

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

Neoenergia S.A.

Report on Review of
Interim Financial Information
for the Six-month Period Ended
June 30, 2023

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and Management of
Neoenergia S.A.

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Neoenergia S.A. ("Company"), included in the Interim Financial Information Form (ITR) for the quarter ended June 30, 2023, which comprises the statement of financial position as of June 30, 2023, and the related statements of income and of comprehensive income for the three- and six-month periods then ended, and of changes in shareholders' equity and of cash flows for the six-month period then ended, including the explanatory notes.

Management's Company is responsible for the preparation of this individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the ITR referred to above was not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34, applicable to the preparation of ITR, and presented in accordance with the standards issued by the CVM.

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Other matters

Statements of added value


The interim financial information referred to above includes the individual and consolidated statements of added value ("DVA") for the six-month period ended June 30, 2023, prepared under the responsibility of the Company's Management and presented as supplemental information for international standard IAS 34 purposes. These statements were subject to the review procedures performed together with the review of the ITR to reach a conclusion on whether they are reconciled with the interim financial information and the accounting records, as applicable, and if their form and content are consistent with the criteria set forth in technical pronouncement CPC 09 - Statement of added value. Based on our review, nothing has come to our attention that causes us to believe that these statements of added value were not prepared, in all material respects, in accordance with CPC 09 and consistently with the accompanying individual and consolidated interim financial information taken as a whole.

Convenience Translation

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

Rio de Janeiro, July 25, 2023


DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.


Jonathan José Medeiros de Barcelos
Engagement Partner

HIGHLIGHTS (R\$ MM) 2Q23	2Q23	2Q22	Δ %	6M23	6M22	Δ %
Net Operating Revenue	10,534	9,642	9%	21,641	19,524	11%
Gross Margin	3,992	4,316	(8%)	8,752	8,496	3%
Operating Expenses	(1,014)	(965)	5%	(1,984)	(1,854)	7%
EBITDA	2,662	3,226	(17%)	6,282	6,395	(2%)
Financial Income (Loss)	(1,321)	(1,156)	14%	(2,593)	(2,073)	25%
Profit assigned to controlling shareholders	728	1,075	(32%)	1,943	2,287	(15%)
Financial Asset (Concession)	180	676	(73%)	829	1,208	(31%)
IFRS 15	253	298	(15%)	615	507	21%
Corporate Operations	(137)	-	-	(137)	-	-
Adjusted EBITDA	2,366	2,252	5%	4,975	4,680	6%



OPERATING INDICATORS						
Total Inject Energy (GWh) (SIN + Isolated Systems + DG)	19,873	19,359	2.7%	40,382	39,344	2.6%
Distributed Energy (GWh) (1)	16,805	16,686	0.7%	33,536	33,514	0.1%
Number of Customers (thousand) (1)	16,193	15,877	2.0%			

Financial Debt Indicators	2Q23	2022	Variation
Net Debt(1)/EBITDA(2)	3.33	3.15	0.18
Corporate Rating (S&P)	AAA	AAA	-

(1) Net Debt of cash and cash equivalents, short-term investments and securities.

(2) EBITDA 12 months

Adjusted EBITDA reaches R\$ 2.4 billion in the 2Q23 and R\$ 5.0 billion in 6M23 (+6% vs. 6M22).

- Total energy injected, including DG, of 19,873 GWh in the 2Q23, +2.7% vs. 2Q22, and 40,382 GWh in 6M23, +2.6% vs. 6M22, due to improved market conditions in Bahia, Pernambuco and Rio Grande do Norte;
- Operating expenses of R\$ 1,014 million in the 2Q23 (+5.1% vs. 2Q22) and R\$ 1,984 million in 6M23 (+7.0% vs. 6M22). Normalizing the new transmission lots and renewables projects, growth of 4.6% in the 2Q23 and 6.1% in 6M23, in line with inflation and absorbing a larger number of customers;
- Capex of R\$ 2.2 billion in the 2Q23 and R\$ 4.3 billion in 6M23. Highlight on investments in distribution to meet organic growth, for the investments in the transmission lots and in the conclusion of the Oitis (wind) and Luzia (solar) projects;
- Net debt/EBITDA of 3.33x in the 2Q23 (vs. 3.15x in the 4Q22);
- Neoenergia Coelba included in the Regulatory Loss! Four of the five distributors of the group are below the regulatory limit;
- Conclusion of Wind Complex Oitis, of 566.5 MW, located in the states of Bahia and Piauí.

2Q23 TELECONFERENCE
 Wednesday, July 26, 2023
Time: 10:00 (BRT) | 9:00 (ET)
(with simultaneous translation into English)
Telephone number for connection: +55 (11) 3181-8565 or +55 (11) 4090-1621
EUA/Canada: (Toll Free) +1 844 204-8942 – (Dial In) +1 412 717-9627
Other countries: +1 412 717-9627 or +55 (11) 3181-8565
Password: Neoenergia
Access to Webcast: <https://choruscall.com.br/neoenergia/2q23.htm>

NEOENERGIA S.A. DISCLOSES THE RESULTS FOR THE SECOND QUARTER AND FIRST HALF OF 2023 (2Q23 AND 6M23) BASED ON MANAGEMENT ANALYSES THAT THE BOARD OF DIRECTORS UNDERSTANDS TO TRANSLATE THE COMPANY'S BUSINESS IN THE BEST MANNER AND RECONCILED WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS – IFRS.

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1. ECONOMIC-FINANCIAL PERFORMANCE

1.1. Consolidated

CONSOLIDATED STATEMENT OF INCOME (R\$ MN)	2Q23	2Q22	Variation		6M23	6M22	Variation	
			R\$	%			R\$	%
Net Operating Revenue (1)	10,534	9,642	892	9%	21,641	19,524	2,117	11%
Energy Costs (2)	(6,722)	(6,002)	(720)	12%	(13,718)	(12,236)	(1,482)	12%
Gross Margin w/out Concession Financial Assets	3,812	3,640	172	5%	7,923	7,288	635	9%
Concession Financial Assets (VNR)	180	676	(496)	(73%)	829	1,208	(379)	(31%)
GROSS MARGIN	3,992	4,316	(324)	(8%)	8,752	8,496	256	3%
Operating Expenses	(1,014)	(965)	(49)	5%	(1,984)	(1,854)	(130)	7%
Provisions for Delinquency (PECLD)	(185)	(128)	(57)	45%	(361)	(258)	(103)	40%
(+) Equity Accounting / Corporate Operations	(131)	3	(134)	N/A	(125)	11	(136)	N/A
EBITDA	2,662	3,226	(564)	(17%)	6,282	6,395	(113)	(2%)
Depreciation	(626)	(537)	(89)	17%	(1,235)	(1,064)	(171)	16%
Financial Income (Loss)	(1,321)	(1,156)	(165)	14%	(2,593)	(2,073)	(520)	25%
IR/CS	31	(440)	471	(107%)	(474)	(927)	453	(49%)
Minority shareholdings	(18)	(18)	-	-	(37)	(44)	7	(16%)
NET INCOME	728	1,075	(347)	(32%)	1,943	2,287	(344)	(15%)

(1) Considers Construction Revenue

(2) Considers Construction Costs

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

Neoenergia ended the 2Q23 with Gross Margin without VNR (Concession Financial Assets) of R\$ 3,812 million, +5% vs. 2Q22, impacted by the effects of: (i) the 2022 Tariff Resets of Neoenergia Coelba, Neoenergia Pernambuco and Neoenergia Cosern effective as of the end of April/22 (variation of Parcel B: +14.14%, +14.82% and +14.75% respectively), of Neoenergia Elektro, effective as of the end of August/22 (variation of Parcel B: +9.32%) and of Neoenergia Brasília, effective as of the beginning of November/22 (variation of Parcel B: +5.2%); (ii) the Tariff Reviews of Neoenergia Coelba and Neoenergia Cosern in April 2023, Variation of Parcel B +2.5% and +0.25%, respectively; (iii) the best result of Renewables given the start of operation the Oitis Wind and Luzia Solar Complexes; and (iv) the lower Margin of Termopernambuco. The Gross Margin was R\$ 3,992 million in the 2Q23 (-8% vs. 2Q22), impacted by the reduction of VNR due to the lower IPCA in the period.

In the year-to-date, Gross Margin without VNR was R\$ 7,923 million (+9% vs. 6M22), impacted by the effects of: (i) the 2022 Tariff Resets of Neoenergia Coelba, Neoenergia Pernambuco and Neoenergia Cosern effective as of the end of April/22 (variation of Parcel B: +14.14%, +14.82% and +14.75% respectively), of Neoenergia Elektro, in effect as of the end of August/22 (variation of Parcel B: +9.32%) and of Neoenergia Brasília, in effect as of the beginning of November/22 (variation of Parcel B: +5.2%); (ii) the Tariff Reviews of Neoenergia Coelba and Neoenergia Cosern in April 2023, variation of Parcel B +2.5% and +0.25%, respectively; (iii) higher Capex in transmission; (iv) the best result in Renewables due to the start of operation of Wind Complexes Chafariz and Oitis and Solar Complex Luzia; and (v) lower margin in Termopernambuco. Gross Margin was R\$ 8,752 million in 6M23 (+3% vs. 6M22), impacted by the reduction in VNR due to the lower IPCA in the period.

Operating expenses amounted to R\$ 1,014 million in the 2Q23 (+5.1% vs. 2Q22) and R\$ 1,984 million in 6M23 (+7.0% vs. 6M22). Normalizing the new transmission lots and renewable projects, growth is equivalent to 4.6% in the 2Q23 and 6.1% in 6M23, in line with inflation, absorbing the larger number of consumers.

PECLD amounted to R\$ 185 million in the 2Q23, +R\$ 57 million vs. 2Q22 and R\$ 361 million in 6M23, +R\$ 103 million vs. 6M22, negatively impacted by the non-recurring effect of the filing for bankruptcy of large clients. The consolidated indicator PECLD/Gross Revenue of Neoenergia in the 2Q23 was 1.58%, below that noted in the 1Q23, of 1.63%, above the regulatory level of 1.05%.

In the 2Q23 -R\$ 137 million was recorded as adjustment to the fair value regarding the corporate operation of transmission lines at the level of the sale of 50% of equity interest to GIC, as announced in April 2023.

As result of the effects showed, EBITDA amounted to R\$ 2,662 million in the 2Q23 (-17% vs. 2Q22) and R\$ 6,282 million in 6M23 (-2% vs. 6M22). As to Adjusted EBITDA it amounted to R\$ 2,366 million in the 2Q23 (+5% vs. 2Q22) and R\$ 4,975 million in 6M23 (+6% vs. 6M22).

The Consolidated Financial Income (Loss) was -R\$ 1.321 million in the 2Q23, worsened by R\$ 165 million when compared to the 2Q22. In 6M23 it was -R\$ 2,593 million, worsened by R\$ 520 million vs. 6M22. That variation can be mainly explained by higher expenses with debt charges, higher CDI, in addition to the increase in the average balance of the debt due to funding used for the Capex of new transmission, wind and solar projects, in addition to Distributors.

The IR/CS item for the quarter was +R\$ 31 million, vs. -R\$ 440 million in the 2Q22, positively impacted due to increase in the percentage of incentivized activity which impacts the operating profit that is the basis for the calculation of the benefit. The year-to-date amount was -R\$ 474 million vs. -R\$ 927 million in 6M22.

Net income ended the quarter at R\$ 728 thousand (-32% vs. 2Q22) and the half year at R\$ 1,943 million (-15% vs. 6M22).

1.2. Networks

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

NETWORKS STATEMENT OF INCOME (R\$ MN)	2Q23	2Q22	Variation		6M23	6M22	Variation	
			R\$	%			R\$	%
Net Revenue	10,181	9,298	883	9%	20,941	18,839	2,102	11%
Energy Costs	(6,919)	(6,268)	(651)	10%	(14,090)	(12,735)	(1,355)	11%
Gross Margin w/out Concession Financial Assets	3,262	3,030	232	8%	6,851	6,104	747	12%
Concession Financial Assets (VNR)	180	676	(496)	(73%)	829	1,208	(379)	(31%)
Gross Margin	3,442	3,706	(264)	(7%)	7,680	7,312	368	5%
Operating Expenses	(831)	(799)	(32)	4%	(1,638)	(1,558)	(80)	5%
Provisions for Delinquency (PECLD)	(185)	(125)	(60)	48%	(361)	(255)	(106)	42%
Corporate Operations	(137)	-	(137)	-	(137)	-	(137)	-
EBITDA	2,289	2,782	(493)	(18%)	5,544	5,499	45	1%
Depreciation	(470)	(402)	(68)	17%	(941)	(786)	(155)	20%
Financial Income (Loss)	(1,148)	(878)	(270)	31%	(2,250)	(1,564)	(686)	44%
IR CS	62	(384)	446	(116%)	(384)	(803)	419	(52%)
NET INCOME	733	1,118	(385)	(34%)	1,969	2,346	(377)	(16%)

The segment Networks ended the 2Q23 with Gross Margin without VNR of R\$ 3,262 million, +8% vs. 2Q22, impacted by the effects of: (i) the 2022 Tariff resets of Neoenergia Coelba, Neoenergia Pernambuco and Neoenergia Cosern in effect as of the end of April/22 (variation of Parcel B: +14.14%, +14.82% and +14.75% respectively), of Neoenergia Elektro, effective as of the end of August/22 (variation of Parcel B: +9.32%) and of Neoenergia Brasília, effective as of the beginning of November/22 (variation of Parcel B: + 5.2%); (ii) the Tariff Reviews of Neoenergia Coelba and Neoenergia Cosern in April 2023, variation of Parcel B +2.5% and +0.25%, respectively; and (iii) the new lots in operation. Gross Margin amounted to R\$ 3,442 million in the 2Q23 (-7% vs. 2Q22), impacted by the reduction in VNR due to the lower IPCA recorded in the period.

In the year-to-date, the Gross Margin without VNR was R\$ 6,851 million (+12% vs. 6M22), impacted by the effects of: (i) the 2022 Tariff Resets of Neoenergia Coelba, Neoenergia Pernambuco and Neoenergia Cosern in effect as of the end of April/22 (variation of Parcel B: +14.14%, +14.82% and +14.75% respectively), of Neoenergia Elektro, effective as of the end of August/22 (variation of Parcel B: +9.32%) and of Neoenergia Brasília, in effect as of the beginning of November/22 (variation of Parcel B: + 5.2%); (ii) the Tariff Reviews of Neoenergia Coelba and Neoenergia Cosern in April 2023, variation of Parcel B +2.5% e +0.25%, respectively; (iii) the higher Capex in transmission (iv) the new lots in operation. Gross Margin was R\$ 7,680 million no 6M23 (+5% vs. 6M22), impacted by the lower VNR due to the lower IPCA recorded in the period.

Operating expenses amounted to R\$ 831 million in the 2Q23 (+4.0% vs. 2Q22) and R\$ 1,638 million in 6M23 (+5.1% vs. 6M22). Normalizing the effects of the new transmission businesses, growth is 3.8% in the 2Q23 and 4.8% in 6M23, below the inflation for the period and absorbing the growth in customers' base.

PECLD was R\$ 185 million in the 2Q23, +R\$ 60 million vs. 2Q22 and R\$ 361 million in 6M23, +R\$ 106 million vs. 6M22, explained by the one-off effect of the filing for bankruptcies of large clients.

In the 2Q23 -R\$ 137 million was recorded as adjustment to the fair value regarding the corporate operation of transmission lines at the level of the sale of 50% of equity interest to GIC, as announced in April 2023.

As a result of the abovementioned effects, EBITDA amounted to R\$ 2,289 million in the 2Q23 (-18% vs. 2Q22) and R\$ 5,544 million in 6M23 (in line with 6M22). As to Adjusted EBITDA, it amounted to R\$ 1,993 million in the 2Q23 (+10% vs. 2Q22) and R\$ 4.237 million in 6M23 (+12% vs. 6M22).

The IR/CS item for the quarter was +R\$ 62 million, vs. -R\$ 384 million in the 2Q22, positively impacted due to increase in the percentage of incentivized activity which impacts the operating profit that is the basis for the calculation of the benefit. In the year-to-date, it was -R\$ 384 million, vs. -R\$ 803 million in 6M22.

Net income ended the quarter at R\$ 733 thousand (-34% vs. 2Q22) and the half year at R\$ 1,969 million (-16% vs. 6M22), impacted by the worsening in the financial income (loss), due to the increase in the CDI rate and its effect on debt charges, in addition to the increase in the average debt balance.

S/I TRANSMISSION (R\$ MM)	2Q23	2Q22	Variation		6M23	6M22	Variation	
			R\$	%			R\$	%
Net Revenue	1,297	973	324	33%	2,533	1,659	874	53%
Construction Costs	(882)	(549)	(333)	61%	(1,617)	(904)	(713)	79%
Gross Margin	415	424	(9)	(2%)	916	755	161	21%
Operating Expenses	(59)	(48)	(11)	23%	(96)	(74)	(22)	30%
Corporate Operations	(137)	-	(137)	-	(137)	-	(137)	-
EBITDA	219	376	(157)	(42%)	683	681	2	0%
Depreciation	(1)	-	(1)	-	(3)	-	(3)	-
Financial Income (Loss)	(148)	(136)	(12)	9%	(276)	(233)	(43)	18%
IR CS	(59)	(62)	3	(5%)	(166)	(124)	(42)	34%
NET INCOME	11	178	(167)	(94%)	238	324	(86)	(27%)
IFRS15	253	298	(45)	(15%)	615	507	108	21%

Transmission companies showed Gross Margin of R\$ 415 million in the quarter (-2% vs. 2Q22), explained by the lower RAP inflation adjustment in the contractual assets calculation model between the periods compared, and R\$ 916 million in 6M23 (+21% vs. 6M22), explained by higher IFRS, due to higher Capex.

Operating expenses totaled R\$ 59 million in the 2Q23, R\$ 11 million above 2Q22, and R\$ 96 million in the year-to-date (+R\$ 22 million vs. 6M22), due to one-off expenses associated with studies for the June 2023 auction and new lots in operation.

In the 2Q23 -R\$ 137 million was recorded as adjustment to the fair value regarding the corporate operation of transmission lines at the level of the sale of 50% of equity interest to GIC, as announced in April 2023.

As a result of these effects, transmission EBITDA ended the quarter at R\$ 219 million (-42% vs. 2Q22) and the half year at R\$ 683 million, in line with 6M22. Adjusted EBITDA (ex-IFRS and Corporate Operations) for the quarter was R\$ 103 million (+32% vs. 2Q22) and R\$ 205 million for the half year (+18% vs. 6M22).

Net Income was R\$ 11 million in the 2Q23 (-R\$ 167 million vs. 2Q22) and R\$ 238 million in 6M23 (-R\$ 86 million vs. 6M22).

1.2.1. NEOENERGIA COELBA

STATEMENT OF INCOME (R\$ MN)	2Q23	2Q22	Variation		6M23	6M22	Variation	
			R\$	%			R\$	%
Net Revenue	3,433	3,191	242	8%	7,074	6,548	526	8%
Energy Costs	(2,114)	(1,996)	(118)	6%	(4,361)	(4,150)	(211)	5%
Gross Margin w/out Concession Financial Assets	1,319	1,195	124	10%	2,713	2,398	315	13%
Concession Financial Assets (VNR)	100	314	(214)	(68%)	468	585	(117)	(20%)
Gross Margin	1,419	1,509	(90)	(6%)	3,181	2,983	198	7%
Operating Expenses	(328)	(329)	1	(0%)	(664)	(634)	(30)	5%
Provisions for Delinquency (PECLD)	(87)	(47)	(40)	85%	(141)	(104)	(37)	36%
EBITDA	1,004	1,133	(129)	(11%)	2,376	2,245	131	6%
Depreciation	(209)	(183)	(26)	14%	(413)	(356)	(57)	16%
Financial Income (Loss)	(448)	(347)	(101)	29%	(894)	(632)	(262)	41%
IR CS	83	(136)	219	(161%)	(69)	(272)	203	(75%)
NET INCOME	430	467	(37)	(8%)	1,000	985	15	2%

Neoenergia Coelba recorded a gross margin excluding VNR of R\$ 1,319 million in the 2Q23 (+10% vs. 2Q22) and R\$ 2,713 million in 6M23 (+13% vs. 6M22), due to the variation of Parcel B of +2.5% in April/23 and +14.14% in April/22, due to the increase in the customer base (+2.1%) and lower losses. Gross margin was R\$ 1,419 million in the 2Q23 (-6% vs. 2Q22) and R\$ 3,181 million in 6M23 (+7% vs. 6M22), impacted by the lower VNR due to the lower IPCA rate in the period.

Operating expenses amounted to R\$ 328 million in the 2Q23, in line with the 2Q22 and R\$ 664 million in 6M23 (+5% vs. 6M22), absorbing the inflation observed in the period and the growth in the customer base.

In the quarter, PECLD totaled R\$ 87 million, +R\$ 40 million vs. 2Q22, and in the first half it accounted for R\$ 141 million, +R\$ 37 million vs. 6M22, negatively impacted by the non-recurring effect of bankruptcy filings of large customers.

As a result of the abovementioned variations, EBITDA was R\$ 1,004 million in the quarter (-11% vs. 2Q22) and R\$ 2,376 million in the half year (+6% vs. 6M22). Adjusted EBITDA (ex-VNR) in the 2Q23 was R\$ 904 million, +10% vs. 2Q22, and in 6M23 it was R\$ 1,908 million, +15% vs. 6M22.

The Financial Income (Loss) was -R\$ 448 million in the 2Q23 (vs. -R\$ 347 million in 2Q22) and -R\$ 894 million in 6M23 (vs. -R\$ 632 million in 6M22), due to the increase in the CDI and its effect on debt charges, in addition to the increase in the average debt balance.

The IR/CS item for the quarter was R\$ 83 million, vs. -R\$ 136 million in the 2Q22, positively impacted due to increase in the percentage of incentivized activity which impacts the operating profit that is the basis for the calculation of the benefit. In the year-to-date, it was -R\$ 69 million, vs. -R\$ 272 million in 6M22.

Net Income was R\$ 430 million in the 2Q23, -8% vs. 2Q22, and R\$ 1,000 million in 6M23, +2% vs. 6M22.

1.2.2. NEOENERGIA PERNAMBUCO

STATEMENT OF INCOME (R\$ MN)	2Q23	2Q22	Variation		6M23	6M22	Variation	
			R\$	%			R\$	%
Net Revenue	1,993	1,798	195	11%	4,065	3,668	397	11%
Energy Costs	(1,441)	(1,349)	(92)	7%	(2,966)	(2,729)	(237)	9%
Gross Margin w/out Concession Financial Assets	552	449	103	23%	1,099	939	160	17%
Concession Financial Assets (VNR)	30	95	(65)	(68%)	126	198	(72)	(36%)
Gross Margin	582	544	38	7%	1,225	1,137	88	8%
Operating Expenses	(184)	(174)	(10)	6%	(353)	(345)	(8)	2%
Provisions for Delinquency (PECLD)	(64)	(41)	(23)	56%	(134)	(98)	(36)	37%
EBITDA	334	329	5	2%	738	694	44	6%
Depreciation	(96)	(87)	(9)	10%	(193)	(173)	(20)	12%
Financial Income (Loss)	(278)	(211)	(67)	32%	(523)	(368)	(155)	42%
IR CS	17	(17)	34	(200%)	(4)	(56)	52	(93%)
NET INCOME	(23)	14	(37)	(264%)	18	97	(79)	(81%)

Neoenergia Pernambuco showed gross margin without VNR of R\$ 552 million in the 2Q23 (+23% vs. 2Q22) and R\$ 1,099 million in 6M23 (+17% vs. 6M22), impacted by the variation of Parcel B of +14.82% in April/22 and the increase in the customer base (+2.2%). Gross margin was R\$ 582 million in the 2Q23 (+7% vs. 2Q22) and R\$ 1,225 million in 6M23 (+8% vs. 6M22), despite the reduction in VNR due to the lower IPCA in the period.

Operating expenses amounted to R\$ 184 million in the 2Q23 (+6% vs. 2Q22) and R\$ 353 million in 6M23 (+2% vs. 6M22), absorbing the inflation observed in the period and the growth in the number of customers, confirming costs discipline.

In the quarter, PECLD totaled R\$ 64 million, R\$ 23 million in excess of that recorded in the same period of the previous year, and year-to-date amounted to R\$ 134 million, R\$ 36 million above 6M22, negatively impacted by the non-recurring effect of the bankruptcy filings of large clients.

As a result of the abovementioned variations, EBITDA in the quarter was R\$ 334 million, +2% vs. 2Q22 and, in the year-to-date, EBITDA ended at R\$ 738 million, +6% vs. 6M22. Additionally, Adjusted EBITDA (ex-VNR) in the 2Q23 was R\$ 304 million, +30% vs. 2Q22 and in 6M23 it was R\$ 612 million, +23% vs. 6M22.

The Financial Income (Loss) was -R\$ 278 million in the 2Q23 (vs. -R\$ 211 million in 2Q22) and -R\$ 523 million in 6M23 (vs. -R\$ 368 million in 6M22), due to the increase in the CDI and its effect on debt charges, in addition to the increase in the average debt balance.

The IR/CS item for the quarter was +R\$ 17 million, vs. -R\$ 17 million in the 2Q22, positively impacted due to increase in the percentage of incentivized activity which impacts the operating profit that is the basis for the calculation of the benefit. In the year-to-date the item amounted to -R\$ 4 million, vs. -R\$ 56 million in 6M22.

Net Loss was R\$ 23 million in the 2Q23 (-R\$ 37 million vs. 2Q22) and Net Income R\$ 18 million in 6M23 (-R\$ 79 million vs. 6M22) impacted by the worsening in the financial income (loss).

1.2.3. NEOENERGIA COSERN

STATEMENT OF INCOME (R\$ MN)	2Q23	2Q22	Variation		6M23	6M22	Variation	
			R\$	%			R\$	%
Net Revenue	807	812	(5)	(1%)	1,677	1,618	59	4%
Energy Costs	(521)	(538)	17	(3%)	(1,099)	(1,096)	(3)	0%
Gross Margin w/out Concession Financial Assets	286	274	12	4%	578	522	56	11%
Concession Financial Assets (VNR)	18	49	(31)	(63%)	110	103	7	7%
Gross Margin	304	323	(19)	(6%)	688	625	63	10%
Operating Expenses	(63)	(63)	-	-	(126)	(122)	(4)	3%
Provisions for Delinquency (PECLD)	4	(8)	12	(150%)	2	(6)	8	(133%)
EBITDA	245	252	(7)	(3%)	564	497	67	13%
Depreciation	(41)	(37)	(4)	11%	(81)	(70)	(11)	16%
Financial Income (Loss)	(69)	(47)	(22)	47%	(144)	(82)	(62)	76%
IR CS	39	(34)	73	(215%)	(5)	(69)	64	(93%)
NET INCOME	174	134	40	30%	334	276	58	21%

Neoenergia Cosern recorded a gross margin without VNR of R\$ 286 million in the 2Q23 (+4% vs. 2Q22) and R\$ 578 million in 6M23 (+11% vs. 6M22), impacted by the variation in Parcel B of +0.25 % in Apr/23 and +14.75% in Apr/22, due to the increase in the customer base (+1.7%), lower losses and larger volumes. Gross margin was R\$ 304 million in the 2Q23 (-6% vs. 2Q22) and R\$ 688 million in 6M23 (+10% vs. 6M22), impacted by the lower VNR due to the lower IPCA in the period.

Operating expenses totaled R\$ 63 million in 2Q23 and R\$ 126 million in 6M23, both in line with the 2Q22 and 6M22, absorbing the inflation observed in the period and the increase in customer base.

PECLD totaled -R\$ 4 million in the 2Q23 (vs. +R\$ 8 million in the 2Q22), and in 6M23 it was -R\$ 2 million (vs. +R\$ 6 million in 6M22). When we analyze the default ratio (PECLD/Gross Revenue), the 2Q23 ended at -0.43% vs. 0.25% in the 1Q23, below the regulatory limit of 0.55%.

As a result of the above variations, EBITDA in the 2Q23 was R\$ 245 million, -3% vs. 2Q22 and in the first half it was R\$ 564 million, +13% vs. 6M22. In addition, Adjusted EBITDA (ex-VNR) in the 2Q23 was R\$ 227 million, +12% vs. 2Q22 and R\$ 454 million in 6M23, +15% vs. 6M22.

The Financial Income (Loss) was -R\$ 69 million in the 2Q23 (vs. -R\$ 47 million in the 2Q22) and -R\$ 144 million in 6M23 (vs. -R\$ 82 million in 6M22), due to the increase in the CDI rate and its impact on debt charges, in addition to the increase in the average debt balance.

The IR/CS item for the quarter was +R\$ 39 million, against -R\$ 34 million in the 2Q22, positively impacted due to increase in the percentage of incentivized activity which impacts the operating profit that is the basis for the calculation of the benefit. In the year-to-date, it was -R\$ 5 million, vs. -R\$ 69 million in 6M22.

Net Income was R\$ 174 million in the 2Q23, +30% vs. 2Q22 and R\$ 334 million in 6M23, 21% in excess of that reported in 6M22.

1.2.4. NEOENERGIA ELEKTRO

STATEMENT OF INCOME (R\$ MN)	2Q23	2Q22	Variation		6M23	6M22	Variation	
			R\$	%			R\$	%
Net Revenue	1,886	1,761	125	7%	4,024	3,793	231	6%
Energy Costs	(1,273)	(1,198)	(75)	6%	(2,646)	(2,562)	(84)	3%
Gross Margin w/out Concession Financial Assets	613	563	50	9%	1,378	1,231	147	12%
Concession Financial Assets (VNR)	30	215	(185)	(86%)	118	314	(196)	(62%)
Gross Margin	643	778	(135)	(17%)	1,496	1,545	(49)	(3%)
Operating Expenses	(152)	(138)	(14)	10%	(295)	(270)	(25)	9%
Provisions for Delinquency (PECLD)	(29)	(15)	(14)	93%	(65)	(38)	(27)	71%
EBITDA	462	625	(163)	(26%)	1,136	1,237	(101)	(8%)
Depreciation	(89)	(74)	(15)	20%	(179)	(145)	(34)	23%
Financial Income (Loss)	(153)	(108)	(45)	42%	(310)	(200)	(110)	55%
IR CS	(41)	(133)	92	(69%)	(185)	(268)	83	(31%)
NET INCOME	179	310	(131)	(42%)	462	624	(162)	(26%)

Neoenergia Elektro recorded a gross margin excluding VNR of R\$ 613 million in the 2Q23 (+9% vs. 2Q22) and R\$ 1,378 million in 6M23 (+12% vs. 6M22), impacted by the variation in Parcel B of +9.32% in August/22 and the increase in the customer base. Gross margin was R\$ 643 million in the 2Q23 (-17% vs. 2Q22) and R\$ 1,496 million in 6M23 (-3% vs. 6M22), based on the lower VNR due to the lower IPCA in the period.

Operating expenses amounted to R\$ 152 million in 2Q23 (+10% vs. 2Q22) and R\$ 295 million in 6M23 (+9% vs. 6M22).

In the quarter, PECLD totaled R\$ 29 million, +R\$ 14 million vs. 2Q22, and in the first half it accounted for R\$ 65 million, +R\$ 27 million vs. 6M22, negatively impacted by the non-recurring effect of chapter 11 filed by two large clients, which added R\$ 14.3 million to PECLD in the 1Q23.

As a result of the abovementioned variations, EBITDA was R\$ 462 million in the quarter (-26% vs. 2Q22) and R\$ 1,136 million in the half year (-8% vs. 6M22). Adjusted EBITDA (ex-VNR) in the 2Q23 was R\$ 432 million, +5% vs. 2Q22, and in 6M23 it was R\$ 1,018 million, +10% vs. 6M22.

The Financial Income (Loss) was -R\$ 153 million in the 2Q23 (vs. -R\$ 108 million in the 2Q22) and -R\$ 310 million in 6M23 (vs. -R\$ 200 million in 6M22), due to the increase in the CDI and its effect on debt charges, in addition to the increase in the average debt balance.

Net Income was R\$ 179 million in the 2Q23, -42% vs. 2Q22, and R\$ 462 million in 6M23, -26% vs. 6M22.

1.2.5. NEOENERGIA BRASÍLIA

STATEMENT OF INCOME (R\$ MN)	2Q23	2Q22	Variation		6M23	6M22	Variation	
			R\$	%			R\$	%
Net Revenue	771	773	(2)	(0%)	1,584	1,566	18	1%
Energy Costs	(687)	(637)	(50)	8%	(1,400)	(1,294)	(106)	8%
Gross Margin w/out Concession Financial Assets	84	136	(52)	(38%)	184	272	(88)	(32%)
Concession Financial Assets (VNR)	1	4	(3)	(75%)	6	9	(3)	(33%)
Gross Margin	85	140	(55)	(39%)	190	281	(91)	(32%)
Operating Expenses	(54)	(60)	6	(10%)	(124)	(125)	1	(1%)
Provisions for Delinquency (PECLD)	(9)	(13)	4	(31%)	(22)	(8)	(14)	175%
EBITDA	22	67	(45)	(67%)	44	148	(104)	(70%)
Depreciation	(36)	(14)	(22)	157%	(74)	(29)	(45)	155%
Financial Income (Loss)	(51)	(30)	(21)	70%	(100)	(50)	(50)	100%
IR CS	20	(8)	28	N/A	40	(25)	65	N/A
NET INCOME	(45)	15	(60)	N/A	(90)	44	(134)	N/A

Neoenergia Brasília ended the 2Q23 with Gross Margin of R\$ 85 million (-39% vs. 2Q22) and 6M23 with R\$ 190 million (-32% vs. 6M22) due to over contracting, which impacted the quarter by -R\$ 31 million and the half year by -R\$ 68 million.

Operating expenses amounted to R\$ 54 million in the 2Q23 (-10% vs. 2Q22) and R\$ 124 million in 6M23, in line with 6M22, absorbing inflation.

In the quarter, PECLD was R\$ 9 million (-31% vs. 2Q22), and in the year-to-date it was R\$ 22 million, R\$ 14 million in excess that of 6M22, explained by reversals that occurred in the previous year.

EBITDA was R\$ 22 million in the quarter (-67% vs. 2Q22) and R\$ 44 million in the half year (-70% vs. 6M22).

The Financial Income (Loss) was -R\$ 51 million in the 2Q23 (vs. -R\$ 30 million in the 2Q22), and -R\$ 100 million in 6M23, (vs. -R\$ 50 million in 6M22), due to the increase in the CDI and its effect on debt charges, in addition to the increase in the average debt balance.

As a result of the above variations, Neoenergia Brasília had a loss of R\$ 45 million in the 2Q23 and R\$ 90 million in 6M23.

1.3. Renewables

The result of the segment Renewables contemplates the performance of the wind farms, solar parks and hydroelectric plants of the Neoenergia Group.

RENEWABLES STATEMENT OF INCOME (R\$ MN)	2Q23	2Q22	Variation		6M23	6M22	Variation	
			R\$	%			R\$	%
Net Revenue	464	376	88	23%	925	782	143	18%
Energy Costs	(88)	(55)	(33)	60%	(204)	(174)	(30)	17%
GROSS MARGIN	376	321	55	17%	721	608	113	19%
Operating Expenses	(84)	(63)	(21)	33%	(162)	(123)	(39)	32%
(+) Equity Accounting / Corporate Operations	6	3	3	100%	12	11	1	9%
EBITDA	298	261	37	14%	571	496	75	15%
Depreciation	(96)	(62)	(34)	55%	(181)	(134)	(47)	35%
Financial Income (Loss)	(70)	(87)	17	(20%)	(145)	(159)	14	(9%)
IR/CS	(22)	(24)	2	(8%)	(60)	(52)	(8)	15%
NET INCOME	110	88	22	25%	185	151	34	23%

HYDRO PLANTS STATEMENT OF INCOME (R\$ MN)	2Q23	2Q22	Variation		6M23	6M22	Variation	
			R\$	%			R\$	%
Net revenue	147	143	4	3%	308	310	(2)	(1%)
Energy Costs	(21)	(23)	2	(9%)	(48)	(43)	(5)	12%
GROSS MARGIN	126	120	6	5%	260	267	(7)	(3%)
Operating Expenses	(30)	(29)	(1)	3%	(58)	(55)	(3)	5%
(+) Equity Accounting / Corporate Operations	6	3	3	100%	12	11	1	9%
EBITDA	102	94	8	9%	214	223	(9)	(4%)
Depreciation	(19)	(21)	2	(10%)	(38)	(45)	7	(16%)
Financial Income (Loss)	(13)	(15)	2	(13%)	(30)	(33)	3	(9%)
IR/CS	(4)	(8)	4	(50%)	(23)	(24)	1	(4%)
NET INCOME (LOSS)	66	50	16	32%	123	121	2	2%

WIND FARMS STATEMENT OF INCOME (R\$ MN)	2Q23	2Q22	Variation		6M23	6M22	Variation	
			R\$	%			R\$	%
Net revenue	301	233	68	29%	587	472	115	24%
Energy Costs	(62)	(32)	(30)	94%	(147)	(131)	(16)	12%
GROSS MARGIN	239	201	38	19%	440	341	99	29%
Operating Expenses	(52)	(34)	(18)	53%	(102)	(68)	(34)	50%
EBITDA	187	167	20	12%	338	273	65	24%
Depreciation	(73)	(41)	(32)	78%	(135)	(89)	(46)	52%
Financial Income (Loss)	(56)	(72)	16	(22%)	(113)	(126)	13	(10%)
IR/CS	(17)	(16)	(1)	6%	(36)	(28)	(8)	29%
NET INCOME	41	38	3	8%	54	30	24	80%

SOLAR FARMS STATEMENT OF INCOME (R\$ MN)	2Q23	2Q22	Variation		6M23	6M22	Variation	
			R\$	%			R\$	%
Net revenue	16	-	16	-	30	-	30	-
Energy Costs	(5)	-	(5)	-	(9)	-	(9)	-
GROSS MARGIN	11	-	11	-	21	-	21	-
Operating Expenses	(2)	-	(2)	-	(2)	-	(2)	-
EBITDA	9	-	9	-	19	-	19	-
Depreciation	(4)	-	(4)	-	(8)	-	(8)	-
Financial Income (Loss)	(1)	-	(1)	-	(2)	-	(2)	-
IR/CS	(1)	-	(1)	-	(1)	-	(1)	-
NET INCOME	3	-	3	-	8	-	8	-

The Renewables segment recorded a gross margin of R\$ 376 million in the 2Q23 (+R\$ 55 million vs. 2Q22) and R\$ 721 million in the first half (+R\$ 113 million vs. 6M22), mostly impacted by wind power (+R\$ 38 million vs. 2Q22 and +R\$ 99 million vs. 6M22), due to higher generation and the start of commercial operations at the Oitis Wind Complex as of the 3Q22. We also point out the completion of the Luzia Solar Complex, with positive effects on the margin of approximately R\$ 11 million in the 2Q23 and R\$ 21 million in 6M23.

Operating expenses totaled R\$ 84 million in the 2Q23 (+33% vs. 2Q22) and R\$ 162 million in the year-to-date (+32% vs. 6M22), due to the start of operation of the new assets.

Due to these effects, EBITDA for the Renewables segment in the quarter was R\$ 298 million (+14% vs. 2Q23) and R\$ 571 million in 6M23 (+15% vs. 6M22).

Net Income recorded in the 2Q23 was R\$ 110 million (+25% vs. 2Q22) and in 6M23 it was R\$ 185 million (+23% vs. 6M22).

1.4. Liberalized

LIBERALIZED STATEMENT OF INCOME (R\$ MN)	2Q23	2Q22	Variation		6M23	6M22	Variation	
			R\$	%			R\$	%
Net Revenue	788	842	(54)	(6%)	1,565	1,612	(47)	(3%)
Energy Costs	(599)	(543)	(56)	10%	(1,189)	(1,015)	(174)	17%
Gross Margin	189	299	(110)	(37%)	376	597	(221)	(37%)
Operating Expenses	(40)	(42)	2	(5%)	(74)	(75)	1	(1%)
Provisions for Delinquency (PECLD)	-	(3)	3	(100%)	-	(3)	3	(100%)
EBITDA	149	254	(105)	(41%)	302	519	(217)	(42%)
Depreciation	(18)	(18)	-	-	(29)	(34)	5	(15%)
Financial Income (Loss)	(9)	(22)	13	(59%)	(17)	(60)	43	(72%)
IR CS	(9)	(32)	23	(72%)	(30)	(68)	38	(56%)
NET INCOME	113	182	(69)	(38%)	226	357	(131)	(37%)

TERMOPERNAMBUCO STATEMENT OF INCOME (R\$ MN)	2Q23	2Q22	Variation		6M23	6M22	Variation	
			R\$	%			R\$	%
Net Revenue	417	407	10	2%	822	762	60	8%
Energy Costs	(250)	(131)	(119)	91%	(490)	(202)	(288)	143%
Gross Margin	167	276	(109)	(39%)	332	560	(228)	(41%)
Operating Expenses	(21)	(28)	7	(25%)	(42)	(49)	7	(14%)
EBITDA	146	248	(102)	(41%)	290	511	(221)	(43%)
Depreciation	(17)	(18)	1	(6%)	(28)	(33)	5	(15%)
Financial Income (Loss)	(11)	(22)	11	(50%)	(19)	(60)	41	(68%)
IR CS	(7)	(30)	23	(77%)	(26)	(65)	39	(60%)
NET INCOME	111	178	(67)	(38%)	217	353	(136)	(39%)

COMERC. STATEMENT OF INCOME (R\$ MN)	2Q23	2Q22	Variation		6M23	6M22	Variation	
			R\$	%			R\$	%
Net Revenue	369	433	(64)	(15%)	736	843	(107)	(13%)
Energy Costs	(345)	(410)	65	(16%)	(692)	(806)	114	(14%)
Gross Margin	24	23	1	4%	44	37	7	19%
Operating Expenses	(19)	(14)	(5)	36%	(32)	(27)	(5)	19%
Provisions for Delinquency (PECLD)	-	(3)	3	(100%)	-	(3)	3	(100%)
EBITDA	5	6	(1)	(17%)	12	7	5	71%
Depreciation	(1)	(1)	-	-	(1)	(1)	-	-
Financial Income (Loss)	2	-	2	-	2	-	2	-
IR CS	(2)	(2)	-	-	(4)	(3)	(1)	33%
NET INCOME	4	3	1	33%	9	3	6	200%

The Liberalized segment consolidated a gross margin of R\$ 189 million in the 2Q23 and R\$ 376 million in 6M23 (-37% vs. 2Q22 and vs. 6M22), impacted by lower margins in Termopernambuco, due to higher energy purchase costs, given that in 2022, extraordinarily, there was no gas supply, which allowed the plant not to pay for gas and transportation, honoring its energy sale contracts by purchasing from at the Spot Price.

Operating expenses were R\$ 40 million in the 2Q23 (-5% vs. 2Q22) and R\$ 74 million in 6M23 (-1% vs. 6M22), due to lower maintenance expenses in Termopernambuco.

As a result of these variations, EBITDA from Liberalized was R\$ 149 million in the 2Q23 (-R\$ 105 million vs. 2Q22) and R\$ 302 million in 6M23 (-R\$ 217 million vs. 6M22).

Net income was R\$ 113 million in the quarter (-38% vs. 2Q22) and R\$ 226 million in 6M23 (-37% vs. 6M22).

2. EBITDA

In compliance with CVM Resolution 156/22 we show in the table below the reconciliation of EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization), and we add that the calculations shown are in line with the criteria of that same resolution:

EBITDA (R\$ MN)	2Q23	2Q22	Variation		6M23	6M22	Variation	
			R\$	%			R\$	%
Net Income for the Period (A)	728	1,075	(347)	(32%)	1,943	2,287	(344)	(15%)
Profit assigned to minority shareholders (B)	(18)	(18)	-	-	(37)	(44)	7	(16%)
Financial Expenses (C)	(1,175)	(1,315)	140	(11%)	(2,569)	(2,371)	(198)	8%
Financial Revenues (D)	260	432	(172)	(40%)	604	773	(169)	(22%)
Other net financial income (loss) (E)	(406)	(273)	(133)	49%	(628)	(475)	(153)	32%
Income tax and social contribution (F)	31	(440)	471	(107%)	(474)	(927)	453	(49%)
Depreciation and amortization (G)	(626)	(537)	(89)	17%	(1,235)	(1,064)	(171)	16%
EBITDA = (A-(B+C+D+E+F+G))	2,662	3,226	(564)	(17%)	6,282	6,395	(113)	(2%)
Financial Asset (Concession) (H)	180	676	(496)	(73%)	829	1,208	(379)	(31%)
IFRS 15 (I)	253	298	(45)	(15%)	615	507	108	21%
Corporate Operations (J)	(137)	-	(137)	-	(137)	-	(137)	-
Adjusted EBITDA = (EBITDA -(H+I+J))	2,366	2,252	114	5%	4,975	4,680	295	6%

3. FINANCIAL INCOME (LOSS)

NET FINANCIAL INCOME (R\$ MN)	2Q23	2Q22	Variation		6M23	6M22	Variation	
			R\$	%			R\$	%
Revenue from financial investments	195	201	(6)	(3%)	398	324	74	23%
Charges, monetary and exchange variations and debt derivative financial instruments	(1,404)	(1,411)	7	(0%)	(2,846)	(2,491)	(355)	14%
Other financial income (loss) not related to debt	(112)	54	(166)	(307%)	(145)	94	(239)	(254%)
Interest, commissions and arrears interest	77	122	(45)	(37%)	159	257	(98)	(38%)
Monetary and exchange variations - other	(68)	(18)	(50)	278%	13	(30)	43	(143%)
Adjustment to provision for contingencies / judicial deposits	(34)	(36)	2	(6%)	(81)	(85)	4	(5%)
Adjustment to sector financial assets / liabilities	(69)	104	(173)	(166%)	(31)	177	(208)	(118%)
Post-employment liabilities	(19)	(20)	1	(5%)	(42)	(39)	(3)	8%
Other net financial revenues (expenses)	1	(98)	99	(101%)	(163)	(186)	23	(12%)
Total	(1,321)	(1,156)	(165)	14%	(2,593)	(2,073)	(520)	25%

The Consolidated Financial Income (Loss) was -R\$ 1,321 million in the 2Q23, -R\$ 165 million vs. 2Q22, mainly explained by the variation in the adjustment to the sector's financial assets/liabilities.

In 6M23, the Financial Income (Loss) was -R\$ 2,593 million, -R\$ 520 million vs. 6M22, for the same reasons as in the quarter in addition to higher expenses with debt charges (+R\$ 355 million), due to the 11% increase in the average debt balance due to funding allocated to Capex for new transmission and wind projects, in addition to Distributors. Additionally, in the period, we observed an increase in the CDI (52% of the company's debt), which was partially offset by the increase in income from financial investments (+R\$ 74 million), resulting from the increase in the average yield.

4. INVESTMENTS






Neoenergia Capex ended the 6M23 at R\$ 4.3 billion, as shown below:

CAPEX Neoenergia (R\$ million)	2Q23	2Q22	Δ %	6M23	6M22	Δ %
Networks	2,017	1,749	15%	3,995	3,384	18%
Distributors	1,134	1,197	(5%)	2,374	2,475	(4%)
Transmission Lines	883	551	60%	1,621	909	78%
Renewables	138	362	(62%)	275	1,169	(77%)
Liberalized	5	12	(55%)	12	16	(26%)
TOTAL	2,161	2,122	2%	4,290	4,569	(6%)

4.1. Networks

4.1.1. Distribution

In the 6M23, the Capex of distributors amounted to R\$ 2.4 billion, of which R\$ 1.5 billion were used in network expansion. Below is a table with the breakdown of Capex by distributor.

INVESTMENTS MADE (amounts in R\$ MN)	 Neoenergia Coelba	 Neoenergia Pernambuco	 Neoenergia Cosern	 Neoenergia Elektro	 Neoenergia Brasilia	CONSOLIDATED		
	2Q23					2Q23	6M23	
Network Expansion	(442)	(114)	(46)	(116)	(17)	(736)	(1,523)	59%
Program Luz para Todos	(103)	-	-	-	-	(103)	(180)	
New Connections	(234)	(72)	(25)	(77)	(11)	(419)	(892)	
New SE's and RD's	(106)	(40)	(21)	(39)	(6)	(212)	(446)	
Assets Renewal	(79)	(45)	(24)	(45)	(12)	(204)	(443)	19%
Network Improvement	(36)	(23)	(20)	(28)	(20)	(126)	(227)	10%
Losses and Default	(28)	(26)	(3)	(5)	(3)	(65)	(144)	6%
Other	(32)	(16)	(9)	(26)	(13)	(95)	(163)	7%
Movement of Material (Inventory x Works)	(95)	11	2	(8)	0	(90)	(266)	
(=) Gross Investment	(711)	(212)	(101)	(228)	(64)	(1,315)	(2,766)	
GRANTS	68	4	2	13	5	92	125	
(=) Net Investment	(643)	(207)	(99)	(215)	(59)	(1,224)	(2,641)	
Movement of Material (Inventory x Works)	95	(11)	(2)	8	(0)	90	266	
(=) CAPEX	(549)	(218)	(101)	(206)	(59)	(1,134)	(2,374)	
Regulatory Annuity Basis	(32)	(16)	(9)	(26)	(13)	(95)	(163)	7%
Regulatory Remuneration Basis	(584)	(207)	(94)	(194)	(51)	(1,130)	(2,336)	93%

4.1.2. Transmission

In the 6M23, the Capex of transmission lines was R\$ 1.6 billion, 78% above the actual Capex in 6M22, entirely used in the construction of lines and substations of the lots acquired in auctions.

4.2. Renewables

4.2.1. Wind Farms

Actual investments in wind farms amounted to R\$ 257 million in 6M23, R\$ 436 million less than in 6M22, due to the actual Capex of the Chafariz Complex in 6M22 and the lower Capex of the Oitis Complex, due to the final construction phase.

4.2.2. Solar Parks

Investments made in the Luzia parks amounted to R\$ 2.1 million in 6M23. The works were completed in March 2023.

4.2.3. Hydroelectric Plants

Investments of R\$ 15.5 million in 6M23, compared to the amount of R\$ 39.6 million in 6M22.

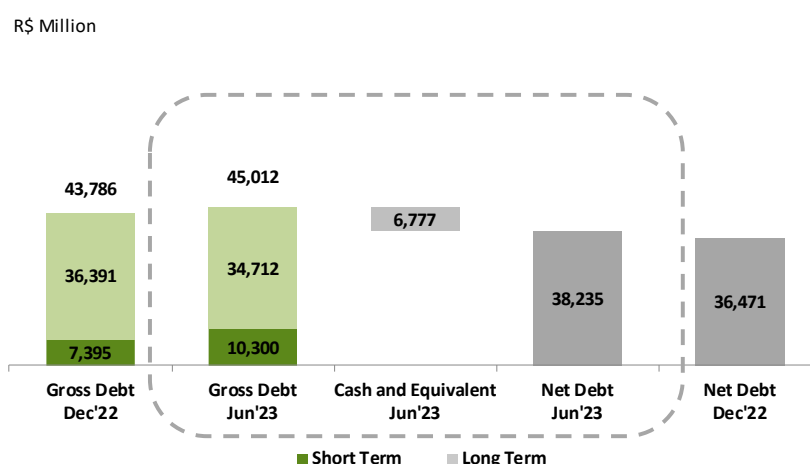
4.3. Liberalized

Termopernambuco made investments in the amount of R\$ 9.8 million in 6M23, R\$ 4.7 million below actual investments in 6M22, according to its maintenance schedule.

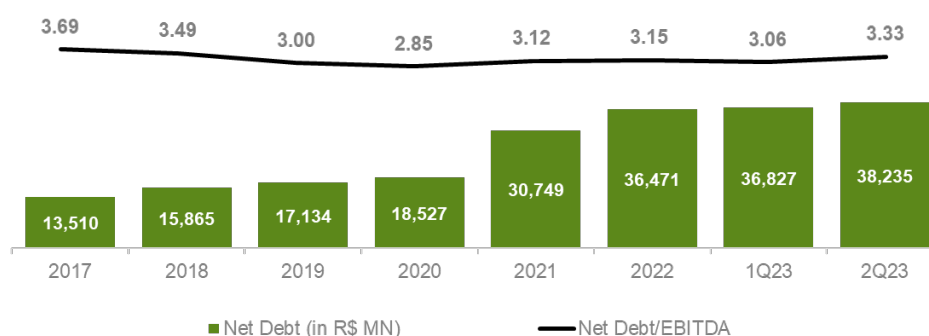
5. INDEBTEDNESS

5.1. Debt Situation and Financial Leverage

In June 2023, Neoenergia's consolidated net debt, including cash, cash equivalents and marketable securities, reached R\$ 38,235 million (gross debt of R\$ 45,012 million), representing a growth of 5% (R\$ 1,764 million) compared to December 2022, mainly explained by the actual CAPEX of Network projects. As to the segregation of the outstanding balance, Neoenergia has 77% of the debt accounted for in the long term and 23% in the short term.



The financial indicator Total net debt/EBITDA increased from 3.15x in December 2022 to 3.33x in June 2023.



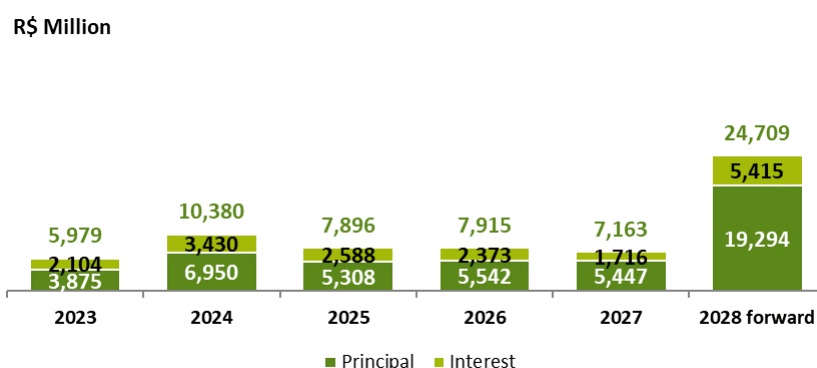
5.2. Debt amortization schedule

The Company seeks to structure its debt in line with the financial cycle of its business, observing the peculiarities of each company and the characteristics of its concessions and authorizations. In order to reduce the cost of debt and extend its amortization profile, the Company also actively manages its financial liabilities in order to avoid concentration of debt maturities, resulting in effective extension.

In 2023, amortizations are foreseen by Neoenergia Coelba in the amount of R\$ 1,384 million, payments by Neoenergia Pernambuco in the estimated amount of R\$ 520 million, by the Holding in the estimated amount of R\$ 618 million and by Neoenergia Vale do Itajaí in the amount of R\$ 500 million. This total represents 78% of the consolidated volume to be amortized in this period.

In 2024, Neoenergia Coelba foresees amortizations in the estimated amount of R\$ 2,155 million, Neoenergia Pernambuco in the estimated amount of R\$ 1,375 million, Neoenergia Lagoa dos Patos in the amount of R\$ 648 million, Neoenergia Elektro in the estimated amount of R\$ 596 million and Neoenergia Morro do Chapéu in the amount of R\$ 550 million. The total amortization of these three distributors and two transmission companies represents 77% of the consolidated volume to be amortized in the period in question.

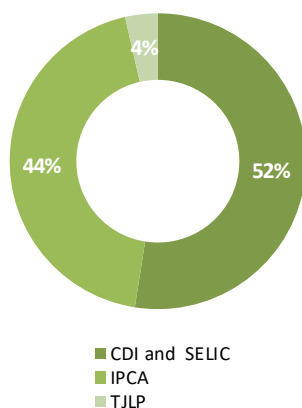
The average term of Neoenergia's debt in June 2023 was 5.07 years (vs. 5.29 years in December 2022). The chart below shows the debt principal and interest maturity schedule, using market forward curves for indexes and currencies pegged to the debt in effect at the end of the 2Q23.



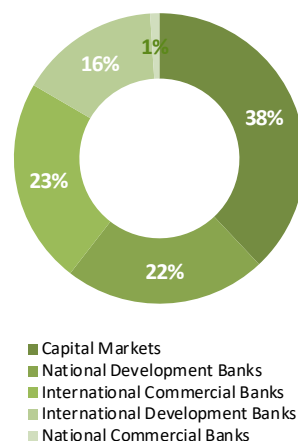
5.3. Debt Profile

The charts below show the debt balance broken down by funding source and index. The average cost of the consolidated debt in the 2Q23 was 11.6% (vs. 11.4% in December 2022) due to the increase in the Selic rate.

NET DEBT PER INDEX (post swap)



DEBT PER FUNDING



In the 2Q23 we funded a total of R\$ 3,217 million. We point out the lines of debt payout that follow:

- i. 4131 payout by BNP to Neoenergia Coelba (R\$ 500 million) with a two-year term;
- ii. Release of financing by JICA to Neoenergia Pernambuco (R\$ 465 million) with a ten-year term;
- iii. Payout by MUFG to Neoenergia Pernambuco (R\$ 239 million) with a five-year term;
- iv. Release of 4131 with Santander to Neoenergia Elektro (R\$ 200 million) with a two-year term;
- v. Release of 4131 with Bank of America to Neoenergia Morro do Chapéu (R\$ 250 million) with a one-year term;
- vi. Release by BNDES to Neoenergia Cosern, in the total amount of R\$ 99 million with a 24-year term;
- vii. Payout by BNDES to Neoenergia Guanabara in the amount of R\$ 170 million with a 24-year term;
- viii. Release of 4131 to Neoenergia Lagoa dos Patos, in the amount of R\$ 375 million with a one-year term;
- ix. Financing by IFC to Neoenergia Elektro, in the amount of R\$ 800 million with an eight-year term.

Additionally, credit lines were contracted in the 2Q23 in the total amount of R\$ 1,300 million + USD 100 million, with disbursements expected to be made in the 3Q23:

- i. Signing of the 3rd Issue of Commercial Notes by Neoenergia Coelba, in the amount of R\$ 300 million, with a term of 1 year and release date on July 7;
- ii. Contracting of 4131 with HSBC by Neoenergia Morro do Chapéu (R\$ 350 million) with a term of 1 year and release date on July 10;
- iii. Signing of 4131 with MUFG to Neoenergia Brasília (R\$ 150 million) with a term of 2.5 years and release date on July 20;
- iv. Signing of the 11th Issue of Debentures of Neoenergia Cosern, in the amount of R\$ 500 million, with a term of 5 years, release on July 21;
- v. Contracting of a financing line with ICO by Neoenergia in the amount of USD 100 million, with a term of 10 years.

6. RECONCILIATION NOTE

Neoenergia S.A. presents the results for the 2Q23 and 6M23, based on management analyzes that the board of directors understands to best translate the company's business, reconciled with International Financial Reporting Standards - IFRS.

Calculation Memory (CONSOLIDATED)	Current Year		Previous Year		Corresponding Explanatory Notes
	2Q23	6M23	2Q22	6M22	
(+) Net Revenue	10,902	22,828	10,462	21,010	Incement Statement
(-) Estimated Replacement Value of Concession	(180)	(829)	(676)	(1,208)	Note 5
(-) Other revenues	(174)	(373)	(354)	(511)	Note 5
(+) Gain/Loss on RAP	(57)	(72)	171	155	Note 5.3
(+) Revenue from Operation and Maintenance	38	76	30	63	Note 5.3
(+) Photovoltaic Operations	2	4	6	11	Note 5.3
(+) Other revenues - Other revenues	3	7	3	4	Note 5.3
= Net Operating REVENUE	10,534	21,641	9,642	19,524	
(+) Costs with electric energy	(4,624)	(9,389)	(4,114)	(8,691)	Incement Statement
(+) Fuel for energy production	(121)	(240)	(27)	(29)	Note 8
(+) Construction costs	(1,975)	(4,082)	(1,858)	(3,509)	Incement Statement
(+) Photovoltaic Operations	(2)	(7)	(3)	(7)	Note 8
= Energy costs	(6,722)	(13,718)	(6,002)	(12,236)	
(+) Estimated replacement value of concession	180	829	676	1,208	Note 5
= GROSS MARGIN	3,992	8,752	4,316	8,496	
(+) Operating costs	(1,297)	(2,526)	(1,033)	(2,017)	Incement Statement
(+) Sales expenses	(82)	(161)	(89)	(178)	Incement Statement
(+) Other general and administrative revenues/expenses	(572)	(1,137)	(493)	(915)	Incement Statement
(-) Fuel for energy production	121	240	27	29	Note 8
(-) Photovoltaic Operations	2	7	3	7	Note 8
(-) Depreciation	626	1,235	476	942	Note 8
(+) Gain/Loss on RAP	174	373	354	511	Note 5
(-) Gain/Loss on RAP	57	72	(171)	(155)	Note 5.3
(-) Revenue from operation and maintenance	(38)	(76)	(30)	(63)	Note 5.3
(-) Photovoltaic Operations	(2)	(4)	(6)	(11)	Note 5.3
(-) Other revenues - Other revenues	(3)	(7)	(3)	(4)	Note 5.3
= Operating Expenses (PMSO)	(1,014)	(1,984)	(965)	(1,854)	
Provision for Delinquency (PECLD)	(185)	(361)	(128)	(258)	Incement Statement
(+) Equity Accounting	(131)	(125)	3	11	Incement Statement
EBITDA	2,662	6,282	3,226	6,395	
(+) Depreciation and Amortization	(626)	(1,235)	(537)	(1,064)	Note 8
(+) Financial Income/Loss	(1,321)	(2,593)	(1,156)	(2,073)	Incement Statement
(+) IR/CS	31	(474)	(440)	(927)	Incement Statement
(+) Minority shareholders	(18)	(37)	(18)	(44)	Incement Statement
NET INCOME	728	1,943	1,075	2,287	Incement Statement



DISCLAIMER

This document was prepared by NEOENERGIA S.A. with a view at indicating the general situation and progress of the Company's business. The document is a property of NEOENERGIA and should not be used for any purpose without prior written consent of NEOENERGIA.

The information contained in this document reflects current conditions and our view to date and is subject to change. The document contains statements that represent NEOENERGIA expectations and projections about future events, which the Company cannot guarantee will materialize, since they involve several risks and uncertainties and may have results or consequences other than those discussed and anticipated herein.

All relevant information regarding the period and used by the Management in the running of the Company is evidenced in this document and in the Financial Statements.

Further information about the Company can be obtained on the Reference Form available on CVM website and on the Neoenergia Group Investor Relations website (ri.neoenergia.com).



Interim Financial Statements

June 30, 2023

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STATEMENT OF INCOME

For the six-month period ended June 30, 2023 and 2022

(Amounts expressed in millions of Reais, except earnings per share)



	Notes	Consolidated				Parent Company			
		Three-month period ended on		Six-month period ended on		Three-month period ended on		Six-month period ended on	
		06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Operating income, net	5	10,902	10,462	22,828	21,010	1	2	1	2
Costs		(7,896)	(7,005)	(15,997)	(14,217)	-	-	-	-
Energy costs	6	(4,624)	(4,114)	(9,389)	(8,691)	-	-	-	-
Construction costs	7	(1,975)	(1,858)	(4,082)	(3,509)	-	-	-	-
Operating costs	8	(1,297)	(1,033)	(2,526)	(2,017)	-	-	-	-
Gross profit		3,006	3,457	6,831	6,793	1	2	1	2
Expected credit loss	12.2	(185)	(128)	(361)	(258)	-	-	-	-
Sales expenses	8	(82)	(89)	(161)	(178)	-	-	-	-
Other general and administrative revenues (expenses)	8	(572)	(493)	(1,137)	(915)	(77)	(72)	(141)	(121)
Fair value adjustment of assets classified as held for sale	15	(150)	-	(162)	-	(123)	-	(123)	-
Equity in income (losses) of subsidiaries	15	19	(58)	37	(111)	1,019	1,315	2,386	2,701
Operating income		2,036	2,689	5,047	5,331	820	1,245	2,123	2,582
Financial income (expenses)	9	(1,321)	(1,156)	(2,593)	(2,073)	(93)	(168)	(180)	(301)
Financial income		260	432	604	773	98	61	193	113
Financial expenses		(1,175)	(1,315)	(2,569)	(2,371)	(120)	(176)	(229)	(324)
Other financial income (expenses), net		(406)	(273)	(628)	(475)	(71)	(53)	(144)	(90)
Income before taxes		715	1,533	2,454	3,258	727	1,077	1,943	2,281
Income taxes	10.1.1	31	(440)	(474)	(927)	-	-	-	-
Current		121	(134)	(108)	(387)	-	-	-	-
Deferred		(90)	(306)	(366)	(540)	-	-	-	-
Net income for the period		746	1,093	1,980	2,331	727	1,077	1,943	2,281
Attributable to:									
Controlling interest		728	1,075	1,943	2,287	727	1,077	1,943	2,281
Non-controlling interest		18	18	37	44	-	-	-	-
Basic and diluted earnings per share – R\$:	23.2	0.60	0.89	1.60	1.88	0.60	0.89	1.60	1.88

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

STATEMENT OF COMPREHENSIVE INCOME
For the six-month period ended June 30, 2023 and 2022
(Amounts expressed in millions of Reais)



	Consolidated		Parent Company	
	Three-month period ended on 06/30/2023	Six-month period ended on 06/30/2022	Three-month period ended on 06/30/2023	Six-month period ended on 06/30/2022
Net income for the period	746	1,093	727	1,077
Other comprehensive income				
Items that will not be classified to profit or loss:				
Obligations with benefits to employees	(504)	(326)	-	-
Cash flow hedge	(39)	42	-	-
Deferred taxes on comprehensive income	184	111	-	-
Equity in income (losses) of subsidiaries	-	-	(356)	(159)
Sum of the items that will not be reclassified to profit or loss	(359)	(173)	(356)	(159)
Items that will be classified to profit or loss:				
Cash flow hedge	(121)	(253)	(77)	(67)
Deferred taxes on comprehensive income	15	50	-	-
Equity in income (losses) of subsidiaries	-	-	(29)	(132)
Sum of the items that will be reclassified to profit or loss	(106)	(203)	(106)	(199)
Other comprehensive income for the period, net of taxes	(465)	(376)	(462)	(358)
Comprehensive income for the period	281	717	265	719
Attributable to:				
Controlling interest	265	717	265	719
Non-controlling interest	16	-	-	-

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

STATEMENT OF CASH FLOWS

For the six-month period ended June 30, 2023 and 2022

(Amounts expressed in millions of Reais)



	Consolidated		Parent Company	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Cash flow from operating activities				
Net income for the period	1,980	2,331	1,943	2,281
Adjusted by:				
Depreciation and amortization	1,254	1,081	5	2
Writtle-off of non-current assets	54	80	-	-
Equity in income (losses) of subsidiaries	(37)	11	(2,386)	(2,701)
Fair value adjustment of assets classified as held for sale	162	-	123	-
Income taxes	474	927	-	-
Financial income (expenses), net	2,593	2,073	180	301
Concession's estimated replacement value	(829)	(1,208)	-	-
Others	-	(4)	-	-
Changes in working capital:				
Trade accounts and other receivables	(58)	1,104	-	-
Public service concession (Contract assets - transmission)	(2,383)	(1,546)	-	-
Suppliers and accounts payable to contractors and operations of invoice discounting	(830)	(1,831)	(85)	(64)
Wages, employment benefits and charges payable, net	(227)	(185)	(7)	(9)
Sectoral financial assets and liabilities, net (Portion A and others)	16	1,627	-	-
Other recoverable (payable) taxes and sectoral charges, net	62	(791)	(28)	(25)
Provisions, net of judicial deposits	(69)	(28)	-	-
Other assets and liabilities, net	13	(949)	266	321
Cash flow from operating activities	2,175	2,670	11	106
Dividends and interest on own capital received	15	23	932	1,297
Payment of debt charges	(1,558)	(1,186)	(141)	(213)
Derivative financial instruments paid, net	(638)	(412)	(139)	(115)
Income from financial investments	398	324	27	33
Payment of interest – Leases	(14)	(10)	-	-
Income taxes paid	(264)	(160)	-	-
Cash flow generated by operating activities	114	1,249	690	1,108
Cash flow from investing activities				
Acquisition of fixed and intangible assets	(285)	(1,138)	(9)	-
Capital increase in investees	(27)	(34)	(797)	(1,556)
Public service concession (Contract assets - distribution)	(2,603)	(2,368)	-	-
Investments in securities and marketable securities	(247)	(448)	(9)	(57)
Redemption of securities and marketable securities	242	310	-	-
Loan contract received (invested)	-	-	83	(32)
Reclassification of cash from non-current assets held for sale	(261)	-	-	-
Cash flow (used in) investing activities	(3,181)	(3,678)	(732)	(1,645)
Cash flow from financing activities				
Funds raised through loans and financing	5,073	6,213	-	550
Payment of fundraising costs	(26)	(45)	-	-
Amortization of principal from loans and financing	(2,550)	(2,765)	(57)	(500)
Collateral deposits	(39)	(3)	-	-
Public Service Concessions obligations	140	183	-	-
Payment of principal – leases	(26)	(22)	-	-
Derivative financial instruments received, net	(6)	201	-	-
Dividends and interest on own capital paid to controlling interest	-	(145)	-	(145)
Dividends and interest on own capital paid to non-controlling interest	(6)	(40)	-	-
Loans with associates received (invested)	-	-	-	261
Repurchase of treasury shares	(39)	-	(39)	-
Cash flow generated by (used in) financing activities	2,521	3,577	(96)	166
Increase (decrease) in cash and cash equivalents for the period	(546)	1,148	(138)	(371)
Cash and cash equivalents at the beginning of the period	6,802	5,545	777	1,131
Cash and cash equivalents at the end of the period	6,256	6,693	639	760

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

STATEMENT OF FINANCIAL POSITION
As of June 30, 2023 and December 31, 2022
(Amounts expressed in millions of Reais)



		Consolidated		Parent Company	
	Notes	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Assets					
Current					
Cash and cash equivalents	11	6,256	6,802	639	777
Trade accounts receivable and others	12	7,980	7,805	-	-
Securities and marketable securities		61	99	-	-
Derivative financial instruments	19.3	258	183	-	-
Recoverable income taxes		1,287	1,040	268	259
Other recoverable taxes		1,938	1,876	1	1
Dividends and interest on own capital receivable		38	49	937	763
Sectoral financial asset (Portion A and others)	13	290	252	-	-
Public Service Concession (Contract asset)	14.2	478	715	-	-
Other current assets		1,089	1,037	76	87
		19,675	19,858	1,921	1,887
Non-current assets held for sale	15.3	7,202	1,730	3,792	1,577
Total current assets		26,877	21,588	5,713	3,464
Non-current					
Trade accounts receivable and others	12	333	340	-	-
Securities and marketable securities		460	414	74	61
Derivative financial instruments	19.3	412	774	-	-
Recoverable income taxes		30	30	-	-
Other recoverable taxes		3,139	3,749	-	-
Deferred income taxes	10.1.2	698	611	-	-
Judicial deposits	20	1,336	1,244	64	62
Public Service Concession (Financial asset)	14.1	25,750	23,493	-	-
Public Service Concession (Contract asset)	14.2	13,799	15,980	-	-
Other non-current assets		97	102	48	75
Investments in subsidiaries, associates and joint ventures					
	15	395	359	28,785	29,487
Right of use		178	182	-	-
Property, Plant & Equipment ("PP&E")	16	10,919	10,846	33	26
Intangible assets	17	12,258	12,606	3	3
Total non-current assets		69,804	70,730	29,007	29,714
Total assets		96,681	92,318	34,720	33,178

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

STATEMENT OF FINANCIAL POSITION
As of June 30, 2023 and December 31, 2022
(Amounts expressed in millions of Reais)



	Consolidated			Parent Company	
	Notes	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Liabilities					
Current					
Suppliers, trade accounts payable to contractors and operations of invoice discounting	18	3,613	4,287	73	158
Loans and financing	19.2	9,841	7,289	684	720
Lease liabilities		59	48	-	-
Derivative financial instruments	19.3	717	289	86	41
Wages, employment benefits and charges payable	21	522	806	11	18
Payable income taxes		170	132	-	-
Other taxes and sectoral charges payable		1,248	1,222	84	96
Sectoral Financial Liability (Portion A and others)	13	375	124	-	-
Reimbursements to consumers – Federal taxes	10.2	1,431	1,451	-	-
Dividends and interest on own capital		1,365	1,001	1,333	985
Provisions and other obligations	20	405	378	-	-
Other current liabilities		1,322	1,236	275	125
		21,068	18,263	2,546	2,143
Liabilities directly associated to non-current assets held for sale		3,377	153	-	-
Total current		24,445	18,416	2,546	2,143
Non-current					
Suppliers, trade accounts payable to contractors and operations of invoice discounting	18	172	164	-	-
Loans and financing	19.2	33,581	36,214	3,700	3,881
Lease liabilities		146	158	-	-
Derivative financial instruments	19.3	1,543	951	694	467
Wages, employment benefits and charges payable	21	1,349	744	-	-
Payable income taxes		29	28	8	7
Deferred income taxes	10.1.2	1,203	1,524	3	3
Other taxes and sectoral charges payable		1,126	1,438	-	-
Sectoral financial liability (Portion A and others)	13	536	702	-	-
Reimbursement to consumers – Federal taxes	10.2	2,491	3,134	-	-
Provisions and other obligations	20	1,747	1,639	1	1
Other non-current liabilities		271	269	21	23
Total non-current		44,194	46,965	4,427	4,382
Shareholders' equity	22				
Attributable to controlling interest		27,832	26,739	27,747	26,653
Attributable to non-controlling interest		210	198	-	-
Total Shareholders' equity		28,042	26,937	27,747	26,653
Total liabilities and shareholders' equity		96,681	92,318	34,720	33,178

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

STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
For the six-month period ended June 30, 2023 and 2022
(Amounts expressed in millions of Reais)



	Consolidated										
	Profit reserve										
	Share capital	Capital reserve and treasury shares	Shareholders' transactions and others	Other comprehensive income	Legal reserve	Unrealized profit reserve	Profit retention reserve	Retained earnings	Attributed to shareholders of Neoenergia S.A.	Attributed to non-controlling interest	Total
Balance as of December 31, 2022	12,920	159	(1,735)	(766)	1,434	247	14,480	-	26,739	198	26,937
Capital increase	4,000	-	-	-	-	-	(4,000)	-	-	-	-
Net income for the period	-	-	-	-	-	-	-	1,943	1,943	37	1,980
Other comprehensive income	-	-	-	(423)	-	-	-	-	(423)	(2)	(425)
Remuneration to shareholders (22.2.b)	-	-	-	-	-	-	-	(387)	(387)	(24)	(411)
Shareholders' transactions:											
Share-based payments	-	(15)	-	-	-	-	-	-	(15)	1	(14)
Treasury shares	-	(25)	-	-	-	-	-	-	(25)	-	(25)
Balance as of June 30, 2023	16,920	119	(1,735)	(1,189)	1,434	247	10,480	1,556	27,832	210	28,042
Balance as of December 31, 2021	12,920	129	(1,579)	(281)	1,200	284	11,213	-	23,886	352	24,238
Net income for the period	-	-	-	-	-	-	-	2,287	2,287	44	2,331
Other comprehensive income	-	-	-	(551)	-	-	-	-	(551)	(21)	(572)
Remuneration to shareholders (22.2.b)	-	-	-	-	-	-	-	(167)	(167)	(65)	(232)
Shareholders' transactions:											
Share-based payments	-	15	-	-	-	-	-	-	15	-	15
Balance as of June 30, 2022	12,920	144	(1,579)	(832)	1,200	284	11,213	2,120	25,470	310	25,780

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

STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
For the six-month period ended June 30, 2023 and 2022
(Amounts expressed in millions of Reais)



	Parent Company								
					Profit reserve				
	Share capital	Capital reserve and treasury shares	Shareholders' transactions e Others	Other comprehensive income	Legal reserve	Unrealized profit reserve	Profit retention reserve	Retained earnings	Total
Balance as of December 31, 2022	12,920	156	(1,805)	(766)	1,434	234	14,480	-	26,653
Capital increase	4,000	-	-	-	-	-	(4,000)	-	-
Net income for the period	-	-	-	-	-	-	-	1,943	1,943
Other comprehensive income	-	-	-	(422)	-	-	-	-	(422)
Remuneration to shareholders (22.2.b)	-	-	-	-	-	-	-	(387)	(387)
Shareholders' transactions:									
Share-based payments	-	(15)	-	-	-	-	-	-	(15)
Treasury shares	-	(25)	-	-	-	-	-	-	(25)
Balance as of June 30, 2023	16,920	116	(1,805)	(1,188)	1,434	234	10,480	1,556	27,747
Balance as of December 31, 2021	12,920	129	(1,579)	(281)	1,200	234	11,213	-	23,836
Net income for the period	-	-	-	-	-	-	-	2,281	2,281
Other comprehensive income	-	-	-	(551)	-	-	-	-	(551)
Remuneration to shareholders (22.2.b)	-	-	-	-	-	-	-	(167)	(167)
Shareholders' transactions:									
Share-based payments	-	15	-	-	-	-	-	-	15
Balance as of June 30, 2022	12,920	144	(1,579)	(832)	1,200	234	11,213	2,114	25,414

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

STATEMENT OF ADDED VALUE

For the six-month period ended June 30, 2023 and 2022
(Amounts expressed in millions of Reais)



	Consolidated		Parent Company	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Revenues				
Sales of energy, services and others	31,655	30,289	1	2
Revenue from the construction of own assets	105	765	-	-
Expected credit loss	(361)	(258)	-	-
Subtotal	31,399	30,796	1	2
Inputs acquired from third parties				
Electricity purchased for resale	(7,477)	(6,994)	-	-
Transmission network use charges	(2,974)	(2,807)	-	-
Consumed raw materials	(240)	(26)	-	-
Materials, third-party services and others	(5,380)	(5,355)	(96)	(80)
Subtotal	(16,071)	(15,182)	(96)	(80)
Gross added value	15,328	15,614	(95)	(78)
Depreciation and amortization	(1,254)	(1,081)	(5)	(2)
Fair value adjustment of assets classified as held for sale	(162)	-	(123)	-
Net added value produced by the Company	13,912	14,533	(223)	(80)
Added value received through transfer				
Financial income	3,003	4,389	475	421
Equity in income (losses) of subsidiaries	37	11	2,386	2,701
Subtotal	3,040	4,400	2,861	3,122
Total added value for distribution	16,952	18,933	2,638	3,042
Added value distribution				
Wages	678	593	21	29
Provision for vacation and 13th salary	121	117	-	-
Social charges (except INSS)	56	51	-	-
Employee benefits	367	339	11	2
Others	(289)	(238)	-	-
Subtotal	933	862	32	31
Taxes, fees and contributions				
National Institute of Social Security (INSS) (on payroll)	174	160	5	5
State VAT (ICMS)	4,198	4,845	-	-
Taxes on revenue (PIS/COFINS)	1,264	1,044	10	6
Income taxes	474	927	-	-
Intra-sectoral obligations	2,312	2,305	-	-
Others	52	41	2	2
Subtotal	8,474	9,322	17	13
Lenders and lessors				
Interest and foreign exchange rate variations	5,557	6,418	646	717
Leases	8	-	-	-
Subtotal	5,565	6,418	646	717
Shareholders				
Dividends and interest on own capital	387	167	387	167
Retained earnings	1,556	2,120	1,556	2,114
Non-controlling interest	37	44	-	-
Subtotal	1,980	2,331	1,943	2,281
Distributed added value	16,952	18,933	2,638	3,042

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

1. OPERATIONAL CONTEXT

Neoenergia S.A. ("Parent Company") based in Praia do Flamengo, 78 - 3rd floor- Flamengo - Rio de Janeiro - RJ, is a publicly-held company, (NEOE3) with shares traded on the stock market at B3 S.A. – Brasil, Bolsa, Balcão ("B3"), in the "Novo Mercado, Bolsa, Balcão" segment, and was established for the main purpose of acting as a holding company, thus investing in other companies.

Neoenergia S.A and its direct and indirect subsidiaries ("Company" or "Group") are mainly engaged in activities of distribution, transmission, generation and commercialization of electrical energy, represented by three strategic business segments (i) Networks, (ii) Renewable and (iii) Liberalized.

1.1 Public Service Concessions and authorizations for services related to electrical energy

During the first semester ended June 30, 2023, the following changes in the structures regarding the concession contracts and authorizations of the Public Services operated by the Company occurred.

a) Public Service Concessions

Networks

On January 29, 2023, the transmission line of Rio Formoso began its commercial operation (Batch 9 – Transmission Auction 02/2019, from December 2019). It is located in Bahia and comprehends one transmission line of 210km and 2 substations. The batch has a total RAP of R\$ 22 and was delivered with an anticipation of 14 months and a Capex saving of 25%, both concerning the estimated by ANEEL.

On February 08 and March 16, 2023, the following equipment from Neoenergia Lagoa dos Patos began their commercial operations: the Synchronous Compensator 3 from substation Marmeleiro 2 and the Synchronous Compensator 2 from substation Livramento 3. Their deliveries were made with anticipations of 14 and 12 months with an annual RAP of R\$ 9 and R\$ 8, respectively and both concerning the estimated by ANEEL.

On April 06, 2023, the large-size reinforcement authorized to the transmission line of Afluentes began its commercial operation and comprehends the restructuring of the transmission line *Funil/Poções II* which began operating on 230 kV, with an additional RAP portion associated with the reinforcement's conclusion of R\$ 3.

On April 23, 2023, another stage of the enterprise concerning Neoenergia Lagoa dos Patos began its commercial operation with the implementation of the transmission line 525 kV *Guaíba 3/Povo Novo C3*, located in the state of *Rio Grande do Sul*. The stretch has a RAP of R\$ 55, which represents 34.3% of the enterprise's full capacity.

On May 28, 2023, the large-size improvement concerning the Transmission Line Afluentes began its commercial operation and comprehends the substitution of a 230/69 kV transformer in the *Tomba* substation. The construction delivers an additional RAP of around R\$ 3 to the transmission line.

Photovoltaic Solar Power Plants

On March 22, 2023, the last generating units from the photovoltaic plant Luzia 2 began their commercial operation and the Renewable Complex Neoenergia was inaugurated, which resulted from the association of the Complex Luzia and Complex EOL Chafariz, approved by ANEEL as per dispatch 2,382/2022.

Generators

On May 19, 2023 and May 31, 2023, the last generating units from the Wind Power Plants Oitis 3 and 4 began their commercial operation, respectively.

On June 2, 2023, the last generating unit from the Wind Power Plant Oitis 5 began its commercial operation.

Therefore, Oitis 3, 4 and 5 are commercially operating at 100% of their capacity.

The complete information about the Company's concession contracts is disclosed in the consolidated financial statements for the year ended December 31, 2022, therefore, the current interim financial statements for the six-month period ended June 30, 2023 must be jointly read with the aforementioned financial statements.

1.2 Financial and operational risk management

As per the expected review process, there were no relevant changes concerning the Group's Policy of Financial and Operational Risks in comparison with the policies disclosed in the consolidated financial statements of December 31, 2022.

The Financial Risk Policy applies to every business that is part of the Neoenergia group, within the projected limits and applicable to the regulated activities that generate exposure to financial risks; therefore, they must also be applied by its subsidiaries and in accordance with their bylaws and applicable legislation. The following guidelines and specific limits for risk management are included: exchange rate and commodities risk; interest rate and price index risks; liquidity and solvency risk, as well as the use of derivative instruments for hedge purposes, whose application for speculative purpose is strictly prohibited. The Operational Risk Policy related to Market Transactions establishes the control and management of risks in long- and short-term transactions regarding the management of energy and treasury.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of preparation

The Company's consolidated and individual interim financial statements have been prepared and are disclosed according to IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board ("IASB") and CPC 21 – Interim Financial Statements (accounting practices adopted in Brazil) and must be read together with the Group's last consolidated annual financial statements for the year ended December 31, 2022, that were previously disclosed. The financial statements are presented in compliance with the standards issued by CVM and applicable to quarterly information.

The interim financial statements disclose the main variations for the period, thus avoiding repetition of certain notes related to the previously disclosed annual financial statements and in comparison, are presented on the same basis of consolidation and order of tables and explanatory notes.

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

The interim financial statements have been prepared based on the historical cost and are adjusted to reflect (i) the fair value of the financial instruments measured by fair value; (ii) the losses due to assets' reduction to their recoverable value (impairment); and (iii) fair value of non-current assets classified as held for sale.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended on June 30, 2023 and 2022

(Amounts expressed in millions of Reais)



During the preparation of these interim financial statements, the subsidiaries are consolidated from the date on which the Company assumes control until the date on which this control ceases. All transactions between Neoenergia S.A and its direct and indirect subsidiaries are fully eliminated. The Company's share of the gain (loss) on the investments in joint ventures and associates is included in the financial statements from the date on which the significant influence or joint control begins until the date on which this significant influence or control ceases.

All relevant information in the interim financial statements, and only this information, is being disclosed and correspond to the information used by Management in the Company's management.

The disclosure of these interim financial statements was authorized by the Board of Directors on July 25, 2023.

2.2 Functional and presentation currency

These interim financial statements are presented in millions of reais, except when indicated otherwise.

Transactions in foreign currency are initially registered with the exchange rate of the transaction day and translated based on the exchange rate at the balance sheet date. Foreign exchange gains and losses due to the adjustment to assets and liabilities are recognized in financial income (expenses).

2.3 Accounting policies and critical estimates

The standards, accounting practices and critical estimates applied to these interim financial statements are the same as those applied to the complete financial statements for the year ended December 31, 2022; therefore, they must be read together.

2.4 New effective and non-effective standards and interpretations

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

a) Amendments to accounting pronouncements effective as from 2024:

Standard	Amendment description	Effective date
IAS 1/ CPC 26: Presentation of Financial Statements	The amendments establish requirements for the classification and disclosure of liabilities with covenant clauses as current or non-current. According to the amendments, the liability should be classified as current when the entity has no right at the end of the reporting period to defer the settlement of the liability at least twelve months after the reporting period. Moreover, only covenants whose fulfilment is mandatory before or at the end of the reporting period should affect the classification of a liability as current or non-current.	01/01/2024, retrospective application
IFRS 16/ CPC 6 (R2). Leases	The amendments establish requirements which specify that the lessee-seller must subsequently measure lease liabilities that originated from the transfer of an asset – which fulfils the requirements to be recognized as sales revenue - and Sale and Leaseback in a way that the gain or loss concerning the right of use retained in the transaction is not recognized.	01/01/2024, retrospective application
IAS 7/ CPC 3: Statement of Cash Flows	Disclosure of the following operation which involves the Companies and its suppliers: Confirming, Invoice discount, reverse factoring, forfait, and/ or related operations. The new disclosure conditions will provide more clarity to financial agreements or the postponement of deadlines from suppliers by a Company and will allow the stakeholders to observe how the use of these instruments affected the Company's operations.	01/01/2024, retrospective application

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended on June 30, 2023 and 2022

(Amounts expressed in millions of Reais)



There was no issuance of new standards or revision of those already in existence that could produce an applicable effect in 2023. The Company is monitoring the discussions of standards at IASB and the ones with an established effective date in a future period and, until the current moment, it did not identify the possibility of significant impacts.

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

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

	Net income		Shareholders' equity	
	06/30/2023	06/30/2022	06/30/2023	12/31/2022
Parent Company	1,943	2,281	27,747	26,653
Capitalization of financial charges, net ⁽¹⁾	(1)	7	89	91
Others	1	(1)	(4)	(5)
Consolidated	1,943	2,287	27,832	26,739

(1) Capitalization of financial charges concerning loans and financings, net of deferred tax and amortizations, issued by the Parent Company and transferred to its subsidiaries, through an increase of capital to finance the construction of wind power plants.

In the individual statements, the investment in equity interests did not meet the criteria to be a qualifying asset for the capitalization of financial charges.

4. SEGMENT INFORMATION

The Company operates the following reportable segments: Networks, Renewable, Liberalized and Others. The segments were defined based on products and services provided and reflect the structure used by the Management to assess the Company's performance in the normal course of its operations. The bodies responsible for making operational, resource allocation and performance evaluation decisions are the Executive Boards and the Board of Directors.

The main activities of the operating segments are as follows: (i) Networks – comprise the business regarding the service concession arrangements related to energy distribution and transmission services; (ii) Renewable – comprise the activities regarding the service concession arrangements related to energy generation services from natural renewable resources, such as wind farms and hydroelectric plants; (iii) Liberalized – comprise energy generation activities from thermoelectric plants and energy commercialization activities, and (iv) Others – include corporate activities that support operations.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended on June 30, 2023 and 2022

(Amounts expressed in millions of Reais)



4.1 Result by segment

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

	Consolidated				
	Three months ended June 30, 2023				
	Network	Renewable	Liberalized	Others	Result
Gross revenue from third parties	14,778	206	377	-	15,361
Inter-segment gross revenue	29	300	569	1	899
Deductions from gross revenue	(4,259)	(41)	(159)	-	(4,459)
Operating costs and expenses ⁽¹⁾	(7,348)	(119)	(382)	(75)	(7,924)
Inter-segment operating costs and expenses ⁽¹⁾	(589)	(54)	(256)	-	(899)
Expected credit losses	(185)	-	-	-	(185)
(-) Fair value adjustment – investment	(137)	(13)	-	-	(150)
Result of equity interest	-	19	-	-	19
EBITDA	2,289	298	149	(74)	2,662
Depreciation and amortization ⁽²⁾	(470)	(96)	(18)	(42)	(626)
Operating profit	1,819	202	131	(116)	2,036
Financial result, net	(1,148)	(70)	(9)	(94)	(1,321)
Income taxes	62	(22)	(9)	-	31
Net income	733	110	113	(210)	746

	Consolidated				
	Three months ended June 30, 2022				
	Network	Renewable	Liberalized	Others	Result
Gross revenue from third parties	14,329	175	444	1	14,949
Inter-segment gross revenue	26	240	610	1	877
Deductions from gross revenue	(4,236)	(39)	(212)	-	(4,487)
Operating costs and expenses ⁽¹⁾	(6,627)	(95)	(317)	(72)	(7,111)
Inter-segment operating costs and expenses ⁽¹⁾	(586)	(23)	(268)	-	(877)
Expected credit losses	(125)	-	(3)	-	(128)
(-) Fair value adjustment – investment	-				
Result of equity interest	-	3	-	-	3
EBITDA	2,781	261	254	(70)	3,226
Depreciation and amortization ⁽²⁾	(402)	(62)	(18)	(55)	(537)
Operating profit	2,379	199	236	(125)	2,689
Financial result, net	(878)	(87)	(22)	(169)	(1,156)
Income taxes	(384)	(24)	(32)	-	(440)
Net income	1,117	88	182	(294)	1,093

(1) Does not include depreciation and amortization.

(2) Includes the amortization of surplus.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended on June 30, 2023 and 2022

(Amounts expressed in millions of Reais)



	Consolidated				
	Six months ended June 30, 2023				
	Network	Renewable	Liberalized	Others	Result
Gross revenue from third parties	30,498	418	739	-	31,655
Inter-segment gross revenue	56	593	1,141	1	1,791
Deductions from gross revenue	(8,426)	(86)	(315)	-	(8,827)
Operating costs and expenses ⁽¹⁾	(14,935)	(234)	(755)	(136)	(16,060)
Inter-segment operating costs and expenses ⁽¹⁾	(1,151)	(132)	(508)	-	(1,791)
Expected credit losses	(361)	-	-	-	(361)
(-) Fair value adjustment – investment	(137)	(25)	-	-	(162)
Result of equity interest	-	37	-	-	37
EBITDA	5,544	571	302	(135)	6,282
Depreciation and amortization ⁽²⁾	(941)	(181)	(29)	(84)	(1,235)
Operating profit	4,603	390	273	(219)	5,047
Financial result, net	(2,250)	(145)	(17)	(181)	(2,593)
Income taxes	(384)	(60)	(30)	-	(474)
Net income	1,969	185	226	(400)	1,980

	Consolidated				
	Six months ended June 30, 2022				
	Network	Renewable	Liberalized	Others	Result
Gross revenue from third parties	29,063	380	846	-	30,289
Inter-segment gross revenue	54	483	1,172	2	1,711
Deductions from gross revenue	(8,792)	(81)	(406)	-	(9,279)
Operating costs and expenses ⁽¹⁾	(13,435)	(185)	(628)	(120)	(14,368)
Inter-segment operating costs and expenses ⁽¹⁾	(1,137)	(112)	(462)	-	(1,711)
Expected credit losses	(255)	-	(3)	-	(258)
(-) Fair value adjustment – investment	-	11	-	-	11
Result of equity interest	-	11	-	-	11
EBITDA	5,498	496	519	(118)	6,395
Depreciation and amortization ⁽²⁾	(786)	(134)	(34)	(110)	(1,064)
Operating profit	4,712	362	485	(228)	5,331
Financial result, net	(1,564)	(159)	(60)	(290)	(2,073)
Income taxes	(803)	(52)	(68)	(4)	(927)
Net income	2,345	151	357	(522)	2,331

(1) Does not include depreciation and amortization.

(2) Includes the amortization of surplus.

4.2 Assets allocated by segments

	Consolidated				
	Balance as of June 30, 2023				
	Accounts receivable	Sectoral financial assets (liabilities)	Public service concession ¹ and intangible	Investments in subsidiaries and joint ventures	Right of use and PP&E
Network	8,064	(621)	51,976	-	149
Renewable	114	-	296	395	9,927
Liberalized	135	-	10	-	979
Others	-	-	3	-	42
Total	8,313	(621)	52,285	395	11,097

	Consolidated				
	Balance as of June 30, 2022				
	Accounts receivable	Sectoral financial assets (liabilities)	Public service concession ¹ and intangible	Investments in subsidiaries and joint ventures	Right of use and PP&E
Network	7,872	241	36,166	-	12,393
Renewable	110	-	-	1,245	9,943
Liberalized	175	-	-	-	1,004
Others	-	-	-	-	43
Total	8,157	241	36,166	1,245	23,383

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

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

	Consolidated			
	Three months ended			
	06/30/2023		06/30/2022	
	Public service concession ¹ and intangible	Investments, right of use and PP&E	Public service concession ¹ and intangible	Investments, right of use and PP&E
Network	2,139	8	2,088	10
Renewable	-	514	-	376
Liberalized	-	5	-	13
Others	-	8	-	-
Total	2,139	535	2,088	399

	Consolidated			
	Six months ended			
	06/30/2023		06/30/2022	
	Public service concession ¹ and intangible	Investments, right of use and PP&E	Public service concession ¹ and intangible	Investments, right of use and PP&E
Network	4,507	27	3,882	35
Renewable	-	696	-	1,170
Liberalized	-	47	-	17
Others	-	9	-	-
Total	4,507	779	3,882	1,222

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

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5. NET OPERATING REVENUE

	Three months ended June 30, 2023				Consolidated Three months ended June 30, 2022			
	Network	Renewable	Liberalized	Total	Network	Renewable	Liberalized	Total
Energy supply (note 5.1)	5,034	188	368	5,590	5,644	160	430	6,234
Electric grid availability ⁽¹⁾	6,492	-	-	6,492	5,960	-	-	5,960
Concession's infrastructure construction ⁽²⁾	2,155	-	-	2,155	1,907	-	-	1,907
Electric Energy Trading Chamber – CCEE	153	10	-	163	119	9	-	128
Concession's estimated replacement value ⁽³⁾	180	-	-	180	676	-	-	676
Contract asset's remuneration	354	-	-	354	247	-	-	247
Sectoral financial assets and liabilities effects (note 5.2)	250	-	-	250	(557)	-	-	(557)
Other revenues (note 5.3)	160	8	9	177	333	6	15	354
Gross operating revenue	14,778	206	377	15,361	14,329	175	445	14,949
Taxes	(3,093)	(35)	(155)	(3,283)	(3,097)	(33)	(208)	(3,338)
Sectoral charges	(1,166)	(6)	(4)	(1,176)	(1,139)	(6)	(4)	(1,149)
Operating revenue, net	10,519	165	218	10,902	10,093	136	233	10,462

	Six months ended June 30, 2023				Consolidated Six months ended June 30, 2022			
	Network	Renewable	Liberalized	Total	Network	Renewable	Liberalized	Total
Energy supply (note 5.1)	10,155	373	716	11,244	12,094	276	821	13,191
Electric grid availability ⁽¹⁾	12,981	-	-	12,981	11,645	-	-	11,645
Concession's infrastructure construction ⁽²⁾	4,523	-	-	4,523	3,691	-	-	3,691
Electric Energy Trading Chamber – CCEE	311	32	2	345	200	94	-	294
Concession's estimated replacement value ⁽³⁾	829	-	-	829	1,208	-	-	1,208
Contract asset's remuneration	676	-	-	676	477	-	-	477
Sectoral financial assets and liabilities effects (note 5.2)	684	-	-	684	(728)	-	-	(728)
Other revenues (note 5.3)	339	13	21	373	476	10	25	511
Gross operating revenue	30,498	418	739	31,655	29,063	380	846	30,289
Taxes	(6,139)	(71)	(306)	(6,516)	(6,509)	(68)	(397)	(6,974)
Sectoral charges	(2,287)	(15)	(9)	(2,311)	(2,283)	(13)	(9)	(2,305)
Operating revenue, net	22,072	332	424	22,828	20,271	299	440	21,010

(1) The revenue with the Distribution System Usage Charges ("TUSD") basically refers to the billing of a charge due to the use of the distribution network to free and captive consumers in the amounts of R\$ 10,908 (R\$ 10,102 on June 30, 2022) and R\$ 2,073 (R\$ 1,543 on June 30, 2022), respectively.

(2) On June 30, 2023, the total construction revenue from the infrastructure concession, of R\$ 2,465 and R\$ 2,058 (R\$ 2,605 and R\$ 1,086 on June 30, 2022) refers to the construction revenue of distributors and transmitters, respectively.

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

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5.1 Energy supply

	Three months ended		Consolidated Six months ended	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Residential	5,014	4,794	10,176	10,272
Commercial	2,235	2,132	4,499	4,837
Industrial	1,080	1,334	2,155	2,284
Rural	580	561	1,111	1,106
Government	598	560	1,141	1,117
Public lighting	325	321	631	725
Public service	381	379	752	776
Non-billed supply	(124)	26	(74)	69
Transfer – Electric grid availability ⁽¹⁾	(5,444)	(5,160)	(10,908)	(10,102)
Subsidies and state grants ⁽²⁾	945	1,287	1,761	2,107
Total	5,590	6,234	11,244	13,191

(1) Revenues from the electric grid availability are calculated based on the TUSD per consumer class and readjusted according to its respective resolution.

(2) Law 12,783/2013 determined that the resources related to the low-income subsidy as well as other tariff discounts should be fully subsidized by resources from the CDE, being: (i) R\$ 693 (R\$ 570 on June 30, 2022) referring to the low-income subsidy; (ii) R\$ 833 (R\$ 732 on June 30, 2022) referring to the CDE subsidy; (iii) R\$ 0,00 (R\$ 55 on June 30, 2022) referring to the hydric crisis bonus subsidy; (iv) R\$ 80 (R\$ 275 on June 30, 2022) referring to the CCRBT subsidy; (v) R\$ 0 (R\$ 331 on June 30, 2022) referring to the hydric shortage subsidy and (vi) R\$ 65 (R\$ 0 on June 30, 2022) referring to the subsidy of Eletrobrás moderateness.

Readjustment and Tariff review in 2023

In 2023, two distributors went through a Periodic Tariff Review (RTP) and one through the Annual Tariff Readjustment (RTA), as per chart below:

	Neoenergia Coelba	Neoenergia Cosern	Neoenergia Pernambuco
High tension consumers	6.91%	3.65%	10.41%
Low tension consumers	8.66%	4.45%	8.51%
Average readjustment in the tariff	8.18%	4.26%	9.02%
Process model:	RTP	RTP	RTA
No. of the resolution	3,186	3,187	3,195
Date of the resolution	04/18/2023	04/18/2023	05/09/2023

RTA – Annual Tariff Readjustment.
RTP – Periodic Tariff Review.

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5.2 Effects of sectoral financial assets and liabilities

	Three months ended		Consolidated Six months ended	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
CVA and Neutrality				
Energy ⁽¹⁾	(312)	(495)	(823)	(1,080)
System Service Charges – ESS ⁽²⁾	145	(1,181)	(50)	(2,035)
Energetic Development Account – CDE ⁽³⁾	(144)	163	(282)	449
TUST	1	(73)	44	(119)
Neutrality of Sectoral charges	15	67	35	88
PROINFA	(43)	27	(116)	93
	(338)	(1,492)	(1,192)	(2,604)
Financial components and subsidies				
Over-contracting on lending ⁽⁴⁾	132	207	453	585
Hydrological risk	31	(8)	76	(31)
Excess demand/ Reactive surplus	(24)	46	(13)	120
Readjustment deferral	65	64	109	131
Compensation of bilateral agreements from CCEAR	94	-	164	-
Eletrobras moderateness ⁽⁵⁾	435	324	949	700
Pis/Cofins credit over ICMS ⁽⁶⁾	(170)	267	90	308
Others	25	35	48	63
	588	935	1,876	1,876
Total	250	(557)	684	(728)

- (1) Passive CVA, arising from the recognition of differences between the incurred energy costs concerning ANEEL's tariff coverage, with emphasis on the reduction of expenses from the regulated purchase of energy per availability and the recognition of financial events from CCEE, in the short-term in 2023, according to ANEEL's determination, thus increasing the reimbursable CVA this period and it also concerns the amortization of balances recognized by ANEEL in the tariff process of the Company in 2022 and 2023.
- (2) Passive CVA, arising from the recognition of differences between the incurred energy costs concerning ANEEL's tariff coverage, with emphasis on the cost of Energy Safety Charge, according to ANEEL's determination and it also concerns the amortization of balances recognized by ANEEL in the tariff process of the Company in 2022 and 2023.
- (3) Passive CVA, due to REH 3,165/2022 and REH 3,175/2023, which approved that the Monthly quotas of the Energetic Development Account – CDE, concerning the period from January to December 2023, to be collected by the distribution concessionaires thus, resulting in a reimbursable CVA in the period.
- (4) The Company determined the financial adjustment of over-contracting and recognized the highest value between the period due to the increase of the constitution which was intended to nullify the effects on the result obtained from the purchase and sale of energy surplus in the short-term market and the amortization of the approved balances between the tariff readjustment processes.
- (5) Concerning the contribution to CDE by Eletrobrás with an on-lending to the distributors and intended for tariff moderateness, as per Law No. 14,182/2021 and ANEEL Dispatch No. 1,959/2022. For this, the Company recognized an asset of R\$ 164 on June 30, 2023.
- (6) Recognition of the reversal's anticipation of the values that originated from the ICMS exclusion from PIS/COFINS calculation basis as an extraordinary negative financial component to be offset based on the collection of the taxes at the total amount approved by the Brazilian Federal Revenue Service – RFB.

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5.3 Other revenues

	Three months ended		Consolidated Six months ended	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Leases and rents	139	112	272	215
O&M revenues	38	30	76	63
RAP gain/loss	(57)	171	(72)	155
Third-party service commission	16	15	32	30
Revenue from the provision of service	31	14	44	21
Photovoltaic operations	2	6	4	11
Public lighting fee	-	2	4	9
Fraud invoice management	3	1	6	3
Other revenues	5	3	7	4
Total	177	354	373	511

6. ENERGY COSTS

	Three months ended		Consolidated Six months ended	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Energy purchases for resale				
Energy acquired through regulated environment auction – ACR ⁽¹⁾	(1,776)	(1,647)	(3,635)	(3,189)
Energy acquired in the Free Contracting Environment – ACL	(469)	(387)	(958)	(907)
Variable Costs from the Short-Term Market – MCP ⁽²⁾	(243)	(168)	(520)	(261)
Short-Term Energy – PLD and MRE ⁽³⁾	41	(100)	93	(197)
Agreements based on physical assurance quotas	(463)	(441)	(920)	(878)
Energy acquired from a bilateral agreement	(274)	(222)	(554)	(430)
Itaipu energy	(210)	(254)	(388)	(528)
Quotas from Angra I and Angra II Power Plants	(170)	(173)	(343)	(347)
Others	(125)	(140)	(252)	(257)
Subtotal	(3,689)	(3,532)	(7,477)	(6,994)
PIS and COFINS credits	396	391	795	788
Total	(3,293)	(3,141)	(6,682)	(6,206)
Transmission and distribution system usage charges				
Basic grid charges	(1,040)	(813)	(2,076)	(1,650)
Itaipu transport charges	(30)	(25)	(57)	(49)
Connection charges	(59)	(47)	(114)	(72)
Distribution systems use charges	(16)	(18)	(37)	(36)
System service charges – ESS ⁽⁴⁾	(8)	12	(12)	(625)
Reserve energy charges – EER ⁽⁵⁾	(313)	(192)	(683)	(370)
Other charges	3	(4)	5	(5)
Subtotal	(1,463)	(1,087)	(2,974)	(2,807)
PIS and COFINS credits	132	114	267	322
Total	(1,331)	(973)	(2,707)	(2,485)
Total energy costs	(4,624)	(4,114)	(9,389)	(8,691)

PLD – Settlement Prices of Differences.

MRE – Energy Relocation Mechanism.

- (1) The increase of acquired energy cost in the ACR is due to the beginning of new contracts in the 26th auction of new energy and readjustments of tariffs R\$/MWh from the generators as of April 2022.
- (2) The increase is due to the average reduction of 44% in thermal generation and an average increase of 21% in the PLD and 23% in the PLD SE. Consequently, both variations increased the cost of the virtual condominium.
- (3) Reduction due to the equalization of the PLD in 2023, thus generating less financial surplus, in addition to the non-purchase of energy in the MCP (Deficit).
- (4) Cost reduction of ESS Brasil due to energy safety which is related to a better hydrological level in the reservoirs and a more favorable rainfall index regime.
- (5) Increase of the payment of Reserve Energy Charges to ensure the continuous financial balance from the CONER account.

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7. CONSTRUCTION COSTS

	Three months ended		Consolidated Six months ended	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Personnel	(89)	(130)	(298)	(235)
Material	(919)	(896)	(1,963)	(1,818)
Third-party services	(988)	(858)	(1,740)	(1,382)
Interest on construction in progress	(12)	(16)	(28)	(28)
Others	(55)	(103)	(170)	(197)
Special obligations	88	145	117	151
Total	(1,975)	(1,858)	(4,082)	(3,509)
Cost of the concession's infrastructure construction				
Distributors	1,093	1,309	2,465	2,605
Transmitters	882	549	1,617	904

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8. OPERATING COSTS AND OPERATING EXPENSES

	Three months ended June 30, 2023				Consolidated Three months ended June 30, 2022			
	Operating costs	Sales expenses	Other general and administrative revenues (expenses)	Total	Operating costs	Sales expenses	Other general and administrative revenues (expenses)	Total
Staff and employee benefits	(307)	(17)	(207)	(531)	(287)	(25)	(185)	(497)
Management	-	-	(24)	(24)	-	-	(23)	(23)
Third party services	(238)	(66)	(192)	(496)	(226)	(67)	(165)	(458)
Photovoltaic operations	(3)	-	-	(3)	(2)	-	-	(2)
Depreciation and amortization ⁽¹⁾	(540)	-	(86)	(626)	(421)	(1)	(54)	(476)
Fuel for energy production	(121)	-	-	(121)	(27)	-	-	(27)
Provision for judicial lawsuits	-	-	(36)	(36)	-	-	(34)	(34)
Taxes	(1)	-	(8)	(9)	(1)	-	(6)	(7)
Other revenues and expenses, net	(87)	1	(19)	(105)	(69)	4	(26)	(91)
Total	(1,297)	(82)	(572)	(1,951)	(1,033)	(89)	(493)	(1,615)

	Six months ended June 30, 2023				Consolidated Six months ended June 30, 2022			
	Operating costs	Sales expenses	Other general and administrative revenues (expenses)	Total	Operating costs	Sales expenses	Other general and administrative revenues (expenses)	Total
Staff and employee benefits	(604)	(39)	(412)	(1,055)	(569)	(51)	(357)	(977)
Management	-	-	(51)	(51)	-	-	(45)	(45)
Third party services	(456)	(131)	(347)	(934)	(434)	(129)	(292)	(855)
Photovoltaic operations	(7)	-	-	(7)	(7)	-	-	(7)
Depreciation and amortization ⁽¹⁾	(1,057)	(2)	(176)	(1,235)	(837)	(2)	(103)	(942)
Fuel for energy production	(240)	-	-	(240)	(29)	-	-	(29)
Provision for judicial lawsuits	-	-	(83)	(83)	-	-	(67)	(67)
Taxes	(2)	-	(30)	(32)	(4)	-	(22)	(26)
Other revenues and expenses, net	(160)	11	(38)	(187)	(137)	4	(29)	(162)
Total	(2,526)	(161)	(1,137)	(3,824)	(2,017)	(178)	(915)	(3,110)

(1) On June 30, 2023, the gross depreciation and amortization of PIS/COFINS credits was R\$ 1,254 (R\$ 1,081 on June 30, 2022).

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9. FINANCIAL INCOME (EXPENSES)

	Three months ended		Consolidated Six months ended	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Financial income				
Income from financial investments	195	201	398	324
Taxes on financial income	(20)	(25)	(39)	(44)
Interest and charges for accounts receivable and other receivables	77	122	159	257
Judicial deposits monetary variation	20	17	41	30
Monetary variation on sectoral financial assets	(38)	104	-	177
Other financial income	26	13	45	29
	260	432	604	773
Financial expenses				
Charges on debt instruments	(1,066)	(1,156)	(2,205)	(2,046)
Post-employments and others benefits	(19)	(20)	(43)	(39)
Variation of the Sectoral Financial Liabilities	(31)	-	(31)	-
Monetary variation on provision for losses on lawsuits	(54)	(53)	(122)	(115)
Other financial expenses	(5)	(86)	(168)	(171)
	(1,175)	(1,315)	(2,569)	(2,371)
Other financial income (expenses), net				
Losses on foreign exchange rate variation and fair value adjustments – Debt	(158)	(1,179)	(331)	(1,225)
Gain on foreign exchange rate variation and fair value adjustments – Debt	1,023	260	1,517	2,090
Losses on derivative financial instruments – Note 19.3.b	(1,513)	(713)	(2,422)	(2,760)
Gain on derivative financial instruments – Note 19.3.b	310	1,377	595	1,450
Losses on foreign exchange rate and monetary variation	(206)	(35)	(235)	(62)
Gain on foreign exchange rate and monetary variation	138	17	248	32
	(406)	(273)	(628)	(475)
Financial income (expenses), net	(1,321)	(1,156)	(2,593)	(2,073)

10. INCOME TAXES, OTHER TAXES, SECTORAL CHARGES AND REIMBURSEMENT TO CONSUMERS

10.1 Income taxes

Current and deferred income taxes are comprised by income tax (*Imposto de Renda* ("IRPJ")) and social contribution (*Contribuição Social sobre o Lucro Líquido* ("CSLL")) and are calculated based on the 34% nominal rate on income before taxes (IRPJ - 25% and CSLL - 9%), and consider the offsetting of tax loss carryforwards, limited to 30% of the taxable income for the period.

10.1.1 Reconciliation of income taxes recognized in the statement of income

The reconciliation between taxes calculated at nominal rates and the amount of taxes recognized in the statement of income is as follows:

	Three months ended		Consolidated Six months ended	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Income before taxes on income	715	1,533	2,454	3,258
Nominal income taxes rate - 34%	(243)	(522)	(834)	(1,108)
Adjustments that affect income tax calculation:				
Tax benefit over interest on own capital	133	59	134	59
Tax incentives	247	79	344	198
Difference on income taxes calculated based on deemed	30	29	36	17
Additions (reversals) to non-recognized tax assets	(118)	(5)	(127)	(11)
Other additions (reversals)	(18)	(80)	(27)	(82)
Income taxes	31	(440)	(474)	(927)
Effective income tax rates	-4%	29%	19%	28%
Current	121	(134)	(108)	(387)
Deferred	(90)	(306)	(366)	(540)

(1) This variation refers to the addition in the percentage of the promoted activity that affects the exploitation profit which is the basis for the determination of the Sudene benefit.

10.1.2 Deferred tax assets and liabilities

Deferred taxes on assets and liabilities are recognized based on tax losses and temporary differences between book values for the financial statements and the corresponding amounts used for taxation purposes.

	Consolidated	
	06/30/2023	12/31/2022
Tax loss (includes negative basis)	562	498
Surplus and provision for maintaining the integrity of shareholders' equity	347	384
Temporary differences:		
Post-employment benefit obligations	459	292
Provision for legal proceedings	410	387
Estimated credit losses – Accounts receivable	329	307
Right to use the overtaking revenue concession	89	91
Surplus linked to property, plant and equipment, and intangible assets	98	98
Fair value of indemnified financial assets	(2,280)	(1,998)
Debt interest capitalization	(92)	(103)
Accelerated depreciation	(28)	(27)
Fair value of financial instruments	84	83
Hydrological risk (GSF)	(42)	(44)
Margin concerning the construction and remuneration of contract assets	(640)	(1,111)
Others	199	230
Total	(505)	(913)
Non-current assets	698	611
Non-current liabilities	(1,203)	(1,524)

The variations in deferred taxes are as follows:

	Consolidated	
	Asset	Liability
Balance as of December 31, 2022	611	(1,524)
Effects recognized in profit or loss	(7)	(359)
Effects recognized in other comprehensive income	94	92
Reclassification to liabilities directly associated with non-current assets held for sale	-	588
Balance as of June 30, 2023	698	(1,203)
Balance as of December 31, 2021	727	(1,766)
Effects recognized in profit or loss	(158)	(382)
Effects recognized in other comprehensive income	151	63
Transfers between assets and liabilities	(13)	13
Balance as of June 30, 2022	707	(2,072)

10.1.3 Uncertainties about the Treatment of Income Taxes

For the semester ended June 30, 2023, there were no relevant changes in the progress of lawsuits or in the provisioned amounts, which were monetarily updated in the period.

On July 10, 2023, the subsidiary Neoenergia Elektro received an Infraction Notice no. 17459-720.018/2023-41, signed by the Brazilian Federal Revenue, in the amount of R\$ 175, concerning the amortization of surplus that occurred in 2018. The Company's legal advisors evaluated the risk of loss related to this Infraction Notice as possible.

The main lawsuits are disclosed in the consolidated financial statements of December 31, 2022.

10.2 Reimbursement to consumers – Federal taxes

According to the decision issued by the Federal Supreme Court in March 2017, the value of the ICMS highlighted in the invoice should not be a part of the PIS and COFINS calculation basis. Considering lawsuits filed by a few subsidiaries and the modulation of effect from the STF decision, the Company initially recognized an asset of PIS and COFINS receivable. In compensation, a corresponding liability was recognized and is being passed on to the consumers through annual tariff events, as per Law 14,385/22.

The balance of the recognized liabilities in the subsidiaries, updated by the SELIC rate and deducted from the onlendings already made, as well as the changes for the period are presented below:

	Consolidated	
	06/30/2023	06/30/2022
Opening balance	4,586	6,029
Recognition	-	68
Monetary update	188	196
Compensation	(852)	(888)
Closing balance	3,922	5,405
Current	1,431	1,880
Non-current	2,491	3,525

11. CASH AND CASH EQUIVALENTS

	Consolidated		Parent Company	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Cash and demand bank deposits	176	348	-	2
Bank Deposit Certificate (CDB)	2,975	2,646	439	598
Investment funds	3,105	3,808	200	177
Total	6,256	6,802	639	777

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The financial instruments portfolios classified as cash and cash equivalents are made with the purpose of better profitability and the lowest level of risk. The average remuneration of these portfolios on June 30, 2023 is 100.51% of the CDI (100.31% on December 31, 2022).

The portfolio of financial investments, on June 30, 2023 and December 31, 2022, is mainly comprised of exclusive investment funds of the Neoenergia Group which are composed of several assets, as described below:

Portfolio	Consolidated		Parent Company	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Exclusive funds				
Repo operations	3,105	3,808	200	177
Total	3,105	3,808	200	177

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

12. TRADE ACCOUNTS RECEIVABLE AND OTHERS

	06/30/2023			Consolidated 12/31/2022		
	Receivable	Expected credit loss	Accounts receivable, net	Receivable	Expected credit loss	Accounts receivable, net
Energy supply (note 12.1)	8,292	(1,966)	6,326	7,909	(1,720)	6,189
Commercialization of energy at CCEE	130	-	130	99	-	99
Distribution grid availability	991	(6)	985	938	(3)	935
Government Grants and subsidies	476	-	476	481	-	481
Other receivables	520	(124)	396	549	(108)	441
Total	10,409	(2,096)	8,313	9,976	(1,831)	8,145
Current assets			7,980			7,805
Non-current assets			333			340

12.1 Energy supply

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

	06/30/2023		Consolidated 12/31/2022	
	Receivable	Expected credit loss	Receivable	Expected credit loss
Residential	3,049	(1,114)	2,811	(957)
Commercial	930	(359)	857	(316)
Industrial	1,013	(232)	960	(205)
Rural	475	(161)	448	(146)
Government	454	(27)	416	(32)
Public lighting	346	(21)	326	(15)
Public service	331	(6)	329	(4)
Unbilled services	1,694	(46)	1,762	(45)
Total	8,292	(1,966)	7,909	(1,720)

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

	06/30/2023		Consolidated 12/31/2022	
	Receivable	Expected credit loss	Receivable	Expected credit loss
Due receivables	3,719	(116)	3,747	(119)
Overdue receivables:				
Between 1 and 90 days	1,572	(108)	1,440	(107)
Between 91 and 180 days	420	(125)	312	(101)
Between 181 and 360 days	502	(237)	602	(240)
After 361 days	2,079	(1,380)	1,808	(1,153)
Total	8,292	(1,966)	7,909	(1,720)

12.2 Variation of the expected credit losses (ECL)

	Consolidated Six months ended	
	06/30/2023	06/30/2022
Opening balance	(1,831)	(1,580)
Recognized effect in profit or loss for the period	(361)	(258)
Effective write -off of uncollectible receivables	96	92
Closing balance	(2,096)	(1,746)

13. SECTORAL FINANCIAL ASSETS AND LIABILITIES (PORTION A AND OTHERS)

The tariffs that the concessionaires and permissionaires are allowed to charge from their consumers are reviewed by ANEEL: (i) annually on the concession agreement's anniversary date, for tariff adjustment purposes; and (ii) at every four or five years, on average, aiming to recover part of the Portion B (manageable costs) and to adjust the Portion A (non-manageable costs) of certain tariff components. This tariff definition mechanism can cause a time difference that derives from the difference between the projected costs and costs included in the tariff at the beginning of the tariff period, and the ones that are effectively incurred throughout the tariff's effective period. These differences comprise rights or obligations, in observance of the principle of economic and financial balance established by the contract of concession and permission. The breakdown of the sectoral assets and liabilities is shown below:

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	06/30/2023			Consolidated 12/31/2022		
	Rights	Obligations	Net effect	Rights	Obligations	Net effect
CVA and Neutrality						
Energy	177	(1,192)	(1,015)	658	(816)	(158)
System Service Charges – ESS	123	(771)	(648)	463	(1,281)	(818)
Energy Development Account – CDE	223	(8)	215	475	-	475
Tariff on Use of Transmission Network – TUST	627	(5)	622	546	(4)	542
Others	122	(87)	35	158	(60)	98
Financial Components and Subsidies						
Over contracting pass-through ⁽¹⁾	1,449	-	1,449	1,048	(83)	965
Hydrological Risks	-	(884)	(884)	-	(933)	(933)
Demand's Overtaking / Surplus	24	(467)	(443)	15	(442)	(427)
Readjustment deferral	230	(219)	11	112	(206)	(94)
Eletrobrás moderateness CDE	-	(657)	(657)	-	(792)	(792)
PIS/COFINS credits over ICMS ⁽²⁾	696	(950)	(254)	928	(1,405)	(477)
Water Scarcity Flag ⁽³⁾	955	-	955	1,065	-	1,065
Others	94	(101)	(7)	105	(125)	(20)
Total	4,720	(5,341)	(621)	5,573	(6,147)	(574)
Values Homologated by ANEEL	2,732	(2,870)	(138)	1,962	(1,723)	239
Values to be Homologated by ANEEL	1,988	(2,471)	(483)	3,611	(4,424)	(813)
Total	4,720	(5,341)	(621)	5,573	(6,147)	(574)
Current Assets			290			252
Current Liabilities			(375)			(124)
Non-current Liabilities			(536)			(702)

- (1) On June 30, 2023, the Company determined an asset of R\$ 1,449 due to the increase of the recognition intended to nullify the effects of the result obtained with the purchase and sale of the energy surplus in the short-term market and amortization of the approved balances between the tariff readjustment process.
- (2) On June 27, 2022, Law 14,385/2022 was published. Its purpose is to regulate the reimbursement of PIS/COFINS credits on ICMS which was the origin of the Extraordinary Tariff Revision – RTE, on July 13, 2022. These mechanisms allowed the anticipation of the reversal related to the amount of these taxes as a negative financial component, whose deferral for the next 12 months, from April 2023 to March 2024 (for Neoenergia Elektro, from August 2022 to July 2023), is backed by the expectations of future compensations of these credits with the Federal Revenue.
- (3) This positive financial component was recognized in the 2023 Tariff Readjustment process, and it corresponds to the reversal of the costs related to the Hydric Scarcity Flag including the previous readjustment for purposes of tariff moderateness and tariff mitigation.

14. PUBLIC SERVICE CONCESSIONS

The concessions of distribution and transmission companies are not onerous, therefore there are no fixed financial obligations and payments to be made to the Granting Authority. The concession contracts granted have a 30-year term with an extension of its validity, at the sole discretion of the Granting Authority, upon the concessionaire's request. In case of the concession's extinction due to the termination of the contract's term or other events set forth in the contract, the assets linked to the infrastructure which is connected to the provision of services will be reversed to the Granting Authority. Thus, it will result in the mapping, evaluations, and determination of the amount of compensation owed to the Companies considering the values and dates of incorporation into the electric system.

14.1 Financial asset

The values of the assets linked to the infrastructure and that will not be amortized until the end of the concession contract is classified as a financial asset for being an unconditional right of receiving cash or other financial assets directly from the Granting Authority. The recognized value of the financial asset and the changes in the fair value are reviewed every month based on the assumptions inherent to this contract asset (see note 25.6). These assets had the following variations in the period:

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	06/30/2023	Consolidated 06/30/2022
Opening balance	23,493	18,516
Write-offs	(24)	(17)
Reversals	2	5
Transfers - contract assets ⁽¹⁾	1,448	1,410
Transfers - intangible assets	2	5
Transfers - Others ⁽²⁾	-	64
Fair value adjustments ⁽³⁾	829	1,208
Closing balance	25,750	21,191

(1) Transfer of the distributors' financial assets, classified as contract assets during the construction period.

(2) Portion of the reimbursement concerning the Program *Luz Para Todos* (Light for Everyone) – LPT Tranche 9.

(3) The fair value is affected by the variation of the National Wide Consumer Price Index - IPCA, if compared to the same period of the previous year. In 2023, the Financial Asset was adjusted in conformity with ANEEL Report 5th Cycle, , which is adherent to Sub-model 2.3 (Regulatory Remuneration Basis), PRORET (Tariff Regulation Procedures), with an impact of R\$ 167 (R\$ 73 as of June 30, 2022).

14.2 Contract asset

The cash flows linked to the concession infrastructure construction phase, whose right to consideration is conditioned to the fulfilment of performance obligations linked to the operation phase, are classified as Contract Assets, and present the following breakdown:

	06/30/2023			Consolidated 12/31/2022		
	Transmission	Distribution	Total	Transmission	Distribution	Total
Current	478	-	478	715	-	715
Non-current	9,179	4,620	13,799	11,674	4,306	15,980
Total	9,657	4,620	14,277	12,389	4,306	16,695
Concluded	759	-	759	5,758	-	5,758
Ongoing	8,898	4,620	13,518	6,631	4,306	10,937

These assets had the following variations in the period:

	Consolidated		
	Transmission	Distribution	Total
Balance as of December 31, 2022	12,389	4,306	16,695
Additions ⁽¹⁾	2,017	2,490	4,507
Write-offs	-	(14)	(14)
Transfers – intangible in service ⁽¹⁾	-	(689)	(689)
Transfers – financial assets ⁽¹⁾	-	(1,448)	(1,448)
Transfers - Others	-	(25)	(25)
Contract asset amortization	(249)	-	(249)
Monetary variation	676	-	676
Reclassification to non-current asset held for sale	(5,176)	-	(5,176)
Balance as of June 30, 2023	9,657	4,620	14,277
Cost	9,657	5,113	14,770
Special obligations	-	(493)	(493)

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	Transmission	Distribution	Consolidated Total
Balance as of December 31, 2021	8,680	4,259	12,939
Additions ⁽¹⁾	1,271	2,611	3,882
Write-offs	-	(38)	(38)
Transfers – intangible in service ⁽¹⁾	-	(703)	(703)
Transfers – financial assets ⁽¹⁾	-	(1,410)	(1,410)
Transfers - Others	-	30	30
Contract asset amortization	(202)	-	(202)
Monetary variation	477	-	477
Balance as of June 30, 2022	10,226	4,749	14,975
Cost	10,226	5,168	15,394
Special obligations	-	(419)	(419)

- (1) During the construction phase, the assets linked to the distributor's concession infrastructure are recorded as contract assets and measured at their acquisition cost plus the costs of the loan for the financing of the given construction incurred in the same period and deducted from special obligations. After the work's conclusion, these assets are divided between financial and intangible assets. The contract assets remeasurement concerning the transmitters composes the balance of additions.

15. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

15.1 Changes during the period

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

	Joint ventures	Associated companies	Total Consolidated	Associated companies	Total Parent Company
Balance as of December 31, 2022	299	60	359	29,128	29,487
Capital increase	27	-	27	770	797
Equity in income (losses) of subsidiaries	31	6	37	2,349	2,386
Equity in income (losses) of subsidiaries in profit or loss	31	6	37	2,428	2,465
Amortization of surplus	-	-	-	(79)	(79)
Equity in income (losses) of subsidiaries in other comprehensive income	-	-	-	(360)	(360)
Declared dividends and interest on capital	-	-	-	(1,175)	(1,175)
Fair value adjustment of assets classified as held for sale (15.3)	-	-	-	(123)	(123)
Reclassification to non-current assets held for sale (15.3)	(28)	-	(28)	(2,187)	(2,215)
Others	-	-	-	(12)	(12)
Balance as of June 30, 2023	329	66	395	28,390	28,785
Balance as of December 31, 2021	1,138	62	1,200	25,742	26,942
Capital increase	34	-	34	1,522	1,556
Equity in income (losses) of subsidiaries	5	6	11	2,690	2,701
Equity in income (losses) of subsidiaries in profit or loss	5	6	11	2,771	2,782
Amortization of surplus	-	-	-	(81)	(81)
Equity in income (losses) of subsidiaries in other comprehensive income	-	-	-	(393)	(393)
Declared dividends and interest on capital	-	-	-	(2,544)	(2,544)
Others	-	-	-	9	9
Balance as of June 30, 2022	1,177	68	1,245	27,026	28,271

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15.2 Breakdown by investment class

Additional information regarding the main investees are as follows:

	Segment	Interest and voting capital	Balance of investments		Result of interest		Dividends and interest on own capital received	
			06/30/2023	12/31/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Subsidiaries								
Wholly owned subsidiaries ⁽¹⁾	Network	100.00%	8,893	10,316	257	399	58	257
	Liberalized	100.00%	1,451	1,800	254	385	156	65
	Renewable	100.00%	7,050	6,437	130	120	89	69
	Others	100.00%	9	9	-	(28)	-	-
Other subsidiaries								
Neoenergia Coelba	Network	98.94%	6,320	5,947	989	975	307	711
Neoenergia Elektro	Network	99.68%	3,345	3,403	460	622	275	150
Neoenergia Cosern	Network	93.05%	1,462	1,357	311	257	17	22
Afluente T	Network	90.13%	225	235	16	26	15	-
			28,755	29,504	2,417	2,756	917	1,274
Associates and joint ventures								
Teles Pires Participações (note 15.3)	Renewable	50.56%	-	-	-	(32)	-	-
Águas da Pedra Energética	Renewable	51.00%	329	299	31	37	15	23
Corumbá III	Renewable	25.00%	66	60	6	6	-	-
			395	359	37	11	15	23
Shareholders' transactions			(365)	(376)	11	15	-	-
Total			28,785	29,487	2,465	2,782	932	1,297

- (1) On February 28, 2023, the partial spin-off of Termopernambuco which corresponds to its investment in Itapebi was approved with the merger of spun-off assets by Itapebi itself. Therefore, Neoenergia now holds 100% of direct interest in both companies (Termope and Itapebi).

15.3 Non-current assets held for sale

	Consolidated		Parent Company	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Non-current assets held for sale				
Norte Energia	797	797	797	797
Teles Pires and Baguari	961	933	802	780
Transmission assets ¹	5,444	-	2,193	-
	7,202	1,730	3,792	1,577
Liabilities directly associated to non-current assets held for sale				
Teles Pires and Baguari	159	153	-	-
Transmission liabilities ²	3,218	-	-	-
	3,377	153	-	-
Total	3,825	1,577	3,792	1,577

Non-current assets held for sale				
Norte Energia	797	797	797	797
Teles Pires and Baguari	802	780	802	780
Transmission assets ³	2,226	-	2,193	-

- (1) In the consolidated, mainly refers to the balance of cash and cash equivalents of R\$ 249 and contract asset of R\$ 5,176.
(2) In the consolidated, it refers to the balance of loans and financings of R\$ 2,023 and deferred tax liabilities on the contract asset of R\$ 588.
(3) In the consolidated, it considers the elimination of dividends of R\$ 1 and intragroup loans of R\$ 34.

In the period ended June 30, 2023, there were no significant changes in the classification and balance recorded as non-current assets and liabilities held for sale concerning Norte Energia, Teles Pires, and Baguari, which were assessed by the lower of its carrying value and fair value, net of sales expenses.

In May 2023, Baguari Energia S.A. exercised its preemptive right over Baguari I (controlled by Neoenergia, the leading consortium member and holder of 51% of the Consortium UHE Baguari) and signed the contract of purchase and sale by the same price that was negotiated in the operation with *Eletrobrás*. Therefore, the operation with *Eletrobrás* will involve the sale of Teles Pires in addition to the proceeds from the sale of Baguari I, the operation's closing is conditioned to the fulfillment of certain determined precedent and usual conditions which are common for this type of operation. The amounts and conditions defined in the contract of purchase and sale with *Eletrobras* did not change.

The details of these operations are described in the financial statements for 2022.

Divestiture of equity interest on transmission companies

On April 25, 2023, the Group's Board of Directors approved and entered into a Share Purchase Agreement and Other Covenants ("SPA") with Warrington Investment Pte, concerning the sale of 50% equity interest from the subsidiary Neoenergia Transmissora 15 SPE S.A. Ltd., for the amount of R\$ 1,200 and subject to usual price adjustments. The operation is subject to usual conditions precedent set forth in the SPA.

Moreover, as a condition precedent for the operation's implementation and subject to previous approvals, the Company must contribute to the share capital of Neoenergia Transmissora 15, the total equity interest in the following subsidiaries: Neoenergia Jalapão Transmissão de Energia S.A., Neoenergia Santa Luzia Transmissão de Energia S.A., Neoenergia Dourados Transmissão de Energia S.A., Neoenergia Atibaia Transmissão de Energia S.A., Neoenergia Biguaçu Transmissão de Energia S.A., Neoenergia Sobral Transmissão de Energia S.A., S.E. Nandiba S.A. and, Neoenergia Rio Formoso Transmissão e Energia S.A..

As a consequence of the aforementioned approval, the Company has fully reclassified the assets and liabilities of these subsidiaries to the following accounts: “Non-current assets held for sale” and “Liabilities directly associated with non-current assets held for sale” using the lower value between the fair value (net of sales expenses) and the book value of the aforementioned subsidiaries thus, causing an impact on the three- and six-month periods ended June 30, 2023, as follows:

Value of the offer for 100% of the subsidiaries	2,400
Expected adjustments to the value of the offer	(253)
Estimated sales expenses	(25)
Adjusted value of the offer for 100% of the subsidiaries	2,122
Book value of the subsidiaries in the initial recognition	2,245
Result obtained in the initial recognition	(123)
Other adjustments to the fair value recognized in the period	(14)
Total result of the transaction	(137)

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16. PP&E

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

	Consolidated					
	Wind farms	Hydroelectric Power and Combined Cycle Plants	Constructions and land	Others	Assets under construction	Total
Depreciation rate per annum	3.03% - 16.70%	2.00% - 20%	0% - 9.10%	2.5% - 33.30%	-	
Balance as of December 31, 2022	5,204	2,216	1,957	57	1,412	10,846
Additions	8	-	-	-	281	289
Capitalized costs ⁽¹⁾	-	-	-	-	17	17
Write-offs	-	(1)	-	-	(3)	(4)
Depreciation	(129)	(47)	(18)	(5)	-	(199)
Transfers between classes	1,040	2	(284)	24	(782)	-
Transfers - Other assets	-	-	-	1	(16)	(15)
Reclassification to Non-current asset held for sale	-	-	4	(15)	(4)	(15)
Balance as of June 30, 2023	6,123	2,170	1,659	62	905	10,919
Cost	7,057	3,206	2,041	101	905	13,310
Accumulated depreciation	(934)	(1,036)	(382)	(39)	-	(2,391)
Balance as of December 31, 2021	3,007	2,482	1,564	26	2,481	9,560
Additions	-	-	-	-	1,154	1,154
Capitalized costs ⁽¹⁾	-	-	-	-	45	45
Write-offs	-	-	-	-	(1)	(1)
Depreciation	(67)	(58)	(26)	(3)	-	(154)
Transfers between classes	293	85	85	17	(480)	-
Balance as of June 30, 2022	3,233	2,509	1,623	40	3,199	10,604
Cost	3,955	3,574	1,964	70	3,199	12,762
Accumulated depreciation	(722)	(1,065)	(341)	(30)	-	(2,158)

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

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17. INTANGIBLE ASSETS

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

	Consolidated					
	Goodwill	Concession	Software	Others	Assets under construction	Total
Amortization rate per annum	-	2.78% - 5.56%	0% - 20%	0% - 100%	-	
Balance as of December 31, 2022	671	11,881	16	14	24	12,606
Additions	-	-	-	-	8	8
Write-offs	-	(35)	-	-	-	(35)
Amortization	-	(997)	(6)	(4)	-	(1,007)
Transfers between classes	-	-	7	5	(12)	-
Transfers – Financial asset ⁽¹⁾	-	(2)	-	-	-	(2)
Transfers – Contract asset ⁽²⁾	-	660	29	-	-	689
Transfers – Other assets	-	-	-	(2)	2	-
Reclassification to Non-current assets held for sale	-	-	(1)	-	-	(1)
Balance as of June 30, 2023	671	11,507	45	13	22	12,258
Cost	671	32,495	167	23	22	33,378
Accumulated amortization	-	(19,333)	(122)	(10)	-	(19,465)
Special obligations	-	(1,655)	-	-	-	(1,655)
Balance as of December 31, 2021	671	12,073	11	33	13	12,801
Additions	-	-	-	-	3	3
Write-offs	-	(30)	-	-	-	(30)
Amortization	-	(888)	(3)	(2)	-	(893)
Transfers between classes	-	-	2	-	(2)	-
Transfers – Financial asset ⁽¹⁾	-	(5)	-	-	-	(5)
Transfers – Contract asset ⁽²⁾	-	703	-	-	-	703
Transfers – Other assets ⁽³⁾	-	32	-	-	-	32
Balance as of June 30, 2022	671	11,885	10	31	14	12,611
Cost	671	31,370	125	41	14	32,221
Accumulated amortization	-	(17,638)	(115)	(10)	-	(17,763)
Special obligations	-	(1,847)	-	-	-	(1,847)

(1) Refers to the power distributors' contractual right to receive cash from the users due to the services of construction and improvements of the power distribution systems, upon the entry into operation of the respective assets. After the infrastructure construction, such assets will be classified as indemnified financial assets or as intangible assets, according to the remuneration arrangements.

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

(3) Reimbursement portion of the Program "Luz Para Todos" (Light for Everyone) – LPT Tranche 9.

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

	06/30/2023	Consolidated 12/31/2022
Energy	1,521	1,589
Network usage charges	525	491
Materials and services	1,567	2,206
Free energy	172	165
Total	3,785	4,451
Suppliers and accounts payable to contractors	3,785	4,094
Operations of invoice discounting	-	357
Current	3,613	4,287
Non-current	172	164

Operations of invoice discounting

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

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

19. LOANS, FINANCINGS AND DERIVATIVE FINANCIAL INSTRUMENTS

19.1 Net debt

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

	06/30/2023	Consolidated 12/31/2022	Parent Company 06/30/2023	Parent Company 12/31/2022
Bank loans and financings	9,918	9,364	569	569
Development agencies	16,368	16,245	2,243	2,429
Capital market	17,136	17,894	1,572	1,603
Loans and financings ⁽¹⁾	43,422	43,503	4,384	4,601
(+) Derivative financial instruments (note 19.3)	1,590	283	780	508
(-) Cash and cash equivalents (note 11)	(6,256)	(6,802)	(639)	(777)
(-) Marketable securities	(521)	(513)	(74)	(61)
Net debt	38,235	36,471	4,451	4,271

(1) In the statement of financial position, the Company presents loans and financing net of collateral deposits related to debts. This presentation is a better representation of these transactions because such collaterals are realized exclusively for amortizing the related debts.

19.2 Loans and financings

The Company's debts are composed of funds mainly raised through bank loans, funding agencies, and the capital market (debentures and promissory notes) and they are mostly denominated in Reais ("R\$") and U.S. Dollars ("US\$"). The debts are initially recognized at fair value, which usually reflects the received value, net of transaction costs (direct costs of issuance), and eventual payments. Subsequently, the debts are recognized at the (i) amortized cost; or (ii) fair value through profit or loss.

The Company contracted derivatives to hedge its exposure to cash flow variations from the debts denominated in foreign currency, thus significantly mitigating the risk of foreign exchange exposure.

a) Balances of contracts by currency and interest rate modality

	Consolidated		Parent Company	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Denominated in R\$	31,283	32,532	2,171	2,205
Floating interest rates	31,253	32,492	2,171	2,205
Fixed interest rates	30	40	-	-
Denominated in US\$	9,703	9,670	2,248	2,434
Floating interest rates	835	969	-	-
Fixed interest rates	8,868	8,701	2,248	2,434
Denominated in other currencies	2,821	1,646	-	-
Fixed interest rates	2,821	1,646	-	-
	43,807	43,848	4,419	4,639
(-) Collateral deposits	(153)	(112)	-	-
(-) Transaction costs	(232)	(233)	(35)	(38)
	43,422	43,503	4,384	4,601
Current liabilities	9,841	7,289	684	720
Non-current liabilities	33,581	36,214	3,700	3,881

On June 30, 2023, the debts' average cost in percentage is as follows:

	Consolidated		Parent Company	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Average cost of % CDI ⁽²⁾	85.4%	90.4%	80.7%	92.5%
Average cost in fixed interest rates	11.6%	11.4%	11.0%	11.6%
Debt balance	43,422	43,503	4,384	4,601
Derivative financial instruments	1,590	283	780	508
Total debt, net of derivatives	45,012	43,786	5,164	5,109

(2) The rate considers the debt's average balance of 13 months and the result of the accumulated debt and average CDI for the last 12 months.

b) Debt future payment flows

The Company aims to structure its debt according to the financial cycle of its business, observing the peculiarities of each company and the characteristics of its concessions and authorizations.

The future payment flow of the debt's principal and interest is shown below:

	Consolidated			
	Principal ⁽³⁾	Interest ⁽³⁾	Derivative instruments	Total
2023	3,905	1,507	555	5,967
2024	7,193	2,586	599	10,378
2025	5,551	2,151	195	7,897
2026	5,651	2,046	219	7,916
2027	5,587	1,522	54	7,163
Between 2028 and 2032	13,539	3,180	(219)	16,500
Between 2033 and 2037	3,716	1,124	(215)	4,625
2038 onwards	3,060	524	-	3,584
Total	48,202	14,640	1,188	64,030

(3) The estimated flow of future payments, including principal and interest is calculated based on the interest rate curves (Fixed and Floating rates) and foreign exchange rates in effect on June 30, 2023, with consideration that all amortizations and payments on the maturity of these loans and financing will be made at their respective agreed dates. The amount includes the estimated payments of future flows of charges to incur (still not provisioned) and the incurred charges, already recognized in the financial statements.

On June 30 2023, the average maturity of the Company's debt maturities is 5.07 years (5.29 years in December 2022).

c) Debt reconciliation with the cash flow and other variations

	Consolidated		Parent Company	
	Six months ended		Six months ended	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Opening balance	43,503	38,623	4,601	5,373
Effect on cash flow:				
Proceeds	5,073	6,214	-	550
Principal's amortization	(2,550)	(2,765)	(57)	(500)
Borrowing costs	(26)	(45)	-	-
Charges paid	(1,558)	(1,186)	(141)	(213)
Collateral deposits investment (redemption)	(39)	(3)	-	-
Non-cash effect:				
Charges incurred	2,220	2,083	168	274
Foreign exchange rate variation	(1,175)	(814)	(187)	(101)
Fair value adjustments	(11)	(51)	-	-
Reclassification to liabilities directly associated with non-current assets held for sale	(2,015)	-	-	-
Closing balance	43,422	42,056	4,384	5,383

In the six-month period ended June 30, 2023, the Group raised R\$ 5,073, being: (i) R\$ 2,599 through bank loans and financing in foreign currency, in addition to contracts of foreign exchange swaps; (ii) R\$ 971 through financing with national development banks (BNDES and BNB); (iii) R\$ 703 with a deadline of up to 10 years raised with JICA/MUFG (Japan International Cooperation Agency/Mitsubishi UFJ Financial Group, Inc.); (iv) R\$ 800 with IFC (International Finance Corporation), this one is a green bond linked to ESG goals and if these goals are achieved, a stepdown of the debt's spread will be generated.

d) Credit lines

Type	Currency	Fundraising deadline	Total amount	Consolidated Used amount
Financing lines	R\$	12/29/2024	7,493	4,624
Financing lines	€	12/22/2024	1,053	922
Financing lines	US\$	07/20/2023	982	-
			9,528	5,546

The average cost to maintain these credit lines, on June 30, 2023, is 0.22% per annum (0.35% per annum on December 31, 2022) on the total amount.

e) Restrictive financial conditions (Covenants)

On June 30, 2023, the Company has 87% of the consolidated debt contracts with Covenants. The main covenants require that the Company must maintain certain indices, such as net debt over EBITDA and EBITDA over financial income (expenses). The Company did not identify any event of nonconformities on June 30, 2023 and December 31, 2022. Below are the main parameters and general estimated measurements.

	Inferior contract limit ⁽¹⁾	Measurement ⁽²⁾ in 06.30.2023	Measurement ⁽²⁾ in 12.31.2022
Consolidated Neoenergia:			
Net debt ÷ EBITDA	≤ 4.0	3.33	3.15
EBITDA ÷ Financial result	≥ 2.0	2.65	3.05

(1) Each debt contract foresees specific conditions with the breakdown of indicators that will be measured and the respective period of verification which can be quarterly or annually. The indices are from the lower level of each observed indicator among all debt contracts.

(2) General indices achieved by the information presented in these financial statements. Neoenergia S.A is the guarantor of its subsidiaries' debts; therefore, some financial covenants are based on the amounts of Neoenergia S.A.

19.3 Derivative financial instruments

The Company is exposed to several risks arising from its operations, including risks related to foreign exchange rates, interest rates, and price ratios. The Company uses swaps, forward contracts and/or options for economic and financial hedge purposes, as a part of the Company's risk management strategy. General considerations on the risk management strategy are set out in note 25.6.

a) Derivative financial instruments assets (liabilities) presented in the statement of financial position

	Consolidated		Parent Company	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Loans and financing - hedging instruments:				
Foreign exchange rate variation risk (NDF, Options and other derivatives)	(21)	(11)	(15)	(8)
Currency swap – US\$ vs R\$	(1,030)	(117)	(764)	(494)
Currency swap – Other currencies vs R\$	(574)	(189)	-	-
Interest rate swap – R\$	37	33	-	-
Other transactions - hedging instruments:				
Foreign exchange rate variation risk – Goods and services	(2)	7	(1)	-
Price risk of own shares (NEOE3)	-	(6)	-	(6)
Net exposure	(1,590)	(283)	(780)	(508)
Current asset	258	183	-	-
Non-current asset	412	774	-	-
Current liabilities	(717)	(289)	(86)	(41)
Non-current liabilities	(1,543)	(951)	(694)	(467)

The Company has derivative financial instruments contracted for hedging purposes that are designated for hedge accounting, as shown below:

	Consolidated		Parent Company	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Derivatives not designated for hedge accounting				
Loans and financing hedging	8	8	-	-
Other transactions hedging	2	7	-	-
Hedge to protect the prices of the own shares (NEOE3)	-	(6)	-	(6)
Derivatives designated for hedge accounting – cash flow				
Loans and financing hedging	(1,958)	(757)	(779)	(502)
Other transactions hedging	(4)	-	(1)	-
Derivatives designated for hedge accounting – fair value				
Loans and financing hedging	362	465	-	-
	(1,590)	(283)	(780)	(508)

b) Effects of the derivative financial instruments in profit or loss, cash flow and other comprehensive income

	06/30/2023			Consolidated 06/30/2022		
	Loans and financing hedging	Other operations hedging	Total	Loans and financing hedging	Other operations hedging	Total
Opening balance	(283)	-	(283)	1,903	(33)	1,870
Gain (loss) recognized in profit or loss	(1,827)	(18)	(1,845)	(1,300)	(29)	(1,329)
Gain (loss) recognized as Capex	-	-	-	-	(29)	(29)
Gain (loss) recognized in other comprehensive income	(94)	(13)	(107)	(460)	-	(460)
Financial settlement inflow (outflow)	617	28	645	131	78	209
Closing balance	(1,587)	(3)	(1,590)	274	(13)	261
Gain (loss) recognized in profit or loss						
Cost of operations	-	(18)	(18)	-	(14)	(14)
Financial income (expenses), net	(1,827)	-	(1,827)	(1,302)	(13)	(1,315)

	06/30/2023			Parent Company 06/30/2022		
	Loans and financing hedging	Other operations hedging	Total	Loans and financing hedging	Other operations hedging	Total
Opening balance	(502)	(6)	(508)	(104)	(23)	(128)
Gain (loss) recognized in profit or loss	(335)	(14)	(349)	(197)	(19)	(216)
Gain (loss) recognized in other comprehensive income	(61)	(1)	(62)	(168)	9	(158)
Financial settlement inflow (outflow)	119	20	139	87	28	115
Closing balance	(779)	(1)	(780)	(382)	(5)	(387)
Gain (loss) recognized in profit or loss						
Cost of operations	-	(20)	(20)	-	(24)	(24)
Financial income (expenses), net	(335)	6	(329)	(197)	5	(191)

20. PROVISIONS, OTHER OBLIGATIONS AND JUDICIAL DEPOSITS

	06/30/2023	Consolidated 12/31/2022
Provision for judicial lawsuits (note 20.1.a)	1,717	1,638
Provision for environmental obligations	100	118
Provision for obligations to dismantle assets	115	103
Provision for reimbursement	220	158
Total	2,152	2,017
Current liability	405	378
Non-current liability	1,747	1,639

20.1 Provisions for lawsuits, contingent liabilities, and judicial deposits

a) Provision for lawsuits

The Company is a party to civil, labor, tax and other ongoing lawsuits in the administrative and judicial levels. Provisions for losses arising from these lawsuits are estimated and adjusted by the Company, supported by the opinions of its legal advisors. Provisions for losses on lawsuits are as follows:

	Civil	Labor	Tax	Regulatory	Consolidated Total
Balance as of December 31, 2022	944	490	125	79	1,638
Additions and reversals, net	98	11	-	-	109
Payments	(82)	(34)	-	(1)	(117)
Monetary variation	96	32	2	2	132
Reclassification to liabilities directly associated with non-current assets held for sale	(45)	-	-	-	(45)
Balance as of June 30, 2023	1,011	499	127	80	1,717
Balance as of December 31, 2021	829	475	135	104	1,543
Additions and reversals, net	78	20	(10)	(24)	64
Payments	(86)	(37)	-	-	(123)
Monetary variation	100	29	-	2	131
Balance as of June 30, 2022	921	487	125	82	1,615

For the quarter ended June 30, 2023, there were no relevant changes in the situation of these proceedings, or the values provisioned, which were also monetarily updated in the period.

The main proceedings are disclosed in the consolidated financial statements of December 31, 2022.

b) Contingent liabilities

Contingent liabilities correspond to lawsuits not provisioned since they are current obligations whose outflow of resources is not probable or for which it is not possible to make an estimation that is sufficiently reliable for the obligation value, based on the legal opinions. The contingent liabilities are shown below:

	06/30/2023	Consolidated 12/31/2022
Civil lawsuits	3,250	2,763
Labor lawsuits	849	816
Tax lawsuits	4,287	4,043
Regulatory lawsuits	331	311
Total	8,717	7,933

For the semester ended June 30, 2023, the civil and tax proceedings below were included, as detailed below. For the remaining natures, there were no relevant changes in the situation of these proceedings, or the values provisioned, which were also monetarily updated in the period.

Subsidiary	Nature	Description	Amount	Period of the proceedings
Geração Céu Azul	Civil	Lawsuit filed against the Consortium Baixo Iguaçu, which discusses the compensation for moral and material damages among others from incidents that occurred in the usual course of business.	256	Apr/23
Neoenergia Coelba	Civil	A lawsuit was filed against the distributor, due to alleged retentions of collaterals and billings concerning firmed contracts of service provision.	100	May/23
Neoenergia Pernambuco	Tax	A lawsuit was filed against the distributor which discusses the billing of ICMS (CIAP).	104	Jun/23

The other main proceedings are disclosed in the consolidated financial statements of December 31, 2022.

c) Judicial deposits

Judicial deposits are presented according to the nature of the corresponding lawsuits and are related to lawsuits provisioned or not.

	06/30/2023	Consolidated 12/31/2022
Civil lawsuits	649	571
Labor lawsuits	347	341
Tax lawsuits	302	292
Other lawsuits	38	40
Total	1,336	1,244

The judicial deposits were monetarily updated by the SELIC rate, for tax lawsuits and the TR rate plus 70% of the SELIC rate, for the other lawsuits.

21. EMPLOYEE BENEFITS

As a part of its remuneration strategy, the Company grants its employees short and long-term benefits, in addition to salaries, vacations, and other legal benefits, as well as the respective labor charges applicable to these benefits.

The post-employment long-term benefits include (i) complementary pension plan ("Pension plan – Defined benefit"); (ii) complementary pension plan ("Pension plan – Defined contribution") and (iii) post-employment healthcare plan. The values recognized in the statement of financial position are shown below:

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		Consolidated
	06/30/2023	12/31/2022
Labor obligations and PSR	428	599
Short-term benefits – post-employment	89	202
Long-term benefits – post-employment	1,288	685
Defined contribution – CEBPREV	41	40
Total	1,846	1,526
Non-current assets ⁽¹⁾	(25)	(24)
Current liabilities	522	806
Non-current liabilities	1,349	744

(1) The presentation of the post-employment benefit balance is allocated in the following heading “Other non-current assets.”

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21.1 Long- and short-term benefits – post-employment

The following variations are highlighted:

Variations of the plans' assets and liabilities

(i) Defined benefit and post-employment healthcare benefit

	Defined benefit				Consolidated Healthcare
	Actuarial obligations	Assets' fair value	Cap limit effect	Net Assets (liabilities)	Net Assets (liabilities)
Balance as of December 31, 2022	(3,726)	3,766	(198)	(158)	(729)
Service cost	(1)	-	-	(1)	1
Interest effects	(170)	173	(9)	(6)	(35)
Contributions paid by participants	(2)	2	-	-	-
Contributions paid by the sponsor	-	25	-	25	-
Benefits paid by the plan	179	(176)	-	3	30
Resizing	(383)	70	39	(274)	(233)
Balance as of June 30, 2023	(4,103)	3,860	(168)	(411)	(966)
Balance as of December 31, 2021	(3,765)	3,784	(180)	(161)	(680)
Service cost	(6)	-	-	(6)	4
Interest effects	(320)	309	(13)	(24)	(54)
Contributions paid by participants	(5)	5	-	-	-
Contributions paid by the sponsor	-	54	-	54	49
Benefits paid by the plan	337	(337)	-	-	-
Resizing	33	(49)	(5)	(21)	(48)
Balance as of June 30, 2022	(3,726)	3,766	(198)	(158)	(729)
Surplus plans	(809)	964	(168)	(13)	-
Deficit plans	(3,294)	2,896	-	(398)	(966)

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a) Amounts recognized in profit or loss for the period

	06/30/2023			Consolidated 06/30/2022		
	Defined benefit	Post-employment healthcare	Total	Defined benefit	Post-employment healthcare	Total
Service costs	1	(1)	-	(3)	-	(3)
Expenses with obligation interests	(164)	(33)	(197)	(120)	(29)	(149)
Revenues with interest of assets	156	-	156	116	-	116
Total	(7)	(34)	(41)	(7)	(29)	(36)

Service cost allocation:

Profit or loss for the period	1	(1)	-	(3)	-	(3)
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b) Amounts recognized in other comprehensive income

	06/30/2023			Consolidated 06/30/2022		
	Defined benefit	Post-employment healthcare	Total	Defined benefit	Post-employment healthcare	Total
Opening balance	30	(216)	(186)	(40)	(184)	(224)
Resizing:						
Changes in the assumptions	(332)	(232)	(564)	(359)	(22)	(381)
Capt limit effect of the assets/onerous liability	(51)	-	(51)	-	-	-
Plan's return on assets (excluding interest income)	70	-	70	42	-	42
Change in the asset's cap limit	41	-	41	-	-	-
Other effects	-	-	-	13	-	13
Gross effect	(272)	(232)	(504)	(304)	(22)	(326)
Income taxes	93	78	171	104	7	111
Net effect in other comprehensive income	(179)	(154)	(333)	(200)	(15)	(215)
Write-offs / additions	(13)	-	(13)	-	-	-
Closing balance	(162)	(370)	(532)	(240)	(199)	(439)

c) Amounts recognized in the statement of financial position

	06/30/2023		Consolidated 12/31/2022	
	Defined benefit	Post-employment	Defined benefit	Post-employment
Present value of actuarial obligations	(4,103)	(966)	(3,727)	(729)
Assets' fair value	3,860	-	3,768	-
Asset's limit effect (cap limit)	(168)	-	(199)	-
Total net liability (asset)	(411)	(966)	(158)	(729)
Non-current assets	26	-	24	-
Current liabilities	(58)	(31)	(81)	(120)
Non-current liabilities	(379)	(935)	(101)	(609)

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d) Other information on defined benefit plans and post-employment healthcare

(i) Sensitivity analysis and actuarial/economic assumptions

The adopted actuarial/economic assumptions were prepared considering the long-term envisaged for its maturity, therefore, they must be analyzed under this optic. In the short-term they may not be necessarily fulfilled. The following economic assumptions were adopted:

	06/30/2023						
	Néos - Plan BD BA	Post-employment healthcare	Néos – Plan BD PE	Vivest - PSAP / Elektro	Néos - Plan BD RN	FACEB- Plan BD	FACEB – Saldado Plan
Average nominal discount rate	8.57%	8.57%	8.57%	8.57%	8.57%	8.57%	8.57%
Average nominal rate of salary cost growth	N/A	N/A	4.28%	5.07%	N/A	3.25%	N/A
Actual rate of inflation concerning medical costs	N/A	3.25%	N/A	N/A	N/A	N/A	N/A
Average inflation rate estimated in the long-term	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Duration (in years)	8.03	9.39	8.32	10.66	7.01	10.12	9.11

	12/31/2022						
	Néos - Plan BD BA	Post-employment healthcare	Néos – Plan BD PE	Vivest - PSAP / Elektro	Néos - Plan BD RN	FACEB- Plan BD	FACEB – Saldado Plan
Average nominal discount rate	9.60%	9.60%	9.60%	9.60%	9.60%	9.60%	9.60%
Average nominal rate of salary cost growth	N/A	N/A	4.28%	5.07%	N/A	3.25%	3.25%
Actual rate of inflation concerning medical costs	N/A	3.25%	N/A	N/A	N/A	N/A	N/A
Average inflation rate estimated in the long-term	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Duration (in years)	8.19	9.79	8.47	12.66	7.10	10.30	9.27

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The main actuarial assumptions adopted in the calculation, by defined benefit plan, are presented as follows:

	06/30/2023						12/31/2022					
	Néos – Plan BD BA	Néos – Plan BD RN	Néos – Plan BD PE	Vivest - PSAP/ Elektro	FACEB – Saldado Plan	FACEB - Plan BD	Néos – Plan BD BA	Néos – Plan BD RN	Néos – Plan BD PE	Vivest - PSAP/ Elektro	FACEB – Saldado Plan	FACEB - Plan BD
Mortality table	SUSEP BR - EMSsb v2015 softened in 15%	AT-2000 M&F	AT-2000 M&F softened in 10%	AT-2000 male, softened in 10%	AT-2000 M&F Softened in 10%	AT-2000 M&F, softened in 10%	SUSEP BR - EMSsb v2015 softened in 15%	AT-2000 M&F	AT-2000 M&F softened in 10%	AT-2000 male, softened in 10%	AT-2000 M&F Softened in 10%	AT-2000 M&F, softened in 10%
Disability entry table	N/A	N/A	Average Light	<i>Mercer Disability segregated by sex, softened in 50%</i>	N/A	TASA 1927	N/A	N/A	Average Light	<i>Mercer Disability segregated by sex, softened in 50%</i>	N/A	TASA 1927
Disability mortality table	BR EMS sb v2010 (male)	AT-1983 weighted (40% male and 60% female), softened in 10%	AT-1983 male	AT-1949 Male, aggravated in 10%	M185 M&F	M185 M&F	BR EMS sb v2010 (male)	AT-1983 weighted (40% male and 60% female), softened in 10%	AT-1983 male	AT-1949 Male, aggravated in 10%	M185 M&F	M185 M&F
Family composition	Active: 95% are married with wife that is 4 years younger. Assisted: Real family.	Active: N/A Assisted: Real family	Active and BPD: 80% are married wife that is 4 years younger. Assisted: Familia Real.	Active and BPD: ExpCF_2014 Assisted: Real family	Active and BPD: 95% are married wife that is 4 years younger. Assisted: Real family.	Active and BPD: 95% are married wife that is 4 years younger. Assisted: Familia Real.	Active: 95% are married wife that is 4 years younger. Assisted: Real family.	Active: N/A Assisted: Real family	Active: 80% are married wife that is 4 years younger. Assisted: Real family	ExpCF_2014	Active and Differed proportional benefit: 95% are married wife that is 4 years younger. Assisted: Real family	Active and BPD: 95% are married wife that is 4 years younger. Assisted: Real family

22. SHAREHOLDERS' EQUITY

22.1 Share capital

On June 30, 2023, the share capital is R\$ 16,920 (R\$12, 920 on December 31, 2022) which corresponds to 1,213,797,248 book-entry common shares ("ON") fully subscribed, paid-up and without par value.

In April 2023, the capitalization of profit reserves, in the amount of R\$ 4,000 without change in the number of shares, was approved at the Extraordinary General Meeting, as per article 199 of the Brazilian Corporate Law.

	Shareholders		
	ON	ON %	R\$
Iberdrola Energia S.A. ("Iberdrola")	606,898,625	50.00%	8,460
Iberdrola S.A.	42,482,904	3.50%	592
Previ-Caixa de Prev. dos Func. do Banco do Brasil ("Previ")	367,647,583	30.29%	5,125
Other shareholders – <i>Free float</i>	194,382,034	16.01%	2,710
Advisors and directors	780,732	0.06%	11
Treasury shares	1,605,370	0.14%	22
Total shares	1,213,797,248	100%	16,920

22.2 Earnings per share and shareholders' remuneration

a) Earnings per share

The values of the basic and diluted earnings per share are shown below:

	Attributed to shareholders of Neoenergia S/A			
	Consolidated		Parent Company	
	Three months ended		Six months ended	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Net income for the period	728	1,075	1,943	2,287
Weighted average number of the outstanding shares	1,214	1,214	1,214	1,214
Basic and diluted earning per share	0.60	0.89	1.60	1.88

	Attributed to shareholders of Neoenergia S/A			
	Consolidated		Parent Company	
	Three months ended		Six months ended	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Net income for the period	727	1,077	1,943	2,281
Weighted average number of the outstanding shares	1,214	1,214	1,214	1,214
Basic and diluted earning per share	0.60	0.89	1.60	1.88

b) Remuneration to shareholders

In June 2023, the Board of Directors approved the anticipated remuneration to shareholders of R\$ 387 concerning 2023 (R\$ 167 in June 2022), in the form of interest on own capital, to be paid by the Company until December 2023.

23. TRANSACTIONS WITH RELATED PARTIES

The Company's related parties are subsidiaries, joint ventures, associates, shareholders and its related entities, and the Company's key management personnel.

The main commercial transactions with related parties recognized as accounts receivable and/or accounts payable and their respective revenues and/or costs/expenses are related to (i) power purchase and sale agreements; (ii) energy distribution and transmission system usage agreements; (iii) operation and maintenance service provision; (iv) administrative service contracts. Further information on the main transactions is disclosed in the consolidated financial statements of December 31, 2022.

The transactions with pension funds responsible for the management of short- and long-term benefits offered to the Company's employees are classified as "Shareholders and Others" in this explanatory note.

The information regarding transactions with related parties and their effects on the Company's consolidated financial statement is shown below:

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(Amounts expressed in millions of Reais)



23.1 Outstanding balance with related parties

	06/30/2023				Consolidated 12/31/2022			
	Joint ventures	Associates	Shareholders and others	Total	Joint ventures	Associated companies	Shareholders and others	Total
Assets								
Accounts receivable and others	-	-	-	-	46	2	-	48
Dividends and interest on own capital (receivable)	-	38	-	38	15	34	-	49
Other assets	-	-	34	34	-	-	41	41
	-	38	34	72	61	36	41	138
Liabilities								
Suppliers and accounts payable	8	-	76	84	48	131	168	347
Benefits to employees	-	-	12	12	-	-	23	23
Dividends and interest on own capital (payable)	-	-	1,365	1,365	-	-	1,001	1,001
Other liabilities	-	-	-	-	43	-	10	53
	8	-	1,453	1,461	91	131	1,202	1,424

	06/30/2023				Parent Company 12/31/2022			
	Subsidiaries	Joint ventures and associates	Shareholders and others	Total	Subsidiaries	Joint ventures and associated companies	Shareholders and others	Total
Assets								
Dividends and interest on own capital (receivable)	937	-	-	937	748	15	-	763
Other assets	113	-	-	113	149	-	-	149
	1,050	-	-	1,050	897	15	-	912
Liabilities								
Suppliers and accounts payable	-	-	66	66	-	-	145	145
Dividends and interest on own capital (payable)	-	-	1,333	1,333	-	-	985	985
Other liabilities	270	-	-	270	125	-	-	125
	270	-	1,399	1,669	125	-	1,130	1,255

23.2 Transactions with related parties

	06/30/2023				Consolidated 06/30/2022			
	Joint ventures	Associates	Shareholders and others	Total	Joint ventures	Associated companies	Shareholders and others	Total
Profit (loss) for the period								
Operating revenue, net	5	-	-	5	23	9	-	32
Service costs	(41)	-	(1)	(42)	(225)	(546)	(3)	(774)
General and administrative expenses	-	-	(102)	(102)	-	-	(86)	(86)
Financial income (expenses), net	-	-	(1)	(1)	-	-	(3)	(3)
	(36)	-	(104)	(140)	(202)	(537)	(92)	(831)

	06/30/2023				Parent Company 06/30/2022			
	Subsidiaries	Joint ventures and associates	Shareholders and others	Total	Subsidiaries	Joint ventures and associated companies	Shareholders and others	Total
Profit (loss) for the period								
Operating revenue, net	1	-	-	1	2	-	-	2
General and administrative expenses	-	-	(64)	(64)	-	-	(46)	(46)
Financial income (expenses), net	159	-	-	159	74	-	-	74
	160	-	(64)	96	76	-	(46)	30

23.3 Key management personnel remuneration

The employees' remuneration, including those occupying executive positions and members of the Company's Board of Directors recognized in the statement of income on accrual basis, are shown below:

	Consolidated			
	Three months ended		Six months ended	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Wages and recurring benefits	14	12	29	23
Short-term variable compensation	6	6	11	10
Long-term benefits	4	6	8	11
Total	24	24	48	44

	Parent Company			
	Three months ended		Six months ended	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Wages and recurring benefits	11	10	23	18
Short-term variable compensation	4	4	8	8
Long-term benefits	3	5	7	10
Total	18	19	38	36

23.4 Granted financial guarantees

The Company's granted financial guarantees are made based on contract conditions that support financial operations between the joint ventures/associates and third parties, which ensures the fulfillment of obligations in case of the original debtor does not honor its established financial agreements.

On June 30, 2023, the amount of granted financial guarantees to certain joint ventures and associates totaled R\$ 4,289.

24. CLASSIFICATION AND ESTIMATES OF FAIR VALUES FROM FINANCIAL INSTRUMENTS

24.1 Classification and measurement of financial instruments

The Company classifies its financial instruments accordingly with its business model and purpose for which they were acquired. The financial instruments are classified and measured as follows:

	06/30/2023			Consolidated 12/31/2022		
	AC	FVTOCI	FVTPL	AC	FVTOCI	FVTPL
Financial assets						
Cash and cash equivalents	3,151	-	3,105	2,994	-	3,808
Securities and marketable securities	109	-	412	168	-	345
Trade and other receivables	10,409	-	-	9,976	-	-
Derivative financial instruments	-	295	375	-	480	477
Sectoral financial assets (Portion A and others)	290	-	-	252	-	-
Public service concession (financial asset)	-	-	25,750	-	-	23,493
Other assets	227	-	-	183	-	-
	14,186	295	29,642	13,573	480	28,123
Financial liabilities						
Suppliers and accounts payable to contractors and operations of invoice discounting	3,785	-	-	4,451	-	-
Loans and financing	42,381	-	1,041	42,345	-	1,158
Sectoral financial liabilities (Portion A and others)	911	-	-	826	-	-
Derivative financial instruments	-	2,256	4	-	1,233	7
Lease obligations	205	-	-	206	-	-
Use of public asset	62	-	-	64	-	-
Other liabilities	1,055	-	22	844	-	30
	48,399	2,256	1,067	48,736	1,233	1,195

AC – Amortized cost

FVTOCI – Fair value through other comprehensive income

FVTPL – Fair value through net income

24.2 Fair value estimation

For the measurement and determination of the fair value, the Company uses several methods including approaches based on the following: market, result, or cost, to estimate the values that the market participants would use to price the asset or liability. The financial assets and liabilities measured at fair value are classified and disclosed accordingly with the following levels:

Level 1 – Prices quoted (unadjusted) on active, liquid, and visible markets for identical assets and liabilities that are accessible on the measurement date.

Level 2 – Prices quoted (adjusted or not) for similar assets or liabilities on active markets; and

Level 3 – Assets and liabilities whose prices do not exist or whose prices or evaluation techniques are supported by a small or non-existent, non-observable, or illiquid market.

The impact analysis in case the results are different from Management's estimation is presented in note 25.7 (sensitivity analysis).

24.3 Financial instruments recognized at fair value ("FVTPL" or "FVTOCI")

The measurement level of the financial assets and liabilities recognized at the fair value is as follows:

	06/30/2023		Consolidated 12/31/2022	
	Level 2	Level 3	Level 2	Level 3
Financial assets				
Cash and cash equivalents	3,105	-	3,808	-
Securities and marketable securities	412	-	345	-
Derivative financial instruments	670	-	957	-
Public service concession (Financial asset)	-	25,750	-	23,493
	4,187	25,750	5,110	23,493
Financial liabilities				
Loans and financing	1,041	-	1,158	-
Derivative financial instruments	2,260	-	1,240	-
Other liabilities	22	-	30	-
	3,323	-	2,428	-

There was no transfer of financial instruments between the fair value measurement level.

The gains and losses recognized in profit or loss for the six-month period ended June 30, 2023 and 2022, related to the financial assets and liabilities measured through level 3 techniques were R\$ 829 and R\$ 1,208, respectively. The other transfers for these assets and liabilities are disclosed in note 14.1.

24.4 Financial instruments recognized at the amortized cost ("AC")

Financial instruments measured at the amortized cost, due to the long-term cycle for realization, can have their fair value different from the book balance. The fair values of the financial assets and liabilities recognized at the amortized cost are shown below.

	06/30/2023		Consolidated 12/31/2022	
	Book balance	Fair value estimate – Level 2	Book balance	Fair value estimate – Level 2
Loans and financings	42,381	41,966	42,345	41,722

Due to the short-term cycle, it is assumed that the fair values of the balances regarding cash and cash equivalents, securities and marketable securities, trade accounts receivables, accounts payable to suppliers and sectoral financial assets, and liabilities are equal to the amount measured at amortized cost (book balance).

24.5 Valuation methods and techniques

The valuation methods and techniques are the same ones disclosed in the financial statements of December 21, 2022.

24.6 Additional information on derivative financial instruments

The Company has derivative financial instruments for economic and financial hedge against the risk of changes in exchange and interest rates. The most used instruments are swaps and Non-Deliverable Forwards (NDF).

All derivative operations of the Company's hedge programs are detailed in the charts below, which include the following: its type, reference value, deadline, fair value including the credit risk.

To evaluate the economic relationship between the hedged item and the hedging instrument, the Company adopts the methodology of the prospective effectiveness test through the object's critical terms and the contracted derivatives to conclude if there is an expectation concerning the changes in cash flow of the hedged item and the hedging instrument to be mutually compensated.

U.S. Dollars loans and financing hedging program

For economic and financial hedging purposes, the Company may contract swaps to translate loans and financing denominated in US\$ into R\$. In such swaps, the Company holds a payable position in R\$ indexed to the CDI and a receivable position in US\$ indexed to fixed or floating interest rates (Libor).

The programs below are designated for hedge accounting and measured at fair value through profit or loss:

Swap US\$ float vs R\$ float	Reference value		Deadline (Year)	Fair value	
	06/30/2023	12/31/2022		06/30/2023	12/31/2022
Asset	US\$ 123	US\$ 130	2027 - 2029	592	689
Liability	R\$ 398	R\$ 423		(387)	(408)
Net exposure				205	281

Swap US\$ fixed vs R\$ float	Reference value		Deadline (Year)	Fair value	
	06/30/2023	12/31/2022		06/30/2023	12/31/2022
Asset	US\$ 67	US\$ 67	2025 - 2027	310	341
Liability	R\$ 184	R\$ 184		(182)	(181)
Net exposure				128	160

The programs below are designated for hedge accounting and classified as cash flow hedge:

Swap US\$ float vs R\$ float	Reference value		Deadline (Year)	Fair value	
	06/30/2023	12/31/2022		06/30/2023	12/31/2022
Asset	US\$ 50	US\$ 54	2030	243	283
Liability	R\$ 167	R\$ 179		(169)	(180)
Net exposure				74	103

Swap US\$ fixed vs R\$ float	Reference value		Deadline (Year)	Fair value	
	06/30/2023	12/31/2022		06/30/2023	12/31/2022
Asset	US\$ 1,627	US\$ 1,428	2023 - 2036	8,075	7,858
Liability	R\$ 8,378	R\$ 7,381		(9,513)	(8,518)
Net exposure				(1,438)	(660)

Euro loans and financing hedging program

For economic and financial hedging purposes, the Company may contract swaps to translate loans and financing denominated in EUR into R\$. In such swaps, the Company holds a payable position in R\$ indexed to the CDI and a receivable position in EUR indexed to fixed or floating interest rates (Euribor).

The programs below are classified according to the accounting hedge criteria measured at fair value through profit or loss:

Swap EUR \$ fixed vs R\$ float	Reference value		Deadline (Year)	Fair value	
	06/30/2023	12/31/2022		06/30/2023	12/31/2022
Asset	-	€ 80	2023	-	427
Liability	-	R\$ 357		-	(359)
Net exposure				-	68

The programs below are designated for hedge accounting and classified as cash flow hedge, therefore measured at fair value through other comprehensive income:

Swap EUR \$ fixed vs R\$ float	Reference value		Deadline (Year)	Fair value	
	06/30/2023	12/31/2022		06/30/2023	12/31/2022
Asset	€ 170	€ 159	2023-2024	890	1,042
Liability	R\$ 874	R\$ 703		(886)	(710)
Net exposure				4	332

Hedging program for loans and financing denominated in Reais bearing IPCA inflation rate

For economic and financial hedging purposes, the Company may contract swaps to translate loans and financing in R\$ indexed to the IPCA into CDI. In such swaps, the Company holds a payable position in CDI and a receivable position in IPCA.

The programs below are designated for hedge accounting and measured at fair value through profit or loss:

Swap IPCA vs CDI	Reference value		Deadline (Year)	Fair value	
	06/30/2023	12/31/2022		06/30/2023	12/31/2022
Asset	R\$ 162	R\$ 157	2023-2025	163	155
Liability	R\$ 126	R\$ 122		(125)	(121)
Net exposure				38	34

Hedging program for U.S. Dollars payments

Aiming to reduce cash flow volatility, the Company may contract NDF or options operations to mitigate foreign exchange rates variations exposure arising from disbursements denominated or in or indexed to U.S. Dollars.

Such program is designated for hedge accounting and classified as cash flow hedge, therefore measured at fair value through other comprehensive income:

NDF	Reference value		Deadline (Year)	Fair value	
	06/30/2023	12/31/2022		06/30/2023	12/31/2022
Disbursement USD					
Forward	US\$ 26	US\$ 40	2023-2026	(21)	(14)
Net exposure				(21)	(14)

The programs below are classified according to accountign hedge criteria measured at cash flow:

NDF	Reference value		Deadline (Year)	Fair value	
	06/30/2023	12/31/2022		06/30/2023	12/31/2022
Disbursement USD					
Put options	-	US\$ 5	2023	-	5
Net exposure				-	5

Hedging program for Euro payments

Aiming to reduce cash flow volatility, the Company may contract NDF operations to mitigate foreign exchange rates variations exposure arising from disbursements denominated or subject to ratios in Euro.

Such program is designated for hedge accounting and classified as cash flow hedge, therefore measured at fair value through other comprehensive income:

NDF	Reference value		Deadline (Year)	Fair value	
	06/30/2023	12/31/2022		06/30/2023	12/31/2022
Disbursement EUR					
Forward	€ 10	€ 1	2023-2024	(3)	(1)
Net exposure				(3)	(1)

Hedge program regarding the stocks plan – ILP 2020/2022

On July 15, 2020, the Company's Board of Directors approved the repurchase of up to 2,555,000 shares through the contracting of derivative financial instruments (Equity Swap), to protect the Company against the volatility of its stock prices (NEOE3), since this event may negatively impact the future assumed cash flows in the scope of its Long-term Incentive Program.

This program is classified according to an economic hedge which is not designated for hedge accounting and is measured at the fair value through profit or loss.

Swap Equity	Reference value		Deadline (Year)	Fair value	
	06/30/2023	12/31/2022		06/30/2023	12/31/2022
Asset	-	R\$ 40		-	42
Liability	-	R\$ 47	2023	-	(47)
Net exposure				-	(5)

Yen loans and financing hedging program

For economic and financial hedge, the Company contracts swap operations to translate JPY-denominated debts and loans into R\$. In these swaps, the Company assumes a short position in R\$ linked to the CDI and a long position in JPY linked to fixed rates.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended on June 30, 2023 and 2022

(Amounts expressed in millions of Reais)



Swap JPY fixed vs R\$ float	Reference value		Deadline (Year)	Fair value	
	06/30/2023	12/31/2022		06/30/2023	12/31/2022
Asset	JPY 57,864	JPY 30,434		1,929	1,209
Liability	R\$ 2,448	R\$ 1,434	2026-2031	(2,506)	(1,458)
Net exposure				(577)	(249)

24.7 Sensitivity analysis

The sensitivity analysis estimates the potential value of derivative financial instruments and respective exposures of the hedged items, in hypothetical stress scenarios of the main market risk factors to which they are exposed, maintaining all other variables unchanged. The estimate of the potential value at risk considers the projected horizon for the next 63 working days (or 91 continuous days) as of June 30, 2023.

- **Probable scenario:** On the evaluation date, the future cash flows were projected, considering the balances and eventual charges and interest, estimated based on the foreign exchange and/or interest rates in effect at the market on June 30, 2023.

- **Scenario II:** Estimate of the fair value considering a deterioration of 15% in the risk variables associated with the probable scenario.

- **Scenario III:** Estimate of the fair value considering a deterioration of 30% in the risk variables associated with the probable scenario.

For analysis purposes of the sensitivity regarding the derivative financial instruments, the Company understands that there is the need to consider the liabilities that are being hedged, with exposure to the variations of foreign exchange rates or price indexes and that are recorded in the statement of financial position.

As 100% of the debts in foreign currency are protected by swaps, the risk of the exchange rate variations is irrelevant, as shown below:

Operation	Currency	Risk	Rate	Exposure (Balance/Notional)	Probable scenario	Impact - Scenario (II)	Impact - Scenario (III)
U.S Dollars denominated debt	Dollar (\$)	Dollar appreciation	4.8192	(9,702)	(9,794)	(1,468)	(2,938)
Swap long position in U.S Dollars				9,220	9,307	1,396	2,792
Net exposure				(482)	(487)	(72)	(146)
Euro denominated debt	Euro (€)	Euro appreciation	5.2626	(892)	(903)	(135)	(271)
Swap long position in Euro				890	902	135	271
Net exposure				(2)	(1)	-	-
Yen denominated debt	Yen (JPY)	Yen appreciation	0.0334	(1,930)	(1,978)	(297)	(594)
Swap long position in Yen				1,954	2,003	301	601
Net exposure				24	25	4	7

For disbursements in foreign currency related to non-debt contracts, the following hedging strategies are adopted, with the impacts related to the reproduced scenarios for the exchange variation over the derivative and the corresponding impact on each scenario for the hedged item being shown in the table. Therefore, the effect of elimination and/or reduction of net exchange exposure is observed through the hedging strategy:

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Amounts expressed in millions of Reais)



Operation	Currency	Risk	Rate	Exposure (Balance/Notional)	Impact - Scenario (II)	Impact - Scenario (III)
Hedged item: portion of payments in USD NDF	Dollar (\$)	Dollar appreciation Dollar depreciation	4.8192	(133) 133	18 (18)	35 (35)
Exposure			-	-	-	-
Hedged item: portion of payments in Euro NDF	Euro (€)	Euro appreciation Euro depreciation	5.2626	(52) 52	8 (8)	13 (13)
Exposure			-	-	-	-

The table below shows the loss (gain) due to the variation of interest rates that may be recognized in the Company's profit or loss in the subsequent period, in case one of the scenarios presented below occurs:

Operation	Indexer	Risk	Rate	Exposure (Balance/Notional)	Probable scenario	Impact - Scenario (II)	Impact - Scenario (III)
Financial assets							
Financial investments indexed to the CDI	CDI	CDI depreciation	13.65%	6,752	214	(31)	(62)
Financial Liabilities							
Loans and financings							
Debt instruments at CDI	CDI	CDI appreciation	13.65%	(12,880)	(460)	(64)	(128)
Swaps Dollar x CDI (Short position)	CDI	CDI appreciation	13.65%	(12,711)	(441)	(62)	(125)
Debt instruments at IPCA	IPCA	IPCA appreciation	3.94%	(16,031)	(401)	(34)	(67)
Swaps IPCA x CDI (Long position)	IPCA	IPCA appreciation	3.94%	162	5	-	1
Swaps Dollar x IPCA (Short position)	IPCA	IPCA appreciation	3.94%	(825)	(20)	(2)	(3)
Debt instruments at LIBOR 6M	LIBOR	6M appreciation	5.76%	(834)	(14)	(1)	(4)
Swaps Libor 6M x CDI (Long position)	LIBOR	6M appreciation	5.76%	834	16	2	4
Debt instruments at SELIC	SELIC	Selic appreciation	13.65%	(28)	(1)	-	-
Debt instruments at TJLP	TJLP	TJLP appreciation	7.00%	(1,430)	(32)	(4)	(8)

25. SUBSEQUENT EVENTS

Raising of funds

As detailed below, the Group accomplished the following raising of funds, through capital market and foreign currency, in July 2023:

Subsidiary	Nature	Amount	Deadline	Date of receipt
Neoenergia Coelba	Capital market	R\$ 300	1 year	07/07/2023
Neoenergia Morro do Chapéu	Foreign currency	R\$ 350	1 year	07/10/2023
Neoenergia Brasília	Foreign currency	R\$ 150	2.5 years	07/20/2023
Neoenergia Cosern	Capital market	R\$ 500	5 years	07/21/2023