.90	-	-
Campos Novos Geração De Energia 42 Ltda.	Lease of photovoltaic solar power generation unit	**100**	99.90	-	-
Bananal Geração De Energia Solar 46 Ltda.	Lease of photovoltaic solar power generation unit	**100**	99.90	-	-
Januária Geração De Energia 45 Ltda.	Lease of photovoltaic solar power generation unit	**99.90**	-	-	-
Monte Carmelo Geração De Energia 44 Ltda.	Lease of photovoltaic solar power generation unit	**99.90**	-	-	-
Juazeiro Geração de Energia 50 Ltda.	Lease of photovoltaic solar power generation unit	**99.90**	-	-	-
Paratinga Geração de Energia 51 Ltda.	Lease of photovoltaic solar power generation unit	**99.90**	-	-	-

(a) Subsidiary sold in 2020, Note 1.

(b) Merged subsidiaries, Note 1.

(c) Changes in interest percentages due to capital increases carried out, Note 13.

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies

Significant accounting policies used in preparation of these financial statements are described below. Accounting policies and practices were consistently applied for the years presented and in the Company's individual and consolidated financial statements, unless otherwise stated.

2.5.1. Financial instruments

CPC 48 (IFRS 09) Financial Instruments is effective for annual periods beginning on or after January 1, 2018. This standard contains three main categories for classifying and measuring financial assets: (i) amortized cost; (ii) fair value through other comprehensive income (OCI); and (iii) fair value through profit or loss (FVTPL) (residual category).

The Company performed a detailed impact evaluation on the adoption of the new pronouncement and identified the following aspects:

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

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.1. Financial instruments (Continued)

Measurement

Financial assets and liabilities are initially measured at fair value. The criteria to determine the fair value of financial assets and liabilities were (i) quoted prices in active markets or, in the absence thereof, (ii) using valuation techniques that allow estimating the fair value on the transaction date, taking into account the amount that would be negotiated between knowledgeable and willing independent parties.

Financial assets and liabilities are subsequently measured using the fair value or amortized cost method, depending on the category. The amortized cost corresponds to:

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

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

Recognition

Purchases and sales of financial assets are recognized on the trade date, i.e. the date when the Company commits to purchase or sell the asset. Financial assets measured at fair value through profit or loss are initially recognized at fair value, and the transaction costs are charged to the statement of profit or loss. Loans and receivables are accounted for at amortized cost.

Gains or losses arising from changes in the fair value of other financial assets measured at fair value through profit or loss are recorded in the statement of profit or loss, under “Income” or “Costs”, respectively, in the period in which they occurred.

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.1. Financial instruments (Continued)

Derecognition

A financial asset (or, where applicable, a 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 has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

The Company’s financial assets include, mainly, cash and cash equivalents, restricted cash, marketable securities, accounts receivable and related parties and derivative financial instruments.

The Company’s financial liabilities include, mainly, trade accounts payable, loans and financing, debentures, lease liabilities, share-based payments - Phantoms, related parties, and derivative financial instruments. Phantoms are recorded at fair value through profit or loss.

The Company has no Hedge Accounting transactions as of December 31, 2021, 2020 and 2019.

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.1. Financial instruments (Continued)

Other financial liabilities

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

The effective interest rate (EIR) method is used to calculate the amortized cost of a financial liability and allocate its interest expense over the respective period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including fees or 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, when appropriate, over a shorter period, to net book value upon initial recognition.

Impairment of financial assets

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

The “provision for expected credit losses” is set up in an amount considered sufficient by management to cover possible customer portfolio risks and other receivables existing on the statement of financial position date. The criterion for setting up the provision takes into account the assessment of the risk associated with operations and securities overdue for more than 60 days, and is based on the historical experience of losses on receivables, adjusted for prospective factors specific to debtors and the economic environment.

Cash and cash equivalents

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

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.1. Financial instruments (Continued)

Accounts receivable

These include income from the lease of PVPs by the subsidiaries and the provision of administration services and performance fees by the Company, for consortia and cooperatives recorded on an accrual basis. They are recorded at fair value and classified as customers, 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 impacts; as accounts receivable are normally settled within a period of less than 90 days, the book values substantially represent the present value at the statement of financial position date.

Trade accounts payable

Trade accounts payable are obligations payable to suppliers for goods or services acquired in the ordinary course of business. They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. In practice, these obligations are usually recognized at the amount of the corresponding invoice.

These refer to purchases of materials for preparation and development of solar photovoltaic generators, equipment for the construction of solar farms, services payable, purchase of office materials, among others.

Loans, financing and debentures

Loans and 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 are debt securities issued by corporations and offered directly to investors (debenture holders), who become the Company’s creditors and receive remuneration (generally in the form of interest) until the security’s maturity.

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.1. Financial instruments (Continued)

Loans, financing and debentures (Continued)

In accordance with CPC 08 (R1) / IAS 32 - Transaction Costs and Premiums on the Issuance of Securities, the transaction costs incurred in raising funds through debt instrument contracts (loans, financing or debt securities, such as debentures, commercial papers or other securities) are accounted for as a reduction in the fair value initially recognized of the financial instrument issued, to disclose the net amount received, under Costs to be amortized.

Capitalization of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the underlying asset cost. All other borrowing costs are expensed in the period they incur. Borrowing costs include interest expense and other costs incurred by the Company in respect of borrowings. Interest expenses are recorded based on the effective interest rate method over the loan or financing term, so that the book balance corresponds to the amount due on the maturity date.

Derivative financial instruments

The derivative financial instruments contracted by the Company are intended to hedge its operations against the risks of fluctuations in exchange rates and interest rates on loans in domestic or foreign currency and foreign exchange differences on the import of equipment, and are not used for speculative purposes.

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

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

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.1. Financial instruments (Continued)

Present value adjustment of assets and liabilities

Noncurrent monetary assets and liabilities are monetarily restated, and therefore adjusted to their present value, corresponding to the financed sales of kits and rooftops. The present value adjustment of current monetary assets and liabilities is calculated and only recorded when the effect is considered significant in relation to the overall financial statements. For reporting and significance determination purposes, present value adjustment is calculated considering contractual cash flows and the explicit, and sometimes implicit, interest rates of the corresponding assets and liabilities.

Other current and noncurrent assets and liabilities

An asset is recognized in the statement of financial position when its future economic benefits are likely to flow to the Company, and its cost or value can be reliably measured. Liabilities are recognized in the statement of financial position when the Company has a legal or constructive obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits.

They are stated at their known or determinable amounts, plus, when applicable, the corresponding earnings, charges and monetary restatements incurred up to the statement of financial position date and, in the case of assets, adjusted by provision for losses when necessary.

Assets and liabilities maturing until the end of the following year are classified in current liabilities, and those with longer terms in noncurrent liabilities.

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.2. Inventories

Refers to solar photovoltaic modules, parts, pieces and accessories of photovoltaic equipment for resale by the Company 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 or net realizable value, and a provision for losses is recorded, if required. Inventory costs include expenses incurred in the acquisition of inventory items, production and transformation costs, and other costs incurred in bringing the inventories to their present location and condition.

2.5.3. Leases

Until December 31, 2018, the Company had operating lease agreements, of which the most relevant are the leases of property related to the Company's administrative headquarters and leased land intended for the construction of solar farms.

Leases accounted for were recognized directly in the statement of profit or loss against monthly payments on the maturity dates defined in the contract.

As of January 1, 2019, the Company adopted IFRS 16/CPC 06 (R2), which determines that, at the commencement date of a lease, a lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset over the lease term (i.e., the right-of-use asset). Lessees are required to separately recognize the interest expense on the lease liability over the lease term and the amortization expense on the right-of-use asset.

Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of lease liability as an adjustment to the right-of-use asset. Lessors continue to classify all leases into two types: operating and finance leases.

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.3. <u>Leases</u> (Continued)

Upon first-time adoption, the Company used the modified retrospective approach, with the cumulative effect of the first-time application on assets and liabilities, without restating comparative periods. The Company applied the practical expedient in relation to the definition of lease agreement in the transition. This means that it applied IFRS 16/CPC 06 (R2) to all agreements entered into before January 1, 2019 that were identified as leases in accordance with IAS 17/CPC 06 (R1) and IFRIC 4/ICPC 03.

Company as a lessee

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

As for short-term leases and low-value assets, the Company applies the recognition exemption provided for by the standard to its short-term leases, for which the lease term is equal to or less than 12 months from the commencement date, with no purchase option, and for leases where the underlying asset is of low value, relating to leases of office equipment considered to be of low value. It should be noted that short-term and low-value lease payments are recognized as an expense using the straight-line method over the lease term.

Right-of-use assets

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

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.3. Leases (Continued)

Lease liabilities

On the lease commencement date, the Company recognizes lease liabilities measured at the present value of lease payments to be made during 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 expected amounts to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of early lease termination fees, if the lease term reflects the Company exercising the option to terminate the 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 at the commencement date of the agreement, as the interest rate implicit in the lease agreements cannot be readily determined. After the inception date, the amount of the lease liability is increased to reflect the increases in interest and reduced to reflect lease payments made. In addition, the carrying amount of the lease liability is remeasured if there are any changes: such as a change in the lease term, a change in lease payments (for example, changes in future payments as a result of a change in an index or rate used to determine such lease payments) or a change in the assessment of a purchase option of the underlying asset.

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.3. Leases (Continued)

Recognition assumptions

The Company recognizes right-of-use assets and lease liabilities considering the following assumptions:

(i) Inclusion of agreements in the base at the beginning of the term, and the amount of the right-of-use asset is defined at this time;

(ii) Agreements with terms of more than 12 months fall within the scope of the standard. The Company does not consider aspects of renewal in its methodology, given that the assets involved in its operations are not indispensable for performance of its business, and may be replaced at the end of the agreement by new assets acquired or by other transactions other than those agreed upon;

(iii) Agreements involving the use of low-value assets are not considered;

(iv) Only transactions involving specific assets defined in the agreement or for exclusive use over the period of the agreement are considered;

(v) The methodology used to calculate the net present value of the agreements corresponds to the cash flow of the considerations assumed discounted at the discount rate defined for the class of the asset;

(vi) The discount rate used is 18.55% p.a. to 23.76% p.a. in 2021 (7.52% p.a. to 11.26% p.a. and 10.48% p.a. to 12.90% p.a. in 2020 and 2019, respectively), changing according to the maturity of each lease, calculated by adding the credit spread on the issue of Certificates of Real Estate Receivables (CRI) to the last DI vs. fixed curve made available on February 2, 2021.

(vii) The term of each lease agreement adjusted for the duration of the respective payment flow;

(viii) Guarantee - estimate of the impact of the guarantee, synthetically reducing the yield observed in the Company's funding curves; and

(ix) Similar economic environment - credit risk of the Company, country risk, currency of the agreement and date of the beginning of the funding.

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.3. Leases (Continued)

Recognition assumptions (Continued)

The Company’s leases in effect as of December 31, 2021, 2020 and 2019 are not subject to covenants that impose the attainment of financial ratios nor do they contain variable payment clauses that must be considered or residual value guarantee clauses and purchase options at the end of the lease terms.

Lease liabilities are measured at amortized cost, using the effective interest method. It is remeasured when there is a change in future lease payments resulting from a change in index or rate, if the Company changes its assessment of whether it will exercise a purchase option, extension or termination, or if there is a fixed revised lease payment in essence.

Lease obligations with substantial transfer of rewards, risks and control of assets are recognized in liabilities under lease liabilities. The liability is initially recognized at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The discount rate used is the interest rate implicit in the agreements.

Financial charges are allocated during the lease term, producing a constant periodic interest rate on the remaining liabilities balance. Payments made under operating leases were recognized in P&L on a straight-line basis over the lease term.

Company as a lessor

The Company, through its subsidiaries, which own the PVPs, acts as a lessor, leasing these PHPs to consortia and cooperatives, and does not transfer substantially all the risks and rewards of ownership of the asset and are classified as operating leases. Initial direct costs incurred in negotiating operating lease agreements are added to the carrying amount of the leased asset, and recognized over the lease term, similarly to lease revenue. Contingent lease is recognized as income to the extent it is received.

(In thousands of reais - R$, unless otherwise stated)

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.4. Property, plant and equipment

Property, plant and equipment items are measured at historical acquisition or build-up cost, less accumulated depreciation and accumulated impairment losses, when necessary. Professional fees and, in the case of qualifying assets, costs of capitalized loans, when eligible, are recorded as part of costs of property, plant and equipment in progress until construction is complete. These items are classified into appropriate property, plant and equipment categories, when completed and ready for their intended use. Depreciation of these assets begins when they are ready for their intended use on the same basis as that used for PP&E items.

Depreciation of assets is calculated using the straight-line method considering their costs and residual values during the estimated useful life, as follows:

	Useful life (years)		
	2021	**2020**	**2019**
Machinery and equipment	**10**	10	10
Furniture and fixtures	**10**	10	10
Tools	**10**	10	10
IT equipment	**5**	5	5
Leasehold improvements	**5**	5	5
Vehicles	**5**	5	5
Communication equipment	**10**	10	10
Facilities	**10**	10	10
Solar equipment	**20 - 30**	20 - 30	20 - 30

At the end of each year, the Company reviews the carrying amount of its tangible assets to determine whether there is any indication that such assets have been subject to any impairment losses. If there is such an indication, the recoverable amount of the asset is estimated for the purpose of measuring the amount of such loss, if any.

The carrying amount of a property, plant and equipment item is immediately written off to its recoverable amount when the asset’s carrying amount is greater than its estimated recoverable amount (Note 2.5.6). Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are recognized in “Other operating expenses, net” in the statement of profit or loss.

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.5. Intangible assets

Intangible assets acquired separately, such as software, use licenses, renewable energy certificates that certify the use of renewable energy for the development of activities, among others, are measured at cost upon initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The amortization rates of intangible assets are presented in Note 16.

The Company capitalizes expenses with the development and formation of the customer portfolio (Customer Set-up), considering that these are expenses incurred for consolidating customer loyalty that will generate future economic benefits. The amortization rate was defined based on the average turnover of the customer portfolio. This estimate is reviewed annually by management. At December 31, 2021, the total amount of expenses capitalized with the development and formation of the portfolio was R$13,714 (R$5,867 and R$5,267 as of December 31, 2020 and 2019, respectively).

2.5.6. Impairment of nonfinancial assets

In line with accounting pronouncement CPC 01 (R1) – Impairment of Assets, finite-lived property, plant and equipment and intangible assets that indicate that their recorded costs are higher than their recoverable amounts are reviewed annually to determine the need to record an allowance for impairment.

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.6. Impairment of nonfinancial assets

That said, at each year-end, the Company and its subsidiaries review the balances of intangible assets and property, plant and equipment to assess whether there are any indications that these assets have been subject to impairment (value in use). If there is such indication, management performs a detailed analysis of the recoverable amount of each asset by calculating the individual future cash flow discounted to present value, and adjusts the balance of the respective asset, if required.

The Company assessed the recoverability of its assets, evaluating its business plans for the coming periods considering the current scenario impacted by the COVID-19 pandemic, and did not identify the need to set up an allowance for impairment for the year ended December 31, 2021, 2020 and 2019.
The recoverable amount of the PVPs 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, according to the lease agreements of each photovoltaic unit over a period of twenty-five years. The pre-tax discount rate applied to cash flow projections is 12.4% (12.1% in 2020 and 2019). The projections consider the projected inflation of the lease agreements, with no growth rate. It was concluded that the fair value net of expenses did not exceed the value in use.

Considering the discounted cash flow as of December 31, 2021, the Company calculated the possible impact of changes in the discount rate and in the EBITDA margin in relation to all business projections, based on the scenarios of the reduction/increase impacts on the recoverable amount of the asset. Management's conclusion is that there is no impairment loss on nonfinancial assets

2.5.7. Revenue recognition

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

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.7. Revenue recognition (Continued)

Revenue from sale of products

This refers to the sales of equipment, parts, pieces and accessories used for the construction of photovoltaic plants (PVPs), which the parent company manufactures for its subsidiaries, in view of the specific registrations it has for the import of such equipment. These transactions are eliminated in the Company's consolidated profit or loss. Additionally, the Company and its subsidiaries carry out special, nonrecurring projects for the installation of PVPs for third parties, including the sale of photovoltaic equipment and modules.

Revenue from lease and services

Revenue from the lease of assets for the micro- and mini-generation of photovoltaic energy (PVP) to consortia or cooperatives of low and medium voltage electricity consumers (net metering system) that share the economic rights of these assets. Lease income is accounted for on a straight-line basis over the 25-year lease period.

Provision of administrative, financial and commercial management services for consortia and cooperatives, which enter into lease agreements with their own and third-party photovoltaic plants, through a monthly fixed compensation.

In addition, the Company, which has experience in the management of consortia and cooperatives, generates revenue through the provision of services, related to additional compensation for its performance, due to its contribution to the efficiency of cooperatives and consortia, as established in the agreement. Accordingly, revenue is recognized after the acceptance and agreement by the counterparty.

2.5.8. Taxes

Current income and social contribution taxes

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

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.8. Taxes (Continued)

Current income and social contribution taxes (Continued)

In the Parent Company, which adopts the taxation regime whereby taxable profit is based on accounting records (*lucro real*), income and social contribution taxes are calculated observing the criteria established by the current tax legislation, computed at the regular rates of 15%, plus a surtax of 10% for income tax and 9% for social contribution tax.

All Company subsidiaries adopt the taxation regime whereby taxable profit is computed as a percentage of gross revenue (*lucro presumido*), calculated at the regular rates of 32%, on which a 15% rate is levied, plus a surtax of 10% for income tax and 9% for social contribution tax.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred taxes

Deferred taxes arise from temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts, applicable to entities that adopt the taxation regime whereby taxable profit is based on accounting records (*lucro real).*

Deferred tax assets are recognized on all deductible temporary differences to the extent taxable profit is likely to be available so that deductible temporary differences may be realized. At December 31, 2021, 2020 and 2019, the Company did not meet the above criteria and, therefore, no amount was recorded. Also, at these same dates, the Company did not have any temporary differences that would require deferred tax liabilities to be recorded.

2.5.9. Provisions

A provision is recognized when the Company or its subsidiaries have a legal or constructive obligation as a result of a past event that may be reliably estimated and it is probable that economic resources will be required to settle it. The finance costs incurred are recorded in profit or loss.

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.10. Transactions involving share-based payments

Certain employees (including senior executives) of the Company receive share-based payments, in which these professionals provide services and are rewarded with share appreciation rights, which can only be settled with cash, and are referred to as "Phantoms".

For these 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 measured initially and at each reporting date up to - and including - the settlement date, with the change in fair value recognized as employee benefit expenses, in the statement of profit or loss, under "general and administrative expenses", Note 24.

Fair value is recognized as an expense over the period up to the vesting date, with the recognition of a corresponding liability. Fair value is determined based on the Black & Scholes model. Further details are presented in Note 19.

2.5.11. Operating segments

The Company presents its individual and consolidated financial statements considering only one operating segment, construction of PVPs for sale of distributed generation to several customers, individuals and legal entities, as described in Note 1, and which substantially represents the total revenue of the Company and its subsidiaries. The remaining services refer to other services, but these are treated as a single business and segment.

2.5.12. Statement of cash flows

The statements of cash flows were prepared and are presented in accordance with accounting pronouncement CPC 03 (IAS 7) – Statement of Cash Flows, issued by the Brazilian Financial Accounting Standards Board (CPC) and reflects the changes in cash and cash equivalents that occurred in the years presented.

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.13. Statement of value added

The Company prepares individual and consolidated Statements of Value Added ("SVA") pursuant to Accounting Pronouncement CPC 09 - Statement of Value Added, which are presented as an integral part of the financial statements as required by Brazilian Corporation Law for publicly-held companies and, as supplementary information to IFRS, which do not require the SVA to be presented.

2.5.14. New or amended pronouncements applied for the first time in 2021

The Company applied the pronouncements and amendments in effect for the first time as of January 1, 2021. The Company decided not to 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 Accounting Pronouncements CPC 38 and 48 provide temporary reliefs addressing the effects of financial reporting upon the replacement of an interbank deposit certificate rate with an alternative nearly risk-free rate (RFR). These amendments had no impact on the Company's individual and consolidated financial statements.

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

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

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.15. Restatement of financial statements

After the issue of the individual and consolidated financial statements for the years ended December 31, 2020, 2019 and opening balance at January 1, 2019, corresponding to December 31, 2018, management identified adjustments and reclassifications that affect the statements of financial position, of profit or loss and of comprehensive income, as well as the individual and consolidated statements of cash flows, in addition to supplementary information disclosed in certain notes, for the years then ended. Consequently, the financial statements as of December 31, 2020, 2019 and opening balance at January 1, 2019 are being restated with the adjustments and reclassifications identified, supplementing information in certain disclosures in the notes to the financial statements, as well as enhancing certain disclosures and presentations, in light of the accounting practices adopted in Brazil and the IFRS. Additionally, the SVA for the years ended December 31, 2020 and 2019, as well as the Management Report, were not part of the Company's financial statements.

The following tables show the adjustments and reclassifications resulting from changes in accounting practice and error correction, in accordance with the provisions of CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors:

(In thousands of reais - R$, unless otherwise stated)

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.15. Restatement of financial statements (Continued)

Statements of financial position – Individual and Consolidated – at January 1, 2019 - Assets

		Individual				Consolidated			
	Re.	Balances originally stated	Reclassifications	Adjustments	Restated	Balances originally stated	Reclassifications	Adjustments	Restated
Assets									
Current assets									
Cash and cash equivalents		22,787			22,787	27,409			27,409
Trade accounts receivable		6,708			6,708	6,919			6,919
Related parties	(b)/(l)	-	4,787		4,787	-			
Inventories		7,701			7,701	7,701			7,701
Income and social contribution taxes recoverable	(a)	-	454		454	-	454		454
Taxes recoverable	(a)	1,386	(454)		932	1,403	(453)		950
Other assets		356			356	511			511
Total current assets		38,938	4,787	-	43,725	43,943	1	-	44,011
Noncurrent assets									
Restricted cash		-			-	6,482			6,482
Trade accounts receivable		315			315	315			315
Related parties	(b) / (i)	24,724	-		24,724	67	-		67
Taxes recoverable		7,977			7,977	7,977			7,977
Judicial deposits		152			152	152			152
Investments	(k)	43,209		(1,002)	42,207	41			41
Property, plant and equipment		5,303			5,303	91,662	1		91,663
Right-of-use assets	(e)	-		208	208	-		5,139	5,139
Intangible assets	(b) / (k)	6,412	(4,787)		1,625	6,974		(1,002)	5,972
Total noncurrent assets		88,092	(4,787)	(794)	82,511	113,670	1	4,137	117,808
Total assets		127,030	-	(794)	126,236	157,613	2	4,137	161,752

EBES Sistema de Energia S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021, 2020 and 2019
(In thousands of reais - R$, unless otherwise stated)

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.15. Restatement of financial statements (Continued)

Statements of financial position – Individual and Consolidated – at January 1, 2019 - Liabilities

		Individual				Consolidated			
	Ref.	Balances originally stated	Reclassifications	Adjustments	Restated	Balances originally stated	Reclassifications	Adjustments	Restated
Liabilities and equity									
Current liabilities									
Trade accounts payable		8,024			8,024	8,973			8,973
Loans and financing	(o)	5,813	(31)		5,782	8,128	(31)		8,097
Lease liabilities	(e)	-		208	208	-		1,000	1,000
Derivative financial instruments	(o)	-	31		31	-	31		31
Labor obligations and related charges		4,338			4,338	4,347			4,347
Tax obligations		104	(1)		103	538	1		539
Other liabilities		5,437	1		5,438	5,437	1		5,438
Total current liabilities		23,716	-	208	23,924	27,423	2	1,000	28,425
Noncurrent liabilities									
Loans and financing		2,665			2,665	29,262			29,262
Lease liabilities	(e)	-			-	-		4,139	4,139
Share-based payments	(c)	-		5,931	5,931	-		5,931	5,931
Provision for contingencies		8			8	287			287
Total noncurrent liabilities		2,673		5,931	8,604	29,549		10,070	39,619
Equity									
Capital		157,017			157,017	157,017			157,017
Goodwill reserve	(d)	2,211		(827)	1,384	2,211		(827)	1,384
Accumulated losses	(c)/ (d) / (k)	(58,587)		(6,106)	(64,693)	(58,587)		(6,106)	(64,693)
Total equity		100,641		(6,933)	93,708	100,641		(6,933)	93,708
Total liabilities and equity		127,030	-	(1,002)	126,028	157,613	2	(1,002)	156,613

(In thousands of reais - R$, unless otherwise stated)

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.15. Restatement of financial statements (Continued)

Statements of financial position – Individual and Consolidated – at December 31, 2019 - Assets

		Individual				Consolidated			
	Ref.	Balances originally stated	Reclassifications	Adjustments	Restated	Balances originally stated	Reclassifications	Adjustments	Restated
Assets									
Current assets									
Cash and cash equivalents		1,128			1,128	20,192			20,192
Trade accounts receivable	(a)	130	7		137	5,887	7		5,894
Related parties	(b) / (i) / (i) / (l)	-	34,961		34,961	-	-		-
Income and social contribution taxes recoverable	(a)	-	384		384	-	384		384
Taxes recoverable	(a)	1,469	9,517		10,986	1,493	9,517		11,010
Other assets	(m)	326	8,584		8,910	2,658	8,584		11,242
		3,053	53,453		56,306	30,230	18,492		48,722
Assets from discontinued operations	(a)	15,435	9,908		5,527	15,435	9,908		5,527
Total current assets		18,488	43,545		62,033	45,665	8,584		54,249
Noncurrent assets									
Restricted cash		1,962			1,962	16,057			16,057
Related parties	(b) / (i) / (l)	26,160	(17,802)		8,358	973	-		973
Judicial deposits		152			152	152			152
Investments	(g) / (h) / (k)	59,944	19	(3,955)	56,008	91			91
Property, plant and equipment	(d) / (m)	22,346	(8,584)	827	14,589	183,725	(8,584)	827	175,968
Right-of-use assets	(e)	-		1,297	1,297	-		6,642	6,642
Intangible assets	(b) /(f) / (k) / (l)	13,550	(12,159)		1,391	14,939		(3,641)	11,298
Total noncurrent assets		124,114	(38,526)	(1,831)	83,757	215,937	(8,584)	3,828	211,181
Total assets		142,602	5,019	(1,831)	145,790	261,602	-	3,828	265,430

(In thousands of reais - R$, unless otherwise stated)

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.15. Restatement of financial statements (Continued)

Statements of financial position – Individual and Consolidated – at December 31, 2019 - Liabilities

		Individual				Consolidated			
	Ref.	Balances originally stated	Reclassifications	Adjustments	Restated	Balances originally stated	Reclassifications	Adjustments	Restated
Liabilities and equity									
Current liabilities									
Trade accounts payable	(a)	5,882	(1,275)		4,607	7,262	(1,275)		5,987
Loans and financing	(o)	11,217	(416)		10,801	50,507	(416)		50,091
Derivative financial instruments	(o)	-	416		416	-	416		416
Lease liabilities	(e)	-		707	707	-		1,426	1,426
Related parties	(i)	-	5,000		5,000	-			-
Labor obligations and related charges	(a)	5,426	(493)		4,933	5,426	(493)		4,933
Tax obligations	(a)	659	(6)		653	4,179	(6)		4,173
Other liabilities	(a)	2,168	(387)		1,781	2,168	(387)		1,781
		25,352	2,839	707	28,898	69,542	(2,161)	1,426	68,807
Liabilities from discontinued operations	(a)	-	2,161	-	2,161	-	2,161		2,161
Total current liabilities		25,352	5,000	707	31,059	69,542	-	1,426	70,968
Noncurrent liabilities									
Loans and financing		1,885			1,885	76,714			76,714
Lease liabilities	(e)	-		615	615	-		5,555	5,555
Share-based payments	(c)	405		6,107	6,512	405		6,107	6,512
Provision for losses on subsidiaries	(h)	19	19		38	-			-
Provision for contingencies		3			3	3			3
Total noncurrent liabilities		2,312	19	6,722	9,053	77,122		11,662	88,784
Equity									
Capital		196,369			196,369	196,369			196,369
Capital reserves		603			603	603			603
Goodwill reserve		1,164			1,164	1,164			1,164
Accumulated losses	(c)/(e)/(f)/(g)/(k)	(83,198)		(9,260)	(92,458)	(83,198)		(9,260)	(92,458)
Total equity		114,938	-	(9,260)	105,678	114,938		(9,260)	105,678
Total liabilities and equity		142,602	5,019	(1,831)	145,790	261,602		3,828	265,430

(In thousands of reais - R$, unless otherwise stated)

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.15. Restatement of financial statements (Continued)

Statements of profit or loss – Individual and Consolidated – at December 31, 2019

		Individual				Consolidated			
	Ref.	**Balances originally stated**	**Reclassifications**	**Adjustments**	**Restated**	**Balances originally stated**	**Reclassifications**	**Adjustments**	**Restated**
Net operating revenue		19,148			19,148	22,619			22,619
Cost of products sold and services rendered		(17,353)	(1)		(17,354)	(9,432)	(2)	318	(9,116)
Gross profit (loss)		1,795	(1)		1,794	13,187	(2)	318	13,503
Other operating income (expenses)									
Selling expenses	(k) / (n)	-	(1,760)		(1,760)	-	(2,032)	(2,082)	(4,114)
General and administrative expenses	(c) / (e) / (f)	(27,267)	1,760	(105)	(25,612)	(29,616)	2,032	(631)	(28,215)
Other operating expenses, net	(d)	174	1	(220)	(45)	135	2	(219)	(82)
Equity pickup	(g) / (k)	2,406		(2,953)	(547)	-		-	-
		(24,687)	1	(3,278)	(27,964)	(29,481)	2	(2,932)	(32,411)
Loss before finance income (costs)		(22,892)		(3,278)	(26,170)	(16,294)	-	(2,614)	(18,908)
Finance income (costs)	(e)	1,592		(97)	1,495	(3,387)		(761)	(4,148)
Loss before income and social contribution taxes		(21,300)		(3,375)	(24,675)	(19,681)		(3,375)	(23,056)
Income and social contribution taxes		-			-	(1,619)			(1,619)
Loss for the year from continuing operations		(21,300)		(3,375)	(24,675)	(21,300)		(3,375)	(24,675)
Loss for the year from discontinued operations		(3,310)		-	(3,310)	(3,310)		-	(3,310)
Loss for the year		(24,610)		(3,375)	(27,985)	(24,610)		(3,375)	(27,985)

(In thousands of reais - R$, unless otherwise stated)

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.15. Restatement of financial statements (Continued)

Statements of financial position – Individual and Consolidated – at December 31, 2020 - Assets

		Individual				Consolidated			
	Ref.	**Balances originally stated**	**Reclassifications**	**Adjustments**	**Restated**	**Balances originally stated**	**Reclassifications**	**Adjustments**	**Restated**
Assets									
Current assets									
Cash and cash equivalents		18,592			18,592	26,580			26,580
Restricted cash		643			643	830			830
Trade accounts receivable	(a)	2,150	111		2,261	16,105	111		16,216
Related parties	(i) / (l)	-	25,591		25,591	-	-		-
Derivative financial instruments		831			831	831			831
Income and social contribution taxes recoverable	(a)	-	225		225	-	225		225
Taxes recoverable	(a)/(j)	1,155	6,941	(679)	7,417	1,262	6,940	(679)	7,523
Other assets	(m)	618	7,121		7,739	2,098	7,118		9,216
		23,989	39,989	(679)	63,299	47,706	14,394	(679)	61,421
Assets from discontinued operations		7,782	(7,282)		500	7,782	(7,282)	-	500
Total current assets		31,771	32,707	(679)	63,799	55,488	7,112	(679)	61,921
Noncurrent assets									
Restricted cash		1,586			1,586	8,407			8,407
Trade accounts receivable		-			-	-			-
Related parties	(j)	28,691	(25,591)		3,100	1,259			1,259
Taxes recoverable	(a)	-	4		4	-	4		4
Judicial deposits		108			108	108			108
Other assets	(i)	7,118	(7,118)		-	7,118	(7,118)		-
Investments	(g)	64,844	24	(3,100)	61,768	-			-
Property, plant and equipment	(d)	5,383		827	6,210	155,888		827	156,715
Right-of-use assets	(e)	826		75	901	11,709		(620)	11,089
Intangible assets	(f)	1,392			1,392	16,626		(2,786)	13,840
Total noncurrent assets		109,948	(32,681)	(2,198)	75,069	201,115	(7,114)	(2,579)	191,422
Total assets		141,719	26	(2,877)	138,868	256,603	(2)	(3,258)	253,343

(In thousands of reais - R$, unless otherwise stated)

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.15. Restatement of financial statements (Continued)

Statements of financial position – Individual and Consolidated – at December 31, 2020 - Liabilities

		Individual				Consolidated			
	Ref.	**Balances originally stated**	**Reclassifications**	**Adjustments**	**Restated**	**Balances originally stated**	**Reclassifications**	**Adjustments**	**Restated**
Liabilities and equity									
Current liabilities									
Trade accounts payable	(a)	4,714	(16)		4,698	4,983	(16)		4,967
Loans and financing		22,938			22,938	27,781			27,781
Debentures		-			-	6,653			6,653
Lease liabilities	(e)	604		(203)	401	1,906		(179)	1,727
Labor obligations and related charges		6,784	1		6,785	6,784			6,784
Tax obligations	(a)	437	(5)		432	2,228	(9)		2,219
Other liabilities	(a)	400	(14)		386	400	(10)		390
		35,877	(34)	(203)	35,640	50,735	(35)	(179)	50,521
Liabilities from discontinued operations	(a)	-	36	-	36	-	36		36
Total current liabilities		35,877	2	(203)	35,676	50,735	2	(179)	50,557
Noncurrent liabilities									
Loans and financing		23,701			23,701	70,285			70,285
Debentures		-			-	43,559			43,559
Lease liabilities	(e)	254		307	561	10,139		(97)	10,042
Share-based payments	(c)	5,689		2,144	7,833	5,689		2,144	7,833
Provision for losses on subsidiaries		2	24		26	-			-
Total noncurrent liabilities		29,646	24	2,451	32,121	129,672	-	2,047	131,719
Equity									
Capital		196,369			196,369	196,369			196,369
Capital reserves		603			603	603			603
Goodwill reserve		945			945	945			945
Accumulated losses	(c)/ (f) / (g) /(e)/(k)	(121,721)	-	(5,128)	(126,849)	(121,721)	-	(5,128)	(126,849)
Total equity		76,196	-	(5,128)	71,068	76,196	-	(5,128)	71,068
Total liabilities and equity		141,719	26	(2,880)	138,865	256,603	1	(3,260)	253,344

(In thousands of reais - R$, unless otherwise stated)

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.15. Restatement of financial statements (Continued)

Statements of profit or loss – Individual and Consolidated – at December 31, 2020

		Individual				Consolidated			
	Ref.	**Balances originally stated**	**Reclassifications**	**Adjustments**	**Restated**	**Balances originally stated**	**Reclassifications**	**Adjustments**	**Restated**
Net operating revenue		2,918			2,918	47,464			47,464
Cost of products sold and services rendered		(3,343)			(3,343)	(12,042)			(12,042)
Gross profit (loss)		(425)	-	-	(425)	35,422		-	35,422
Other operating income (expenses)									
Selling expenses	(n)	-	(7,822)		(7,822)	-	(9,628)		(9,628)
General and administrative expenses	(c) / (n)	(44,020)	7,822	3,282	(32,916)	(51,574)	9,628	3,282	(36,664)
Other operating expenses, net	(e) / (k)	(823)		635	(188)	(843)		635	(208)
Equity pickup		10,726			10,726	-			-
		(34,117)		3,917	(30,200)	(52,417)		3,917	(48,500)
Loss before finance income (costs)		(34,542)		3,917	(30,625)	(16,995)		3,917	(13,078)
Finance income (costs)	(e)	(1,965)		(4)	(1,969)	(14,557)		(4)	(14,561)
Loss before income and social contribution taxes		(36,507)		3,913	(32,594)	(31,552)		3,913	(27,639)
Income and social contribution taxes		-			-	(4,955)			(4,955)
Loss for the year from continuing operations		(36,507)		3,913	(32,594)	(36,507)		3,913	(32,594)
Loss for the year from discontinued operations		(2,017)			(2,017)	(2,017)			(2,017)
Loss for the year		(38,524)		3,913	(34,611)	(38,524)		3,913	(34,611)

(a) Reclassification of assets and liabilities related to discontinued operations, due to the termination of the activities of Rooftop and Kit in 2019 and 2020, as per Note 12.

(b) Adjustment related to transfers of intangible assets – Set Up, from the parent company to subsidiaries.

(c) Recording and adjusting the fair value of share-based payment transactions (Phantoms).

(d) Adjustments to goodwill amortization, referring to the merger of TPG.

(In thousands of reais - R$, unless otherwise stated)

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.15. Restatement of financial statements (Continued)

Statements of profit or loss – Individual and Consolidated – at December 31, 2020 (Continued)

(e) As a result of the implementation of IFRS 16/CPC 06 (R2) - Leases, effective as of 2019, the amounts referring to leases were duly restated. This restatement was also carried out in the subsidiaries, using the equity method.

(f) Amortization of intangible assets, referring to the Set Up of the subsidiaries that started operations in 2019. This adjustment was carried out in the subsidiaries, using the equity method.

(g) Effect of equity pickup in subsidiaries on the adjustments described in items (e) and (f) that had an impact on subsidiaries.

(h) Transfer of amounts referring to losses in subsidiaries, from investments (assets) to provision for losses in subsidiaries (liabilities).

(i) Reclassification between current and noncurrent (short-term reimbursement transactions).

(j) ICMS (State Value-Added Tax) provision adjustment due to branch closure.

(k) Capitalization of intangible assets - recognition of commercial indemnity as part of the intangible asset when it should have been recorded as profit or loss for the year.

(l) Reclassification of costs incurred by the parent company in favor of its subsidiaries to be reimbursed by them in the short term.

(m) Reclassification of amounts to be reimbursed by distributors in the short term.

(n) Breakdown of expenses between sales and general and administrative.

(o) Segregation of derivative financial instruments on loans and financing.

The statements of cash flows as of December 31, 2019 are being restated as a result of the changes detailed above. The Company also carried out other reclassifications to better adapt its statements:

	12/31/2019					
	Individual			Consolidated		
	Originally stated	Adjustments and reclassifications	Restated amounts	Originally stated	Adjustments and reclassifications	Restated amounts
Net cash flows from (used in) operating activities	(33,606)	2,315	(31,291)	(31,503)	7,786	(23,717)
Net cash flows from (used in) investing activities	(41,184)	(1,921)	(43,105)	(104,711)	(7,493)	(112,204)
Net cash flows from (used in) financing activities	53,131	(394)	52,737	128,997	(293)	128,704
Increase (decrease) in cash and cash equivalents	(21,659)	-	(21,659)	(7,217)	-	(7,217)
Cash and cash equivalents at beginning of year	22,787	-	22,787	27,409	-	27,409
Cash and cash equivalents at end of year	1,128	-	1,128	20,192	-	20,192

(In thousands of reais - R$, unless otherwise stated)

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.15. Restatement of financial statements (Continued)

Total operating, investing and financing activities recorded in the statements of cash flows as at December 31, 2020 were not impacted by the changes detailed above. However, the Company also carried out other reclassifications to better adapt its statements:

	12/31/2020					
	Individual			Consolidated		
	Originally stated	Reclassifications	Restated amounts	Originally stated	Reclassifications	Restated amounts
Net cash flows from (used in) operating activities	(5,452)	283	(5,169)	(664)	(6,853)	(6,189)
Net cash flows from (used in) investing activities	(3,977)	(266)	(4,243)	(8,433)	6,819	(1,614)
Net cash flows from (used in) financing activities	26,893	(17)	26,876	14,157	34	14,191
Increase (decrease) in cash and cash equivalents	17,464	-	17,464	6,388	-	6,388
Cash and cash equivalents at beginning of year	1,128	-	1,128	20,192	-	20,192
Cash and cash equivalents at end of year	18,592	-	18,592	26,580	-	26,580

2. Basis of preparation and presentation of financial statements (Continued)

2.5. Summary of significant accounting policies (Continued)

2.5.16. Standards issued but not yet effective

The new and amended standards and interpretations issued but not yet in effect until the date of issue of the Company's financial statements are described below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Replacement of CPC 11 Insurance Contracts (IFRS 4) with CPC 50 Insurance Contracts (IFRS 17);
- Amendments to IAS 1: Classification of liabilities as current or noncurrent;
- Amendments to IAS 8: Definition of accounting estimates;
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of accounting policies.

The Company is assessing the impacts of the amendments issued by the IASB and intends to adopt these new standards and interpretations, if applicable, when they are issued by the Brazilian FASB (CPC) and are in effect. However, the Company does not expect significant impacts on its financial statements.

3. Use of estimates and judgments

The preparation of the financial statements requires that management make judgments and estimates and adopt assumptions that affect application of accounting policies and the amounts disclosed referring to assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

The estimates and assumptions presented below are reviewed on an ongoing basis. The effects of revised accounting estimates are recognized in the year or period when the estimates are revised, if such revision affects only that year or period, or also later years or periods, if the revision affects future years.

(In thousands of reais - R$, unless otherwise stated)

3. Use of estimates and judgments (Continued)

In order to provide an understanding of how the Company and its subsidiaries make judgments about future events, including variables and assumptions used in accounting estimates, our comments on certain matters are as follows:

(a) Allowance for expected credit losses: Note 2.5.1

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

(c) Impairment of nonfinancial assets: Note 2.5.6

(d) Provision for contingencies

Provisions are recorded for all tax, civil and labor proceedings, among others, representing probable losses and are estimated with a certain degree of reliability. Assessment of the likelihood of loss includes an evaluation of available evidence, the hierarchy of laws, available case law, recent court decisions and their relevance in the legal system, as well as the opinion of the Company's external legal advisors.

The Company applied IFRIC 23/ICPC 22 - Uncertainty over income tax treatments as of January 1, 2019 and 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

	Individual				Consolidated			
	12/31/2021	**12/31/2020**	**12/31/2019**	**01/01/2019**	**12/31/2021**	**12/31/2020**	**12/31/2019**	**01/01/2019**
Bank accounts	**2,964**	79	818	1,236	**3,242**	775	6,084	2,539
Short-term investments	**28,685**	18,513	310	21,551	**47,765**	25,805	14,108	24,870
	31,649	18,592	1,128	22,787	**51,007**	26,580	20,192	27,409

Financial investments have daily liquidity in fixed income funds - DI, Bank Deposit Certificates (CDBs) or repurchase agreements backed by third-parties, indexed to the Interbank Deposit Certificate ("CDI"), remunerated at rates from 65% to 105.2% of the CDI at December 31, 2021 (65% up to 104% CDI in 2020 and 65% up to 99.5% CDI in 2019).

(In thousands of reais - R$, unless otherwise stated)

5. Restricted cash

The Company has a restricted cash balance in subsidiaries, as assignment in trust arising from contracted loans, as shown in Notes 17 and 18.

	Individual				Consolidated			
	12/31/2021	12/31/2020	12/31/2019	01/01/2019	12/31/2021	12/31/2020	12/31/2019	01/01/2019
Current	**803**	643	-	-	**1,283**	830	-	-
Noncurrent	**317,882**	1,586	1,962	-	**319,998**	8,407	16,057	6,482
	318,685	2,229	1,962	-	**321,281**	9,237	16,057	6,482

In December 2021, the Company issued debt instruments and commercial papers or debentures. This fundraising is part of the Company's strategic financial planning, which aims to increase long-term liabilities and strengthen the cash balance.

6. Marketable securities

	Consolidated			
	12/31/2021	12/31/2020	12/31/2019	01/01/2019
Certificates of Real Estate Receivables – CRI (a)	**16,017**	-	-	-
Credit Rights Investment Fund – FIDC (b)	**22,992**	-	-	-
	39,009	-	-	-

(a) Corresponds to junior units of interest acquired by the subsidiary João Pinheiro Solar Ltda. upon issuance of the CRI, as per Note 17.

(b) Subordinated units of interest subscribed by the subsidiary Francisco Sá II Geração de Energia S.A. when it entered into the FIDC agreement, Note 17. In December 2021, the subordinated units of interest (marketable securities) subscribed by Francisco Sá II Geração de Energia S.A totaled 29,143 units of interest in the amount of R$893.45.

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

7. Accounts receivable

	Individual				Consolidated			
	12/31/2021	12/31/2020	12/31/2019	01/01/2019	12/31/2021	12/31/2020	12/31/2019	01/01/2019
		(restated)	(restated)			(restated)	(restated)	
Trade notes receivable	**5,092**	2,261	137	9,035	**14,458**	16,216	5,894	9,246
Allowance for expected losses	**-**	-	-	(1,876)	**-**	-	-	(1,876)
Present value adjustment	**-**	-	-	(136)	**-**	-	-	(136)
	5,092	2,261	137	7,023	**14,458**	16,216	5,894	7,234
Current	**5,092**	2,261	137	6,708	**14,458**	16,216	5,894	6,919
Noncurrent	**-**	-	-	315	**-**	-	-	315
	5,092	2,261	137	7,023	**14,458**	16,216	5,894	7,234

The Company does not have a balance of trade notes overdue at December 31, 2021, 2020 and 2019, and has no expectation of losses, therefore, no allowance for losses was recorded. The allowance recorded at January 1, 2019 was written off due to the realization of balances.

(In thousands of reais - R$, unless otherwise stated)

8. Derivative financial instruments

Assets	Individual and Consolidated			
	12/31/2021	12/31/2020	12/31/2019	01/01/2019
Non-deliverable forward (NDF)	-	831	-	-
SWAP	141	-		
	141	831	-	-

Liabilities	Individual and Consolidated			
	12/31/2021	12/31/2020	12/31/2019	01/01/2019
			(restated)	(restated)
SWAP	1,478	-	416	31
NDF	260	-	-	-
	1,738	-	416	31

In August 2021, the Company entered into swap derivative financial instruments to change its exposure to the index (US Dollar) of loans as a source of working capital and also to change its exposure from a fixed rate to a floating rate for these types of loans. Fair value is determined based on the discounted future rate.

At December 31, 2020, the Company had a Non-deliverable forward (NDF) with the objective of hedging the Company against currency risks in equipment import agreements. Fair value is determined based on the discounted future rate.

Assets

			Receivables		Payables		
Description	Notional value	Maturity	Rate	Balance at 12/31/21	Rate	Balance at 12/31/21	Asset balance, net
SWAP	USD 954 thousand	Aug/22	VC USD + 4.24% p.a	3,546	CDI + 5.00% p.a.	(3,405)	141
				3,546		(3,405)	141

Description	Notional value	Maturity	Rate	Balance at 12/31/2020	Rate	Balance at 12/31/2020	Balance
NDF	USD 10,000 thousand	Mar/21		831		-	831
				831		-	831

Liabilities

			Receivables		Payables		
Description	Notional value	Maturity	Rate	Balance at 12/31/2021	Rate	Balance at 12/31/2021	Balance
NDF	USD 6,678 thousand	Mar/22	5.7443	260			260
SWAP	BRL 6,000	Dec/24	11.75% p.a.	7,623	230% CDI	(6,146)	1,477
				7,883		(6,146)	1,737

			Receivables		Payables		
Description	Notional value	Maturity	Rate	Balance at 12/31/2019	Rate	Balance at 12/31/2019	Balance (restated)
SWAP	EUR 1,130 thousand	Jun/20	EUR + 2.28% p.a.	-	DI + 3.75% p.a	127	127
SWAP	USD 1,210 thousand	Jun/20	USD + 5.4% p.a.	-	DI + 3.98% p.a	289	289
				-		416	416

(In thousands of reais - R$, unless otherwise stated)

8. Derivative financial instruments (Continued)

			Receivables		Payables		
Description	Notional value	Maturity	Rate	Balance at 12/31/2018	Rate	Balance at 12/31/2018	Balance (restated)
SWAP	USD 1,388 thousand	Jun/19	DI 3.8% p.a	5,071	USD + 6.45 p.a	5,102	31
				5,071		5,102	31

9. Inventories

	Individual				Consolidated			
	12/31/2021	12/31/2020	12/31/2019	01/01/2019	12/31/2021	12/31/2020	12/31/2019	01/01/2019
Goods for resale (kits and rooftops)	-	-	-	7,701	-	-	-	7,701
Goods for resale (photovoltaic modules)	**38,748**	-	-	-	-	-	-	-
	38,748	-	-	-	-	-	-	-

The balance at December 31, 2021 refers to items that will be resold to subsidiaries that already have access opinions and construction is in progress. Such situation did not exist at December 31, 2020 and 2019. Inventory balances at January 1, 2019 correspond to those inventories used in the sale of kits and rooftops, discontinued in 2019 and 2020.

10. Related parties

Sales transactions correspond to the resale of the main components used in the construction of photovoltaic plants (modules/inverters) between the Company and its subsidiaries, without margin, given that only the Company has registrations for importing equipment.

The Company is responsible for raising funds through capital market transactions, and transfers these funds to its subsidiaries through intercompany loans. Intercompany loans entered into by and between the Company and its subsidiaries are remunerated at a rate of 1% p.a., subject to IOF (tax on financial transactions) and IR (income tax). Transactions between related parties are carried out in accordance with the terms established between the parties with an average maturity of 10 years.

The balances and transactions are shown below:

(In thousands of reais - R$, unless otherwise stated)

10. Related parties (Continued)

a) Balances

	Individual				Consolidated			
	12/31/2021	12/31/2020 (restated)	12/31/2019 (restated)	01/01/2019 (restated)	12/31/2021	12/31/2020	12/31/2019	01/01/2019
Current assets								
Accounts receivable								
EBES Adm de Consórcios	-	113	-	-	-	-	-	-
Sagarana Geração de Energia Solar	**3,303**	3,774	2,724	2,728	-	-	-	-
Janaúba Floresta Geração de Energia Solar	-	-	1,320	-	-	-	-	-
Francisco SA II Geração de Energia	-	15,753	6,400	641	-	-	-	-
Manga Geração de Energia Solar	-	2,922	11,500	1,418	-	-	-	-
Janauba II Geração de Energia Solar	**3,215**	2,788	9,342	-	-	-	-	-
São Francisco Angicos Geração de Energia Solar	**225**	241	224	-	-	-	-	-
Melgaço Geração De Energia 31 Ltda.	**9,538**	-	-	-	-	-	-	-
Bananal Geração De Energia Solar 46 Ltda.	**9,574**	-	-	-	-	-	-	-
Brasília de Minas Geração de Energia Solar	-	-	3,451	-	-	-	-	-
	25,855	25,591	34,961	4,787	-	-	-	-
Dividends receivable								
Janaúba Floresta Geração de Energia Solar	**515**	-	-	-	-	-	-	-
	26,370	25,591	34,961	4,787	-	-	-	-
Noncurrent assets								
Intercompany loans and transactions with consortia								
João Pinheiro Solar Ltda.	-	912	-	-	-	-	-	-
EBES Adm de Consórcios	-	-	576	-	-	-	-	-
Tiradentes Geração de Energia Solar	-	-	1,976	7,528	-	-	-	-
Sagarana Geração de Energia Solar	**526**	-	3,344	17,001	-	-	-	-
Francisco SA II Geração de Energia	**167**	2,188	-	130	-	-	-	-
Janaúba II Geração de Energia Solar	-	-	2,043	-	-	-	-	-
Brasília de Minas Geração de Energia Solar	-	-	373	-	-	-	-	-
Cruzeiro Geração de Energia Solar	**651**	-	-	-	-	-	-	-
Cooperativa Órigo Geração de Energia Solar	**1,917**	-	-	-	**1,917**	33	-	-
Consórcio Sagarana	-	-	-	-	-	701	680	5
Other consortia (i)	**276**	-	46	65	**276**	525	293	62
	3,537	3,100	8,358	24,724	**2,193**	1,259	973	67
Current liabilities								
Advances from customers								
João Pinheiro Solar Ltda.	**8,749**	-	-	-	-	-	-	-
Francisco SA II Geração de Energia	**3,547**	-	-	-	-	-	-	-
Pampulha Geração de Energia	-	-	5,000	-	-	-	-	-
	12,296	-	5,000	-	-	-	-	-

(i) Various minor amounts receivable, less than R$100.

(In thousands of reais - R$, unless otherwise stated)

10. Related parties (Continued)

b) Transactions

	Individual						Consolidated		
	12/31/2021		12/31/2020		12/31/2019		12/31/2021	12/31/2020	12/31/2019
	Sales revenue, net	Interest on intercompany loans	Sales revenue, net	Interest on intercomp any loans	Sales revenue, net	Interest on intercomp any loans	Interest on intercompany loans		
João Pinheiro Solar Ltda.	**24,147**	**-**	-	37	-	-	**-**	-	-
Lagoa Grande Geração de Energia Solar Ltda.	**23,325**	**-**	-	-	-	-	**-**	**-**	**-**
Três Reis Geração de Energia Solar Ltda.	**14,080**	**-**	-	-	-	-	**-**	**-**	**-**
Guariba Geração de Energia Solar Ltda.	**8,066**	**-**	-	-	-	-	**-**	**-**	**-**
Barreiro Geração de Energia Solar Ltda.	**7,975**	**-**	-	-	-	-	**-**	**-**	**-**
Melgaço Geração de Energia Solar Ltda.	**7,699**	**-**	-	-	-	-	**-**	**-**	**-**
Bananal Geração de Energia Solar Ltda.	**7,051**	**-**	-	-	-	-	**-**	**-**	**-**
Manga I Geração de Energia Solar Ltda.	**-**	**-**	279	-	8,365	-	**-**	**-**	**-**
Sagarana Geração de Energia Solar Ltda.	**-**	**-**	5	-	970	-	**-**	**-**	**-**
São Francisco Angicos Geração de Energia Solar	**-**	**-**	-	-	204	-	**-**	**-**	**-**
EBES ADM	-	**-**	-	-	-	5	**-**	-	-
Tiradentes	-	**-**	-	-	-	558	**-**	-	-
Sagarana	-	**20**	-	-	-	1,356	**-**	-	-
Francisco SA II	-	**-**	-	169	-	-	**-**	-	-
Janauba II	-	**-**	24	-	-	13	**-**	-	-
Cruzeiro	-	**29**	-	-	-	-	**-**	-	-
Brasília de Minas	-	**-**	-	-	-	7	**-**	-	-
Cooperativa Órigo Geração	-	**95**	-	-	-	-	**95**	1	-
	92,343	**144**	308	206	9,539	1,939	**95**	1	-

c) Management compensation

Management compensation includes short-term benefits, such as salaries, social charges, bonuses and share-based payments (Phantoms), and totaled R$8,815 for the year ended December 31, 2021 (R$6,504 in 2020 and R$5,250 in 2019).

(In thousands of reais - R$, unless otherwise stated)

11. Other assets

	Individual				Consolidated			
	12/31/2021	12/31/2020	12/31/2019	01/01/2019	12/31/2021	12/31/2020	12/31/2019	01/01/2019
		(restated)	(restated)			(restated)	(restated)	
Solar farm connections (i)	**16,678**	7,118	8,584	-	**16,678**	7,118	8,584	-
Advances to suppliers	**396**	132	94	200	**2,602**	346	96	251
Advances to employees	**68**	55	76	-	**68**	55	76	-
Prepaid expenses	**1,428**	434	156	156	**5,436**	1,697	2,486	260
	18,570	7,739	8,910	356	**24,784**	9,216	11,242	511

(i) Expenses incurred to connect solar farms with the distributors to be reimbursed.

The Company incurs costs in adapting networks in substations on behalf of the distributors to connect the solar farms, which are reimbursed to the Company. The regulatory term is six months, with contractual penalties and interest for non-compliance. These expenses started in 2019, when the first solar farms were connected and reimbursements started in 2020. As of December 31, 2021, 2020 and 2019, there are no outstanding arrears.

12. Discontinued operations

Between 2019 and 2020, in view of our strategic positioning to work in the construction of PVPs, the Company discontinued its activities of sale and distribution of Photovoltaic (PV) Generators and project development and installation services (Rooftop and Kit). The staff was fully retained and redirected to the Company’s new activities. The remaining amounts related to these activities are presented as discontinued operations in the statement of financial position and in the statements of profit of loss and of comprehensive income.

(In thousands of reais - R$, unless otherwise stated)

12. Discontinued operations (Continued)

The remaining assets and liabilities, as well as the items in P&L of discontinued operations are detailed below:

a) Assets of discontinued operations which are being realized are as follows:

	Individual and Consolidated		
	12/31/2021	12/31/2020 (restated)	12/31/2019 (restated)
Accounts receivable	**183**	500	2,051
Inventories	**-**	-	3,272
Property, plant and equipment	**-**	-	204
	183	500	5,527

b) Liabilities of discontinued operations are as follows:

	Individual and Consolidated		
	12/31/2021	12/31/2020 (restated)	12/31/2019 (restated)
Trade accounts payable	**-**	18	1,274
Tax obligations	**-**	6	6
Labor obligations and related charges	**-**	-	493
Other liabilities	**9**	12	388
	9	36	2,161

c) The accounts in P&L for the year related to discontinued operations are as follows:

	Individual and Consolidated		
	12/31/2021	12/31/2020	12/31/2019
Net operating revenue	**21**	5,468	31,206
Cost of goods sold and services rendered	**(154)**	(5,750)	(29,866)
Gross profit (loss)	**(133)**	(282)	1,340
Operating expenses			
Selling expenses	**-**	(1,007)	(3,244)
General and administrative expenses	**-**	(687)	(1,023)
Other operating income (expenses), net	**44**	(41)	(383)
	44	(1,735)	(4,650)
Loss for the year from discontinued operations	**(89)**	(2,017)	(3,310)

d) Cash flows from discontinued operations

	Individual and Consolidated		
	12/31/2021	12/31/2020	12/31/2019
Cash flows from operating activities	**718**	6,432	(13,894)
Cash flows from investing activities	**-**	-	-
Cash flows from financing activities	**-**	-	-
	718	6,432	(13,894)

(In thousands of reais - R$, unless otherwise stated)

13. Investments

a) Balances

	Individual			
	12/31/2021	12/31/2020	12/31/2019	01/01/19
		(restated)	(restated)	(restated)
Subsidiaries				
Finco	**230**	250	287	248
João Pinheiro	**3,768**	5,212	5,697	5,808
EBES ADM	**-**	4,818	1,012	50
Tiradentes	**-**	-	14,027	11,584
São Francisco lll	**14**	6	4	-
Sagarana	**9,760**	10,188	8,559	9,761
Janaúba ll	**11,036**	9,438	691	482
Manga l	**13,155**	10,697	7,768	197
Pampulha	**-**	-	518	704
Francisco De Sa ll	**(5,197)**	19,554	15,574	13,015
Janauba Floresta	**-**	-	535	307
São Francisco Angicos	**20**	9	(23)	-
Brasília De Minas	**-**	(24)	417	-
Várzea Da Palma	**2**	4	(1)	-
Six Energy	**945**	831	829	-
Barreiro	**-**	3	(2)	-
Buriti	**201**	159	(1)	-
Irai De Minas	**232**	167	(1)	-
Lagoa Grande	**-**	13	(1)	-
Lambari	**-**	(2)	(1)	-
Santa Rosa	**559**	61	(1)	-
São Bento	**-**	8	(1)	-
Três Reis	**-**	206	(1)	-
Campestre	**91**	10	(1)	-
Capim Branco	**312**	15	(2)	-
Cruzeiro	**(204)**	14	(5)	-
Papagaio	**589**	10	1	-
Pimenta	**-**	46	-	-
São Gotardo	**87**	4	-	-
Piumhi	**93**	4	-	-
Mato Verde	**3**	1	1	-
Frutal	**6**	3	-	-
Terra Vista ll	**60**	-	-	-
Santa Martha	**23**	4	-	-
Ponte Alta	**47**	4	-	-
Marimbondo	**80**	14	-	-
Jacaúna	**3**	3	-	-
Bananal	**3,788**	4	-	-
Melgaço	**3,827**	5	-	-
Poutrinha	**3**	2	-	-
Três Amores	**4**	-	-	-
Vertentes	**3**	1	-	-
Petrolina	**3**	1	-	-
Parnamirim	**2**	1	-	-
Princesa Dos Canaviais	**3**	(2)	-	-
Campos Novos	**2**	-	-	-
Januária	**53**	-	-	-
Monte Carmelo	**68**	-	-	-
Associates				
Sol + Lar	**-**	-	91	41
	43,671	61,742	55,970	42,197
Provision for losses in subsidiaries	**5,401**	26	38	-
Investments	**49,072**	61,768	56,008	42,197

	Consolidated			
Associate	12/31/2021	12/31/2020	12/31/2019	01/01/19
Sol + Lar	**-**	-	91	41
	-	-	91	41

(In thousands of reais - R$, unless otherwise stated)

13. Investments (Continued)

b) Changes in investments in subsidiaries

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

Changes in 2021

	12/31/2020 (restated)	Capital increase/reserves	Future capital contribution	Dividend payment	Equity pickup	Disposal/assignment and transfer of units of interest/write-off	12/31/2021
EBES ADM	4,818	-	-	-	482	(5,300)	-
Brasília De Minas	(24)	-	-	-	24	-	-
Lambari	(2)	-	31	-	(14)	(15)	-
São Bento	8	-	12	-	-	(20)	-
Pimenta	46	-	19	-	(14)	(43)	-
Barreiro	3	25	49	-	(442)	365	-
Lagoa Grande	13	25	93	-	(10,937)	10,806	-
Três Reis	206	241	(86)	-	(2,471)	2,110	-
Guariba	-	1	66	-	(1,622)	1,555	-
João Pinheiro	5,212	392	20	-	(1,541)	(315)	3,768
Finco	250	-	1	-	(21)	-	230
Sagarana	10,188	-	-	-	(428)	-	9,760
Francisco De Sa ll	19,554	1,146	(1,146)	-	(9,915)	(14,836)	(5,197)
Janauba ll	9,438	8,094	(8,093)	(515)	2,111	-	11,036
Manga I	10,697	-	-	-	2,458	-	13,155
Mato Verde	1	11	(2)	-	(7)	-	3
São Francisco lll	6	13	(3)	-	(2)	-	14
São Francisco Angicos	9	42	(42)	-	11	-	20
Várzea Da Palma	4	16	(17)	-	(1)	-	2
Buriti	159	211	(162)	-	(7)	-	201
Capim Branco	16	30	350	-	(84)	-	312
Irai De Minas	167	205	(111)	-	(29)	-	232
Santa Rosa	61	96	405	-	(3)	-	559
Cruzeiro	14	28	1	-	(247)	-	(204)
Marimbondo	12	32	38	-	(2)	-	80

(In thousands of reais - R$, unless otherwise stated)

13. Investments (Continued)

b) Changes in investments in subsidiaries (Continued)

Changes in 2021 (Continued)

	12/31/2020 (restated)	Capital increase/reserves	Future capital contribution	Dividend payment	Equity pickup	Disposal/assignment and transfer of units of interest/write-off	12/31/2021
Campestre	10	**28**	**134**	**-**	**(81)**	**-**	**91**
Six Energy	831	**8**	**107**	**-**	**(1)**	**-**	**945**
Papagaio	10	**16**	**599**	**-**	**(36)**	**-**	**589**
Frutal	3	**9**	**3**	**-**	**(9)**	**-**	**6**
São Gotardo	4	**12**	**145**	**-**	**(74)**	**-**	**87**
Piumhi	4	**12**	**167**	**-**	**(90)**	**-**	**93**
Melgaço	5	**11**	**3,767**	**-**	**44**	**-**	**3,827**
Terra Vista ll	-	**6**	**56**	**-**	**(2)**	**-**	**60**
Santa Martha	4	**6**	**123**	**-**	**(110)**	**-**	**23**
Ponte Alta	1	**6**	**45**	**-**	**(5)**	**-**	**47**
Poutrinha	2	**5**	**1**	**-**	**(5)**	**-**	**3**
Três Amores	-	**5**	**426**	**-**	**(427)**	**-**	**4**
Jacaúna	3	**8**	**(4)**	**-**	**(4)**	**-**	**3**
Vertentes	1	**4**	**3**	**-**	**(5)**	**-**	**3**
Petrolina	3	**5**	**(1)**	**-**	**(4)**	**-**	**3**
Parnamirim	1	**6**	**(1)**	**-**	**(4)**	**-**	**2**
Princesa Dos Canaviais	-	**3**	**6**	**-**	**(6)**	**-**	**3**
Campos Novos	-	**2**	**4**	**-**	**(4)**	**-**	**2**
Bananal	4	**3**	**3,704**	**-**	**77**	**-**	**3,788**
Januária	-	**1**	**53**	**-**	**(1)**	**-**	**53**
Monte Carmelo	-	**1**	**73**	**-**	**(6)**	**-**	**68**
	61,742	**10,765**	**833**	**(514)**	**(23,454)**	**(5,693)**	**43,671**

(In thousands of reais - R$, unless otherwise stated)

13. Investments (Continued)

b) Changes in investments in subsidiaries (Continued)

Changes in 2020

	12/31/2019 (restated)	Capital increase/reserves	Future capital contribution	Dividend payment	Equity pickup	Disposal/assignment and transfer of units of interest/write-off	12/31/2020 (restated)
Finco	287	-	-	-	(37)	-	250
João Pinheiro	5,697	-	2	(908)	421	-	5,212
EBES ADM	1,012	316	(284)	-	3,774	-	4,818
Tiradentes	14,027	-	-	(1,356)	661	(13,332)	-
São Francisco lll	4	19	(6)	-	(11)	-	6
Sagarana	8,559	576	(576)	-	1,629	-	10,188
Janauba ll	691	-	7,786	-	961	-	9,438
Manga I	7,768	7,888	(7,598)	-	2,639	-	10,697
Pampulha	518	-	-	-	182	(700)	-
Francisco De Sa ll	15,574	2,685	(1,538)	(385)	978	2,240	19,554
Janauba Floresta	535	-	-	-	82	(617)	-
São Francisco Angicos	(23)	65	(23)	-	(10)	-	9
Brasilia De Minas	417	-	-	-	99	(540)	(24)
Varzea Da Palma	(1)	6	10	-	(11)	-	4
Six Energy	823	-	14	-	(6)	-	831
Barreiro	(2)	3	22	-	(20)	-	3
Buriti	(1)	3	208	-	(51)	-	159
Irai De Minas	(1)	3	201	-	(36)	-	167
Lagoa Grande	(1)	3	22	-	(11)	-	13
Lambari	(1)	3	115	-	(119)	-	(2)
Santa Rosa	(1)	3	93	-	(34)	-	61
São Bento	(1)	3	49	-	(43)	-	8
Tres Reis	(1)	3	239	-	(35)	-	206
Campestre	(1)	1	28	-	(18)	-	10
Capim Branco	-	1	28	-	(13)	-	16
Cruzeiro	-	1	26	-	(13)	-	14
Papagaio	-	1	16	-	(7)	-	10
Pimenta	-	10	153	-	(117)	-	46

(In thousands of reais - R$, unless otherwise stated)

13. Investments (Continued)

b) Changes in investments in subsidiaries (Continued)

Changes in 2020 (Continued)

	12/31/2019	Capital increase/reserves	Future capital contribution	Dividend payment	Equity pickup	Disposal/assignment and transfer of units of interest/write-off	12/31/2020
	(restated)						(restated)
São Gotardo	-	1	12	-	(9)	-	4
Piumhi	-	1	12	-	(9)	-	4
Mato Verde	1	14	(4)	-	(10)	-	1
Frutal	-	1	10	-	(8)	-	3
Terra Vista ll	-	1	6	-	(7)	-	-
Santa Martha	-	1	6	-	(3)	-	4
Ponte Alta	-	1	3	-	(3)	-	1
Marimbondo	-	1	30	-	(19)	-	12
Jacauna	-	1	7	-	(5)	-	3
Melgaco	-	1	11	-	(7)	-	5
Poutrinha	-	1	7	-	(6)	-	2
Tres Amores	-	0	5	-	(5)	-	-
Vertentes	-	1	4	-	(4)	-	1
Petrolina	-	1	6	-	(4)	-	3
Parnamirim	-	1	4	-	(4)	-	1
Princesa Dos Canaviais	-	-	3	-	(3)	-	-
Campos Novos	-	1	2	-	(3)	-	-
Bananal	-	1	3	-	-	-	4
Non-subsidiaries							-
Sol + Lar	91	-	-	-	-	(91)	-
	55,970	11,622	(886)	(2,649)	10,725	(13,040)	61,742

(In thousands of reais - R$, unless otherwise stated)

13. Investments (Continued)

b) Changes in investments in subsidiaries (Continued)

Changes in 2019

	1/1/2019 (restated)	Acquisition	Capital increase/reserves	Future capital contribution	Dividend payment	Equity pickup	12/31/2019 (restated)
Finco Assessoria Financeira Ltda	249	-	93	-	-	(55)	287
João Pinheiro Solar Ltda	5,816	-	-	-	(755)	636	5,697
EBES Administradora de Consórcios Ltda	51	-	1	315	-	645	1,012
Tiradentes Geração de Energia Solar Ltda	11,583	-	-	1,209	-	1,235	14,027
São Francisco III Geração de Energia Solar Ltda	-	-	1	19	-	(18)	2
Sagarana Geração de Energia Solar Ltda	9,750	-	10,011	(9,424)	-	(1,778)	8,559
Janaúba II Geração de Energia Solar Ltda	483	-	501	(193)	-	(100)	691
Manga Geração de Energia Solar Ltda	197	-	214	7,384	-	(27)	7,768
Pampulha Geração de Energia Solar Ltda	704	-	725	(712)	-	(199)	518
Francisco de SA II Geração de Energia Solar Ltda	13,015	-	-	2,684	-	(125)	15,574
Janaúba Floresta Geração de Energia Solar Ltda	308	-	628	(326)	-	(75)	535
Mato Verde Geração de Energia Solar Ltda	-	-	1	15	-	(15)	1
São Francisco Angicos Geração de Energia Solar Ltda	-	-	1	65	-	(89)	(23)
Brasília de Minas Geração de Energia Solar Ltda	-	-	1	881	-	(465)	417
Várzea de Palmas Geração de Energia Solar Ltda	-	-	1	6	-	(8)	(1)
Six Energy (a)	-	828	72	-	-	(71)	829
Barreiro Geração de Energia Solar Ltda	-	-	-	3	-	(5)	(2)
Buriti Geração de Energia Solar Ltda	-	-	-	3	-	(4)	(1)
Capim Branco Geração de Energia Solar Ltda	-	-	-	-	-	(2)	(2)
Irai de Minas Geração de Energia Solar Ltda	-	-	-	3	-	(4)	(1)
Lagoa Grande Geração de Energia Solar Ltda	-	-	-	3	-	(4)	(1)
Lambari Geração de Energia Solar Ltda	-	-	-	3	-	(4)	(1)
São Bento Geração de Energia Solar Ltda	-	-	-	3	-	(4)	(1)
Santa Rosa Geração de Energia Solar Ltda	-	-	-	3	-	(4)	(1)
Três Reis Geração de Energia Solar Ltda	-	-	-	3	-	(4)	(1)
Campestre Geração de Energia Solar Ltda	-	-	-	-	-	(1)	(1)
Cruzeiro Geração de Energia Solar Ltda	-	-	-	-	-	(2)	(2)
Associates							
Sol + Lar	41		50				91
	42,197	828	12,300	1,947	(755)	(547)	55,970

(a) Subsidiary acquired in 2019 with a calculated goodwill of R$828, Note 16.

(In thousands of reais - R$, unless otherwise stated)

13. Investments (Continued)

c) Investee balances

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

	12/31/2021		12/31/2020		12/31/2019	
Subsidiaries	**Equity**	**Income (loss) for the year (*)**	**Equity**	**Income (loss) for the year (*)**	**Equity**	**Income (loss) for the year (*)**
Finco Assessoria Financeira Ltda	**230**	**462**	250	(36)	(288)	52
João Pinheiro Solar Ltda	**3,135**	**2,867**	5,876	422	(6,361)	(691)
EBES Adm de Consórcios Ltda	**-**	**(482)**	4,818	3,774	(1,012)	(646)
Tiradentes Geração de Energia Solar Ltda	**-**	**-**	12,540	218	(13,638)	(1,600)
Sagarana Geração de Energia Solar Ltda	**10,559**	**443**	11,002	1,623	(9,379)	958
Pampulha Geração de Energia Solar Ltda	**-**	**-**	-	-	(6,097)	21
Manga Geração de Energia Solar Ltda	**12,094**	**(2,412)**	9,682	2,361	(7,031)	765
Francisco SA II Geração de Energia Solar Ltda	**(2,839)**	**10,553**	21,489	1,757	(16,868)	(657)
Janauba Floresta Geração de Energia Solar Ltda	**-**	**-**	-	-	(5,756)	28
Janauba II Geração de Energia Solar Ltda	**11,038**	**(2,055)**	9,496	961	(749)	42
Mato Verde Geração de Energia Solar Ltda	**3**	**7**	1	(10)	(1)	15
São Francisco III Geração de Energia Ltda	**14**	**2**	6	(11)	(4)	16
São Francisco Angicos Geração de Energia Solar Ltda	**91**	**(9)**	82	(11)	(51)	15
Brasilia de Minas Geração de Energia Solar Ltda	**-**	**-**	-	-	(14,770)	26
Varzea de Palmas Geração de Energia Solar Ltda	**2**	**1**	4	(11)	1	8
Six Energy Desenvolvimento de Negócios Ltda	**944**	**1**	831	(6)	(828)	72
Barreiro Geração de Energia Solar Ltda	**-**	**442**	3	(19)	2	5
Buriti Geração de Energia Solar Ltda	**201**	**7**	159	(51)	1	4
Capim Branco Geração de Energia Solar Ltda	**312**	**84**	15	(13)	2	2
Irai de Minas Geração de Energia Solar Ltda	**232**	**29**	167	(36)	1	4
Lagoa Grande Geração de Energia Solar Ltda	**-**	**-**	13	(11)	1	4
Lambari Geração de Energia Solar Ltda	**-**	**15**	2	(119)	1	4
São Bento Geração de Energia Solar Ltda	**-**	**-**	-	(43)	1	4
Santa Rosa Geração de Energia Solar Ltda	**559**	**3**	61	(34)	1	4

(In thousands of reais - R$, unless otherwise stated)

13. Investments (Continued)

c) Investee balances (Continued)

Subsidiaries	12/31/2021 Equity	12/31/2021 Income (loss) for the year (*)	12/31/2020 Equity	12/31/2020 Income (loss) for the year (*)	12/31/2019 Equity	12/31/2019 Income (loss) for the year (*)
Três Reis Geração de Energia Solar Ltda	**-**	**2,471**	206	(35)	1	4
Campestre Geração de Energia Solar Ltda	**91**	**81**	10	(18)	1	1
Cruzeiro Geração de Energia Solar Ltda	**(204)**	**247**	14	(13)	2	2
Papagaio Geração de Energia Solar Ltda	**589**	**36**	10	(7)	-	-
Frutal Geração de Energia Solar Ltda	**6**	**9**	3	(8)	-	-
Pimenta Geração de Energia Solar Ltda	**-**	**14**	38	(117)	-	-
Marimbondo Geração de Energia Solar 23 Ltda.	**80**	**2**	14	(19)	-	-
São Gotardo Geração De Energia 32 Ltda.	**87**	**74**	4	(9)	-	-
Piumhi Geração De Energia 33 Ltda.	**93**	**90**	4	(9)	-	-
Melgaco Geração De Energia 31 Ltda.	**3,661**	**121**	5	(7)	-	-
Terra Vista ll Geração De Energia 30 Ltda	**60**	**2**	-	(7)	-	-
Santa Martha Geração De Energia 29 Ltda.	**23**	**110**	4	(3)	-	-
Ponte Alta Geração De Energia 34 Ltda.	**47**	**5**	4	(3)	-	-
Poutrinha Geração De Energia 37 Ltda.	**3**	**5**	2	(6)	-	-
Tres Amores Geração De Energia 36 Ltda.	**4**	**427**	-	(5)	-	-
Jacauna Geração De Energia 35 Ltda.	**3**	**4**	3	(5)	-	-
Vertentes Geração De Energia 39 Ltda	**3**	**5**	1	(4)	-	-
Petrolina Geração De Energia 38 Ltda	**3**	**4**	3	(4)	-	-
Parnamirim Geração De Energia 40 Ltda	**2**	**4**	1	(4)	-	-
Princesa Dos Canaviais Geração De Energia 41 Ltda	**1**	**6**	-	(3)	-	-
Campos Novos Geração De Energia 42 Ltda	**3**	**4**	-	(3)	-	-
Bananal Geração De Energia Solar 46 Ltda.	**3,703**	**9**	4	-	-	-
Guariba Geração De Energia	**-**	**1,622**	-	-	-	-
Januaria Geração De Energia	**53**	**1**	-	-	-	-
Monte Carmelo Geração De Energia	**69**	**4**	-	-	-	-
Juazeiro Geração de Energia 50 LTDA	**-**	**-**	-	-	-	-
Paratinga Geração de Energia 51 LTDA	**-**	**-**	-	-	-	-

(*) The differences between P&L of subsidiaries and equity pickup refer to elimination of gains on inventories/supplies sold by the parent company.

13. Investments (Continued)

d) Sale of Tiradentes Geração de Energia Solar Ltda.

The Company sold its subsidiary in 2020 and the sale amount was R$13,277, fully received by the Company in June 2020.

This operation resulted in a gain for the Company in the amount of R$122 recorded in the statement of profit or loss under “Other operating income”.

e) Changes in investments in associates

In May 2018, the Company acquired 40% interest in Sol + Lar S.A., without obtaining control.

In 2020, management of Sol + Lar decided to discontinue its operations and, as such, the balance invested by the Company was fully written off in the amount of R$91 under “Other operating expenses”.

(In thousands of reais - R$, unless otherwise stated)

14. Property, plant and equipment

a) <u>Balances</u>

	Individual					
	12/31/2021			12/31/2020	12/31/2019	01/01/2019
	Cost	Accumulated depreciation	Net	Net (restated)	Net (restated)	Net
Machinery and equipment	**290**	**(132)**	**158**	186	210	321
Furniture and fixtures	**670**	**(208)**	**462**	355	388	298
Tools	**104**	**(49)**	**55**	60	66	99
IT equipment	**2,330**	**(834)**	**1,497**	420	408	379
Leasehold improvements	**286**	**(68)**	**218**	144	92	21
Vehicles	**54**	**(54)**	**-**	38	108	271
Communication equipment	**29**	**(22)**	**6**	29	39	55
Facilities	**52**	**(8)**	**45**	34	33	8
Leased machinery and equipment – Solar Farm	**622**	**(406)**	**217**	280	342	404
Assets in use/operation	**4,437**	**(1,781)**	**2,658**	1,546	1,686	1,855
Plant under construction - Solar Farm	**12,032**	**-**	**12,032**	4,664	12,903	3,447
	16,469	**(1,78)**	**14,690**	6,210	14,589	5,303

	Consolidated					
	12/31/2021			12/31/2020	12/31/2019	01/01/2019
	Cost	Accumulated depreciation	Net	Net (restated)	Net (restated)	Net (restated)
Machinery and equipment	**290**	**(132)**	**158**	185	208	319
Furniture and fixtures	**670**	**(208)**	**462**	357	388	298
Tools	**104**	**(49)**	**55**	61	67	99
IT equipment	**2,330**	**(834)**	**1,497**	421	409	380
Leasehold improvements	**286**	**(68)**	**218**	143	94	23
Vehicles	**54**	**(54)**	**-**	36	107	271
Communication equipment	**29**	**(22)**	**6**	29	39	55
Facilities	**52**	**(8)**	**45**	33	33	8
Leased machinery and equipment – Solar Farm	**206,184**	**(14,503)**	**191,681**	149,466	90,208	5,497
Assets in use/operation	**209,999**	**(15,878)**	**194,122**	150,731	91,553	6,950
Plant under construction - Solar Farm	**154,987**	**-**	**154,987**	5,987	84,417	84,712
	364,986	**(15,878)**	**349,109**	156,718	175,970	91,662

(In thousands of reais - R$, unless otherwise stated)

14. Property, plant and equipment (Continued)

b) Changes in property, plant and equipment

Changes in property, plant and equipment for the years ended December 31, 2021, 2020 and 2019 are as follows:

	Individual										
	Machinery and equipment	**Furniture and fixtures**	**Tools**	**IT equipment**	**Leasehold improvements**	**Vehicles**	**Communication equipment**	**Facilities**	**Leased machinery and equipment – Solar Farm**	**Plant under construction - Solar Farm**	**Total**
Balance at January 1, 2019	321	298	99	379	21	271	55	8	404	3,447	5,303
Additions	3	171	2	153	82	-	-	27	-	9,456	9,894
Net write-offs	-	-	(1)	(1)	-	(77)	-	-	-	-	(79)
Depreciation	(41)	(47)	(13)	(123)	(11)	(10)	(16)	(2)	(62)	-	(325)
Discontinued operations	(73)	(34)	(21)	-	-	(76)	-	-	-	-	(204)
At December 31, 2019 (restated)	210	388	66	408	92	108	39	33	342	12,903	14,589
Additions	-	83	-	180	89	-	-	5	-	-	357
Net write-offs	(57)	(44)	(15)	(14)	-	(66)	-	-	-	2	(193)
Depreciation	(40)	(64)	(12)	(154)	(38)	(80)	(10)	(4)	(62)	-	(464)
Discontinued operations	73	34	21	-	-	76	-	-	-	-	204
Provision for losses	-	(42)	-	-	-	-	-	-	-	-	(42)
Transfers (a)	-	-	-	-	-	-	-	-	-	(8,241)	(8,241)
At December 31, 2020 (restated)	186	355	60	420	144	38	29	34	280	4,664	6,210
Additions	**8**	**151**	**9**	**1,355**	**138**	**-**	**-**	**21**	**-**	**7,365**	**9,047**
Net write-offs	**(10)**	**(29)**	**(4)**	**-**	**(19)**	**(11)**	**(19)**	**(6)**	**(1)**	**3**	**(95)**
Depreciation	**(26)**	**(57)**	**(10)**	**(279)**	**(45)**	**(27)**	**(4)**	**(4)**	**(62)**	**-**	**(514)**
Provision for losses		**42**	-	-	-	-	-	-	-	-	**42**
Balance at December 31, 2021	**158**	**462**	**55**	**1,497**	**218**	**-**	**6**	**45**	**217**	**12,032**	**14,690**

(a) Certain pieces of equipment are acquired by the parent company and later transferred to subsidiaries in related parties.

(In thousands of reais - R$, unless otherwise stated)

14. Property, plant and equipment (Continued)

b) Changes in property, plant and equipment (Continued)

	Consolidated										
	Machinery and equipment	Furniture and fixtures	Tools	IT equipment	Leasehold improvements	Vehicles	Communicatio n equipment	Facilities	Leased machinery and equipment - Solar Farm	Plant under construction - Solar Farm	Total
Balances at January 1, 2019 (restated)	319	298	99	380	23	271	55	8	5,497	84,712	91,662
Additions	3	171	2	153	82	-	-	27	-	86,414	86,852
Net write-offs	-	-	-	-	-	(77)	-	-	-	-	(77)
Depreciation	(41)	(47)	(13)	(124)	(11)	(10)	(16)	(2)	(1,998)	-	(2,262)
Transfers	-	-	-	-	-	-	-	-	86,709	(86,709)	-
Discontinued operations	(73)	(34)	(21)	-	-	(77)	-	-	-	-	(205)
At December 31, 2019 (restated)	208	388	67	409	94	107	39	33	90,208	84,417	175,970
Additions	-	83	-	179	89	-	-	5	334	12,812	13,502
Net write-offs	(58)	(43)	(15)	(14)	-	(66)	-	-	(27,444)	-	(27,639)
Depreciation	(40)	(64)	(12)	(154)	(38)	(80)	(10)	(4)	(4,874)	-	(5,276)
Provision for losses	-	(42)	-	-	-	-	-	-	-	-	(42)
Discontinued operations	73	34	21	-	-	77	-	-	-	-	205
Transfers	-	-	-	-	-	-	-	-	91,242	(91,242)	-
At December 31, 2020 (restated)	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**
Net write-offs	**(8)**	**(30)**	**(5)**	**-**	**(18)**	**(11)**	**(18)**	**(5)**	**-**	**-**	**(95)**
Depreciation	**(26)**	**(57)**	**(10)**	**(279)**	**(45)**	**(25)**	**(4)**	**(4)**	**(7,213)**	**-**	**(7,663)**
Provision for losses		**42**									**42**
Transfers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**48,654**	**(48,654)**	**-**
Balance at December 31, 2021	**157**	**463**	**55**	**1,495**	**220**	**2**	**7**	**46**	**191,130**	**155,539**	**349,114**

(i) Refers to PVPs, equipment owned by the Company and its subsidiaries that are leased to energy generation consortia and depreciated over the term of the respective agreements.

(ii) Write-offs of Leased machinery and equipment – Solar Farm refer to sale of the subsidiary Tiradentes Geração de Energia Solar Ltda., described in Note 13.

(iii) Additions to Plant under construction – Solar Farm refer mainly to costs incurred with the construction in progress of photovoltaic generation units (solar farms) in the subsidiaries.

(In thousands of reais - R$, unless otherwise stated)

14. Property, plant and equipment (Continued)

b) Changes in property, plant and equipment (Continued)

As of December 31, 2021, interest in the amount of R$2,777 was capitalized on assets under construction (R$0 at December 31, 2020 and R$2,631 at December 31, 2019).

All machinery and equipment (solar farm) leased and under construction by the Company and its subsidiaries were pledged as collateral for loans, financing and debentures, corresponding to R$346,669 at December 31, 2021 (R$155,453 and R$174,625 at December 31, 2020 and 2019, respectively).

Despite the scenario reflecting the COVID-19 pandemic, as well as the financial situation of the Company, described in Note 1, management concluded that there was no need to record a provision for impairment of the Company's and its subsidiaries' assets.

15. Right-of-use assets and lease liabilities

	Individual				
	Right of use				
	Buildings and improvements	Vehicles	IT equipment	Total	Lease liabilities
Balance at 1/1/2019	105	103	-	208	208
Additions	732	653	55	1,440	1,440
Amortization	(239)	(105)	(7)	(351)	-
Interest	-	-	-	-	93
Payment - principal	-	-	-	-	(329)
Interest paid	-	-	-	-	(93)
Balance at 12/31/2019 (restated)	598	651	48	1,297	1,319
Additions	184	154	-	338	338
Amortization	(393)	(325)	(17)	(735)	-
Interest	-	-	-	-	123
Payment - principal	-	-	-	-	(697)
Interest paid	-	-	-	-	(123)
Balance at 12/31/2020 (restated)	389	480	31	900	960
Additions	**346**	**-**	**-**	**346**	**455**
Amortization	**(66)**	**(22)**	**(17)**	**(105)**	**-**
Write-offs	**(54)**	**(210)**	**-**	**(264)**	**(408)**
Interest	**-**	**-**	**-**	**-**	**130**
Payment - principal	**-**	**-**	**-**	**-**	**(38)**
Interest paid	**-**	**-**	**-**	**-**	**(130)**
Balance at 12/31/2021	**615**	**248**	**14**	**877**	**969**

(In thousands of reais - R$, unless otherwise stated)

15. Right-of-use assets and lease liabilities (Continued)

	Consolidated					
	Right of use					
	Land	Buildings and improvements	Vehicles	IT equipment	Total	Lease liabilities
Balance at 1/1/2019	4,931	105	103	-	5,139	5,139
Additions	557	803	653	55	2,068	2,067
Amortization	(208)	(245)	(105)	(7)	(565)	-
Interest	-	-	-	-	-	757
Payment - principal	-	-	-	-	-	(228)
Interest paid	-	-	-	-	-	(757)
Balance at 12/31/2019 (restated)	5,280	663	651	48	6,642	6,978
Additions	5,553	184	154	-	5,891	5,891
Amortization	(289)	(400)	(325)	(17)	(1,031)	-
Write-offs	(414)	-	-	-	(414)	(451)
Interest	-	-	-	-	-	927
Payment - principal	-	-	-	-	-	(652)
Interest paid	-	-	-	-	-	(927)
Balance at 12/31/2020 (restated)	10,130	447	480	31	11,088	11,766
Additions	**21,899**	**346**	**109**	**-**	**22,354**	**21,674**
Amortization	**(829)**	**(59)**	**(22)**	**(17)**	**(927)**	**-**
Write-offs	**-**	**(68)**	**(320)**	**-**	**(388)**	**-**
Interest	**-**	**-**	**-**	**-**	**-**	**3,728**
Payment - principal	**-**	**-**	**-**	**-**	**-**	**(326)**
Interest paid	**-**	**-**	**-**	**-**	**-**	**(3,728)**
Balance at 12/31/2021	**31,200**	**666**	**247**	**14**	**32,127**	**33,144**

Incremental borrowing rate

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

	Consolidated					
	2021		2020		2019	
Agreement terms	Nominal rate % p.a.	Actual rate % p.a.	Nominal rate % p.a.	Actual rate % p.a.	Nominal rate % p.a.	Actual rate % p.a.
2 years	**20.26%**	15.06%	7.52%	3.28%	10.48%	6.06%
3 years	**21.17%**	16.06%	8.41%	4.17%	10.99%	6.61%
4 years	**21.78%**	16.64%	8.97%	4.68%	11.37%	7.03%
5 years	**22.15%**	17.08%	9.39%	5.09%	11.63%	7.35%
6 years	**22.49%**	17.45%	9.74%	5.44%	11.81%	7.62%
7 years	**22.76%**	17.72%	10.01%	5.67%	11.96%	7.83%
8 years	**23.00%**	17.93%	10.21%	5.83%	12.05%	7.97%
9 years	**23.21%**	18.08%	10.39%	5.98%	12.17%	8.11%
10 years	**23.38%**	18.20%	10.54%	6.11%	12.22%	8.28%
11 to 15 years	**23.65%**	18.47%	10.80%	6.48%	12.49%	8.50%
Above 15 years	**23.76%**	18.58%	11.26%	6.63%	12.90%	8.54%

Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

(In thousands of reais - R$, unless otherwise stated)

15. Right-of-use assets and lease liabilities (Continued)

Amounts recognized in P&L

At December 31, 2021, the amounts recognized in P&L referring to variable payments or leases of low-value assets, not included in the lease liability, were R$2,264 (R$1,326 at December 31, 2020 and R$1,793 at December 31, 2019).

PIS/COFINS credits

The Company is entitled to PIS and COFINS credits on lease agreements upon payment. At December 31, 2021, the potential PIS/COFINS credit amount on the gross payment flow is R$73 – Individual (R$46 in 2020 and R$47 in 2019).

16. Intangible assets

	Individual				Consolidated			
	12/31/2021	12/31/2020 (restated)	12/31/2019 (restated)	01/01/2019 (restated)	12/31/2021	12/31/2020 (restated)	12/31/2019 (restated)	01/01/2019 (restated)
Set Up - Solar Farm (a)	**-**	-	-	-	**21,598**	11,621	9,078	4,346
Goodwill (Note 21.b) (b)	**724**	944	1,164	1,384	**1,551**	1,771	1,991	1,383
Software	**3,009**	438	212	212	**3,010**	438	213	213
Other	**33**	9	16	30	**34**	10	16	30
	3,766	1,391	1,392	1,626	**26,193**	13,840	11,298	5,972

(a) Refers to investments made to develop the customer portfolio of consortia and cooperatives, as per Note 2.5.5.
(b) The Company accounted for the acquisition using the prior method and opted for the continuity of the goodwill amortization upon initial adoption of the CPCs/IFRS.

Changes in intangible assets for the years ended December 31, 2021, 2020 and 2019 are as follows:

	Individual			
	Goodwill	Software	Other	Total
Balances at January 1, 2019 (restated)	1,384	212	30	1,626
Additions	-	65	-	65
Amortization	(220)	(65)	(14)	(299)
At December 31, 2019 (restated)	1,164	212	16	1,392
Additions	-	315	-	315
Amortization	(220)	(89)	(7)	(316)
At December 31, 2020 (restated)	944	438	9	1,391
Additions	**-**	**2,828**	**32**	**2,860**
Amortization	**(220)**	**(256)**	**(7)**	**(483)**
Balance at December 31, 2021	**724**	**3,010**	**34**	**3,768**
Amortization rate %	10	20	20	

(In thousands of reais - R$, unless otherwise stated)

16. Intangible assets (Continued)

	Consolidated				
	Goodwill	Software	Other	Set Up - Solar Farm	Total
Balance at January 1, 2019	1,383	213	30	4,346	5,972
Additions (Note 13)	828	65	-	5,289	6,182
Amortization	(220)	(65)	(14)	(557)	(856)
At December 31, 2019 (restated)	1,991	213	16	9,078	11,298
Additions	-	314	-	6,700	7,014
Amortization	(220)	(89)	(6)	(3,602)	(3,917)
Write-offs	-	-	-	(555)	(555)
At December 31, 2020 (restated)	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 at December 31, 2021	**1,551**	**3,010**	**35**	**21,598**	**26,194**
Amortization rate %	10	20	20	20	

17. Loans and financing

a) <u>Balances</u>

	Individual				Consolidated			
	12/31/2021	12/31/2020	12/31/2019	01/01/19	12/31/2021	12/31/2020	12/31/2019	01/01/19
			(restated)	(restated)			(restated)	(restated)
Loans and financing	**75,253**	46,639	12,685	8,447	**122,727**	98,066	126,799	37,359
Commercial papers (CP)	**177,574**	-	-	-	**177,574**	-	-	-
Green FIDC Solar GD (Social and Environmental Credit Rights Investment Fund - Solar Energy) - FIDC	**-**	-	-	-	**204,312**	-	-	-
Certificates of Real Estate Receivables (CRI)	**-**	-	-	-	**80,156**	-	-	-
Bank – credit balance	**-**	-	-	-	**-**	-	7	-
	252,827	46,639	12,685	8,447	**584,769**	98,066	126,806	37,359
(-) Transaction costs to be appropriated	**(894)**	-	-	-	**(3,511)**	-	-	-
	251,933	46,639	12,685	8,447	**581,258**	98,066	126,806	37,359
Current	**20,109**	22,938	10,801	5,782	**50,529**	27,781	50,091	8,097
Noncurrent	**231,824**	23,701	1,885	2,665	**530,728**	70,285	76,714	29,262
	251,933	46,639	12,686	8,447	**581,257**	98,066	126,805	37,359

(In thousands of reais - R$, unless otherwise stated)

17. Loans and financing (Continued)

b) Changes

Individual – 2021

Description	Interest rate	Currency	Maturity	2020	Borrowings	Accrued interest	Interest paid	Principal paid	Foreign exchange differences	2021	Current	Noncurrent
FRN	**VC USD + 4.24% p.a.**	**USD**	**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 + 4.30% p.a.**	**BRL**	**Jan/23**	**1,754**	**40,000**	**67**	**(34)**	**(1,750)**	**-**	**40,037**	**37**	**40,000**
CP	**CDI + 4.95% p.a.**	**BRL**	**Jan/23**	**-**	**177,000**	**574**	**-**	**-**	**-**	**177,574**	**574**	**177,000**
				46,638	**222,000**	**4,546**	**(3,797)**	**(16,778)**	**218**	**252,827**	**20,929**	**231,898**

Individual – 2020

Type of financing	Interest rate	Currency	Maturity	2019 (restated)	Borrowings	Accrued interest	Interest paid	Principal paid	2020	Current	Noncurrent
Working capital	4.80%	Real	Aug/21	-	3,500	84	(80)	(1,750)	1,754	1,754	-
Agreement (FRN)	2.72%	USD	Jun/20	4,882	-	1,556	(86)	(6,352)	-	-	-
Solar Farm Financing	14.68%	Real	May/23	2,670	-	221	(226)	(2,665)	-	-	-
Working capital	0.86%	Euro	Aug/20	5,134	-	2,463	(22)	(7,575)	-	-	-
Working capital	4.50%	Real	Aug/22	-	10,000	246	(2)	(145)	10,099	6,025	4,074
Working capital	4.50%	Real	Aug/21	-	5,000	95	(78)	-	5,017	5,017	-
Working capital	3.75%	Real	Apr/21	-	3,000	120	(98)	(1,909)	1,113	1,112	1
Working capital	6.54%	Real	Oct/23	-	6,000	123	(82)	-	6,041	1,152	4,889
Working capital	11.75%	Real	Dec/22	-	6,000	28	-	-	6,028	1,794	4,234
Working capital	6.73%	Real	Aug/24	-	8,400	244	(238)	-	8,406	940	7,466
Working capital	8.47%	Real	Mar/24	-	4,050	133	(104)	-	4,079	1,042	3,037
Working capital	12.28%	Real	Mar/21	-	3,039	232	(187)	(3,084)	-	-	-
Working capital	5.00%	Real	Feb/21	-	3,966	198	(198)	(3,966)	-	-	-
Working capital	6.00%	Real	Mar/21	-	1,955	124	(124)	(1,955)	-	-	-
Working capital	6.00%	Real	Mar/21	-	2,726	176	(80)	(1,273)	1,549	1,548	1
Working capital	6.00%	Real	Jun/21	-	2,452	102	-	-	2,554	2,554	-
				12,686	60,088	6,145	(1,605)	(30,674)	46,639	22,938	23,702

EBES Sistema de Energia S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021, 2020 and 2019
(In thousands of reais - R$, unless otherwise stated)

17. Loans and financing (Continued)

b) Changes (Continued)

Individual – 2019

Type of financing	Interest rate	Currency	Maturity	1/1/2019 (restated)	Borrowings	Accrued interest	Interest paid	Principal paid	2019 (restated)	Current	Noncurrent
Working capital	2.7200%	USD	Jun/20	5,002	4,878	125	(129)	(4,993)	4,883	4,882	1
Solar Farm Financing	14.6800%	Real	May/23	3,445	-	368	(363)	(780)	2,670	785	1,885
Working capital	0.8567%	Euro	Aug/20	-	5,119	15	-	-	5,134	5134	-
				8,447	9,997	508	(492)	(5,773)	12,687	10,801	1,886

Consolidated – 2021

Type of financing	Interest rate	Currency	Maturity	2020	Borrowings	Accrued interest	Interest paid	Principal paid	Foreign exchange differences	2021	Current	Noncurrent
CCB	**CDI + 4.30% p.a.**	**BRL**	**Jan/23**	**1754**	**40,000**	**67**	**(34)**	**(1,750)**	**-**	**40,037**	**37**	**40,000.00**
FRN	**VC USD + 4.24% p.a.**	**USD**	**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**	**-**
CP	**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 + 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**

(In thousands of reais - R$, unless otherwise stated)

17. Loans and financing (Continued)

b) Changes (Continued)

Consolidated – 2020

Type of financing	Interest rate	Currency	Maturity	2019 (restated)	Borrowings	Accrued interest	Interest paid	Principal paid	2020	Current	Noncurrent
Working capital	4.80%	Real	Aug/21	-	3,500	84	(80)	(1,750)	1,754	1,754	-
Agreement (FRN)	2.72%	USD	Jun/20	4,882	-	1,556	(86)	(6,352)	-	-	-
Solar Farm Financing	14.68%	Real	May/23	2,670	-	221	(226)	(2,665)	-	-	-
Working capital	0.86%	Euro	Aug/20	5,134	-	2,463	(22)	(7,575)	-	-	-
Working capital	4.50%	Real	Aug/22	-	10,000	246	(2)	(145)	10,099	6,025	4,074
Working capital	4.50%	Real	Aug/21	-	5,000	95	(78)	-	5,017	5,017	-
Working capital	3.75%	Real	Apr/21	-	3,000	120	(98)	(1,909)	1,113	1,112	1
Working capital	6.54%	Real	Oct/23	-	6,000	123	(82)	-	6,041	1,152	4,889
Working capital	11.75%	Real	Dec/22	-	6,000	28	-	-	6,028	1,793	4,235
Working capital	6.73%	Real	Aug/24	-	8,400	244	(238)	-	8,407	940	7,466
Working capital	8.47%	Real	Mar/24	-	4,050	133	(104)	-	4,079	1,042	3,037
Working capital	12.28%	Real	Mar/21	-	3,039	232	(187)	(3,084)	-	-	-
Working capital	5.00%	Real	Feb/21	-	3,966	198	(198)	(3,966)	-	-	-
Working capital	6.00%	Real	Mar/21	-	1,955	124	(124)	(1,955)	-	-	-
Working capital	6.00%	Real	Mar/21	-	2,726	176	(80)	(1,273)	1,549	1,548	1
Working capital	6.00%	Real	Jun/21	-	2,452	102	-	-	2,554	2,554	-
Solar Farm Financing	IPCA + 1.5358%	Real	Jun/33	20,046	-	1,117	(440)	-	20,723	2,057	18,666
Working capital	4.50%	Real	Mar/20	35,130	-	850	(980)	(35,000)	-	-	-
Solar Farm Financing	SELIC + 5.12%	Real	Oct/24	13,705	-	389	(522)	(13,572)	-	-	-
Solar Farm Financing	TLP + 5.4976%	Real	Aug/28	7,116	-	-	-	(7,116)	-	-	-
Solar Farm Financing	SELIC + 5.50%	Real	Nov/29	15,914	-	1,298	(1,412)	(146)	15,654	1,800	13,854
Solar Farm Financing	SELIC + 5.50%	Real	Jun/29	15,059	-	1,247	(1,258)	-	15,048	986	14,062
Solar Farm Financing	SELIC + 6.50%	Real	Aug/28	7,144	-	-	-	(7,144)	-	-	-
				126,800	60,088	11,046	(6,217)	(93,652)	98,065	27,780	70,285

(In thousands of reais - R$, unless otherwise stated)

17. Loans and financing (Continued)

b) Changes (Continued)

Consolidated - 2019

Type of financing	Interest rate	Currency	Maturity	1/1/2019 (restated)	Borrowings	Accrued interest	Interest paid	Principal paid	2019 (restated)	Current	Noncurrent
Working capital	2.7200%	USD	Jun/20	5,002	4,877	125	(129)	(4,993)	4,882	4,882	-
Solar Farm Financing	14.6800%	Real	May/23	3,445	-	367	(363)	(780)	2,669	784	1,885
Working capital	0.8567%	Euro	Aug/20	-	5,119	15	-	-	5,134	5,134	-
Solar Farm Financing	IPCA + 1.5358%	Real	Jun/33	-	19,983	138	(75)	-	20,046	764	19,282
Working capital	4.5000%	Real	Mar/20	-	35,000	388	(258)	-	35,130	35,130	-
Solar Farm Financing	SELIC + 5.12%	Real	Oct/24	15,716	-	1,658	(1,641)	(2,028)	13,705	2,241	11,464
Solar Farm Financing	TLP + 5.4976%	Real	Aug/28	6,059	1,049	744	(736)	-	7,116	246	6,870
Solar Farm Financing	SELIC + 5.50%	Real	Nov/29	-	15,750	164	-	-	15,914	455	15,459
Solar Farm Financing	SELIC + 5.50%	Real	Jun/29	-	15,000	684	(625)	-	15,059	59	15,000
Solar Farm Financing	SELIC + 6.50%	Real	Aug/28	7,137	-	918	(911)	-	7,144	390	6,754
				37,359	96,778	5,201	(4,738)	(7,801)	126,799	50,085	76,714

c) Certificates of Real Estate Receivables (CRI)

In February 2021, the first issue of Certificates of Real Estate Receivables (CRI) was carried out, in the amount of R$80,083 for public distribution, of which R$64,067 of Senior CRIs and R$16,017 of Subordinate CRIs (Note 6), pursuant to the CVM Rule No. 414 and CVM Rule No. 476, maturing on March 28, 2031 and March 28, 2036, respectively. The credits arise from solar farm lease operation projects.

(In thousands of reais - R$, unless otherwise stated)

17. Loans and financing (Continued)

d) Green FIDC Solar GD (Social and Environmental Credit Rights Investment Fund - Solar Energy FIDC)

In March 2021, the Company entered into an Instrument for discounting receivables through Social and Environmental Credit Rights Investment Funds - Solar Energy (FIDC), set up as a close-ended investment fund, in the total amount of R$182,499 with a term of 12 (twelve) years, in accordance with CMN Resolution No. 2,907, CVM Rule No. 356 and the other applicable legal and regulatory provisions. We emphasize that there was no sale of receivables, classified as true sales and, therefore, no amounts were written off of Accounts receivable in 2021, 2020 and 2019.

The objective of the fund is to offer its members the valuation of units of interest by investing funds in the acquisition of Credit Rights arising from solar farms lease projects. The fund consists of senior, mezzanine and subordinated members, and the Company’s subsidiary, Francisco Sá II Geração de Energia S.A, holds all the subordinated units of interest, totaling R$22,992 as of December 31, 2021 (Note 6).

e) Commercial papers

On December 20, 2021, the Company carried out the first issue of Book-entry Commercial Papers, in a single series, in the amount of R$177,000 with a term of 13 (thirteen) months. The net proceeds obtained through the issuance will be used by the Company for the purpose of day-to-day cash management.

f) Maturity schedule

Noncurrent loan and financing installments mature as follows:

Maturity	Individual	Consolidated
2023	223,623	265,836
2024	7,875	46,183
2025	400	36,615
2026	-	34,461
2027	-	32,950
2028	-	31,736
2029	-	29,771
2030	-	26,636
2031	-	12,231
2032	-	4,853
2033	-	4,856
2034	-	3,151
2035	-	3,151
2036	-	788
	231,898	533,218

(In thousands of reais - R$, unless otherwise stated)

17. Loans and financing (Continued)

g) Guarantees

Working capital loans taken range from the absence of collateral to assignment in trust of financial investments and personal guarantees. The loans contracted for Capex financing (Solar Farm project) are mostly guaranteed by assignment in trust of receivables and contract of land use rights, chattel mortgage of units of interest and equipment, in addition to personal guarantee (Note 14).

h) Covenants

The Company has loan agreements which have nonfinancial covenants, the noncompliance of which may result, at the discretion of the respective creditors, after notification, in the early maturity of the debts in question.

As of December 31, 2021, 2020 and 2019, the Company and its subsidiaries are in compliance with the contractual conditions in said agreements.

18. Debentures

a) Balances

	Individual				Consolidated			
	12/31/2021	12/31/2020	12/31/2019	01/01/2019	12/31/2021	12/31/2020	12/31/2019	01/01/2019
Debentures	**220,428**	-	-	-	**220,428**	51,805	-	-
(-) Issue costs to be appropriated (b)	**(1,779)**	-	-	-	**(1,779)**	(1,593)	-	-
	218,649	-	-	-	**218,649**	50,212	-	-
Current	**4,965**	-	-	-	**4,965**	6,653	-	-
Noncurrent	**213,684**	-	-	-	**213,684**	43,559	-	-
	218,649	-	-	-	**218,649**	50,212	-	-

b) Changes

Individual

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**
(-) Issue costs to be appropriated (b)							**(1,779)**	**(248)**	**(1,531)**
							218,649	**4,965**	**213,684**

(In thousands of reais - R$, unless otherwise stated)

18. Debentures (Continued)

b) Changes (Continued)

Consolidated – 2021

Type of financing	Interest rate	Currency	Maturity	2020	Borrowings	Accrued interest	Interest paid	Principal paid	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**
(-) Issue costs to be appropriated									**(1,779)**
									218,649

Consolidated – 2020

Type of financing	Interest rate	Currency	Maturity	2019	Borrowings	Accrued interest	Interest paid	Principal paid	2020
Debentures	CDI + 4.5%	BRL	03/2027	-	50,000	2,618	(813)	-	51,805
(-) Issue costs to be appropriated									(1,593)
									50,212

On March 9, 2020, the subsidiary Francisco Sá II Geração de Energia S.A. raised funds through the first issue of junior nonconvertible debentures in the amount of R$50,000. The debentures were issued to make the necessary investments for the implementation of photovoltaic generation plants.

The amount consisted of a single series, bearing interest of CDI + 4.5% and with a term of seven years from the issue date, maturing, therefore, on March 9, 2027, with (i) monthly payment of interest as of October 2020 and (ii) monthly repayment of principal as of March 2021.

The debentures were guaranteed by chattel mortgage of shares of the subsidiary Francisco Sá II Geração de Energia S.A., as well as the units of interest of the other Company subsidiaries, distribution of profits as dividends or interest on equity, or bonus and other forms of distribution, machinery and equipment of the subsidiary Francisco Sá II and of the other subsidiaries, assignment in trust of receivables and contract of land use rights, in addition to personal guarantee.

In March 2021, the Green FIDC SOLAR GD - Social and Environmental Credit Rights Investment Fund - Solar Energy (“Green FIDC”) was entered into, which is a credit rights investment fund originated from a long-term lease of PVPs, represented by the Company and subsidiaries Francisco Sá II Geração de Energia S.A. with consortia or cooperatives, set up as a close-ended fund with a term of 12 (twelve) years.

18. Debentures (Continued)

b) Changes (Continued)

In April 2021, the junior debentures of Francisco Sá II Geração de Energia S.A. were transferred to Green FIDC and their issue was consequently canceled after Green FIDC entered into an accord and satisfaction agreement with Francisco Sá II Geração de Energia S.A.

In February 2021, the Company raised funds, via the capital market, through the first issue of debentures, with personal guarantee and additional security interest, in a single series, in the amount of R$106,000.

In December 2021, the Company amended the first and second issues of convertible debentures in the amounts of R$106,000 and R$200,000, respectively, and received R$100,000 in advance.

The debentures may be partially or fully converted into common registered shares with no par value issued by the Company, subject to the periods, terms and conditions described for optional conversion to the debenture holder. The Company assessed the probability of occurrence of the liquidity events provided for in the indenture as uncertain at December 31, 2021.

The instruments bear interest corresponding to the fixed rate of twenty-five percent (25%) in the first two years and IPCA +11% from the third year onwards, with quarterly settlements. They are effective for eight years from the date of issuance, and therefore expire in 2029.

c) Covenants

The debentures have financial and nonfinancial covenants, the noncompliance of which may result, at the discretion of the respective creditors, after notification, in the early maturity ore refinancing of the debts. Financial covenants are evaluated by management in accordance with the respective contracts, to wit (i) maintain a ratio between operating cash generation[1] and debt service of operating activities equal to or greater than 1.30x and (ii) maintain a ratio between operating cash generation and debt service[2] of operating activities that does not include subsidiaries in the pre-operating phase equal to or greater than 1.15x, or maintain cash and cash equivalents at an amount higher than R$8,000.

As of December 31, 2021 and 2020, the Company is in compliance with the contractual conditions agreed in the debenture indenture.

1 Operating cash generation = sum of profit or loss for the year, income and social contribution taxes, finance income (costs), depreciation and amortization, equity pickup, impairment losses, income (loss) from discontinued operations, and other operating income (expenses).
2 Debt service = sum of interest expenses, excluding capitalized interest, and debt amortization, which includes all obligations that require interest payments (loans and financing, debentures, lease liabilities).

(In thousands of reais - R$, unless otherwise stated)

18. Debentures (Continued)

d) Maturity schedule

The payment schedule of the noncurrent balance is as follows:

Maturity	Individual and Consolidated
2022	-
2023	-
2024	-
2025	16,141
2026	21,521
2027	21,521
2028	61,874
2029	75,325
2030	18,831
Total	215,213

19. Share-based payment

The Company has a long-term incentive plan granted to its managing officers and employees, elected by the Board of Directors and who freely choose to join the plan. This is considered a payment based on Phantom shares, settled in cash.

The acquisition of the right to the Phantom shares granted will be subject to a grace period of 5 years. After completing the grace period of each installment of the Phantom shares and upon occurrence of a Liquidity Event, the Participant is entitled to receive, in cash, the gross amount corresponding to the appreciation of the Phantom share since the Grant Date. If, within the period of 15 (fifteen) years from the Grant Date, there is no occurrence of a Liquidity Event, all Phantom shares will be automatically canceled, generating no right to the Participant. On the other hand, the Participant will receive, in cash, the amount corresponding to the appreciation of the Phantom shares from the Grant Date to the date of the 15^{th} (fifteenth) anniversary of the grant.

(In thousands of reais - R$, unless otherwise stated)

19. Share-based payment (Continued)

The granting of Phantom shares is detailed below:

	Number of shares	Fair value in reais (average)
At January 1, 2019	183,031	34.02
Granted in the year	100,796	33.46
Balance at December 31, 2019	283,827	27.58
Granted in the year	8,500	42.17
Balance at December 31, 2020	292,327	32.26
Granted in the year	**3,000**	**87.92**
Balance at December 31, 2021	**295,327**	**38.18**

The fair value attributed to Phantoms was determined based on the Black & Scholes pricing model. The following table contains information on the model used for the years ended December 31, 2021, 2020 and 2019:

	2021	2020	2019
Weighted average of fair value at measurement date	**38.18**	32.26	27.58
Dividends yield (%)	**0%**	0%	0%
Expected volatility (%)	**31.93**	41.74	30.26
Risk-free return rate (%)	**11.20**	3.61	5.54
Expected option life	**2.8**	3.1	4.2
Weighted average price of shares	**87.92**	71.44	63.00

The volatility and time to elapse until the strike date were calculated according to assumptions that took into consideration the understanding of management. There are no expected dividends for this plan. The strike price considers the value of at the Phantoms grant date adjusted by the IPCA up to the strike date. The risk-free and inflation-free rate is based on the DI x PRE and DI x IPCA rates published by B3-Brasil, Bolsa, Balcão. The fair value of this liability is reviewed and updated at each reporting period, according to the variation in the fair value of the benefit granted and the acquisition of the exercise right.

In the last three (3) fiscal years, no Phantoms were expired, canceled or exercised.

The Company annually updates the balances to fair value and the variation is recorded in profit or loss for the year, with R$2,875 recorded as share-based compensation expense for the year ended December 31, 2021 (R$1,321 and R$581 at December 31, 2020 and 2019, respectively).

The fair value of the Phantoms is R$10,708 as of December 31, 2021 (R$7,833 and R$6,512 as of December 31, 2020, 2019, respectively).

(In thousands of reais - R$, unless otherwise stated)

20. Provision for contingencies and judicial deposits

The Company and its subsidiaries, in the normal course of their activities, are subject to tax, labor, civil and social security lawsuits. Management, based on the opinion of its legal advisors, set up a provision in an amount considered sufficient to cover the probable losses expected from the outcome of the lawsuits in progress.

Assessment of the likelihood of loss includes an analysis of available evidence, the hierarchy of laws, available case law, latest court decisions on each matter, as well as the opinion of outside legal advisors. The Company reviews its estimates and assumptions on a continuous basis.

	Individual				Consolidated			
	12/31/2021	31/122020	12/31/2019	01/01/19	12/31/2021	12/31/2020	12/31/2019	01/01/19
Judicial deposits	**235**	108	152	152	**243**	108	152	152
Provision for contingencies	**(81)**	-	(3)	(8)	**(81)**	-	(3)	(287)
	154	108	149	144	**162**	108	149	(135)

The changes in the provision for contingencies of the Company and its subsidiaries are presented below:

	Individual			Consolidated			
	Civil	Labor	Total	Civil	Tax	Labor	Total
Balances at January 01, 2019	-	8	8	279	279	8	566
Additions	-	3	3	-	-	3	3
Payments	-	(8)	(8)	(279)	(279)	(8)	(566)
Balances at December 31, 2019	-	3	3	-	-	3	3
Payments	-	(3)	(3)	-	-	(3)	(3)
Balances at December 31, 2020	-	-	-	-	-	-	-
Additions	**18**	**63**	**81**	**18**	**-**	**63**	**81**
Balances at December 31, 2021	**18**	**63**	**81**	**18**	**-**	**63**	**81**

<u>Classification of contingencies as possible losses</u>

As of December 31, 2021, 2020 and 2019, there are contingencies classified as a possible loss (the likelihood of one or more future events occurring is less than probable and greater than remote) which, therefore, were not accounted for in the individual and consolidated financial statements, as follows:

	Individual			Consolidated		
	12/31/2021	12/31/2020	12/31/2019	12/31/2021	12/31/2020	12/31/2019
Tax (a)	**4,027**	3,898	3,797	**4,027**	3,898	3,797
Labor (b)	**1,354**	449	556	**1,777**	449	556
Civil (c)	**58**	32	-	**178**	32	-
	5,439	4,379	4,353	**5,982**	4,379	4,353

(In thousands of reais - R$, unless otherwise stated)

20. Provision for contingencies and judicial deposits (Continued)

Classification of contingencies as possible losses (Continued)

(a) In May 2018, the Company was served a tax delinquency notice issued by the Pará State Finance Department (SEFA-PA) for alleged lack of payment related to the difference in ICMS rates in its operations, in the amount of R$3,671. Additionally, in 2019, the Company was served a tax delinquency notice issued by the municipality of Porto de Moz/PA, due to the alleged lack of payment of Service Tax (ISSQN) in its operations, in the amount of R$357.

(b) These correspond to labor claims from former employees seeking commission payments, overtime and severance pay.

(c) This refers to the collection of invoices deemed improper and lawsuit for breach of contract.

21. Equity

a) Capital

At December 31, 2021, 2020 and 2019, capital totals R$196,369, divided into 4,227,721 registered common shares with no par value.

Shareholders	2021, 2020 and 2019 Number of shares	2021, 2020 and 2019 Equity interest	01/01/2019 Number of shares	01/01/2019 Equity interest
TPG Art I Fundo De Investimento em Participações Multiestratégia em Investimentos no Exterior	**2,334,763**	**55%**	2,334,763	64%
Mitsui & Co.; Ltd.	**713,142**	**17%**	-	0%
MOV Investimentos Ltda.	**708,116**	**17%**	708,116	19%
Sustainable Equity Investments S.A.	**-**	**0%**	141,644	4%
Other	**471,700**	**11%**	471,710	13%
	4,227,721	**100%**	3,656,233	100%

Capital increases

(i) At the Special General Meeting held on April 12, 2019, a capital increase in the amount of R$39,352 was approved, with the subscription of 713,142 registered common shares with no par value, all subscribed and paid in by Mitsui & Co Ltd. for R$63.00 per share, the Company's capital, fully subscribed and paid in, now totaling R$196,369, divided into 4,227,721 registered common shares with no par value;

(ii) Concurrently, on April 12, 2019, a capital reserve was set up by Mitsui & Co Ltd. in the amount of R$5,576 for the purpose of repurchasing the shares of Sustainable Equity Investments S.A.;

(iii) Using funds from the capital reserve account, the Company repurchased, and subsequently canceled, 141,644 registered common shares without par value in the amount of R$4,973, representing the Company's capital. All these shares are held by Sustainable Equity Investments S.A., which is no longer a Company shareholder, as duly approved at the Special General Meeting held on April 12, 2019.

(In thousands of reais - R$, unless otherwise stated)

21. Equity (Continued)

a) Capital (Continued)

Capital increases (Continued)

	Changes
Balance at January 1, 2019	-
Capital reserve set up	5,576
(-) Share buyback	(4,973)
Balance at December 31, 2019	603

The Company's current authorized capital is 16,128,000 registered common shares with no par value, enabling the Company to increase its capital regardless of amendments to the Articles of Incorporation, upon resolution by the Board of Directors, which will set the issue price and other conditions of the respective subscription and payment.

b) Reserves

Legal reserve

The legal reserve is annually set up with allocation of 5% of net income for the year, capped at 20% of capital. The legal reserve aims at ensuring integrity of capital and may only be used to absorb losses and increase capital. Due to the losses recorded in the years ended December 31, 2021, 2020 and 2019, no legal reserve was set up.

Goodwill reserve

On March 31, 2015, former parent company TPG ART Participações 1 S.A. was merged into the Company, generating a goodwill reserve of R$2,211 (residual balance of R$725, R$945 and R$1,164 at December 31, 2021, 2020 and 2019, respectively), based on a report prepared by independent experts, to be amortized over 10 years (Note 16).

Capital reserve

On April 12, 2019, a capital contribution of R$ R$5,576 was made by Mitsui & Co Ltd., used to repurchase shares from Sustainable Equity Investments S.A. for R$ R$4,973, with a remaining reserve balance of RR603.

(In thousands of reais - R$, unless otherwise stated)

21. Equity (Continued)

c) Distribution of dividends

As per the Articles of Incorporation, the Company is required to pay mandatory minimum dividends of 25% of net income computed for each year. Considering the losses recorded, dividends were not paid out as of December 31, 2021, 2020 and 2019.

22. Earnings per share

Basic and diluted

Basic earnings (loss) per share are calculated by dividing income attributable to the Company's shareholders by the weighted average number of common shares issued during the period. The table below shows losses per share (basic and diluted):

	Individual and Consolidated		
	12/31/2021	**12/31/2020**	**12/31/2019**
		(restated)	**(restated)**
Losses from continuing operations attributable to Company shareholders	**(96,108)**	(32,594)	(24,675)
Losses from discontinued operations attributable to Company shareholders	**(88)**	(2,017)	(3,310)
	(96,196)	(34,611)	(27,985)
Weighted average number of shares issued (thousands)	**4,228**	4,228	4,069
Basic and diluted losses per share (in reais – R$)	**(22.75)**	(8.19)	(6.88)

	Individual and Consolidated		
	12/31/2021	**12/31/2020**	**12/31/2019**
		(restated)	**(restated)**
Losses from discontinued operations attributable to Company shareholders	**(88)**	(2,017)	(3,310)
Weighted average number of shares issued (thousands)	**4,228**	4,228	4,069
Basic and diluted losses per share from discontinued operations (in reais – R$)	**(0.02)**	(0.48)	(0.81)

(In thousands of reais - R$, unless otherwise stated)

23. Net operating revenue

	Individual			Consolidated		
	12/31/2021	12/31/2020	12/31/2019	12/31/2021	12/31/2020	12/31/2019
Revenue from goods sold	**101,759**	3,654	21,147	**-**	2,686	10,589
Revenue from services rendered	**17,713**	665	95	**58,142**	47,178	13,662
(-) Returns	**-**	(902)	-	**-**	-	-
(-) Freight	**(2)**	-	-	**(2)**	-	-
(-) Taxes on revenue	**(11,891)**	(499)	(2,093)	**(3,988)**	(2,400)	(1,632)
	107,579	2,918	19,149	**54,152**	47,464	22,619

24. Breakdown of costs and expenses by nature

	Individual			Consolidated		
	12/31/2021	12/31/2020 (restated)	12/31/2019 (restated)	12/31/2021	12/31/2020 (restated)	12/31/2019 (restated)
Raw materials, materials and third-party services	**(96,197)**	(1,664)	(15,141)	**(1,428)**	(4,201)	(6,019)
Third-party services	**(10,271)**	(11,780)	(4,039)	**(11,730)**	(15,141)	(5,072)
Employee salaries and benefits	**(44,014)**	(24,942)	(18,482)	**(44,015)**	(24,942)	(18,522)
Share-based payments	**(2,875)**	(1,321)	(581)	**(2,875)**	(1,321)	(581)
Leases	**(2,264)**	(1,326)	(1,793)	**(2,264)**	(1,326)	(1,793)
Transportation, travel and meals	**(1,973)**	(1,353)	(1,985)	**(1,973)**	(1,352)	(1,985)
Depreciation and amortization	**(1,101)**	(1,220)	(1,060)	**(12,812)**	(9,945)	(3,776)
Tax expenses	**(562)**	104	(785)	**(734)**	(304)	(2,326)
Other (expenses) and revenues	**(1,880)**	(579)	(486)	**(1,968)**	(1,426)	(995)
	(161,152)	(44,081)	(44,726)	**(79,799)**	(60,334)	(41,446)
Cost of services rendered and products sold	**(96,922)**	(3,343)	(17,354)	**(10,100)**	(12,042)	(9,116)
Selling expenses	**(16,068)**	(7,822)	(1,760)	**(16,068)**	(9,628)	(4,114)
General and administrative expenses	**(48,147)**	(32,916)	(25,612)	**(53,631)**	(38,664)	(28,215)
	(161,137)	(44,081)	(44,726)	**(79,799)**	(60,334)	(41,446)

(In thousands of reais - R$, unless otherwise stated)

25. Finance income (costs)

	Individual			Consolidated		
	12/31/2021	**12/31/2020**	**12/31/2019**	**12/31/2021**	**12/31/2020**	**12/31/2019**
Finance costs		**(restated)**	**(restated)**		**(restated)**	**(restated)**
Bank charges	**(114)**	(414)	(215)	**(634)**	(2,316)	(1,241)
Interest, fines and discounts	**(19,472)**	(2,742)	(880)	**(61,494)**	(13,013)	(4,367)
Inflation adjustment				**(5,849)**	-	-
Foreign exchange losses	**(13,943)**	(3,257)	(1,440)	**(13,943)**	(3,257)	(1,440)
	(33,529)	(6,413)	(2,535)	**(81,920)**	(18,586)	(7,048)
Finance income						
Income from short-term investments	**2,780**	318	1,076	**4,606**	590	1,788
Interest income and discounts	**439**	866	2,069	**110**	176	229
Exchange gains	**12,050**	3,261	885	**12,050**	3,260	883
	15,269	4,445	4,030	**16,766**	4,026	2,900
	(18,260)	(1,968)	1,495	**(65,154)**	(14,560)	(4,148)

26. Income and social contribution taxes

a) Current income and social contribution taxes

Below are the calculations of income and social contribution tax expenses for the years indicated:

	Individual			Consolidated		
	12/31/2021	**12/31/2020**	**12/31/2019**	**12/31/2021**	**12/31/2020**	**12/31/2019**
		(restated)	**(restated)**		**(restated)**	**(restated)**
Loss before income and social contribution taxes, including discontinued operations	**(96,196)**	(34,611)	(27,985)	**(91,717)**	(29,656)	(26,366)
Income and social contribution taxes – rate of 34%	**32,707**	11,768	9,515	**31,184**	10,083	8,964
Equity pickup	**(7,977)**	3,647	(186)	**-**	-	-
Unrecorded deferred taxes	**(24,730)**	(15,415)	(9,329)	**(35,145)**	(15,651)	(9,925)
Effect of subsidiaries' taxable profit computed as a percentage of gross revenue	**-**	-	**-**	**(2,236)**	507	(50)
Other	**-**	-	**-**	**1,718**	106	(608)
	-	-	-	**(4,479)**	(4,955)	(1,619)
Effective rate	**-**	-	-	**4.9%**	16.7%	6.1%

(In thousands of reais - R$, unless otherwise stated)

26. Income and social contribution taxes (Continued)

b) Deferred income and social contribution taxes

	Individual and Consolidated		
	12/31/2021	12/31/2020	12/31/2019
Income and social contribution tax loss carryforwards	**61,543**	40,835	25,510
Provision for Phantoms	**3,641**	2,663	2,214
Provision for bonuses	**2,696**	3,256	1,268
Provision for legal contingencies, realization of taxes and other	**1,100**	1,208	1,588
Unrealized foreign exchange differences	**578**	(309)	207
Other	**248**	1,047	263
	69,806	48,700	31,050
(-) Unrecognized deferred tax assets	**(69,806)**	(48,400)	(31,050)
	-	-	-

As of December 31, 2021, the Company computed income and social contribution tax losses of R$185,519 (R$120,102 at December 31, 2020 and R$75,028 at December 31, 2019) for which no deferred income and social contribution tax credits were recognized, since there is no expectation of future taxable profit.

27. Risk and financial instrument management

Risk management

The Company conducts operations with nonderivative financial instruments. Such instruments are managed through operating strategies and internal controls aiming to ensure liquidity, profitability and safety. The control policy consists in permanently monitoring the conditions contracted in comparison with prevailing market conditions. The Company has no investments of a speculative nature, in derivatives or any other risk assets. The results from these operations are consistent with the risk policies and strategies defined by management. The Company’s operations are subject to the risk factors described below:

(In thousands of reais - R$, unless otherwise stated)

27. Risk and financial instrument management (Continued)

Financial instruments - fair value vs. book value

The book value of the main financial instruments does not differ materially from their respective fair values, and they are classified as follows:

	Individual						
	2021	2021	2020	2020	2019	2019	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Fair value measurement
Financial assets							
Amortized cost							
Trade accounts receivable (Note 7)	**5,092**	**5,092**	2,261	2,261	136	136	Level 2
Related parties (Note 10)	**29,908**	**29,908**	28,691	28,691	43,319	43,319	Level 2
Fair value through profit or loss							
Cash and cash equivalents (Note 4)	**31,649**	**31,649**	18,592	18,592	1,128	1,128	Level 2
Restricted cash (Note 5)	**318,685**	**318,685**	2,229	2,229	1,962	1,962	Level 2
Derivative financial instruments (Note 8)	**141**	-	831	-	-		Level 2
Financial liabilities							Level 2
Amortized cost							
Trade accounts payable	**31,227**	**31,227**	4,698	4,698	4,606	4,606	Level 2
Loans and financing (Note 17)	**251,933**	**252,102**	46,639	46,522	12,686	12,654	Level 2
Debentures (Note 18)	**218,649**	**220,445**	-	-	-	-	Level 2
Lease liabilities (Note 15)	**971**	**971**	962	962	1,322	1,322	Level 2
Related parties (Note 10)	**12,296**	**12,296**	-	-	5,000	5,000	Level 2
Fair value through profit or loss							
Derivative financial instruments (Note 8)	**1,738**	**1,738**	-	-	416	416	Level 2
Share-based payments – Phantoms (Note 19)	**10,708**	**10,708**	7,833	7,833	6,512	6,512	Level 3

	Consolidated						
	2021		2020		2019		
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Fair value measurement
Financial assets							
Amortized cost							
Trade accounts receivable (Note 7)	**14,458**	**14,458**	16,217	16,217	5,894	5,894	Level 2
Related parties (Note 10)	**2,195**	**2,195**	1,259	1,259	973	973	Level 2
Fair value through profit or loss							
Cash and cash equivalents (Note 4)	**51,007**	**51,007**	26,580	26,580	20,192	20,192	Level 2
Restricted cash (Note 5)	**321,281**	**321,281**	9,236	9,236	16,057	16,057	Level 2
Marketable securities (Note 6)	**39,009**	**39,009**	-	-	-	-	Level 2
Derivative financial instruments (Note 8)	**141**	**141**	831	831	-	-	Level 2
Financial liabilities							Level 2
Amortized cost							
Trade accounts payable	**34,363**	**34,363**	4,967	4,967	5,987	5,987	Level 2
Loans and financing (Note 17)	**581,257**	**573,456**	98,066	96,750	126,804	125,102	Level 2
Debentures (Note 18)	**218,649**	**220,445**	50,212	51,185	-	-	Level 2
Lease liabilities (Note 15)	**33,769**	**33,769**	11,770	11,770	6,981	6,981	Level 2
Fair value through profit or loss							
Share-based payments – Phantoms (Note 19)	**10,708**	**10,708**	7,833	7,833	6,512	6,512	Level 3
Derivative financial instruments (Note 8)	**1,738**	**1,738**	-	-	416	416	Level 2

27. Risk and financial instrument management (Continued)

a) Risk considerations

Hierarchy

The classification of financial assets and 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 a security corresponds to its maturity value (redemption value) adjusted to present value by the discount factor (referring to the security's maturity date) obtained from the market yield curve in reais. The three levels of fair value hierarchy are as follows:

- Level 1: prices quoted in an active market for identical instruments;
- Level 2: observable input other than prices quoted in an active market that are observable for the asset or liability, directly (such as prices) or indirectly (derived from prices); and
- Level 3: instruments whose relevant factors are not observable market data.

Calculation of fair value - Level 3

The valuation technique to determine the fair value measurement of financial statements classified under Level 3 of the fair value hierarchy, which comprises Phantoms share-based transactions, was the Black-Scholes model.

Significant unobservable data for measurement include: discounted cash flow projections using volatility benchmarking information from comparative listed entities, discount rate (WACC) of 12.4% plus long-term inflation of 3.0%, resulting in 15.4%. We also use the multiples method to determine the share price, whose assumption was also used in determining fair value.

i) *Credit risk*

The Company restricts exposure to credit risks associated with cash and cash equivalents and restricted cash by investing with top-tier financial institutions, without concentration of investments in a single economic group.

27. Risk and financial instrument management (Continued)

a) Risk considerations (Continued)

i) *Credit risk* (Continued)

With respect to accounts receivable, the Company limits its exposure to credit risks by analyzing overdue securities.

Additionally, there is no relevant history of losses, through monitoring of individual position limits, in order to minimize possible problems of default with these accounts receivable.

ii) Interest rate risk

Interest rate risk arises from the possibility that the Company may have gains or losses from fluctuations in interest rates on its financial assets and liabilities. Interest rates contracted on financial investments are mentioned in Note 4.

The Company's exposure to the risk of changes in market's interest rates relates primarily to noncurrent liabilities subject to variable interest rates.

The Company manages its interest rate risk by maintaining a balanced portfolio of loans payable subject to fixed and floating rates (swaps), as detailed in Note 8.

iii) Currency risk

This risk arises from the possibility that the Company may incur losses due to fluctuations in exchange rates, increase amounts raised in the market.

The Company's exposure is basically related to loans and financing as well as acquisitions of equipment in foreign currency. As a measure to mitigate foreign exchange risks, the Company entered into hedging instruments through NDF contracts.

The Company entered into swap instruments linked to the loan agreements to mitigate foreign exchange risks and interest rate risks, as detailed in Note 8.

(In thousands of reais - R$, unless otherwise stated)

27. Risk and financial instrument management (Continued)

a) Risk considerations (Continued)

iv) Liquidity risk

Liquidity risk represents the possible mismatch between the maturity dates of assets and liabilities, which can result in the lack of capacity to meet such obligations. The Company's general policy consists of keeping adequate liquidity levels to ensure that present and future obligations are met and to take advantage of business opportunities, as they arise.

Management believes that the Company has no significant liquidity risk, considering its cash generation capacity. Furthermore, mechanisms and tools enabling fundraising to reverse positions which could adversely affect the Company's liquidity are analyzed from time to time. The following table shows the liquidity risks of significant financial instruments by maturity, and reflect the Company's undiscounted cash flow at December 31, 2021, 2020, 2019 and January 1, 2019:

Consolidated	Balance	Cash flow	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	Above 5 years	Total
At December 31, 2021							
Liabilities:							
Trade accounts payable	**34,363**	**34,363**	**1,145**	**33,218**	**-**	**-**	**34,363**
Loans and financing (Note 17)	**581,257**	**943,783**	**12,352**	**85,971**	**496,524**	**348,936**	**943,783**
Debentures (Note 18)	**218,649**	**582,114**	**-**	**-**	**168,644**	**413,470**	**582,114**
Derivative financial instruments (Note 8)	**1,738**	**1,738**	**260**	**-**	**1,478**	**-**	**1,738**
Lease liabilities (Note 15)	**33,769**	**178,797**	**1,748**	**5,184**	**31,967**	**139,898**	**178,797**
Share-based payments – Phantoms (Note 19)	**10,708**	**10,708**	**-**	**-**	**10,708**	**-**	**10,708**
At December 31, 2020							
Liabilities:							
Trade accounts payable	4,967	4,967	4,768	199	-	-	4,967
Loans and financing (Note 17)	98,066	117,591	3,852	27,156	55,131	31,452	117,591
Debentures (Note 18)	50,212	65,146	349	9,402	43,320	12,075	65,146
Lease liabilities (Note 15)	11,770	41,238	610	1,618	8,059	30,951	41,238
Share-based payments – Phantoms (Note 19)	7,833	7,833	-	-	7,833	-	7,833
At December 31, 2019							
Liabilities:							
Trade accounts payable	5,987	5,987	632	5,355	-	-	5,987
Loans and financing (Note 17)	126,804	158,412	1,525	54,713	56,674	45,500	158,412
Financial instruments (Note 8)	416	416	-	416	-	-	416
Lease liabilities (Note 15)	6,981	19,261	398	1,194	4,780	12,889	19,261
Share-based payments – Phantoms (Note 19)	6,512	6,512	-	-	6,512	-	6,512
At January 1, 2019							
Liabilities:							
Trade accounts payable	8,972	8,972	7,041	1,932	-	-	8,973
Loans and financing (Note 17)	37,359	53,730	422	10,800	27,882	14,626	53,730
Lease liabilities (Note 15)	5,139	16,774	181	543	3,445	12,605	16,774
Financial instruments (Note 8)	31	31	-	31	-	-	31
Share-based payments – Phantoms (Note 19)	5,931	5,931	-	-	5,931	-	5,931

(In thousands of reais - R$, unless otherwise stated)

27. Risk and financial instrument management (Continued)

a) Risk considerations (Continued)

v) Capital structure risk (or financial risk)

This risk arises from the choice the Company makes between own equity (capital contributions and retained earnings) and third party capital to fund its operations. To mitigate liquidity risks and optimize the weighted average cost of capital, management permanently monitors debt levels in accordance with its internal policy.

	Consolidated		
	2021	**2020**	**2019**
Loans, financing and derivatives (Notes 17 and 8)	**582,854**	98,066	127,222
Debentures (Note 18)	**218,649**	50,212	-
Lease liabilities (Note 15)	**33,769**	11,170	6,981
(=) Gross debt	**835,272**	159,448	134,203
(-) Cash and cash equivalents (Note 4)	**(51,007)**	(26,580)	(20,192)
(-) Restricted cash (Note 5)	**(321,281)**	(9,236)	(16,057)
(-) Restricted marketable securities (Note 6)	**(39,009)**	-	-
Net debt	**423,975**	123,632	97,954
Total equity (negative)	**(25,129)**	71,067	105,678

vi) *Regulatory risk*

The Company is subject to the regulations of the Remote Distributed Generation segment. The implications of this legal framework on the Company's current and future profit or loss 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 the criteria for their valuation.

c) Sensitivity analysis of financial instruments

The Company carried out sensitivity analyses based on the net exposure to variable rates of significant outstanding financial assets and liabilities, derivative and nonderivative, assuming that the value of the following assets and liabilities was outstanding during the entire period, adjusted based on estimated rates considering a probable risk behavior scenario that, if materialized, could generate adverse outcomes.

(In thousands of reais - R$, unless otherwise stated)

27. Risk and financial instrument management (Continued)

c) Sensitivity analysis of financial instruments (Continued)

As of December 31, 2021, the Company has short-term investments, restricted cash, marketable securities, loans and financing, debentures and lease liabilities indexed to CDI and IPCA. Financing with fixed interest rates is not part of this analysis.

12/31/2021							
		Consolida ed scenario					
Operation	**Risk**	**3 Increase 35%**	**2 Increase 20%**	**1 Increase 10%**	**1 Decrease 10%**	**2 Decrease 20%**	**3 Decrease 35%**
Exposure to variable indexes							
Assets:							
Short-term investments	Increase/decrease of CDI	450	3,092	2,512	(2,512)	(3,092)	(3,478)
Restricted cash and marketable securities	Increase/decrease of CDI	3,028	2,692	2,187	(2,187)	(2,698)	(3,028)
Liabilities:							
Loans and financing	Increase/decrease of CDI and IPCA	(35,246)	(31,330)	(28,719)	28,719	31,330	35,246
Debentures	Increase/decrease of CDI and IPCA	(13,286)	(11,810)	(10,826)	10,826	11,810	13,286
Lease liabilities	Increase/decrease of CDI and IPCA	(2,290)	(2,099)	(1,909)	1,909	2,099	2,290

28. Insurance coverage

The Company’s property, plant and equipment items are guaranteed by insurance contracts with coverage determined by specialists, taking into account the nature and degree of risk, for amounts considered sufficient by management to cover possible significant losses on its assets and liabilities.

The Company’ policy is to take out insurance coverage on assets subject to risks at amounts deemed sufficient to cover losses, if any, considering the nature of its operations.

(In thousands of reais - R$, unless otherwise stated)

28. Insurance coverage (Continued)

Description	Maximum indemnity limit
Fire, including from riots, lightning, explosion of any kind and implosion	1,000
Errors and Omissions	26,500
Windstorm, Hurricane and Cyclone	30,000
Electrical damages	10,000
Extraordinary expenses	1,000
Streamlining expenses	1,000
Expenses with the disposal of construction waste	1,000
Expenses with accident prevention and rescue	1,000
Expenses with expert fees	1,500
Small engineering works for applications, repairs and renovations	5,000
Recovery of registers and documents	300
Break-in robbery and theft of goods (conditional on the existence of 24/7 surveillance at the risk location)	2,500
Flooding and/or inundation	5,000
Loss of profit	9,000
Equipment breakdown (property damage)	15,000
D&O (Civil Liability)	500