



Financial Statements

December 31, 2023

HIGHLIGHTS (R\$ MM) 4Q23	4Q23	4Q22	Δ %	2023	2022	Δ %
Net Operating Revenue	11,136	10,921	2%	42,388	40,822	4%
Gross Margin	4,106	4,257	(4%)	15,742	16,201	(3%)
Operating Expenses	(1,018)	(1,118)	(9%)	(3,997)	(3,932)	2%
EBITDA	2,855	2,835	1%	12,359	11,582	7%
Financial Income (Loss)	(137)	(947)	20%	(4,843)	(3,800)	27%
Profit assigned to controlling shareholders	973	936	4%	4,461	4,718	(5%)
Financial Asset (Concession)	245	429	(43%)	1,222	1,339	(9%)
IFRS 16 + Corporate Operations	(396)	(79)	401%	514	559	(8%)
Adjusted EBITDA	3,006	2,485	21%	10,623	9,684	10%



OPERATING INDICATORS						
Total Inject Energy (GWh) (SIN + Isolated Systems + DG)	22,176	20,135	10.1%	82,411	78,473	5.0%
Total Distributed Energy (captive + free market + DG)	18,969	17,584	7.9%	71,318	68,626	3.9%
Number of Customers (thousand)	16,351	16,037	2%			

Financial Debt Indicators	2023	2022	Variation
Net Debt(1)/ EBITDA(2)	3.17	3.16	0.02
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 record: R\$ 3 billion in the 4Q23 (+21% vs. 4Q22) and R\$ 10.6 billion in 2023 (+10% vs. 2022).

- Strong growth of injected energy, including DG (Distributed Generation), +10.1% in the 4Q23 and 5.0% in 2023;
- Operating Expenses, -9% in the 4Q23 and +2% in 2023, below inflation and absorbing a larger number of customers and new projects;
- Profit of R\$ 973 million in the 4Q23 (+4% vs. 4Q22) and R\$ 4.461 million in the year;
- Conclusion of the Wind and Solar energy investment cycle, with the delivery of Oitis Wind Farm (566.5MW) and Luzia Solar Complex (149 MWp) in 2023;
- Net debt/EBITDA of 3.17x in the 4Q23, maintaining the leverage level.

SUMMARY

MESSAGE FROM THE PRESIDENT	4
1. CORPORATE PROFILE AND CORPORATE ORGANIZATIONAL CHART	5
2. MACROECONOMIC ENVIRONMENT	5
3. REGULATORY ENVIRONMENT	6
3.1. Networks	6
3.2. Generation	9
4. OPERATING PERFORMANCE	10
4.1. Networks	10
4.2. Renewables	19
4.3. Liberalized	21
5. ECONOMIC-FINANCIAL PERFORMANCE	22
5.1. Consolidated	22
5.2. Networks	23
5.3. Renewables	30
5.4. Liberalized	33
6. EBITDA	34
7. FINANCIAL RESULT	35
8. INVESTMENTS	35
8.1. Networks	35
8.2. Renewables	36
8.3. Liberalized	36
9. INDEBTEDNESS	37
9.1. Situation of Financial Debt and Leverage	37
9.2. Debt amortization schedule	37
9.3. Debt profile	38
10. RATING	39
11. CAPITAL MARKETS	39
12. OTHER MATTERS	40
12.1. Low-Income Customer	40
12.2. Conclusion of the asset exchange with Eletrobras	40
12.3. Closing of the transaction of transmission operating assets with GIC	40
12.4. Creation of a Joint Venture with Comerc Energia for DG	40
12.5. Management Practices	40
12.5.1. Shareholders' Compensation	40
12.5.2. Corporate Governance	41
12.5.3. People Management	42
13. SUSTENTAINABILITY, INNOVATION AND CORPORATE RESPONSIBILITY	43
13.1. ESG	43

13.2. Innovation	45
13.3. Education and Culture	46
13.4. Neoenergia Institute	47
13.5. Energy Efficiency	48
13.6. Research and Development	48
14. NEOENERGIA GROUP AWARDS AND RECOGNITIONS	50
15. INDEPENDENT AUDITORS	53
16. SOCIAL BALANCE	53
17. RECONCILIATION NOTE	53

MESSAGE FROM THE PRESIDENT

The year of 2023 was one of great achievements, overcoming challenges and delivering consistent results. Our cash EBITDA grew by 10%, reaching R\$ 10.6 billion, leveraged by the start of operation of new businesses, tariff reviews of three of our distributors and by market growth that accelerated in the second half of the year. Also noteworthy is our spending discipline, which maintained the growth of operating expenses at just 2%, therefore below inflation in the period absorbing the increase in the business portfolio. Net Profit was R\$ 4.5 billion, -5% below the previous year.

Anchored in a structured strategy of asset appreciation and rotation, we completed relevant transactions throughout the year, such as the beginning of a strategic partnership with GIC, Singapore's sovereign wealth fund, which now holds a 50% stake in our 8 operating transmission assets, which allowed us to create value and reduce leverage. The partnership also provides for joint participation in future transmission auctions, as well as the right of first bid to join in other transmission assets as they come into operation.

We also completed the process of uncrossing equity holdings with Eletrobras, which began in 2022, by means of which we now hold the entire Dardanelos hydroelectric plant and acquired minority stakes of 0.04% of the shares of Neoenergia Coelba, Neoenergia Cosern and Afluente T belonging to Eletrobras, in exchange for stakes in Teles Pires and Baguari, optimizing our portfolio and simplifying the corporate structure and governance.

In 2023, we maintained our sustainable growth strategy, with investments amounting to R\$ 8.9 billion, -10% below the previous year, concentrated in our distribution and transmission networks, in addition to renewable energy generation projects and smart energy solutions.

In Distribution, we invested R\$ 4.7 billion aimed at meeting the expansion of new markets and improving quality and the continuous strengthening of our relations with the 16 million customers of our five distributors. As a result of these efforts, it was with great joy that we celebrated two of our distributors as the best in Brazil at the ABRADÉE 2023 Awards: Neoenergia Cosern came in first at the national level and Neoenergia Elektro was national vice-champion.

In Transmission, we invested R\$ 3.5 billion and delivered some 1,200 kilometers of lines and 3 new substations, including important sections of lots under construction, such as in the Vale do Itajaí, Lagoa dos Patos and Morro do Chapéu, adding an Annual Permitted Revenue (RAP) of more than R\$170 million.

In Renewables, we concluded the investment cycle, with the inauguration of the Neoenergia Renewable Complex in Paraíba, the first associated generation facility in Brazil, which unites the Chafariz wind farm with the Luzia solar park, more than 570 MW of capacity, optimizing the use of transmission networks and increasing the profitability of projects. Furthermore, we completed the Oitis Wind Complex, between Bahia and Piauí, which added another 567 MW to our renewable generation capacity.

Still in the growth front, it is worth highlighting the capital discipline showed by the Group in the transmission auctions that took place in 2023.

We also point out that, despite a restrictive credit scenario at the beginning of 2023 in Brazil, Neoenergia met its goals and carried on with its investment plan, preserving a sound Balance Sheet and maintaining its leverage level.

As protagonists of the energy transition in the country, we continue to play an active role in decarbonization and the change towards clean energy sources. This year we entered into a joint venture with Comerc for distributed generation projects, with the expectation of reaching 100 MWp of installed photovoltaic power. And we are also progressing in several initiatives offering green industrial solutions, hydrogen projects and green fertilizers, in addition to business models in electric mobility.

Also aware that building a resilient, sustainable and socially responsible company requires a solid ESG agenda, we expanded our publicly assumed commitments for 2025 and 2030 from 16 to 30, including goals such as assessing and planning the impact of our assets on biodiversity and funding green/ESG debts.

We remain committed to increasing the presence of women in our workforce, a major challenge in the sector, and we closed the year of 2023 with 30.4% of women in leadership positions and a total of 582 women in our electrician workforce, a result from our Electricians School Program.

We also reaffirmed our commitment to governance principles, fundamental to the sustainability and long-term success of our organization, we obtained external certification of our Compliance system and were recognized in 2023 for the 5th consecutive year with the Pro-Ethics seal.

Our sustainable performance maintains our presence in important indices, such as B3's ISE and IDiversa, which facilitates our access to green and competitive financing lines, such as the R\$ 800 million super green loan that we funded with the International Finance Corporation (IFC) for our distributor Neoenergia Elektro to introduce improvements, expand and digitize its network.

And this consistency, which involves our commitment to deliveries, spending discipline and the appreciation of our assets, was reflected in the appreciation of our shares by 47% in the year, above IBOVESPA and other market references.

Finally, I would like to thank our employees for their dedication throughout the year and all our shareholders for their trust. We will continue investing in clean, accessible and quality energy, with a focus on profitability and efficiency, reaffirming our commitment to the sustainable development of the Brazilian electricity sector and the regions where we operate.

Eduardo Capelastegui

CEO Neoenergia

1. CORPORATE PROFILE AND CORPORATE ORGANIZATIONAL CHART

Neoenergia is a publicly traded company, present in 18 Brazilian states and the Federal District, and acts as a holding company, with a majority stake in the capital of other companies dedicated to the activities of Distribution, Transmission, Generation and Commercialization of Electric Energy. In the Distribution activity, Neoenergia controls five Distributors, three in the Northeast region – Neoenergia Coelba, Neoenergia Pernambuco, and Neoenergia Cosern, – one in the Southeast region – Neoenergia Elektro – and one in the Federal District – Neoenergia Brasília.

As of December 31, 2023, Neoenergia's corporate structure was made up of 53.5% of Iberdrola, 30.3% of Previ and 16.2% of other shareholders.

2. MACROECONOMIC ENVIRONMENT

At the beginning of 2023, projections for the economy envisaged a scenario of high interest rates due to the inflationary outlook and uncertainties on the fiscal front.

In this scenario, the Central Bank's Focus Report of December 30, 2022, had projected for 2023 a GDP (Gross Domestic Product) practically flat compared to the previous year, growing only by 0.80%, and an IPCA (Consumer Price Index) of 5.31%, with the Selic Rate still on the rise and expected to close 2023 at 12.25%.

The first half of the year was marked by a turbulent scenario in the global economy, with high inflation in the main economies, which led Central Banks to further raise interest rates as a measure to contain inflation.

In Brazil, the first half of the year was characterized by a restrictive credit market, but with positive surprises in the GDP from agribusiness.

From the second half of 2023, little by little, the Central Banks of the main economies began to signal that the end of the fiscal tightening was closer, while in Brazil, which began its tightening earlier, saw its Central Bank begin the reduction of interest rates with consecutive cuts of 0.50 p.p. in the Selic Rate, which ended 2023 at 11.75%.

Inflation measured by the IPCA ended 2023 with a year-to-date increase of 4.62%, within the inflation target bands and below that recorded in 2022 of 5.79%, according to the Brazilian Institute of Geography and Statistics (IBGE).

As to GDP, the economy ended 2023 with a growth outlook of 3.2%, according to the Institute for Applied Economic Research (IPEA), exceeding projections made at the beginning of the year.

The Ibovespa index ended 2023 with an increase of 22.28%, a growth characterized by lessened market fear, reflecting the improvement in the macroeconomic scenario from the second half of the year, mainly with expectations of a drop in interest rates in the United States and greater optimism with the Brazilian fiscal scenario.

As for energy consumption, according to the National Electric System Operator (ONS), there was an increase of 5.1% compared to 2022, influenced by high temperatures and low rainfall in the second half of the year in the different regions of the country.






3. REGULATORY ENVIRONMENT

3.1. Networks

3.1.1. Distributors

3.1.1.1. Tariffs

In 2023, three distributors of the Neoenergia Group underwent Tariff Reviews - Neoenergia Coelba, Neoenergia Cosern and Neoenergia Elektro and two only had the annual Tariff Adjustment - Neoenergia Pernambuco and Neoenergia Brasília:

	 Neoenergia Coelba	 Neoenergia Pernambuco	 Neoenergia Cosern	 Neoenergia Elektro	 Neoenergia Brasília
Consumer Group	April-23	May-23	April-23	August-23	October-23
HV - High Voltage (>2,3kV)	6.91%	1.41%	3.65%	3.15%	7.78%
LV - Low Voltage (<2,3kV)	8.66%	8.51%	4.45%	9.53%	9.95%
Average Tariff Effect HV+LV	8.18%	9.02%	4.26%	7.17%	9.32%
Start of validity	April-23	May-23	April-23	August-23	October-23
Revision Process	Tariff Review	Annual Readjustment	Tariff Review	Tariff Review	Annual Readjustment
Next Tariff review	April-28	April-25	April-28	August-28	October-26

NEOENERGIA COELBA

On April 20, 2023, Neoenergia Coelba had its Tariff Review approved by Aneel, with an average effect on the consumer of 8.18% (6.91% for high and medium voltage and 8.66% for low voltage), applied since April 22.

Parcel A had a value set at R\$7,562 million, presenting a variation of 7.6% in the period, contributing to the final index with 4.29%. The financial components participated in the final index with 2.81%. Parcel B reached R\$ 5,490 million, with growth of

2.5% compared to the last 12 months, net value of other revenues and revenues from exceeding demand and surplus reactivities, with an additional allowance referring to the associated adjustment to the SCEE (Electricity Compensation System) relating to distributed generation, contributing to the final index with 1.08%. For the Net Remuneration Base, the approved value was R\$ 15,279 million, at April 2023 values, reflecting the recognition of the investments made. As for the Total Regulatory Electricity Losses recognized in the tariff, Aneel established the percentage equivalent to 15.42% of the injected energy.

NEOENERGIA PERNAMBUCO

On May 12, Aneel approved the Neoenergia Pernambuco Tariff Adjustment, which came into force on May 14, with an average effect of 9.02% for consumers (10.41% for high and medium voltage and 8.51% for low voltage). The factors that most impacted the adjustment calculation were the costs of purchasing and transporting energy, in addition to the financial components.

The variation in Parcel A was 6.1%, totaling R\$ 5,238 million, mainly impacted by increases of 21.4% in transmission charges and 8.7% in energy purchase costs, in addition to 0.21% due to MMDG (Micro and Mini Distributed Generation) in determining technical losses. The average transfer price for energy purchase contracts was set at R\$ 279.12/MWh. Parcel B showed no variation, totaling R\$ 2,323 million, reflecting the year-to-date inflation (IGP-M) since the last adjustment of 0.17% deducted from the X Factor of 0.17%.

NEOENERGIA COSERN

On April 20, 2023, Neoenergia Cosern had its Tariff Review approved by Aneel, which came into force on April 22, with an average effect of 4.26% for consumers (3.65% for high and medium voltage and 4.45% for low voltage). The factors that most impacted the adjustment calculation were the costs of purchasing and transporting energy, in addition to the financial components.

Parcel A had a value set at R\$ 1,959 million, presenting a variation of 5.1% in the period, contributing to the final index with 3.14%. The financial components participated in the final index with 1.02%. Parcel B reached R\$ 1,181 million, with growth of 0.25% in relation to the last 12 months, net value of other revenues and revenues from exceeding demand and surplus reactivities, having considered an additional amount referring to the adjustment associated to the SCEE (Electricity Compensation System) relating to distributed generation, contributing to the final index with 0.10%. For the Net Remuneration Base, the approved value was R\$ 3,448 million, at April 2023 values, reflecting the recognition of the investments made. As for the Total Regulatory Electricity Losses recognized in the tariff, Aneel established the percentage equivalent to 10.25% of the injected energy.

NEOENERGIA ELEKTRO

On August 25, Aneel approved the Neoenergia Elektro Tariff Review. The new tariffs came into force from August 27, 2023, with an average effect of 7.17%, being 9.53% for low voltage and 3.15% for customers served in high and medium voltage.

Parcel A had a value set at R\$ 6,617 million, presenting a variation of 6.3% in the period, contributing to the final index with 4.40%. The financial components participated in the final index with 3.94%. Parcel B reached R\$ 2,599 million, with a variation in the period of -3.9% in relation to the last 12 months, net value of other revenues and revenues from exceeding demand and surplus reactivities, with an additional amount being included relating to the adjustment associated with the SCEE (Electricity

Compensation System) related to distributed generation, contributing to the final index with -1.17%. For the Net Remuneration Base, the approved amount was R\$ 6,521 million, at August 2023 values, reflecting the recognition of the investments made. As for the Total Regulatory Electricity Losses recognized in the tariff, Aneel established the percentage equivalent to 7.69% of the injected energy.

NEOENERGIA BRASÍLIA

On October 20, Aneel approved the 2023 Tariff Adjustment of Neoenergia Distribuição Brasília, which came into force on October 22, with an average effect of 9.32% for consumers (7.78% for high voltage, and 9.95 % for low voltage). The factors that most impacted the adjustment were the financial components and sector charges.

The variation in Parcel A was 4.8%, totaling R\$ 3,099.1 million, impacted by increases of 16.4% in sector charges and 13.0% in transmission costs. The average transfer price for energy purchase contracts was set at R\$ 269.93/MWh. The variation in Parcel B was 7.14%, reflecting the year-to-date inflation in the period (IPCA) of +5.19%, minus the X Factor which was -1.96%, resulting in the Parcel B value of R\$ 711.4 million.

3.1.1.2. Main Tariff discussions that took place throughout the year

Weighted Average Cost of Capital - WACC

On March 28, Aneel disclosed an adjustment to the values of the Weighted Average Capital Cost (WACC) for the Generation, Transmission and Distribution segments, applied to proceedings conducted from March 2023 to February 2024. The WACC (actual, after taxes) applied to distributors was 7.42%, while in 2022 it was approximately 7.15%; for transmission companies and quota plants it was 7.26%, while in 2022 it was approximately 6.93%.

Opening of Public Consultation for Renewal of Distributors' Concession

On June 22, the Ministry of Mines and Energy opened Public Consultation 152/2023, which deals with the federal government's initial proposal for the process of renewing concessions for distributors expiring between 2025 and 2031, a period that includes the renewal of 4 of the 5 Neoenergia distributors (Neoenergia Coelba, Neoenergia Pernambuco, Neoenergia Cosern and Neoenergia Elektro).

Following the contributions received by means of the public consultation, the Ministry of Mines and Energy (MME) released Technical Note 19/2023 on September 15, with updated guidelines on concession renewals, with a favorable positioning regarding the distributors' arguments, as it considered the initial proposals for the collection of potential economic surpluses and the use of SUDAM/SUDENE benefits for social compensation.

In January 2024, the Federal Audit Court (TCU) issued a decision, which allows the MME to continue with the processes of renewing the distributors' concessions. The TCU assessed that the MME's motivation serves the public interest, economy, efficiency and effectiveness. Additionally, the Court suggested that the renewal be analyzed individually. The next step is the drafting of the decree that will govern the conditions for the extension of expiring concessions by the MME.

Distributed Generation Legal Framework

Homologatory Resolution No. 3,169, of 12/29/22, disclosed the reduction percentages, by distributor, to be applied to the Tariff for the Use of Distribution Systems (TUSD) and the Energy Tariff (TE) to establish the tariff to be used in the billing of consumption associated with the Electricity Compensation System (SCEE), within the scope of the transition rule provided for in art. 27 of Law No. 14,300/2022 (MMGD legal framework).

ANEEL Normative Resolution No. 1,059, of 02/07/23 was published, regulating Law 14,300/2022, considered as the legal framework for Distributed Micro and Minigeneration. The rules approved cover procedures related to charges for the use of the distribution network and the deadline for the distributor to carry out system connection works, in addition to other matters.

Overcontracting of Distributors – 2018

On November 16, ANEEL Order No. 4,395 was published, with the values of exposure and involuntary overcontracting of distribution agents referring to 2018.

For the five Neoenergia distributors, the approved amount was “zero”. This result for 2018 was as expected, however the criteria adopted by Aneel could not be confirmed due to the lack of disclosure of the calculation spreadsheet detailing the rules adopted by the agency. Both ABRADÉE and the distributors filed an appeal requesting the agency's calculation memory since the methodology adopted may change the involuntary surplus to be recognized in subsequent years.

3.1.1.3. Market Liberalization

On September 28, Ordinance No. 50/GM/MME was published, establishing that from 01/01/2024, consumers in Group A will be able to choose to purchase energy from any SIN concessionaire, licensee or authorized electric energy provider, and, for those with an individual load of less than 500kW, mandatory representation by a retail agent before the CCEE is established.

3.1.2. Transmission

Permitted Annual Revenues (RAP) of Transmission Lines for the 2022-2023 cycle

On July 4, 2023, Aneel published Approval Resolution No. 3,216, which established the Permitted Annual Revenues for the 2023-2024 cycle.

On December 12, Order No. 4,675/2023 was published, which presents the evaluations of the administrative appeals filed considering ANEEL Homologatory Resolution 3,216, of July 4, 2023, and establishes the Permitted Annual Revenues (RAP) of the Transmission companies for the 2023-2024 cycle. The RAP value was readjusted by 5.56% compared to the previous cycle. The main reasons for the increase are the adjustment rate provided for in concession contracts and the effects of revisions to concessionaires' revenues.

Note: In the last quarter of 2023 the orders below and expected revenues already contemplated in the table above were published:

- Order No. 3928/2023: authorizes Afluente to implement improvements in SE Tomba. Expected RAP: 2,120,342.83;
- Order No. 4921/2023: authorizes Neoenergia Guanabara to implement reinforcement at the Lagos Substation. Expected RAP: 3,203,594.50.

On September 22, Order No. 3,455/2023 - SFF/ANEEL was published, according to which SFF/ANEEL previously agreed to the transfer of the indirect corporate control of Neoenergia Jalapão, Neoenergia Santa Luzia, Neoenergia Dourados, Neoenergia Atibaia, Neoenergia Biguaçu, Neoenergia Sobral, SE Naranjiba S.A and Neoenergia Rio Formoso, which is now jointly owned by Neoenergia S.A. - and Warrington Investment PTE. LTD.

3.2. Generation

Offshore Generation Regulation

On December 7, 2023, Bill No. 5,932/2023 was published by the Federal Senate, aiming at promoting the development of electric energy generation by means of offshore plants. The Law is expected to be published in 2024.

Chafariz Wind Complex Association with UFVs Luzia 2 and 3

In February 2023, the CUST Association was signed, with a total contracted MUST of 471 MW for the complex (EOL Chafariz + UFVs Luzia 2 and 3). UFV Luzia 2 and 3, as they are 100% complementary to the EOL Chafariz Complex, did not result in the need to hire additional MUST for the Association. The contracted MUST came into force on 07/01/2023, ensuring cost reduction, efficiency in the facilities and improved project profitability.

Hydrogen Regulation

In 2023, several bills were presented to establish the legal framework for hydrogen in Brazil. Two bills were further processed, one of which originating in the House of Representatives (PL 2,308/2023) and the other in the Senate (PL 5,816/2023). Both were approved in their respective houses of origin and are being processed in parallel, and it is not yet known which of the two will be approved. The expectation is that the hydrogen legal framework will be published in 2024.

In August 2023, the MME announced the Three-Year Work Plan of the National Hydrogen Program (2023-2025), whose activities aim to guide the actions that must be implemented, at the federal level, to promote the development of the hydrogen economy in the country in the next years.

Brazilian Carbon Market Regulation

Throughout 2023, discussions continued at the legislative level on the regulation of the Brazilian Carbon Market and some initiatives were materialized, such as Bill 412/2022. The text is in an advanced stage of processing. The Bill establishes the creation of the Brazilian Emissions Trading System (SBCE) and the Law is expected to be published in 2024.

Rearrangement of HPP Dardanelos Concession Term

ANEEL Authorizing Resolution No. 13,297/2022 was published on December 19, 2022, referring to the recomposition of the grant period for HPP Dardanelos, requested in December 2020. The project, whose supply start date was agreed in the Auction "A-5" of 2006 was frustrated due to the delay in the availability of the transmission system, obtained recognition of exclusion of liability at the time of its start of commercial operation.

The resolution also adds 220 days to the final term of the grant, which will be in force until August 11, 2043. This resolution also determined that CCEE recalculates the extension of the concession resulting from Law No. 14,052/2020 considering this new date. On October 17, 2023, Authorizing Resolution No. 14,896 was published, changing the extension of the concession according to Law No. 14,052 from 2,148 to 2,315 days. Therefore, the Second Amendment to Concession Contract No. 002/2007-MME was signed, changing the term of the contract to December 12, 2049.

4. OPERATING PERFORMANCE

The Neoenergia Group has three segments, which are as follows: (i) Networks – distribution and transmission; (ii) Renewables – wind, hydroelectric and solar generation and (iii) Liberalized – thermal generation and energy trade.

4.1. Networks

4.1.1. Distributors

4.1.1.1. Number of Consumers

Neoenergia distributors ended 2023 with 16.3 million active consumers. Compared to 2022, there was an increase of 314 thousand consumers (+2%). The table below reflects the number of active consumers at the end of 2023 by distributor.

Number of Customers (thousand)	4Q23						4Q22						VARIATION					
	Consolidated	Neoenergia Coelba	Neoenergia Pernambuco	Neoenergia Cosern	Neoenergia Bacia	Neoenergia Brasilia	Consolidated	Neoenergia Coelba	Neoenergia Pernambuco	Neoenergia Cosern	Neoenergia Bacia	Neoenergia Brasilia	Consolidated	Neoenergia Coelba	Neoenergia Pernambuco	Neoenergia Cosern	Neoenergia Bacia	Neoenergia Brasilia
Residential	11,533	5,918	3,647	1,390	2,541	1,043	11,215	5,767	3,555	1,365	2,494	1,034	318	151	92	25	46	9
Industrial	38	10	6	1	20	1	37	10	5	1	20	1	1	(0)	1	0	(0)	(0)
Commercial	111	441	228	12	209	19	1098	434	228	10	208	19	8	8	1	2	2	0
Rural	499	191	124	49	126	10	520	202	130	51	126	10	(2)	(1)	(6)	(2)	(0)	(0)
Other	171	70	34	28	32	6	168	69	33	28	31	6	3	1	0	1	1	(0)
Total	16,351	6,624	4,038	1,581	2,928	1,180	16,037	6,482	3,950	1,555	2,879	1,171	314	142	88	26	49	9

4.1.1.2. Market Evolution

Distributed energy (captive + free + DG) was 18,969 GWh in the 4Q23 (+7.9% vs. 4Q22) and 71,318 GWh in 2023 (+3.9% vs. 2022). It is worth pointing out that Neoenergia Coelba, Neoenergia Cosern and Neoenergia Elektro, which underwent tariff reviews in 2023, had their reference markets adjusted to compensate for migrations to distributed generation.

The energy values distributed by distributor and by type of customer are shown in the tables below:

Distributed Energy (GWh)	Neoenergia Coelba			Neoenergia Pernambuco			Neoenergia Cosern			Neoenergia Elektro			Neoenergia Brasilia			CONSOLIDATED		
	4Q23	4Q22	%	4Q23	4Q22	%	4Q23	4Q22	%	4Q23	4Q22	%	4Q23	4Q22	%	4Q23	4Q22	%
Residential	2,078	1,925	7.9%	1,481	1,389	6.6%	618	591	3.7%	1,424	1,235	5.3%	709	641	0.6%	6,305	5,780	9.1%
Industrial	176	208	(6.4%)	88	104	(6.4%)	36	46	(21.7%)	233	269	(8.4%)	18	11	18.2%	545	638	(14.6%)
Commercial	734	753	(2.5%)	498	520	(4.2%)	191	205	(6.8%)	545	501	8.8%	389	382	18%	2,356	2,360	(0.2%)
Rural	745	522	42.7%	110	119	0.7%	129	132	(2.3%)	215	209	2.9%	37	39	(5.1%)	1,266	1,040	21.7%
Others	693	665	4.2%	434	468	(7.3%)	159	158	0.6%	327	317	3.2%	350	330	6.1%	1,964	1,938	1.3%
Total Distributed Energy (captive)	4,426	4,073	8.7%	2,640	2,620	0.8%	1,128	1,131	(0.3%)	2,745	2,531	8.5%	1,498	1,403	6.8%	12,437	11,758	5.8%
Free Market + Supply	1,492	1,379	8.2%	1,078	1,030	4.7%	417	385	8.3%	2,195	2,119	4.1%	370	328	28%	5,552	5,231	6.1%
Total Distributed Energy (captive + free market)	5,918	5,452	8.5%	3,718	3,650	1.9%	1,545	1,516	1.9%	4,940	4,640	6.5%	1,868	1,731	7.9%	17,989	16,990	5.9%
DG Compensation Energy	336	174	93.1%	176	152	5.8%	168	197	73.2%	197	112	75.9%	103	60	71.7%	980	595	64.7%
Total Distributed Energy (captive + free market + DG)	6,254	5,626	11.2%	3,895	3,802	2.4%	1,712	1,613	6.7%	5,137	4,752	8.1%	1,972	1,790	10.2%	18,969	17,584	7.9%

Distributed Energy (GWh)	Neoenergia Coelba			Neoenergia Pernambuco			Neoenergia Cosern			Neoenergia Elektro			Neoenergia Brasilia			CONSOLIDATED		
	2023	2022	%	2023	2022	%	2023	2022	%	2023	2022	%	2023	2022	%	2023	2022	%
Residential	7,918	7,536	5.1%	5,729	5,394	6.2%	2,417	2,350	2.9%	5,276	5,021	5.1%	2,549	2,448	4.1%	23,888	22,749	5.0%
Industrial	698	839	(6.8%)	360	445	(8.1%)	151	198	(23.7%)	960	1125	(14.7%)	41	42	(2.4%)	2,211	2,648	(6.5%)
Commercial	2,912	2,989	(2.6%)	1,967	2,098	(6.2%)	779	821	(5.1%)	2,052	2,097	(2.1%)	1,439	1,466	(18%)	9,149	9,471	(3.4%)
Rural	2,370	2,102	2.7%	491	506	(3.0%)	409	397	3.0%	812	889	(8.7%)	119	114	(3.5%)	4,220	4,038	4.5%
Others	2,662	2,569	3.6%	1,794	1,849	(3.0%)	619	608	18%	1,268	1,280	(0.9%)	1,316	1,290	2.0%	7,659	7,595	0.8%
Total Distributed Energy (captive)	16,560	16,035	3.3%	10,341	10,292	0.5%	4,374	4,374	-	10,368	10,411	(0.4%)	5,484	5,390	1.7%	47,127	46,502	1.3%
Free Market + Supply	5,709	5,346	6.8%	4,027	3,954	18%	1,564	1,470	6.4%	8,305	8,285	0.2%	1,305	1,220	7.0%	20,911	20,276	3.1%
Total Distributed Energy (captive + free market)	22,269	21,381	4.2%	14,368	14,246	0.9%	5,938	5,844	1.6%	18,673	18,696	(0.1%)	6,789	6,610	2.7%	68,038	66,778	1.9%
DG Compensation Energy	1,039	544	91.0%	759	469	61.8%	532	290	83.4%	619	349	77.4%	331	195	69.7%	3,280	1,848	77.5%
Total Distributed Energy (captive + free market + DG)	23,307	21,925	6.3%	15,127	14,715	2.8%	6,470	6,135	5.5%	19,291	19,046	1.3%	7,120	6,805	4.6%	71,318	68,626	3.9%

In the 4Q23, residential consumption increased across all distributors, consolidating 6,305 GWh, 9.1% above that recorded in the 4Q22 and 23,888 GWh in 2023, +5.0% vs. 2022, influenced mainly by higher temperatures and lower rainfall, in addition to the increase in customer base.

The captive industrial class consumption reduced 14.6% in the 4Q23 vs. 4Q22 and 16.5% in 2023 vs. 2022. However, when free consumers are included in the performance of this class, it increased by +3.9% vs. 4Q22 and +0.9% vs. 2022.

The captive commercial class consolidated 2,356 GWh in the 4Q23, in line with the 4Q22, and 9,149 GWh in 2023 (-3.4% vs. 2022).


The rural class ended the quarter with 1,266 GWh, +21.7% vs. 4Q22, with emphasis on Neoenergia Coelba, which recorded growth of +42.7% in the 4Q23 vs. 4Q22, due to less rainfall, which generated greater irrigation demand in the 4Q23. This class ended the year at 4,220 GWh, +4.5% vs. 2022, explained by the same reason as the quarter.

The other classes (public service, public administration, streetlight, and personal use) totaled 1,964 GWh in the 4Q23, +1.3% vs. 4Q22, and 7,659 GWh in 2023, +0.8% vs. 2022, with emphasis on the Public Administration class.

4.1.1.3. Energy Balance

Total injected energy, including DG, was 22,176 GWh in the 4Q23, +10.1% vs. 4Q22, and 82,411 GWh in 2023, +5.0% vs. 2022, influenced by higher temperatures, less rainfall, and the increase in customer base.

ENERGY BALANCE (GWh)	4Q23	4Q22	4Q23 x 4Q22		2023	2022	2023 x 2022	
			Diff	%			Diff	%
CONSOLIDATED								
Captive Market	12,437	11,758	679	5.8%	47,127	46,502	625	1.3%
Free Market + Supply	5,552	5,231	321	6.1%	20,911	20,276	635	3.1%
Distributed Energy (A)	17,989	16,989	1,000	5.9%	68,037	66,778	1,259	1.9%
Lost Energy (B)	2,636	2,273	363	16.0%	9,857	9,334	523	5.6%
Non-billed (C)	322	81	241	297.5%	447	(6)	453	N/ A
SIN + Isolated Systems (D) = (A) + (B) + (C)	20,948	19,341	1,604	8.3%	78,341	76,107	2,234	2.9%
DG Injected Energy (E)	1,228	794	434	54.7%	4,070	2,366	1,705	72.0%
TOTAL INJECTED ENERGY (F) = (D) + (E)	22,176	20,135	2,041	10.1%	82,411	78,473	3,938	5.0%

ENERGY BALANCE (GWh)	4Q23	4Q22	4Q23 x 4Q22		2023	2022	2023 x 2022	
			Diff	%			Diff	%
								
Captive Market	4,426	4,073	353	8.7%	16,560	16,035	525	3.3%
Free Market + Supply	1,492	1,379	113	8.2%	5,709	5,346	363	6.8%
Distributed Energy (A)	5,918	5,452	466	8.5%	22,269	21,381	888	4.2%
Lost Energy (B)	1,089	919	170	18.5%	4,003	3,666	337	9.2%
Non-billed (C)	166	(58)	224	N/ A	254	32	222	693.8%
SIN + Isolated Systems (D) = (A) + (B) + (C)	7,174	6,313	860	13.6%	26,526	25,080	1,446	5.8%
DG Injected Energy (E)	422	266	156	58.6%	1,347	747	599	80.3%
TOTAL INJECTED ENERGY (F) = (D) + (E)	7,596	6,579	1,017	15.5%	27,873	25,827	2,046	7.9%

Neoenergia Pernambuco								
Captive Market	2,640	2,620	20	0.8%	10,341	10,292	49	0.5%
Free Market + Supply	1,078	1,030	48	4.7%	4,027	3,954	73	1.8%
Distributed Energy (A)	3,718	3,650	68	1.9%	14,368	14,246	122	0.9%
Lost Energy (B)	789	674	114	17.1%	2,996	2,835	161	5.7%
Non-billed (C)	82	122	(40)	(32.8%)	39	53	(14)	(26.4%)
SIN + Isolated Systems (D) = (A) + (B) + (C)	4,589	4,446	142	3.2%	17,403	17,135	268	1.6%
DG Injected Energy (E)	296	188	107	57.4%	990	553	437	79.0%
TOTAL INJECTED ENERGY (F) = (D) + (E)	4,885	4,634	251	5.4%	18,393	17,688	705	4.0%

Neoenergia Cosem								
Captive Market	1,128	1,131	(3)	(0.3%)	4,374	4,374	0	-
Free Market + Supply	417	385	31	8.3%	1,564	1,470	94	6.4%
Distributed Energy (A)	1,545	1,516	29	1.9%	5,938	5,844	94	1.6%
Lost Energy (B)	142	139	3	2.2%	537	546	(9)	(1.6%)
Non-billed (C)	21	37	(16)	(43.2%)	(7)	(24)	17	(70.8%)
SIN + Isolated Systems (D) = (A) + (B) + (C)	1,708	1,692	16	0.9%	6,468	6,366	102	1.6%
DG Injected Energy (E)	179	124	55	44.4%	610	368	242	65.8%
TOTAL INJECTED ENERGY (F) = (D) + (E)	1,887	1,816	71	3.9%	7,078	6,734	344	5.1%

ENERGY BALANCE (GWh)	4Q23	4Q22	4Q23 x 4Q22		2023	2022	2023 x 2022	
			Diff	%			Diff	%

Neoenergia Elektro								
Captive Market	2,745	2,531	214	8.5%	10,368	10,411	(43)	(0.4%)
Free Market + Supply	2,195	2,109	86	4.1%	8,305	8,285	20	0.2%
Distributed Energy (A)	4,940	4,640	300	6.5%	18,673	18,696	(23)	(0.1%)
Lost Energy (B)	401	347	54	15.6%	1,441	1,399	43	3.0%
Non-billed (C)	65	5	60	1200.0%	166	(63)	229	(363.5%)
SIN + Isolated Systems (D) = (A) + (B) + (C)	5,406	4,991	414	8.3%	20,280	20,032	248	1.2%
DG Injected Energy (E)	222	149	73	49.0%	743	452	291	64.4%
TOTAL INJECTED ENERGY (F) = (D) + (E)	5,628	5,140	488	9.5%	21,023	20,484	539	2.6%



	1,498	1,403	95	6.8%	5,484	5,390	94	1.7%
Captive Market								
Free Market + Supply	370	328	43	12.8%	1,305	1,220	85	7.0%
Distributed Energy (A)	1,868	1,731	137	7.9%	6,789	6,610	179	2.7%
Lost Energy (B)	215	194	21	10.8%	880	888	(9)	(0.9%)
Non-billed (C)	(12)	(25)	13	(52.0%)	(5)	(4)	0	25.0%
SIN + Isolated Systems (D) = (A) + (B) + (C)	2,071	1,899	171	9.1%	7,664	7,494	170	2.3%
DG Injected Energy (E)	109	67	42	62.7%	380	246	135	54.5%
TOTAL INJECTED ENERGY (F) = (D) + (E)	2,180	1,966	214	10.9%	8,044	7,740	304	3.9%

NOTE: Distributed Energy does not consider DG compensation energy.

4.1.1.4. Losses

Energy losses are monitored through the percentage index that calculates the ratio between the energy injected and the energy billed, accumulated over a 12-month period. Based on this methodology, we display below the evolution of the indicator and the comparison with tariff coverage.

DISCOS	Losses 12 months (%)															
	Technical Loss					Non-Technical Loss					Total Losses					
	4Q22	1Q23	2Q23	3Q23	4Q23	4Q22	1Q23	2Q23	3Q23	4Q23	4Q22	1Q23	2Q23	3Q23	4Q23	Aneel 23
Neoenergia Coelba	10.61%	10.48%	10.47%	10.52%	10.49%	4.01%	4.27%	4.13%	4.53%	5.56%	14.63%	14.75%	14.60%	15.04%	16.05%	15.20%
Neoenergia Pernambuco	8.60%	8.65%	8.73%	8.89%	9.00%	7.98%	8.04%	8.09%	8.29%	8.44%	16.58%	16.69%	16.82%	17.18%	17.44%	15.25%
Neoenergia Cosern	8.28%	8.11%	8.14%	8.07%	7.91%	-0.17%	-0.01%	-0.12%	0.34%	0.28%	8.12%	8.10%	8.02%	8.41%	8.19%	10.43%
Neoenergia Elektro	5.98%	5.99%	6.03%	5.99%	5.94%	0.60%	0.96%	0.99%	1.52%	1.99%	6.57%	6.95%	7.01%	7.52%	7.93%	7.90%
Neoenergia Brasilia	8.22%	8.30%	8.23%	8.29%	8.16%	3.21%	2.79%	2.65%	2.93%	3.26%	11.42%	11.09%	10.88%	11.22%	11.42%	11.78%

DISCOS	Total Losses 12 months (GWh)															
	Technical Loss					Non-Technical Loss					Total Losses					
	4Q22	1Q23	2Q23	3Q23	4Q23	4Q22	1Q23	2Q23	3Q23	4Q23	4Q22	1Q23	2Q23	3Q23	4Q23	Aneel 23
Neoenergia Coelba	2,662	2,655	2,660	2,699	2,783	1,006	1,081	1,050	1,162	1,475	3,668	3,736	3,710	3,860	4,257	3,982
Neoenergia Pernambuco	1,474	1,481	1,498	1,535	1,567	1,367	1,376	1,387	1,431	1,469	2,842	2,857	2,885	2,966	3,035	2,586
Neoenergia Cosern	527	515	520	521	512	(11)	(1)	(8)	22	18	517	515	513	543	530	690
Neoenergia Elektro	1,197	1,188	1,190	1,190	1,204	120	191	195	303	403	1,317	1,379	1,385	1,493	1,607	1,602
Neoenergia Brasilia	616	623	614	621	625	240	210	198	220	250	856	833	812	841	875	905

NOTES: (1) Due to the fact that the deadline for calculating the December 2023 loss indicator falls after the period of disclosure hereof, the data presented are estimates. The 2022 indicators were adjusted for the final calculation. (2) The table normalizes the impact of ANEEL Normative Resolution 1000/2021 from 3Q22 to 2Q23, with the impact being null from 3Q23. (3) Regulatory limit 12 months.

Neoenergia Coelba recorded total 12-month losses of 16.05% in the 4Q23, driven, exceptionally, by high temperatures in the quarter that caused the load to be 15.5% higher than the load in the 4Q22, causing Unbilled energy to increase, affecting the indicator. This impact on the indicator was +0.96 p.p. Excluding this effect, the indicator would be 15.09%, below the regulatory limit of 15.20%. It is worth pointing out that the effect of Unbilled energy does not impact the Company's Economic Result.

At Neoenergia Pernambuco, total 12-month losses ended the 4Q23 at 17.44%, still above the regulatory level of 15.25%. It is worth mentioning the impact of +0.19 p.p. relating to the migration of a large customer to the basic network.

Neoenergia Elektro ended the 4Q23 at 7.93%, in line with its regulatory level, having also been impacted by the heat wave in the 4Q23, which increased its load by 9.5% compared to the 4Q22 and had consequences in a larger volume of Unbilled energy.

Total 12-month losses at Neoenergia Cosern ended the period at 8.19%, below the regulatory limit of 10.43%.

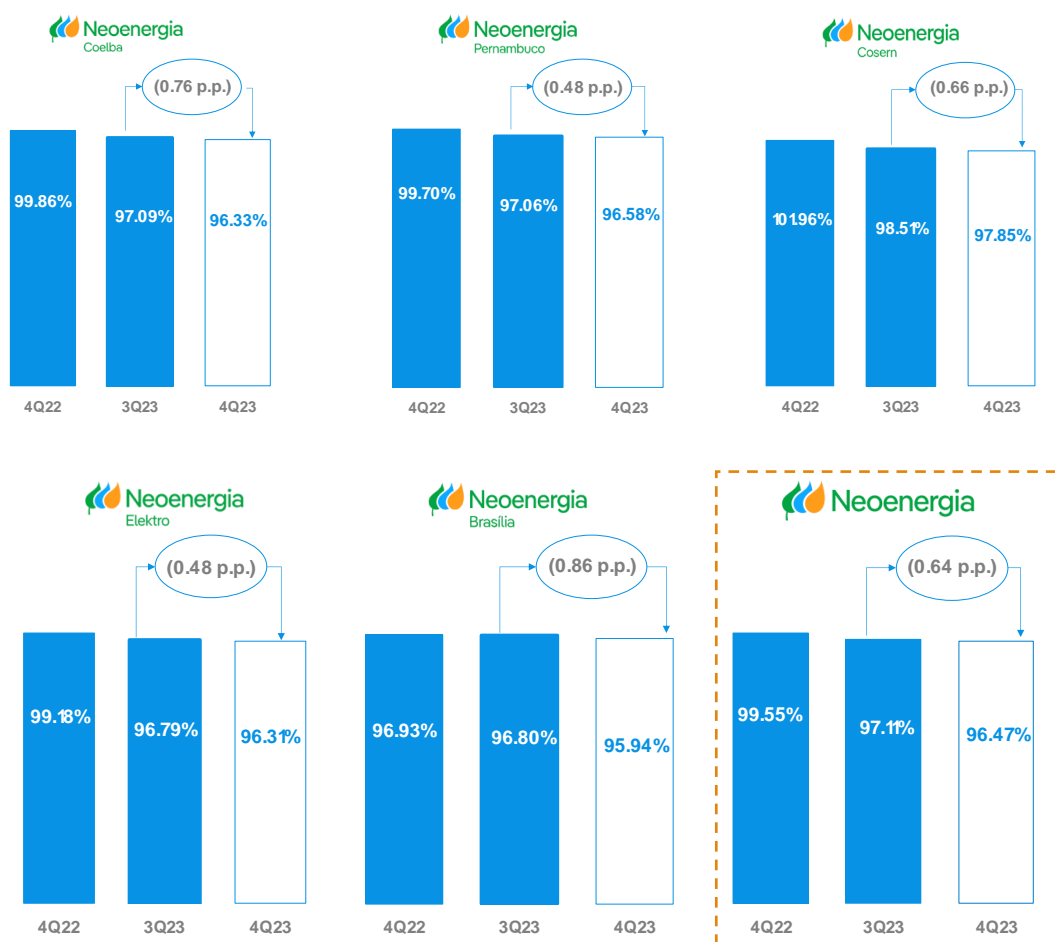
Finally, Neoenergia Brasília recorded total 12-month losses of 11.42% in 4Q23, remaining below its regulatory limit of 11.78%.

In 2023, the following actions to fight losses were adopted at the 5 distributors:

- i. Carrying out more than 369 thousand inspections, recovering more than 452 GWh;
- ii. Replacement of more than 267 thousand obsolete meters with more modern equipment;
- iii. Regularization of more than 148 thousand illegal connections;
- iv. Survey and Supervision of Streetlights in 400 thousand points, recovering more than 41 GWh; and
- v. Carrying out 443 actions with police support.






4.1.1.5. Collection and Default

The charts below display the collection index, which is the ratio between the collection of the last 12 months on past due accounts and Neoenergia's 12-month revenue.



Based on the charts above, one notices a slight drop compared to the 3Q23 explained by the specific mismatch between revenue, which includes higher revenue in the quarter due to higher temperatures, and collection, which will reflect part of this impact in the subsequent quarter. The consolidated collection rate was 96.47%.

The distributors' 4Q23 revenue indicators and PECLD were impacted by the settlement of debts by means of the Federal Government Program *Desenrola*, totaling R\$ 12 million. It is worth noting that Neoenergia Elektro had a negative impact in the quarter in the order of R\$ 3 million due to the filing of Chapter 11 by large customers.

	PECLD/ GROSS REVENUE	4Q22	1Q23	2Q23	3Q23	4Q23	4Q22 x 4Q23	Regulatory Limit
	Gross Revenue	3,502	4,013	4,030	3,972	4,565	30.34%	4,565
	PECLD	45	56	81	52	41	(8.04%)	53
	Default	128%	139%	2.01%	1.30%	0.91%	(0.38 p.p.)	1.15%
	Gross Revenue	2,222	2,253	2,277	2,204	2,488	1195%	2,488
	PECLD	38	75	60	51	53	40.54%	41
	Default	1.70%	3.32%	2.64%	2.32%	2.13%	0.43 p.p.	1.66%
	Gross Revenue	939	917	934	942	1,021	8.77%	1,021
	PECLD	3	2	(4)	4	5	48.74%	5
	Default	0.36%	0.25%	(0.43%)	0.38%	0.50%	0.13 p.p.	0.53%
	Gross Revenue	2,672	2,847	2,540	2,753	3,171	8.68%	3,171
	PECLD	30	36	26	15	36	211%	18
	Default	1.13%	1.27%	1.03%	0.55%	1.15%	0.02 p.p.	0.57%
	Gross Revenue	1,122	1,130	1,156	1,216	1,443	28.61%	1,443
	PECLD	9	13	10	13	13	48.93%	8
	Default	0.76%	1.12%	0.82%	1.07%	0.88%	0.12 p.p.	0.53%

NOTE: PECLD considers the accrued amount + restatement.

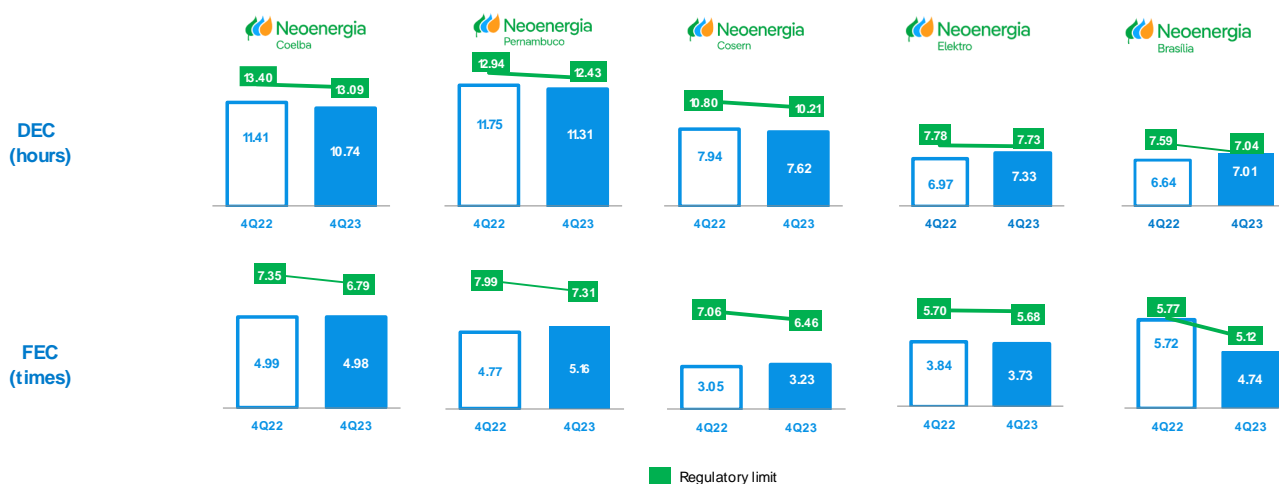
In the 4Q23, several collection actions were adopted at the 5 distributors with the aim of reducing the default rate and, consequently, improving collection. Among them, we should point out:

- i. Carrying out 499 thousand supply disconnections through operations in georeferenced concentrations, mapping the location of customers with the highest incidence of default to optimize actions;
- ii. Monitoring of 165 thousand customer facilities that had supply interrupted;
- iii. Negative entries of 1.9 million consumers;
- iv. Protest of more than 68 thousand titles with registry offices and forwarding of notifications;
- v. 4.7 million outsourced collections by collection advisory services;
- vi. Telephone collections totaling 72 million contacts via SMS and IVR;
- vii. Billing by email totaling 78 million contacts;

- viii. Systematic actions for Large Clients and negotiations with Public Agencies;
- ix. Use of new technologies with an aim at providing the option of paying energy bills using a debit or credit card;
- x. Negotiations with 305 thousand consumers on the digital platform;
- xi. Notification of 78 thousand customers via Whatsapp;
- xii. Debt settlements for approximately 26.5 thousand consumers, included in the Federal Government's Desenrola Program.

4.1.1.6. DEC and FEC (12 months)

The quality of the energy supply is monitored mainly by the indicators DEC – Equivalent Duration of Interruption per Consumer and FEC – Equivalent Frequency of Interruption per Consumer, which measure failures occurring in the distribution network. The 5 distributors are below the regulatory limit for both DEC and FEC.



NOTE: Indicators 12 months without supplier. Due to the fact that the period for calculating the quality indicators falls after the publication period of this report, the data showed are estimated. The 2022 indicators were adjusted for the final calculation.

4.1.2. Transmission Lines

4.1.2.1. Transmission Assets in Operation

In the 4Q23, ten transmission assets were in operation (Afluente T, Narandiba, Potiguar Sul, Atibaia, Biguaçu, Sobral, Dourados, Jalapão, Santa Luzia and Rio Formoso). In 2023, the announcement and closing of the operation to sell a 50% equity interest in eight transmission assets in operation (Jalapão, Santa Luzia, Dourados, Atibaia, Biguaçu, Sobral, Narandiba and Rio Formoso) to the GIC, with the entry of R\$1.1 billion in cash in the 3Q23.

Auction	Lot	Name	Location	Extension (Km)	Substation	RAP ² (R\$ MN)	Operation Start	Line Availability Rate (%)				
								2019	2020	2021	2022	2023
-	-	Afluente T	BA	489	3 substations	67	090	99.88	99.97	99.83	99.90	99.96
Auction Jun' 08	E	Narandiba ¹	BA	-	1substation	16	Jun' 11	99.94	99.97	99.98	99.95	99.86
Auction Jun' 11	G	Extremoz II ¹		-	1substation	5	Sep' 14	100.00	100.00	99.98	99.95	99.86
Auction May' 12	D	Brumado II ¹	RN	-	1substation	6	Jul' 15	99.94	99.97	99.98	99.95	99.86
Auction Jan' 13	G	Potiguar Sul	RN/ PB	90	-	33	Nov' 16	99.68	99.93	99.98	99.91	99.58
Auction Abr' 17	4	Dourados	MS	581	1substation	89	Aug' 21	-	-	99.98	99.99	99.99
	20	Atibaia	SP	-	1substation	18	Dez' 19	-	99.99	99.90	100.00	99.90
	22	Biguaçu	SC	-	1substation	18	Jul' 20	-	100.00	99.92	99.97	99.96
	27	Sobral	CE	-	1substation	17	Jan' 20	-	100.00	99.98	99.99	99.48
Auction Abr' 17	6	Santa Luzia	CE/ PB	345	1substation	77	Nov' 21	-	-	-	100.00	99.99
	4	Jalapão	BA/ TO/ PI/ MA	728	-	169	Jan' 22	-	-	-	99.99	99.98
Auction Dec' 19	9	Rio Formoso	BA	210	2 substations	23	Jan' 23	-	-	-	-	99.63

NOTE: Afluente T arised from the deverticalization of Neoenergia Coelba.

¹ Narandiba consists of 3 substations: SE Narandiba, SE Extremoz II and SE Brumado II.

² RAP ratified (2023-2024 Cycle) after Order 4,675/2023

The limit established by the National System Operator (ONS) stipulates availability between 95% and 98% as normal. This indicator measures the quality of service measured by ANEEL through the availability of the transmission system. In the last five years, the group's transmission companies have had availability above the upper limit defined by the ONS, as shown in the table above.

4.1.2.2. Environmental Licenses and Progress of Transmission Assets Construction

Transmission Projects Status				LICENSES			RAP (1)	CAPEX Aneel	Entry in Operation (Aneel)	End of Concession
				LP	LI	LO	R\$ (MN)	R\$ (MN)		
Auction Dec'2018	Lot 2	Guanabara	86%	✓	✓	▲	158	1,331	Mar'24	Mar'49
	Lot 3	Itabapoana	100%	✓	✓	●	91	754	Mar'24	Mar'49
	Lot 1	Vale do Itajaí	72%	✓	✓	■	257	2,792	Mar'24	Mar'49
	Lot 14	Lagoa dos Patos	74%	■	■	■	160	1,215	Mar'24	Mar'49
Auction Dec'2020	Lot 2	Morro do Chapéu	71%	✓	✓	▲	209	1,997	Mar'26	Mar'51
Auction Dec'2021	Lot 4	Estreito	71%	N/A	N/A	N/A	43	661	Mar'26	Mar'52
Auction Jun'2022	Lot 2	Alto Paranaíba	3%	■	■	▲	395	4,938	Sept'27	Sept'52
	Lot 11	Paraíso	68%	✓	✓	▲	42	499	Sept'26	Sept'52

(1) RAP 2023/2024 cycle after Order 4,675/2023.

Completed	✓
Partially Completed	■
In progress	●
To be started	▲

LP = Preliminary License

LI = Installation License

LO = Operational License

Below is the status of the lots under construction:

December/2018 Auction:

- Lot 1 (Vale do Itajaí) – Licenses issued for all substations and transmission lines. Works in progress. Completion of SE Indaial and the LT Rio do Sul – Indaial and LT Indaial – Gaspar 2 sections, releasing 9% of the RAP. Expected full release of RAP by 1Q25.
- Lot 2 (Guanabara) – Licenses issued for all substations and transmission lines. Works in progress with partial start of operation in the 1H24 and full release of RAP scheduled for 2024.
- Lot 3 (Itabapoana) – Works completed, awaiting Loom Ibama for energization and release of RAP completed works.
- Lot 14 (Lagoa dos Patos) – 100% of the RAP released, except for section 1, whose works will only begin when Aneel provides a solution, since the prior license was not granted for the section.

December/2020 Auction:

- Lot 2 (Morro do Chapéu) – Licenses issued for all sections with works in progress. Partial deliveries in 4Q23 and full release of RAP throughout 2024, according to the business plan.

December/2021 auction:

- Lot 4 (Estreito) - Licensing exemption issued by the environmental agency and works in progress. Delivery scheduled for 1H24, according to the business plan.

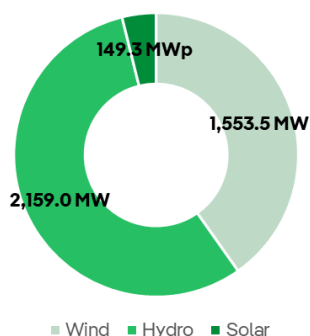
June/2022 auction:

- Lot 2 (Alto Paranaíba) – LP Ibama issued without restrictions; state LP/LI scheduled for February 2024. Construction begins in March 2024.
- Lot 11 (Paraíso) – Works have already started. Start-up scheduled for 1H24, ahead of the business plan.

4.2. Renewables

Assets in operation total 44 wind farms, 5 hydroelectric plants and 2 solar parks.

Actual Installed Capacity



4.2.1. Wind Farms and Solar Parks

The Company ended 2023 with 44 wind farms in operation, with an installed capacity of 1,554 MW and 2 solar parks (Luzia Solar Complex), with an installed capacity of 149 MWp.

The 1.7 GW portfolio of wind and solar assets has 51% allocated to the Regulated Contracting Environment (ACR) and 49% to the Free Contracting Environment (ACL), in line with the positioning strategy in the liberalization of the Brazilian energy market.

In the 4Q23, wind and solar energy generated amounted to 1,452 GWh, 35.42% above the 4Q22, and in the year generation was 5,219 GWh, +32.66% vs. 2022. Highlight on the start of operation of the Oitis Wind Complex and the Luzia Solar Complex in 2023. Availability in the quarter was above 97%.

Wind in Operation	Neoenergia Share (Direct and Indirect)	State	Location	Installed Capacity (MW)	Assured Energy (MW)	Concession Date	End of Concession
EOL Caetité 1	100%	BA	Caetité	30.0	13.00	10/29/2012	10/28/2042
EOL Caetité 2	100%	BA	Caetité	30.0	14.70	2/7/2011	2/6/2046
EOL Caetité 3	100%	BA	Caetité	30.0	1120	2/24/2011	2/23/2046
EOL Calango 1	100%	RN	Bodó e Santana do Mato	30.0	13.90	4/28/2011	4/27/2046
EOL Calango 3	100%	RN	Bodó, Santana do Mato e Lagoa Nova	30.0	13.90	5/30/2011	5/29/2046
EOL Rio do Fogo (ENERBRASIL)	100%	RN	Rio do Fogo	49.3	17.90	12/19/2001	12/18/2031
EOL Arizona 1	100%	RN	Rio do Fogo	28.0	12.90	3/4/2011	3/3/2046
EOL Mel 2	100%	RN	Areia Branca	20.0	8.80	2/28/2011	2/27/2046
EOL Calango 6	100%	RN	Bodó e Cerro Corá	30.0	13.50	11/20/2014	11/19/2049
EOL Santana 1	100%	RN	Bodó, Lagoa Nova e Cerro Corá	30.0	17.30	11/14/2014	11/13/2049
EOL Santana 2	100%	RN	Bodó e Lagoa Nova	24.0	13.10	11/14/2014	11/13/2049
EOL Calango 2	100%	RN	Bodó	30.0	12.80	5/9/2011	5/8/2046
EOL Calango 4	100%	RN	Bodó	30.0	13.50	5/19/2011	5/18/2046
EOL Calango 5	100%	RN	Bodó	30.0	13.70	6/2/2011	6/1/2046
EOL Canoas	100%	PB	São José do Sabugi e Junco do Seridó	315	17.70	8/4/2015	8/3/2050
EOL Lagoa 2	100%	PB	São José do Sabugi e Santa Luzia	315	15.60	8/4/2015	8/3/2050
EOL Lagoa 1	100%	PB	São José do Sabugi e Santa Luzia	315	16.30	8/4/2015	8/3/2050
Chafariz Complex	100%	PB	São José do Sabugi, Santa Luzia, Areia de Baraúnas and São Mamede	4712	232.9	Between 06/21/2013 and 02/05/2019	Between 06/20/2053 and 02/04/2054
Chafariz 1	100%	PB	Santa Luzia	34.7	13.2	6/21/2013	6/20/2053
Chafariz 2	100%	PB	Santa Luzia	34.7	17.4	6/21/2013	6/20/2053
Chafariz 3	100%	PB	Santa Luzia	34.7	17.8	6/21/2013	6/20/2053
Chafariz 4	100%	PB	Santa Luzia e Areia de Baraúnas	34.7	17.8	2/5/2019	2/4/2054
Chafariz 5	100%	PB	Santa Luzia	34.7	16.6	2/5/2019	2/4/2054
Chafariz 6	100%	PB	Santa Luzia	312	15.2	6/21/2013	6/20/2053
Chafariz 7	100%	PB	Santa Luzia	34.7	13.3	6/21/2013	6/20/2053
Lagoa 3	100%	PB	São José do Sabugi	34.7	17.2	6/26/2013	6/25/2053
Lagoa 4	100%	PB	São José do Sabugi e Santa Luzia	20.8	10.2	6/26/2013	6/25/2053
Canoas 2	100%	PB	São José do Sabugi e Santa Luzia	34.7	16.3	6/26/2013	6/25/2053
Canoas 3	100%	PB	São José do Sabugi e Santa Luzia	34.7	16.8	2/5/2019	2/4/2054
Canoas 4	100%	PB	São José do Sabugi	34.7	16.5	6/26/2013	6/25/2053
Ventos De Arapuá 1	100%	PB	Areia de Baraúnas	24.3	1163	2/5/2019	2/4/2054
Ventos De Arapuá 2	100%	PB	Areia de Baraúnas, São Mamede e Santa Luzia	34.7	17.2	2/5/2019	2/4/2054
Ventos De Arapuá 3	100%	PB	Areia de Baraúnas e São Mamede	13.9	5.8	2/5/2019	2/4/2054
Oitis Complex	100%	PI/BA	Dom Inocêncio and Casa Nova	566.5	274.1	Between 11/29/2019 and 12/24/2019	Between 11/28/2054 and 12/23/2054
Oitis 1	100%	PI	Dom Inocêncio	49.5	26.1	11/29/2019	11/28/2054
Oitis 2	100%	PI/BA	Dom Inocêncio	27.5	14.26	12/24/2019	12/23/2054
Oitis 3	100%	PI/BA	Dom Inocêncio	49.50	24.4	12/24/2019	12/23/2054
Oitis 4	100%	PI/BA	Dom Inocêncio	49.50	24	12/24/2019	12/23/2054
Oitis 5	100%	PI/BA	Dom Inocêncio	49.5	23.8	12/24/2019	12/23/2054
Oitis 6	100%	PI/BA	Dom Inocêncio	49.50	24.3	12/24/2019	12/23/2054
Oitis 7	100%	PI/BA	Dom Inocêncio	49.5	25.6	12/24/2019	12/23/2054
Oitis 8	100%	PI	Dom Inocêncio	49.5	25.5	11/29/2019	11/28/2054
Oitis 21	100%	PI/BA	Casa Nova	44.00	20.8	12/24/2019	12/23/2054
Oitis 22	100%	PI/BA	Casa Nova	49.50	22.22	12/24/2019	12/23/2054
Oitis 9	100%	PI/BA	Dom Inocêncio	49.50	219	12/24/2019	12/23/2054
Oitis 10	100%	PI/BA	Dom Inocêncio	49.5	212	12/24/2019	12/23/2054

Fotovoltaicas em operação	Neoenergia Share (Direct and Indirect)	State	Localidade	Capacidade Instalada (MWp)	Energia Assegurada (MWh)	Concession Date	End of Concession
LUZIA 2	100%	PB	Santa Luzia	74.65	7.3	5/29/2020	5/29/2055
LUZIA 3	100%	PB	Santa Luzia	74.65	7.3	5/29/2020	5/29/2055

4.2.2. Hydroelectric Plants

Neoenergia ended 2023 with a stake in 5 hydroelectric plants (with direct and indirect stake): Itapebi, Corumbá, Dardanelos, Baixo Iguaçu and Belo Monte.

In 2023, the Asset Swap operation between Neoenergia and Eletrobras was closed, which resulted in the consolidation of 100% of the Dardanelos hydroelectric plant and the divestment in Teles Pires and Baguari.

Hydro Plants in Operation	Neoenergia Share (Direct and Indirect)	State	Location	Installed Capacity (MW)	Assured Energy (MW)	Date of Concession	End of Concession
						Authorization	
UHE Itapebi	100%	BA	Rio Jequitinhonha	462.0	202.1	5/28/1999	5/15/2039
UHE Corumbá III	70%	GO	Rio Corumbá	96.5	47	11/7/2001	4/22/2040
UHE Dardanelos - Águas da Pedra	100%	MT	Rio Aripuanã	2610	147.2	7/3/2007	11/19/2048
Belo Monte	10%	PA	Rio Xingu	11233.1	4,5710	8/26/2010	7/10/2046
Baixo Iguaçu - Geração Céu Azul	70%	PR	Rio Iguaçu	350.2	172.4	8/20/2012	12/3/2049

NOTE: On September 17, 2021, a Aneel ratified and extension of the grants for the hydroelectric plants participating in the Energy Relocation Mechanism – MRE. On December 13, 2022, Aneel postponed the UHE Dardanelos concession by 220 days by means of Authorization Resolution 13,297.

4.3. Liberalized

4.3.1. Termopernambuco

Termopernambuco is a thermal plant included in the PPT (Priority Thermal Program). It has PPAs with Neoenergia Coelba (65MW) and Neoenergia Pernambuco (390MW) lasting until 2024, which guarantee the plant's revenue. It has an installed capacity of 533 MW and assured energy of 504 MW. It is worth remembering that Termopernambuco was the winner of the Capacity Reserve Auction in December 2021, where all its available capacity, 498 MW, was sold at a power price of R\$ 487,412.70 MW/year, with the start of supply on July 1, 2026, ensuring fixed power revenue of R\$ 207 million per year. The contract is valid for 15 years.

In the 4Q23 Termopernambuco generated 85 GWh of energy, while in the previous year there was no generation. The result continues to be preserved by the sales contracts and their cost structure.

5. ECONOMIC-FINANCIAL PERFORMANCE

5.1. Consolidated

CONSOLIDATED STATEMENT OF INCOME (R\$ MN)	4Q23	4Q22	Variation		2023	2022	Variation	
			R\$	%			R\$	%
Net Operating Revenue (1)	11,186	10,921	265	2%	42,388	40,822	1,566	4%
Costs with Energy (2)	(7,275)	(7,093)	(182)	3%	(27,868)	(25,960)	(1,908)	7%
Gross Margin w/ out Concession Financial Assets	3,861	3,828	33	1%	14,520	14,862	(342)	(2%)
Concession Financial Assets (VNR)	245	429	(184)	(43%)	1,222	1,339	(117)	(9%)
GROSS MARGIN	4,106	4,257	(151)	(4%)	15,742	16,201	(459)	(3%)
Operating Expenses	(1,018)	(1,118)	100	(9%)	(3,997)	(3,932)	(65)	2%
Provisions for Delinquency (PECLD)	(143)	(120)	(23)	19%	(632)	(505)	(127)	25%
(+) Equity Income / Corporate Operations	(90)	(184)	94	(51%)	1,246	(182)	1,428	N/A
EBITDA	2,855	2,835	20	1%	12,359	11,582	777	7%
Depreciation	(676)	(611)	(65)	11%	(2,560)	(2,243)	(317)	14%
Financial Income (Loss)	(1,187)	(947)	(240)	20%	(4,843)	(3,800)	(1,043)	27%
IR/ CS	(53)	(323)	270	(84%)	(429)	(752)	323	(43%)
Minority shareholdings	(16)	(18)	2	(11%)	(66)	(69)	3	(4%)
NET INCOME	973	936	37	4%	4,461	4,718	(257)	(5%)

(1) Considers Construction Revenue

(2) Considers Construction Costs

As expressed in Technical Guidance OCPC 08, the recognition and measurement of variations between non-manageable costs actually incurred in relation 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 costs, the isolated analysis of revenue and cost variations can lead to distortions in the interpretation of the results for the period. Therefore, the Company believes it is more appropriate to explain the variations in results based on Gross Margin.

Neoenergia ended the 4Q23 with a Gross Margin of R\$ 4,106 million (-4% vs. 4Q22), negatively impacted by lower VNR (Concession Financial Assets) due to lower inflation and lower margin in Termopernambuco, mitigated by the effects of: (i) increase in the customer base, (ii) larger volumes; (iii) Neoenergia Brasília's 2022 Tariff Adjustment, effective from the beginning of November/22 (variation in Parcel B: +5.2%); (iv) Tariff Reviews for Neoenergia Coelba and Neoenergia Cosern in April 2023, variation in Parcel B +2.5% and +0.25%, respectively; (v) Neoenergia Brasília's 2023 Tariff Adjustment, effective from October/23 (variation in parcel B: +7.14%); and (vi) better results in Renewables due to the consolidation of the Dardanelos from September 2023 and the completion of the Oitis Wind and Luzia Solar Complexes.

In the year, the Gross Margin was R\$ 15,742 million (-3% vs. 2022), negatively impacted by the lower transmission margin, due to non-recurring adjustments via IFRS 15, lower VNR and the lower margin in Termopernambuco, and positively due to the effects that follow: (i) increase in the customer base, (ii) larger volumes; (iii) 2022 Tariff Adjustments of Neoenergia Coelba, Neoenergia Pernambuco and Neoenergia Cosern in force from the end of April/22 (variation in Parcel B: +14.14%, +14.82% and +14.75% respectively), of Neoenergia Elektro, effective from the end of August/22 (variation in Parcel B: +9.32%) and of Neoenergia Brasília, effective from the beginning of November/22 (variation from Parcel B: +5.2%); (iv) Tariff Reviews of Neoenergia Coelba and Neoenergia Cosern in April 2023, variation in parcel B +2.5% and +0.25%, respectively; (v) Neoenergia Brasília's 2023 Tariff Adjustment, effective from October/23 with variation in parcel B: +7.14%; and (vi) better results in Renewables due to the start of operation of the Oitis Wind Complex and the Luzia Solar Complex and the consolidation of Dardanelos, starting in September 2023.

Operating expenses totaled R\$ 1,018 million in the 4Q23 (-9% vs. 4Q22) and R\$ 3,997 million in 2023 (+2% vs. 2022). The quarter was impacted by the one-off effect of the reversal of the health plan at Neoenergia Coelba (+R\$50 million) and the

reversal of litigation at Neoenergia Brasília (+R\$39 million), in addition to the consolidation of Dardanelos since Sep/23 (-R \$ 15 million); disregarding these effects and new business, the variation is -2% vs. 4Q22 and +3% vs. 2022, below inflation and absorbing the larger number of customers.

PECLD was R\$ 143 million in the 4Q23 (+R\$23 million vs. 4Q22) and R\$ 632 million in 2023 (+R\$127 million vs. 2022), negatively impacted by the non-recurring effects of the filings for bankruptcy by large clients. In the quarter, the distributors' PECLD was impacted by the settlement of debts by means of the Federal Government's Program *Desenrola*, amounting to R\$ 12 million.

In the Equity Income /Corporate Operations item, in the 4Q23 we highlight -R\$ 166 million of fair value adjustment related to the classification of Itabapoana (lot 3 of the Dec/18 auction) as a non-current asset held for sale based on the receipt of a non-binding indicative offer, and +R\$ 52 million referring to the asset swap operation with Eletrobras, relating to Dardanelos. Additionally, as of the 4Q23, the 8 transmission assets of the operation with GIC began to be accounted for as equity income and contributed with +R\$ 30 million to the quarter's results. In the 4Q22, we highlight -R\$ 201 million relating to the swap operation with Eletrobras and +R\$ 20 million relating to Dardanelos, which was accounted for by equity income.

In 2023, the highlights are -R\$ 364 million relating to the corporate operation of transmission companies, +R\$ 1,555 million within the scope of the asset exchange operation, +R\$ 30 million from transmission assets that are now come by the equity income and +R\$ 45 million from Dardanelos also from the equity income until Sep/23. In 2022 we had -R\$ 201 million referring to the asset swap with Eletrobras and the results that came through equity income from Dardanelos (+R\$ 63 million) and Teles Pires (-R\$ 54 million).

As a result of the abovementioned effects, EBITDA was R\$ 2,855 million in the 4Q23, in line with the 4Q22, and R\$ 12,359 million in 2023, (+7% vs. 2022). Adjusted EBITDA, without VNR, IFRS and Corporate Operations, was R\$ 3,006 million in the 4Q23 (+21% vs. 4Q22) and R\$ 10,624 million in 2023 (+10% vs. 2022).

The Consolidated Financial Result was -R\$ 1,137 million in the 4Q23, worse by R\$ 190 million vs. 4Q22. In 2023 it was -R\$ 4,843 million, higher by R\$ 1,043 million vs. 2022. This variation is mainly explained by the higher expense with debt charges, in addition to the increase in the average debt balance due to funding used for Capex of new transmission, wind and solar projects, in addition to distributors.

The IR/CS item for the quarter was -R\$ 53 million, -84% vs. 4Q22, due to the recording of JSCP - Interest on Equity in the 4Q23. In the year it was -R\$ 429 million, -43% vs. 2022, due to the increase in the percentage of incentivized activity that impacts the exploitation profit that is the basis for calculating the benefit, adjusted in the 2Q23 in the order of +R\$ 128 million, in addition to the credits arising from the one-off of the transmission IFRS15. In the 3Q22, deferred liabilities were written off, resulting from the incorporation of Bahia PCH III by Neoenergia Brasília, in the amount of R\$ 678 million.

Net profit ended the quarter at R\$ 973 thousand (+4% vs. 4Q22) and the year at R\$ 4,461 million (-5% vs. 2022).

5.2. Networks

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

NETWORKS STATEMENT OF INCOME (R\$ MN)	4Q23	4Q22	Variation		2023	2022	Variation	
			R\$	%			R\$	%
Net Revenue	1,78	1,475	243	2%	40,802	39,218	1584	4%
Costs with energy	(7,56)	(7,233)	(283)	4%	(28,652)	(26,908)	(1,744)	6%
Gross Margin w/ out Concession Financial Assets	3,202	3,242	(40)	(1%)	12,150	12,310	(160)	(1%)
Concession Financial Assets (VNR)	245	429	(184)	(43%)	1222	1339	(117)	(9%)
Gross Margin	3,447	3,671	(224)	(6%)	13,372	13,649	(277)	(2%)
Operating Expenses	(81)	(889)	78	(9%)	(3,263)	(3,243)	(20)	1%
Provisions for Delinquency (PECLD)	(139)	(119)	(20)	17%	(627)	(500)	(127)	25%
(+) Equity Income / Corporate Operations	(11)	-	(11)	N/A	(334)	-	(334)	N/A
EBITDA	2,356	2,663	(307)	(12%)	9,118	9,906	(788)	(8%)
Depreciation	(502)	(471)	(31)	7%	(1,932)	(1,695)	(237)	14%
Financial Income (Loss)	(1,058)	(857)	(201)	23%	(4,354)	(3,116)	(1,238)	38%
IRCS	(104)	(281)	177	(63%)	(302)	(477)	175	(37%)
NET INCOME	692	1,054	(362)	(34%)	2,560	4,588	(2,028)	(44%)

The Networks segment ended the 4Q23 with a Gross Margin of R\$ 3,447 million (-6% vs. 4Q22), negatively impacted by lower VNR due to lower inflation, mitigated by the effects of: (i) increase in the customer base, (ii) larger volumes; (iii) Neoenergia Brasília's 2022 Tariff Adjustment, effective from the beginning of November/22 (variation in parcel B: +5.2%); (iv) the Tariff Reviews of Neoenergia Coelba and Neoenergia Cosern in April 2023, variation of parcel B +2.5% and +0.25%, respectively; (v) Neoenergia Brasília's 2023 Tariff Adjustment, effective from October/23 (variation in parcel B: +7.14%).

In the year, Gross Margin was R\$ 13,372 million (-2% vs. 2022), negatively impacted by the lower transmission margin, due to non-recurring adjustments via IFRS 15 and lower VNR, and positively, by the following effects: (i) increase in the customer base, (ii) larger volumes; (iii) 2022 Tariff Adjustments of Neoenergia Coelba, Neoenergia Pernambuco and Neoenergia Cosern in force from the end of April/22 (variation in parcel B: +14.14%, +14.82% and +14.75% respectively), of Neoenergia Elektro, effective from the end of August/22 (variation in parcel B: +9.32%) and from Neoenergia Brasília, effective from the beginning of November/22 (variation in parcel B: +5.2%); (iv) Tariff Reviews of Neoenergia Coelba and Neoenergia Cosern in April 2023, variation in parcel B +2.5% and +0.25%, respectively; and (v) Neoenergia Brasília's 2023 Tariff Adjustment, effective from October/23 with variation in parcel B: +7.14%.

Operating expenses totaled R\$ 811 million in 4Q23 (-9% vs. 4Q22) and R\$ 3,263 million in 2023 (+1% vs. 2022). The quarter was impacted by one-off effects of reversal in the health plan at Neoenergia Coelba (+R\$50 million) and reversal of litigation at Neoenergia Brasília (+R\$ 39 million); disregarding these effects, the variation is +1% vs. 4Q22 and +3% vs. 2022, below inflation and absorbing the larger number of customers.

PECLD was R\$139 million in 4Q23, (+R\$ 20 million vs. 4Q22) and R\$ 627 million in 2023 (+R\$ 127 million vs. 2022), negatively impacted by the non-recurring effect of bankruptcy filings by large customers. In the quarter, the distributors' PECLD was impacted by the settlement of debts by means of the Federal Government Program *Desenrola*, totaling R\$ 12 million.

In the Equity Income/Corporate Operations item, in 4Q23 we highlight -R\$ 166 million of fair value adjustment related to the classification of Itabapoana (lot 3 of the Dec/18 auction) as a non-current asset held for sale based on the receipt of a non-binding indicative offer and +R\$ 30 million of 8 transmission assets from the operation with GIC that are now accounted for as equity income. In 2023, the highlights are -R\$364 million referring to the corporate operation of the transmission companies and the +R\$ 30 million of equity income of transmission assets.

As a result of the effects presented, EBITDA was R\$ 2,356 million in the 4Q23 (-12% vs. 4Q22) and R\$9,148 million in 2023 (-8% vs. 2022). Adjusted EBITDA, without VNR, IFRS and Corporate Operations, was R\$ 2,565 million in 4Q23 (+21% vs. 4Q22) and R\$ 8,967 million in 2023 (+15% vs. 2022), reflecting market growth, good operational performance, and spending discipline.

The IR/CS item for the quarter was -R\$104 million, -63% vs. 4Q22, due to the recording of JSCP - Interest on Equity in the 4Q23. In the year it was -R\$ 302 million, -37% vs. 2022, due to the increase in the percentage of incentivized activity that impacts exploration profit, which is the basis for calculating the benefit, adjusted in the 2Q23, in addition to the credits arising from the one-off IFRS15 in transmission. In the 3Q22, deferred liabilities were written off, resulting from the incorporation of Bahia PCH III, by Neoenergia Brasília, in the amount of R\$678 million.

The Networks segment had a net profit of R\$ 692 million in the 4Q23 (-34% vs. 4Q22) and R\$ 2,560 in 2023 (-44% vs. 2022), impacted by the one-off IFRS15 in Transmission and the non-recurring effect of the incorporation of premium from the acquisition of Neoenergia Brasília in 2022, in the amount of R\$ 678 million.

S/ I TRANSMISSION (R\$ MM)	4Q23	4Q22	Variation		2023	2022	Variation	
			R\$	%			R\$	%
Net Revenue	882	1,358	(476)	(35%)	3,404	3,895	(491)	(13%)
Cosntruction Costs	(1074)	(1101)	27	(2%)	(3,459)	(2,620)	(839)	32%
Gross Margin	(192)	257	(449)	(175%)	(55)	1,275	(1330)	(104%)
Operating Expenses	(35)	(44)	9	(20%)	(178)	(163)	(25)	16%
Provisions for Delinquency (PECLD)	-	-	-	-	(1)	-	(1)	N/A
(+) Equity Income / Corporate Operations	(14)	-	(14)	N/A	(334)	-	(334)	N/A
EBITDA	(368)	213	(581)	N/A	(568)	1,122	(1690)	N/A
Depreciation	(1)	(3)	2	(67%)	(5)	(3)	(2)	67%
Financial Income (Loss)	(14)	(90)	(24)	27%	(491)	(391)	(10)	26%
IRCS	19	(43)	62	N/A	286	(224)	510	N/A
NET INCOME	(364)	77	(441)	N/A	(778)	504	(1282)	N/A
IFRS15	(283)	22	(405)	N/A	(677)	760	(1437)	N/A

The transmission lines showed a Gross Margin of -R\$ 192 million in the quarter (vs. +R\$ 257 million in 4Q22), impacted by a non-recurring adjustment via IFRS 15, in addition to the non-consolidation of the 8 assets of the operation with GIC, which began to be recorded as equity income in this quarter. In the year, the Gross Margin was -R\$ 55 million (vs. +R\$ 1,275 million in 2022), mainly due to the impact of the non-recurring adjustment via IFRS 15.

Operating expenses totaled R\$ 35 million in 4Q23 (-20% vs. 4Q22) due to the deconsolidation of the 8 assets of the operation with GIC in the 4Q23, and R\$ 178 million in 2023 (+16% vs. 2022), resulting from one-off expenses related to studies for the June 2023 auction.

In the Equity Income/Corporate Operations item, in the 4Q23 we highlight -R\$ 166 million of fair value adjustment related to the classification of Itabapoana (lot 3 of the Dec/18 auction) as a non-current asset held for sale based on the receipt of a non-binding indicative offer and +R\$ 30 million of 8 transmission assets from the operation with GIC that are now accounted for as equity income. In 2023, the highlights are -R\$ 364 million referring to the corporate operation of the transmission companies and the +R\$ 30 million of equity income of transmission assets.

As a result of the aforementioned effects, transmission EBITDA ended the quarter at -R\$ 368 million (vs. +R\$ 213 million in the 4Q22) and the year at -R\$ 568 million, vs. +R\$ 1,122 million in 2022. Adjusted EBITDA (ex-IFRS and Corporate Operations) for the quarter was R\$ 86 million (-5% vs. 4Q22) and for the year R\$ 473 million (+31% vs. 2022).

The IR/CS item for the quarter was +R\$ 119 million, vs. -R\$ 43 million in the 4Q22 and in the year it was +R\$ 286 million vs. -R\$ 224 million in 2022, due to credits arising from the one-off IFRS15.

The transmission segment had a loss of -R\$364 million in the 4Q23 and -R\$ 778 million in 2023.

5.2.1. NEOENERGIA COELBA

STATEMENT OF INCOME(R\$ MN)	4Q23	4Q22	Variation		2023	2022	Variation	
			R\$	%			R\$	%
Net Revenue	3,753	3,225	528	16%	14,300	13,212	1,088	8%
Costs with Energy	(2,224)	(1,980)	(244)	12%	(8,772)	(8,372)	(400)	5%
Gross Margin w/ out Concession Financial Assets	1,529	1,245	284	23%	5,528	4,840	688	14%
Concession Financial Assets (VNR)	129	176	(47)	(27%)	665	610	55	9%
Gross Margin	1,658	1,421	237	17%	6,193	5,450	743	14%
Operating Expenses	(339)	(355)	16	(5%)	(1,341)	(1,304)	(37)	3%
Provisions for Delinquency (PECLD)	(39)	(44)	5	(11%)	(230)	(190)	(40)	21%
EBITDA	1,280	1,022	258	25%	4,622	3,956	666	17%
Depreciation	(29)	(205)	(14)	7%	(847)	(754)	(93)	12%
Financial Income (Loss)	(425)	(361)	(64)	8%	(1,750)	(1,315)	(435)	33%
IRCS	(67)	(69)	2	(3%)	(186)	(320)	134	(42%)
NET INCOME	569	387	182	47%	1,839	1,567	272	17%

Neoenergia Coelba recorded a gross margin of R\$ 1,658 million in 4Q23 (+17% vs. 4Q22), due to the variation of +2.5% in parcel B in April/23, the increase in the customer base (+2.2%) and larger volumes due to higher temperature. In the year, the gross margin was R\$ 6,193 million (+14% vs. 2022) also due to the effects above, in addition to the variation in parcel B of +14.14% in April/22 and the higher VNR in the period, due to adjustments arising from the Tariff Review, which compensated for the lower IPCA of the period.

Operating expenses totaled R\$ 339 million in the 4Q23 (-5% vs. 4Q22) due to a one-off reversal in the health plan in the amount of R\$ 50 million. Removing this effect in the quarter, Neoenergia Coelba's operating expenses would be +9% vs. 4Q22. In 2023, expenses totaled R\$ 1,341 million (+3% vs. 2022) and excluding this effect they would have amounted to R\$ 1,390 million (+7% vs. 2022).

In the quarter, PECLD totaled R\$ 39 million, -R\$ 5 million vs. 4Q22, influenced by the settlement of debts in the amount of R\$ 4.8 million by means of the Federal Government's Program *Desenrola*. In the year, it accounted for R\$ 230 million, +R\$ 40 million vs. 2022, negatively impacted by the non-recurring effect of bankruptcy filings by large customers in the 2Q23. If we analyze the default indicator (PECLD/ROB) in the 4Q23, it ended at 0.91%, below that observed in the other quarters of the year and the regulatory limit of 1.15%.

As a result of the abovementioned variations, EBITDA was R\$ 1,280 million in the quarter (+25% vs. 4Q22) and R\$ 4,622 million in the year (+17% vs. 2022). Adjusted EBITDA (ex-VNR) in the 4Q23 was R\$ 1,151 million (+36% vs. 4Q22) and in 2023 it was R\$ 3,957 million (+18% vs. 2022), reflecting better market conditions and good operational performance.

The Financial Result was -R\$ 425 million in the 4Q23 (vs. -R\$ 361 million in 4Q22) and -R\$ 1,750 million in 2023 (vs. -R\$ 1,315 million in 2022) a result of the increase in debt charges due to the higher average balance.

The IR/CS item for the quarter was -R\$ 67 million, -3% vs. 4Q22, due to the recording of JSCP in the 4Q23. In the year, it was -R\$ 186 million, vs. -R\$ 320 million in 2022, positively impacted by the increase in the percentage of incentivized activity that impacts exploitation profit, which is the basis for calculating the benefit in the 2Q23.

Net Profit was R\$ 569 million in 4Q23, +47% vs. 4Q22, and R\$ 1,839 million in 2023, +17% vs. 2022.

5.2.2. NEOENERGIA PERNAMBUCO

STATEMENT OF INCOME (R\$ MN)	4Q23	4Q22	Variation		2023	2022	Variation	
			R\$	%			R\$	%
Net Revenue	2,107	2,038	69	3%	8,132	7,602	530	7%
Energy costs	(1,505)	(1,451)	(54)	4%	(5,971)	(5,585)	(386)	7%
Gross Margin w/ out Concession Financial Assets	602	587	15	3%	2,161	2,017	144	7%
Concession Financial Assets (VNR)	45	56	(11)	(20%)	201	199	2	1%
Gross Margin	647	643	4	1%	2,362	2,216	146	7%
Operating Expenses	(198)	(173)	(25)	14%	(737)	(708)	(29)	4%
Provisions for Delinquency (PECLD)	(46)	(33)	(13)	39%	(225)	(177)	(48)	27%
EBITDA	403	437	(34)	(8%)	1,400	1,331	69	5%
Depreciation	(109)	(95)	(14)	15%	(405)	(361)	(44)	12%
Financial Income (Loss)	(233)	(215)	(18)	8%	(993)	(747)	(246)	33%
IRCS	(20)	(30)	10	(33%)	4	(66)	70	(106%)
NET INCOME	41	97	(56)	(58%)	6	157	(151)	(96%)

Neoenergia Pernambuco recorded a gross margin of R\$ 647 million in the 4Q23, in line with the 4Q22, positively impacted by the increase in the customer base (+2.2%) and larger volumes, and negatively impacted by the reduction in VNR due to the reduction in the IPCA. In 2023, the gross margin was R\$ 2,362 million (+7% vs. 2022), also impacted by the effects above, in addition to the tariff adjustment with a variation in parcel B of +14.82% in April/22.

Operating expenses in the 4Q23 of R\$ 198 million (+14% vs. 4Q22), explained by the greater capitalization of labor in the 4Q22, of +R\$ 11 million. In 2023, operating expenses were R\$ 737 million (+4% vs. 2022), in line with inflation for the period.

In the 4Q23, PECLD totaled R\$ 46 million, (+R\$13 million vs. 4Q22). The 4Q22 had a non-recurring positive impact from a large client, resulting from the success in the legal proceeding; without this effect, the amount for the 4Q22 would have been R\$ 47 million, in line with the 4Q23. In the 4Q23, PECLD was impacted by the settlement of debts by means of the Federal Government's Program *Desenrola*, totaling R\$ 3.4 million. In 2023, PECLD accounted for R\$ 225 million (+R\$ 48 million vs. 2022).

As a result of the abovementioned variations, EBITDA in the quarter was R\$ 403 million, -8% vs. 4Q22 and in 2023, EBITDA ended at R\$ 1,400 million, +5% vs. 2022. Furthermore, Adjusted EBITDA (ex-VNR) in the 4Q23 was R\$ 358 million, -6% vs. 4Q22 and in 2023 it was R\$ 1,199 million, +6% vs. 2022.

The Financial Result was -R\$ 233 million in the 4Q23 (vs. -R\$215 million in 4Q22) and -R\$ 993 million in 2023 (vs. -R\$ 747 million in 2022), due to the increase in the average debt balance.

The IR/CS item for the quarter was -R\$ 20 million vs. -R\$ 30 million in the 4Q22. In the year, it was R\$ 4 million vs. -R\$ 66 million in 2022, positively impacted due to the increase in the percentage of incentivized activity that impacts exploitation profit, which is the basis for calculating the benefit in the 2Q23.

Net Profit was R\$ 41 million in the 4Q23 (-58% vs. 4Q22) and R\$ 6 million in 2023 (-96% vs. 2022).

5.2.3. NEOENERGIA COSERN

STATEMENT OF INCOME (R\$ MN)	4Q23	4Q22	Variation		2023	2022	Variation	
			R\$	%			R\$	%
Net Revenue	895	817	78	10%	3,403	3,277	126	4%
Costs with Energy	(564)	(512)	(52)	10%	(2,202)	(2,167)	(35)	2%
Gross Margin w/ out Concession Financial Assets	331	305	26	9%	1,201	1,110	91	8%
Concession Financial Assets (VNR)	24	136	(112)	(82%)	150	207	(57)	(28%)
Gross Margin	355	441	(86)	(20%)	1,351	1,317	34	3%
Operating Expenses	(81)	(67)	(14)	21%	(266)	(254)	(12)	5%
Provisions for Delinquency (PECLD)	(5)	(4)	(1)	25%	(7)	(12)	5	(42%)
EBITDA	269	370	(101)	(27%)	1,078	1,051	27	3%
Depreciation	(42)	(42)	-	-	(165)	(150)	(15)	10%
Financial Income (Loss)	(73)	(60)	(13)	22%	(286)	(180)	(106)	59%
IRCS	(19)	(64)	45	(70%)	(40)	(140)	100	(71%)
NET INCOME	135	204	(69)	(34%)	587	581	6	1%

Neoenergia Cosern ended the 4Q23 with a Gross Margin of R\$ 355 million (-20% vs. 4Q22), negatively impacted by the reduction in VNR due to the reduction in the IPCA in 2023 and by the one-off adjustment in 2022 due to the Tariff Review, partially offset by the variation in parcel B of +0.25% of the April/23 tariff review and larger volumes. In 2023, the Gross Margin was R\$ 1,351 million, (+3% vs. 2022), also impacted by the effects above, in addition to the variation in parcel B of +14.75% in April/22.

Operating expenses totaled R\$ 81 million in the 4Q23 (+21% vs. 4Q22) and R\$ 266 million in 2023 (+5% vs. 2022), in line with period inflation and customer growth.

PECLD totaled R\$ 5 million in the 4Q23 (+R\$ 1 million vs. 4Q22) and in 2023 it was R\$ 7 million (-R\$ 5 million vs. 2022). It is worth pointing out that in this quarter there was a non-recurring effect with reversals from Large Clients in the order of R\$ 1.4 million, resulting from renegotiations and payments, in addition to the settlement of debts by means of the Federal Government's Program *Desenrola*, totaling R\$ 0.5 million. When we analyze the default indicator (PECLD/ROB), the year ended at 0.50%, below the regulatory limit of 0.53%.

As a result of the abovementioned variations, EBITDA in the 4Q23 was R\$ 269 million, -27% vs. 4Q22 and in 2023 it was R\$ 1,078 million, +3% above 2022. Adjusted EBITDA (ex-VNR) in the 4Q23 was R\$ 245 million, +5% vs. 4Q22 and for the year it was R\$ 928 million, +10% vs. 2022, as a result of better market conditions and good operational performance.

The Financial Result was -R\$73 million in the 4Q23 (vs. -R\$ 60 million in 4Q22) and -R\$ 286 million in 2023 (vs. -R\$ 180 million in 2022), due to the increase in the average debt balance and higher interest rates.

The IR/CS item for the quarter was -R\$ 19 million, -70% vs. 4Q22, due to the recording of JSCP in the 4Q23. In 2023, it was -R\$ 40 million, vs. -R\$ 140 million in 2023, positively impacted by the increase in the percentage of incentivized activity that impacts exploitation profit, which is the basis for calculating the benefit in the 2Q23.

Net Profit was R\$ 135 million in the 4Q23 (-34% vs. 4Q22) and R\$ 587 million in 2023, in line with 2022.

5.2.4. NEOENERGIA ELEKTRO

STATEMENT OF INCOME (R\$ MN)	4Q23	4Q22	Variation		2023	2022	Variation	
			R\$	%			R\$	%
Net Revenue	2,216	2,103	113	5%	8,325	7,916	409	5%
Costs with Energy	(1,442)	(1,470)	28	(2%)	(5,457)	(5,449)	(8)	0%
Gross Margin w/ out Concession Financial Assets	774	633	141	22%	2,868	2,467	401	16%
Concession Financial Assets (VNR)	46	57	(11)	(19%)	196	313	(117)	(37%)
Gross Margin	820	690	130	19%	3,064	2,780	284	10%
Operating Expenses	(161)	(173)	12	(7%)	(601)	(592)	(9)	2%
Provisions for Delinquency (PECLD)	(36)	(30)	(6)	20%	(116)	(89)	(27)	30%
EBITDA	623	487	136	28%	2,347	2,099	248	12%
Depreciation	(94)	(82)	(12)	15%	(363)	(311)	(52)	17%
Financial Income (Loss)	(155)	(124)	(31)	25%	(625)	(406)	(219)	54%
IRCS	(91)	(74)	(17)	23%	(388)	(396)	8	(2%)
NET INCOME	283	207	76	37%	971	986	(15)	(2%)

Neoenergia Elektro recorded a gross margin of R\$ 820 million in the 4Q23 (+19% vs. 4Q22), due to the increase in the customer base (+1.7%) and larger volumes, which offset the negative variation of -3.9% of parcel B of the August/23 tariff review and adjustments made in 2022 arising from the Tariff Review. In the year, the gross margin was R\$ 3,064 million (+10% vs. 2022), also due to the effects above, in addition to the variation in parcel B of +9.32% in the August/22 adjustment.

Operating expenses totaled R\$ 161 million in the 4Q23 (-7% vs. 4Q22) and R\$ 601 million in 2023 (+2% vs. 2022), absorbing inflation in the period and the growth of the customer base.

In the quarter, PECLD totaled R\$ 36 million, +R\$6 million vs. 4Q22, impacted by the filing for bankruptcy by large clients in the order of R\$ 3 million and the settlement of debts by means of the Federal Government's Program *Desenrola*, totaling R\$ 1.1 million. In the year, PECLD accounted for R\$ 116 million, +R\$ 27 million vs. 2022, negatively impacted by the non-recurring effect of the filing for bankruptcy by large clients, which added R\$ 14.3 million to PECLD in the 1Q23 and R\$ 3 million in the 4Q23.

As a result of the abovementioned variations, EBITDA was R\$ 623 million in the quarter (+28% vs. 4Q22) and R\$ 2,347 million in the year (+12% vs. 2022). Adjusted EBITDA (ex-VNR) in the 4Q23 was R\$ 577 million, (+34% vs. 4Q22) and in 2023 it was R\$ 2,151 million (+20% vs. 2022), because of better market conditions and the good operational performance.

The Financial Result was -R\$ 155 million in the 4Q23 (vs. -R\$ 124 million in 4Q22) and -R\$ 625 million in 2023 (vs. -R\$ 406 million in 2022), due to the increase in debt charges, resulting from the higher average balance.

Net Profit was R\$ 283 million in the 4Q23, +37% vs. 4Q22, and R\$ 971 million in 2023, -2% vs. 2022.

5.2.5. NEOENERGIA BRASÍLIA

STATEMENT OF INCOME (R\$ MN)	4Q23	4Q22	Variation		2023	2022	Variation	
			R\$	%			R\$	%
Net Revenue	871	943	(72)	(8%)	3,279	3,345	(66)	(2%)
Costs with Energy	(698)	(717)	19	(3%)	(2,781)	(2,75)	(66)	2%
Gross Margin w/ out Concession Financial Assets	173	226	(53)	(23%)	498	630	(132)	(21%)
Concession Financial Assets (VNR)	2	2	-	-	10	9	1	11%
Gross Margin	175	228	(53)	(23%)	508	639	(131)	(21%)
Operating Expenses	(15)	(82)	67	(82%)	(191)	(257)	66	(26%)
Provisions for Delinquency (PECLD)	(13)	(8)	(5)	63%	(48)	(32)	(16)	50%
EBITDA	147	138	9	7%	269	350	(81)	(23%)
Depreciation	(34)	(45)	11	(24%)	(146)	(103)	(43)	42%
Financial Income (Loss)	(58)	(8)	(50)	625%	(209)	(105)	(104)	99%
IRCS	(25)	(1)	(24)	2400%	16	654	(638)	(98%)
NET INCOME	30	84	(54)	(64%)	(70)	796	(866)	N/A

Neoenergia Brasília recorded a gross margin of R\$ 175 million (-23% vs. 4Q22) in the 4Q23 and R\$ 508 million (-21% vs. 2022) in 2023, due to overcontracting, which exceptionally impacted the quarter by -R\$ 9 million and the year by -R\$ 137 million.

Operating expenses amounted to R\$ 15 million in the 4Q23 (-82% vs. 4Q22) and R\$ 191 million in 2023 (-26% vs. 2022) explained by a reversal of litigation in the quarter, relating to the low-income class in the amount of R\$ 39 million. Excluding this effect, expenses would have been R\$ 55 million in the 4Q23 (-34% vs. 4Q22) and R\$ 231 million in 2023 (-10% vs. 2022). These amounts show the success of the turnaround that provided efficiency gains by being part of the Neoenergia Group.

In the quarter, PECLD was R\$ 13 million (+R\$ 5 million vs. 4Q22, when reversals of some R\$ 8 million took place); the 4Q23 was impacted by the settlement of debts through the Federal Government's Program *Desenrola*, in the total amount of R\$ 2.5 million. In the year it was R\$ 48 million, R\$ 16 million more than in 2022, due to reversals of some R\$ 20 million which took place in the previous year.

EBITDA was R\$ 147 million in the quarter (+7% vs. 4Q22) and R\$ 269 million in 2023 (-23% vs. 2022).

The Financial Result was -R\$ 58 million in the 4Q23 (vs. -R\$8 million in 4Q22), and -R\$ 209 million in the year, (vs. -R\$ 105 million in 2022), due to the increase in debt charges resulting from the higher average balance.

The IR/CS item for the quarter was -R\$ 25 million, vs. -R\$ 1 million in the 4Q22, and in the year it was +R\$ 16 million vs. R\$ 654 million in 2022, due to the write-off of deferred liabilities, resulting from the incorporation of Bahia PCH III by Neoenergia Brasília in the amount of R\$ 678 million in the 3Q22.

As a result of the variations above, Neoenergia Brasília recorded a profit of R\$ 30 million in the 4Q23, 64% below the 4Q22 and a loss of R\$ 70 million in 2023.

5.3. 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)	4Q23	4Q22	Variation		2023	2022	Variation	
			R\$	%			R\$	%
Net Revenue	579	463	116	25%	2,054	1,747	307	18%
Costs with Energy	(97)	(79)	(18)	23%	(406)	(331)	(75)	23%
GROSS MARGIN	482	384	98	26%	1,648	1,416	232	16%
Operating Expenses	(109)	(98)	(11)	11%	(348)	(286)	(62)	22%
(+) Equity Income / Corporate Operations	51	(184)	235	N/A	1,580	(182)	1,762	N/A
EBITDA	424	102	322	316%	2,880	948	1,932	204%
Depreciation	(95)	(82)	(13)	16%	(373)	(282)	(91)	32%
Financial Income (Loss)	(36)	(42)	6	(14%)	(208)	(221)	13	(6%)
IR/CS	29	(25)	54	(216%)	(79)	(131)	52	(40%)
NET INCOME	322	(47)	369	(785%)	2,220	314	1,906	607%

HYDRO PLANTS STATEMENT OF INCOME (R\$ MN)	4Q23	4Q22	Variation		2023	2022	Variation	
			R\$	%			R\$	%
Net revenue	226	148	78	53%	702	604	98	16%
Costs with Energy	(34)	(23)	(11)	48%	(113)	(89)	(24)	27%
GROSS MARGIN	192	125	67	54%	589	515	74	14%
Operating Expenses	(55)	(32)	(23)	72%	(138)	(116)	(22)	19%
(+) Equity Income / Corporate Operations	51	(184)	235	N/A	1580	(182)	1762	N/A
EBITDA	188	(91)	279	N/A	2,031	217	1,814	836%
Depreciation	(25)	(22)	(3)	14%	(93)	(86)	(7)	8%
Financial Income (Loss)	(8)	(15)	7	(47%)	(47)	(51)	4	(8%)
IR/CS	40	(5)	45	N/A	(5)	(57)	52	(91%)
NET INCOME (LOSS)	195	(133)	328	N/A	1,886	23	1,863	8100%

WIND FARMS STATEMENT OF INCOME (R\$ MN)	4Q23	4Q22	Variation		2023	2022	Variation	
			R\$	%			R\$	%
Net revenue	339	308	31	10%	1293	1136	157	14%
Costs with Energy	(61)	(53)	(8)	15%	(279)	(239)	(40)	17%
GROSS MARGIN	278	255	23	9%	1,014	897	117	13%
Operating Expenses	(53)	(65)	12	(18%)	(206)	(169)	(37)	22%
EBITDA	225	190	35	18%	808	728	80	11%
Depreciation	(67)	(56)	(11)	20%	(265)	(192)	(73)	38%
Financial Income (Loss)	(27)	(26)	(1)	4%	(158)	(169)	11	(7%)
IR/CS	(11)	(20)	9	(45%)	(72)	(74)	2	(3%)
NET INCOME	120	88	32	36%	313	293	20	7%

SOLAR FARMS STATEMENT OF INCOME (R\$ MN)	4 Q23	4 Q22	Variation		2023	2022	Variation	
			R\$	%			R\$	%
Net revenue	14	7	7	100%	59	7	52	743%
Costs with Energy	(2)	(3)	1	(33%)	(14)	(3)	(1)	367%
GROSS MARGIN	12	4	8	200%	45	4	41	1025%
Operating Expenses	(1)	(1)	-	-	(4)	(1)	(3)	300%
EBITDA	11	3	8	267%	41	3	38	1267%
Depreciation	(3)	(4)	1	(25%)	(15)	(4)	(1)	275%
Financial Income (Loss)	(1)	(1)	-	-	(3)	(1)	(2)	200%
IR/ CS	-	-	-	-	(2)	-	(2)	-
NET INCOME	7	(2)	9	N/A	21	(2)	23	N/A

The Renewables segment presented a gross margin of R\$ 482 million in 4Q23 (+R\$ 98 million vs. 4Q22), mainly impacted by hydroelectric plants (+R\$ 67 million vs. 4Q22), due to the consolidation of Dardanelos, with a positive effect at a margin of +R\$ 74 million and due to the greater generation of the Oitis Wind Complex and the Luzia Solar Complex. In the year, gross margin totaled R\$ 1,648 million (+R\$ 232 million vs. 2022), also driven by the consolidation of Dardanelos from September 2023 and the start of commercial operation from the 3Q22 of the Oitis Wind Farms and the Luzia Solar Complex.

Operating expenses totaled R\$ 109 million in the 4Q23 (+11% vs. 4Q22) due to the consolidation of Dardanelos, which represents -R\$ 13.1 million. In the year, expenses totaled R\$ 348 million (+22% vs. 2022), due to the start of operation of new assets, in addition to the consolidation of Dardanelos (-R\$ 14.5 million).

In the Equity Income/Corporate Operations item, in the 4Q23 we highlight +R\$ 58 million referring to the asset swap operation with Eletrobras, related to Dardanelos and Baguari. In the 4Q22, we highlight -R\$ 201 million related to this operation and +R\$ 20 million related to Dardanelos, which was accounted for by equity income. In 2023, +R\$ 1,555 million stands out under the asset swap operation and +R\$ 45 million from the Dardanelos equity income until Sep/23. In 2022 we had -R\$ 201 million referring to the exchange operation with Eletrobras and the results that came through equity income from Dardanelos (+R\$ 63 million) and Teles Pires (-R\$ 54 million).

Additionally, in the 4Q23 Belo Monte was reclassified from "Asset available for sale" to "Investments in subsidiaries, associated companies and joint ventures" and thus was once again measured using the equity method of accounting. In this quarter, the effect on the result was null.

Due to these effects, the EBITDA of the renewables segment in the quarter was R\$ 424 million (+316% vs. 4Q22) and R\$ 2,880 million in 2023 (vs. +204% in 2022). EBITDA excluding corporate operations was R\$ 366 million in the 4Q23 (+21% vs. 3Q22) and R\$ 1,325 million in 2023 (+15% vs. 2022).

The IR/CS item for the quarter was +R\$ 29 million, vs. -R\$ 25 million in the 4Q22, due to the recording of JSCP in the 4Q23. In 2023 it was -R\$ 79 million, vs. -R\$ 131 million in 2023.

The Net Profit recorded in the 4Q23 was R\$ 322 million (vs. loss of R\$ 47 million in the 4Q22) and in the year it was R\$ 2,220 million (vs. R\$ 314 million in 2022).

5.4. Liberalized

LIBERALIZED STATEMENT OF INCOME (R\$ MN)	4 Q23	4 Q22	Variation		2023	2022	Variation	
			R\$	%			R\$	%
Net Revenue	789	857	(68)	(8%)	3,122	3,314	(192)	(6%)
Costs with Energy	(584)	(642)	58	(9%)	(2,340)	(2,132)	(208)	10%
Gross Margin	205	215	(10)	(5%)	782	1,182	(400)	(34%)
Operating Expenses	(58)	(51)	(7)	14%	(168)	(166)	(2)	1%
Provisions for Delinquency (PECLD)	(4)	(1)	(3)	300%	(5)	(5)	-	-
EBITDA	143	163	(20)	(12%)	609	1,011	(402)	(40%)
Depreciation	(15)	(15)	-	-	(62)	(67)	5	(7%)
Financial Income (Loss)	(7)	(13)	6	(46%)	(30)	(105)	75	(71%)
IRCS	(8)	(10)	2	(20%)	(60)	(125)	65	(52%)
NET INCOME	113	125	(12)	(10%)	457	714	(257)	(36%)

TERMO PERNAMBUCO STATEMENT OF INCOME (R\$ MN)	4 Q23	4 Q22	Variation		2023	2022	Variation	
			R\$	%			R\$	%
Net Revenue	420	414	6	1%	1,647	1,586	61	4%
Costs with Energy	(252)	(236)	(16)	7%	(977)	(506)	(471)	93%
Gross Margin	168	178	(10)	(6%)	670	1,080	(410)	(38%)
Operating Expenses	(33)	(32)	(1)	3%	(91)	(104)	13	(13%)
EBITDA	135	146	(11)	(8%)	579	976	(397)	(41%)
Depreciation	(17)	(15)	(2)	13%	(61)	(65)	4	(6%)
Financial Income (Loss)	(9)	(17)	8	(47%)	(37)	(12)	75	(67%)
IRCS	(8)	(14)	6	(43%)	(52)	(122)	70	(57%)
NET INCOME	101	100	1	1%	429	677	(248)	(37%)

COMERC. STATEMENT OF INCOME (R\$ MN)	4 Q23	4 Q22	Variation		2023	2022	Variation	
			R\$	%			R\$	%
Net Revenue	365	429	(64)	(15%)	1,461	1,707	(246)	(14%)
Costs with Energy	(326)	(400)	74	(19%)	(1,348)	(1,605)	257	(16%)
Gross Margin	39	29	10	34%	113	102	11	11%
Operating Expenses	(28)	(11)	(17)	155%	(79)	(62)	(17)	27%
Provisions for Delinquency (PECLD)	(4)	(1)	(3)	300%	(5)	(5)	-	-
EBITDA	7	17	(10)	(59%)	29	35	(6)	(17%)
Depreciation	1	(1)	2	(200%)	(1)	(2)	1	(50%)
Financial Income (Loss)	2	4	(2)	(50%)	7	7	-	-
IRCS	-	4	(4)	(100%)	(8)	(3)	(5)	167%
NET INCOME	10	24	(14)	(58%)	27	37	(10)	(27%)

The Liberalized segment consolidated gross margin of R\$ 205 million in the 4Q23 (-5% vs. 4Q22) and R\$ 782 million in 2023 (-34% vs. 2022), impacted by a lower margin in Termopernambuco, explained by a lower cost in 2022, when, extraordinarily, there was no gas supply, which allowed the plant not to pay for gas and transportation, honoring its energy sales contracts by purchasing from the Spot Market. The trading company contributed with R\$ 39 million in gross margin in the quarter (+34% vs. 4Q22) and with R\$ 113 million in the year (+11% vs. 2022).

Operating expenses totaled R\$ 58 million in the Q23 (+14% vs. 4Q22), of which R\$ 28 million came from the trading company (+R\$17 million vs. 4Q22), which has been getting structured for market liberalization and to provide green industrial solutions. In the year, expenses totaled R\$ 168 million in 2023, in line with 2022.

As a result of these variations, Liberalized EBITDA was R\$ 143 million in the 4Q23 (-12% vs. 4Q22) and R\$ 609 million in 2023 (-40% vs. 2022).

Net profit was R\$ 113 million in the quarter (-10% vs. 4Q22) and R\$ 457 million in 2023 (-36%)

6. EBITDA

In compliance with CVM Resolution no 156/22, we display 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)	4Q23	4Q22	Variation		2023	2022	Variation	
			R\$	%			R\$	%
Net Income for the Period (A)	973	936	37	4%	4,461	4,718	(257)	(5%)
Profit assigned to minority shareholders (B)	(6)	(8)	2	(1%)	(66)	(69)	3	(4%)
Financial Expenses (C)	(147)	(100)	(47)	4%	(4,844)	(4,339)	(505)	12%
Financial Revenues (D)	304	362	(58)	(6%)	1262	1548	(286)	(8%)
Other net financial income (loss) (E)	(294)	(209)	(85)	4%	(1261)	(1009)	(252)	25%
Income tax and social contribution (F)	(53)	(323)	270	(84%)	(429)	(752)	323	(43%)
Depreciation and amortization (G)	(676)	(611)	(65)	1%	(2,560)	(2,243)	(317)	14%
EBITDA = (A-(B+C+D+E+F+G))	2,855	2,835	20	1%	12,359	11,582	777	7%
Financial Asset (Concession) (H)	245	429	(184)	(43%)	1222	1339	(117)	(9%)
IFRS 5 (I)	(283)	12	(405)	(332%)	(677)	760	(1437)	(89%)
Corporate Operations (J)	(18)	(201)	88	(44%)	191	(201)	1392	(693%)
Adjusted EBITDA = (EBITDA -(H+I+J))	3,006	2,485	521	21%	10,623	9,684	939	10%

7. FINANCIAL RESULT

NET FINANCIAL INCOME (R\$ MN)	4Q23	4Q22	Variation		2023	2022	Variation	
			R\$	%			R\$	%
Revenue from financial investments	212	225	(13)	(6%)	847	822	25	3%
Charges, monetary and exchange variations and debt derivative financial instruments	(1,208)	(1,156)	(52)	4%	(5,303)	(4,692)	(611)	13%
Other financial income (loss) not related to debt	(141)	(16)	(125)	781%	(387)	70	(457)	(653%)
Interest, commissions and arrears interest	89	41	48	117%	342	389	(47)	(12%)
Monetary and exchange variations - other	4	82	(78)	(95%)	8	39	(21)	(54%)
Adjustment to provision for contingencies / judicial deposits	(8)	(22)	4	(18%)	(20)	(10)	(10)	9%
Adjustment to sector financial assets / liabilities	(47)	77	(124)	(161%)	(137)	294	(431)	(147%)
Post-employment liabilities	(28)	(19)	(9)	47%	(98)	(80)	(18)	23%
Other net financial revenues (expenses)	(141)	(175)	34	(19%)	(392)	(462)	70	(15%)
Total	(1,137)	(947)	(190)	20%	(4,843)	(3,800)	(1,043)	27%

The Consolidated Financial Result was -R\$ 1,137 million in the 4Q23 (-R\$ 190 million vs. 4Q22) and R\$ 4,843 million in 2023 (-R\$ 1,043 million vs. 2022), mainly explained by higher expenses with debt charges due to the 9% increase to the average balance of the debt compared to the previous year, due to funding used for the Capex of new transmission, wind and solar projects, in addition to the Distributors and the variation of the adjustment to sector financial assets/liabilities.

8. INVESTMENTS

Neoenergia Capex ended 2023 at R\$ 8.9 billion, as displayed below:

CAPEX Neoenergia (R\$ million)	4Q23	4Q22	Δ %	2023	2022	Δ %
Networks	2,166	2,520	(14%)	8,210	8,091	1%
Distributors	1,074	1,414	(24%)	4,724	5,458	(13%)
Transmission Lines	1,092	1,106	(1%)	3,485	2,633	32%
Renewables	199	213	(7%)	620	1,736	(64%)
Liberalized	35	39	(9%)	59	62	(4%)
Other	5	2	104%	14	3	393%
TOTAL	2,410	2,773	(13%)	8,903	9,892	(10%)

8.1. Networks

8.1.1. Distribution

In 2023, the distributors' Capex amounted to R\$ 4.7 billion, of which R\$ 3.1 billion were used in network expansion. Below is a table with detailed Capex by distributor.

INVESTMENTS MADE (amounts in R\$ MN)						CONSOLIDATED		
	4Q23					4Q23	2023	
Network Expansion	(457)	(109)	(49)	(11)	(34)	(759)	(3,109)	61%
Program Luz para Todos	(79)	-	-	-	-	(79)	(367)	
New Connections	(235)	(92)	(34)	(81)	(14)	(455)	(1810)	
New SEs and RD's	(143)	(16)	(15)	(30)	(21)	(224)	(926)	
ECV Commitment	0	(1)	-	-	-	(1)	(6)	
Assets Renewal	(81)	(26)	(13)	(52)	(12)	(185)	(808)	17%
Network Improvement	(29)	(11)	(11)	(20)	(9)	(79)	(387)	8%
Losses and Default	(21)	(6)	(5)	(3)	(5)	(41)	(242)	5%
Other	(63)	(17)	(13)	(30)	(17)	(140)	(417)	9%
Movement of Material (Inventory x Works)	(99)	8	0	(20)	19	(92)	(268)	
(=) Gross Investment	(750)	(161)	(90)	(237)	(59)	(1,296)	(5,232)	
GRANTS	104	4	2	10	10	131	239	
(=) Net Investment	(646)	(156)	(88)	(227)	(49)	(1,165)	(4,992)	
Movement of Material (Inventory x Works)	99	(8)	(0)	20	(19)	92	268	
(=) CAPEX	(547)	(165)	(88)	(207)	(67)	(1,074)	(4,724)	
Regulatory Annuity Basis	(63)	(17)	(13)	(30)	(17)	(140)	(417)	8%
Regulatory Remuneration Basis	(588)	(152)	(77)	(187)	(61)	(1,064)	(4,547)	92%

8.1.2. Transmission

In 2023, the transmission lines Capex amounted to R\$ 3.5 billion, 32% more than the actual Capex in 2022, fully used for the construction of lines and substations of the lots acquired in auctions.

8.2. Renewables

8.2.1. Wind Farms

Investments made in wind farms amounted to R\$ 581 million in 2023, 52% below those made in 2022, due to the actual Capex of the Chafariz Complex in 2022 and lower realization of Capex of the Oitis Complex given the final phase of the construction.

8.2.2. Solar Parks

The works in the Luzia park were concluded in March 2023.

8.2.3. Hydroelectric Plants

Investments of R\$ 40 million in 2023, compared to R\$ 59 million in 2022.

8.3. Liberalized

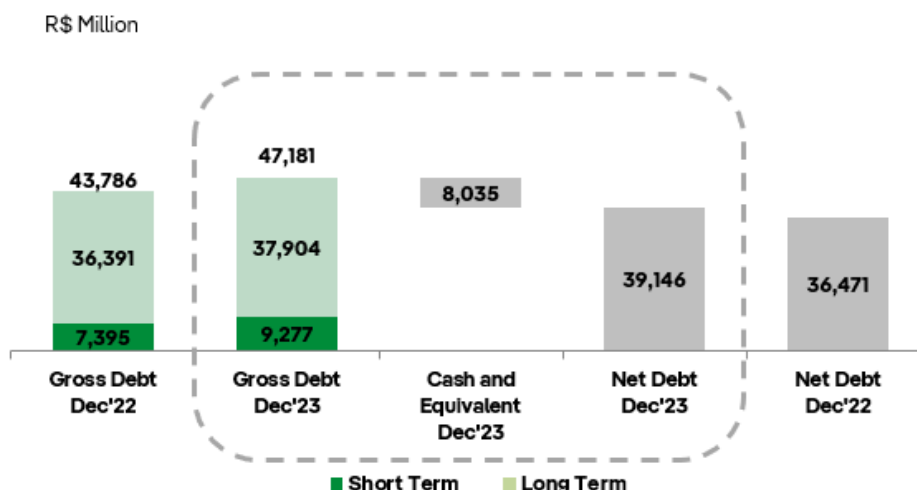
Termopernambuco made investments of the order of R\$ 39.5 million in 2023, R\$ 14.5 million below those made in in 2022, according to its maintenance schedule.

The trading company and Neoenergia Serviços made investments in the amount of R\$ 19.9 million in 2023, R\$ 11.9 million in excess if those made in 2022, due to investments in systems for the commercial plan.

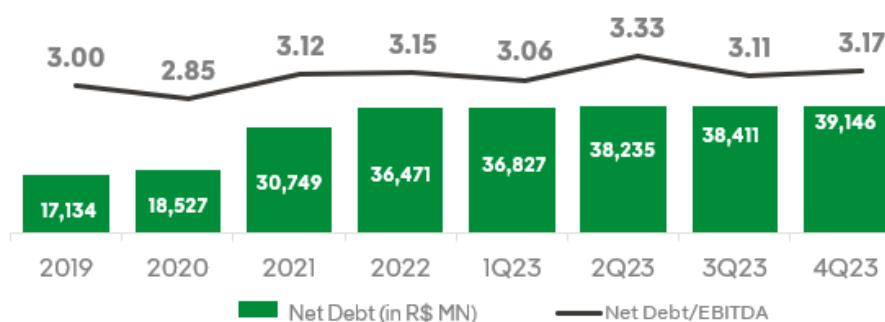
9. INDEBTEDNESS

9.1. Situation of Financial Debt and Leverage

In December 2023, the consolidated net debt of Neoenergia, including cash, cash equivalents and securities, reached R\$ 39,146 million (gross debt of R\$ 47,181 million), showing a 7% increase (R\$ 2,675 million) compared to December 2022, mainly explained by the actual Capex of the network projects. As to the segregation of the debt balance, 80% of Neoenergia debt is accounted for in the long term and 20% in the short term.



In December 2023 the financial indicator Total net debt/EBITDA increased from 3.15x to 3.17x in December 2023.



9.2. Debt amortization schedule

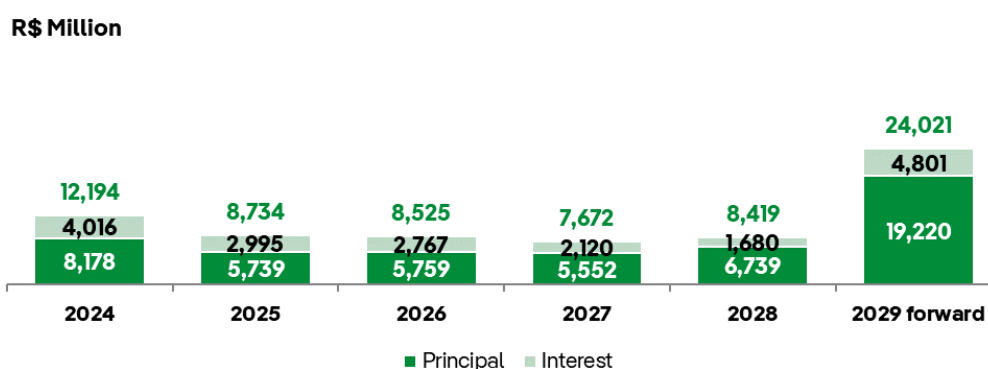
The Company seeks to align the structure of its debt according to the financial cycle of its business, observing the peculiarities of each company and the characteristics of its concessions and authorizations. Aiming at efficiency by reducing the cost of debt and lengthening its amortization profile, the Company actively manages its financial liabilities in order to avoid concentration of debt maturities. Neoenergia raised R\$ 11,540 million in 2023.

The amounts due in the coming years are not concentrated in any specific period, being consistent with volumes due in recent years.

In 2024, the largest amortizations refer to Neoenergia Coelba in the estimated amount of R\$ 2,450 million, Neoenergia Pernambuco estimated in R\$ 1,372 million, Neoenergia Morro do Chapéu in the amount of R\$ 900 million, and Neoenergia

Lagoa do Patos in the estimated amount of R\$648 million. The sum of the maturities of these distribution and transmission companies is equivalent to 66% of the consolidated volume to be amortized in this period.

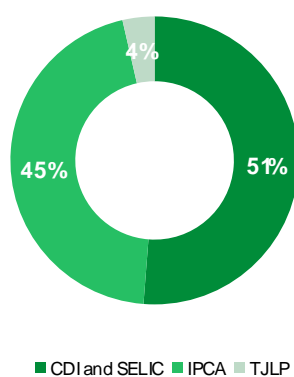
Neoenergia's average debt term in December 2023 was 5.20 years (vs. 5.29 years in December 2022). The chart below displays the schedule of debt principal and interest maturities, using market forward curves for indexes and currencies linked to the debt in force at the end of 2023.



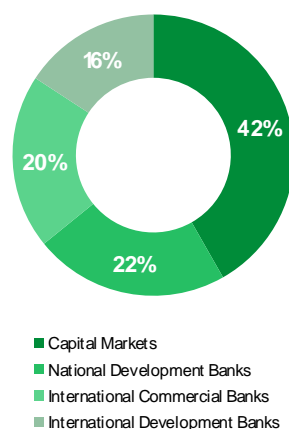
9.3. Debt profile

The charts below show the balance of the debts segregated by source of funding and by indexer. The average cost of the consolidated debt in 2023 was 11.8% (vs. 11.4% in December 2022), given that the average Selic in 2023 was higher than that of 2022.

NET DEBT PER INDEX (post swap)



DEBT PER FUNDING



In the 4Q23 we funded a total of R\$ 2,994 million. We point out the debt outlay lines that follow:

- i. Release of the 17th Issue of Neoenergia Coelba Debentures, in the total amount of R\$ 890 million with a term of up to 10 years;
- ii. Outlay of the 13th Issue of Neoenergia Pernambuco Debentures, in the total amount of R\$ 764 million with a term of up to 10 years;
- iii. Release of 4131 with BNP for Neoenergia Alto Paranaíba (R\$ 550 million) with a one-year term;

- iv. Outlay of 4131 with BNP for Neoenergia Estreito (R\$ 200 million) with an 18-month term;
- v. Outlay of 4131 with Citibank for Neoenergia Paraíso (R\$ 200 million) with an 18-month term;
- vi. Release of funding with BNDES for Neoenergia Vale do Itajaí (R\$ 189 million) with a 24-month term;
- vii. Outlay of financing with BEI for Neoenergia (R\$ 182 million) with a 10-year term;
- viii. Release of funding with BNDES for Neoenergia Dourados (R\$ 19 million) with a 24-year term.

10. RATING

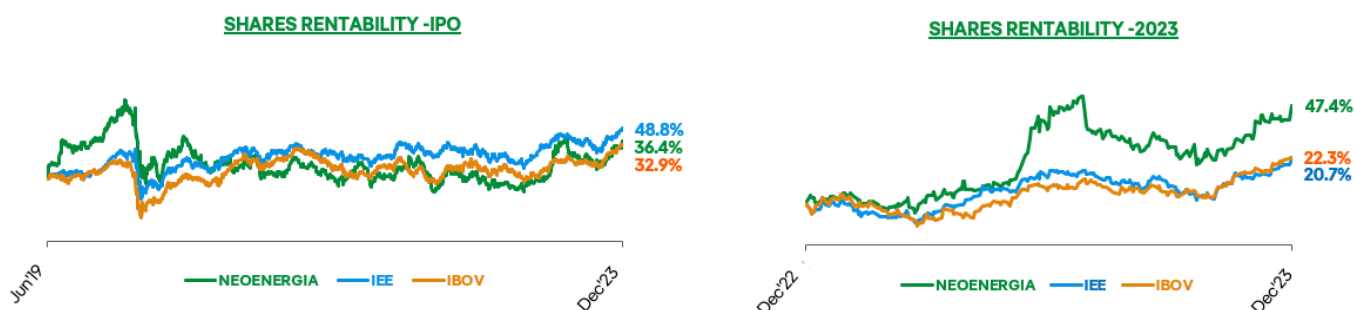
On March 27, 2023, Standard & Poor's – S&P confirmed the rating of Neoenergia and its distributors on "BB-" on the Global Scale and 'brAAA' on the Brazil National Scale, limited to the sovereign rating.

On June 15, S&P confirmed the rating 'BB-' on the global scale, altering the perspective from stable to positive, reflecting the impact of the raise of the Brazil rating in the next 2 years.

On December 20, S&P raised the rating de 'BB-' to 'BB' on the global scale, with perspective stable, reflecting the impact of the raise of the Brazil rating following the approval of the Tax Reform.

11. CAPITAL MARKETS

On December 28, 2023, the Company's market value was R\$25.90 billion with shares (NEOE3) quoted at R\$21.34. As to 2023, shares appreciated by 47.4%, as shown in the graphs below:



The table below shows value of share quotation and market value:

Capital Market	IPO	4Q23
Number of shares (thousand)	1,213,797,248	1,213,797,248
Share value	15.65	21.34
Market value ¹ (R\$ million)	18,996	25,902

¹Market value = number of shares x share value

12. OTHER MATTERS

12.1. Low-Income Customer

N° of Residential Customers (thousand)	4Q23						4Q22					
	Consolidated	Neoenergia Coelba	Neoenergia Pernambuco	Neoenergia Cosern	Neoenergia Elektro	Neoenergia Brasília	Consolidated	Neoenergia Coelba	Neoenergia Pernambuco	Neoenergia Cosern	Neoenergia Elektro	Neoenergia Brasília
Conventional	1,800	4,174	2,438	994	2,246	948	1,392	3,911	2,341	962	2,217	961
Low Income	3,733	1,738	1,208	397	295	95	3,824	1,857	1,211	403	277	73
Total	14,534	5,913	3,647	1,390	2,541	1,043	14,215	5,767	3,555	1,365	2,494	1,034

12.2. Conclusion of the asset exchange with Eletrobras

In September 2023, the partial closing of the Asset Exchange operation between Neoenergia and Eletrobras was announced, resulting in the consolidation of 100% of the Dardanelos hydroelectric plant and the divestment in Teles Pires, in addition to the acquisition of minority stakes of 0.04 % of the shares of Neoenergia Coelba, Neoenergia Cosern and Afluente T, belonging to Eletrobras, now holding 98.98%, 93.09% and 90.18% of the companies' shares, respectively. The closing of the divestment operation in Baguari took place in October 2023. The operation, whose total value is R\$ 788 million without cash disbursement from any party, generates value for Neoenergia with simplification of the corporate structure.

12.3. Closing of the transaction of transmission operating assets with GIC

On September 29, 2023, the sale of a 50% equity interest in eight transmission assets in operation (Jalapão, Santa Luzia, Dourados, Atibaia, Biguaçu, Sobral, Narandiba and Rio Formoso) to GIC for R\$ 1.1 billion was closed, as announced to the market in April 2023. In addition to the sale, the agreement also grants GIC the right of first offer in regard to the potential future sale of a 50% stake in the transmission assets under construction by Neoenergia (Itabapoana, Guanabara, Vale do Itajaí, Lagoa dos Patos, Morro do Chapéu, Estreito, Alto do Parnaíba and Paraíso) and Potiguar Sul, in addition to enabling the analysis and joint participation of GIC and Neoenergia in future Transmission auctions in Brazil, in lots of mutual interest.

12.4. Creation of a Joint Venture with Comerc Energia for DG

On September 27, 2023, Neoenergia announced to the market the creation of a Joint Venture with Comerc Energia for the construction and operation of Shared Photovoltaic Generation projects in Neoenergia's concession areas. Projects will be assessed individually and will only be carried out if they reach the desired hurdle rate. The total estimated investment is of up to R\$ 500 million by the Holding (of which up to R\$ 250 million may be invested by Neoenergia).

The operation allows Neoenergia to position itself competitively in the Distributed Generation segment, focusing on customers with the greatest potential for migration to Distributed Generation, making use of Comerc's know-how and project portfolio.

12.5. Management Practices

12.5.1. Shareholders' Compensation

Neoenergia's Bylaws define the payment of a minimum dividend of 25% of net profit, in accordance with the Dividend Distribution Policy available on the Company's website (<https://www.neoenergia.com/en/corporate-governance-policies>).

In 2023, the Company decided on the following payments:

- (i) Dividends of R\$ 708,667 thousand, resolved at the Ordinary General Meeting on April 27, 2023, and paid on December 27, 2023;

(ii) Interest on Equity of R\$ 387,059 thousand, resolved at the Board of Directors Meeting on June 27, 2023, and paid on December 27, 2023;

(iii) Interest on Equity of R\$ 504,870 thousand, resolved at the Board of Directors Meeting on December 11, 2023, and expected to be paid by December 31, 2024.

The Company informs that the complete allocation of the 2023 results will be approved at the Ordinary General Meeting to be held in 2024.

12.5.2. Corporate Governance

Neoenergia's Governance and Sustainability System brings together the policies and principles that govern the organization, operation and relations of subsidiary companies and Neoenergia, meeting the highest levels of Corporate Governance of Brazilian companies, which qualifies Neoenergia for listing its shares on B3's Novo Mercado.

The System establishes standards, recommendations and practices that aim to ensure compliance with the bylaws, in particular, the corporate purpose, as well as the social interests of Neoenergia and its shareholders while respecting the determinations of the Shareholders' Agreement currently in force.

The Purpose and Values of the Neoenergia Group also brings together and endorses all the key elements of the Governance and Sustainability System, the development of which is assigned to the Board of Directors, without prejudice to other competencies.

Board of Directors

It comprises thirteen sitting members and nine substitute members, with a two-year term of office, and re-election permitted. Among the sitting members, seven are appointed by Iberdrola, three by Previ and three are independent members. The Board's duties include general business guidance and the election and removal of directors. Members meet ordinarily 8 times a year to evaluate the Company's economic, environmental and social performance. Members may also meet extraordinarily when called by their Chairman or, in his absence, by the board member elected to replace him or, even, by one third of the members of the board, upon joint request.

Fiscal Council

With an independent function, it comprises five sitting members and five substitutes. Members are elected by the General Meeting for one-year terms. The Fiscal Council meets ordinarily to (i) give its opinion on the Annual Management Report and the respective financial statements; and (ii) to analyze the balance sheet and other financial statements prepared quarterly by the Company, and extraordinarily if necessary.

Executive Board

It is responsible for the administration and management of the Company's business, currently comprising ten members, including the Chief Executive Officer. Its members are appointed by the Board of Directors for three-year terms, subject to renewal. The directors meet ordinarily, once a week or whenever called by any Director.

Committees

Neoenergia has five advisory committees to the Board of Directors: Audit, Financial, Compensation and Succession, Related Parties and Sustainability since 2021. Each committee comprises five sitting members and four substitute members, with the exception of the Related Parties Committee, which is made up of three sitting members, two of which must be independent and one from the market. The members of the Audit, Sustainability and Remuneration and Succession committees are board members. The Financial Committee may have members of the Board of Directors or people appointed by them, who meet in

accordance with the agenda requested by the Board. Independent members became part of the committees in 2019, providing greater transparency for their functioning. The committees, within their scope, are responsible for analyzing and recommending most of the Board's decisions.

As an integral part of Governance practices, the Neoenergia Group has an Internal Controls model that ensures reliability in the generation and disclosure of financial and non-financial information. The model is supported by a tool and based on two main pillars: (i) identification of risks and design/execution of controls and (ii) certification of information.

Financial certification occurs every six months so that Executives can ensure that the financial information under their responsibilities is reliable and the internal controls to support them have been carried out appropriately. In the case of non-financial certification, executives certify annually the existing control environment to guarantee the quality and integrity of the information on the indicators reported in the Sustainability Report.

12.5.3. People Management

Neoenergia adopts a People Management Policy that defines how we attract, develop and retain talented professionals. Our goal is to promote the physical, mental and emotional well-being of teams through their personal and professional growth. Therefore, we seek for people to participate in the Group's business success project, guaranteeing a decent and stable job, in a diverse and inclusive environment. The policy was last updated in September 2023.

The Training and Development vision is considered fundamental to Neoenergia's success, as it directly impacts business performance and results. The company develops several programs to improve the technical qualifications of its professionals in order to assure they are capable of performing their duties and contribute to fostering a culture of development, value creation and continuous improvement, allowing its employees to take a leading role in their career development and growth.

On the topic of diversity, in 2023, we promoted several actions with the internal audience, highlighting:

- Information Booklet on Harassment in the Workplace – As part of our Compliance processes, the booklet was disseminated in internal communication channels, training and events with an aim at helping to identify, prevent and fight harassment;
- Diversity and inclusion content – There were more than 8 thousand participants in diversity and inclusion events, which included anti-racism, violence against women, LGBT pride, the struggle of people with disabilities and others;
- Vilarejos Junt+s – Conversation circles led by employees for small groups. The meetings are a safe welcoming environment. LGBTPhobia in the workplace, Motherhood, self-esteem and colored people, psychological safety of LGBT people, People 45+ are some of the topics covered;
- Electricians School – Initiative to create free professional training opportunities, which supports access to the job market for residents of the distributors' areas of operation;
- Aflorar – Established in 2017, the program promotes a mentoring system for young people with Down Syndrome at Neoenergia Pernambuco and helps the insertion of professionals with disabilities into the job market;
- Libras course – With the aim of training inclusion agents and improving communication with hearing impaired people, the company's learning portal offers the Brazilian Sign Language Course (Libras).

Maintaining our alignment with the Sustainable Development Goals, we carried on with the Electricians School, which is an initiative that aims to create free professional training opportunities and support access to the job market for residents of the areas where the company's energy distributors operate. Between 2019 and 2022, we formed classes exclusively for women, aiming to encourage women participation in the electrician market. From 2023 onwards, with the spontaneous participation of women in mixed classes, the number of classes dedicated exclusively to them has been reduced.

The School is recognized as a global example of one of the Women's Empowerment Principles (WEPs) by WeEmpower, a program run by UN Women, the International Labor Organization (ILO) and the European Union to encourage good practices in companies. We ended the year with women accounting for more than 8% of our electricians compared to 5.6% in 2022, confirming our belief in gender equality and our commitment to reaching more than 12% by 2030.

Neoenergia's Volunteer Program permanently offers opportunities to engage in impactful social initiatives for residents of the company's area of operation. All initiatives are aligned with the UN Sustainable Development Goals. In 2023, the Program recorded 3,767 engaged participations, an increase of 7% compared to the previous year, exceeding the projections mapped out in Neoenergia's ESG volunteering goal.

Some 2023 actions that stood out:

- Sanitary pads – Collection of more than 180 thousand units of sanitary pads to help combat menstrual poverty;
- Teaching Professions – Lectures focused on contributing to quality employment for young people;
- Clothing donation campaign – Collection of more than 31 thousand pieces for 76 beneficiary institutions;
- Operation kilo – Donation of more than 38 thousand kilos of food collected and distributed to thousands of people through 124 benefited NGOs.

2023 was a year of great challenges and achievements, but we have teams that are engaged and committed to the quality of the service provided to the communities where we operate. It is gratifying to see the results achieved with the commitment of all the Company's employees.

13. SUSTENTABILIDADE, INOVAÇÃO E RESPONSABILIDADE CORPORATIVA

13.1. ESG

Neoenergia's strategy and business model were designed anticipating the role that the electricity sector can play in fighting climate change and creating opportunities for economic, social and environmental development.

The group's commitment to the ESG agenda is formalized in our Corporate Governance and Sustainability System, aligned with the Principles of the Global Compact and the Sustainable Development Goals (SDGs), both initiatives of the United Nations (UN).

We focus our efforts on the SDGs most relevant to our business model: providing clean and affordable energy (goal 7) and global action against climate change (goal 13). And we maintain a commitment to other SDGs related to strategic themes that directly contribute to sustainable business management: drinking water and sanitation (SDG 6), industry, innovation and infrastructure (SDG 9), life on land (SDG 15) and partnerships and means of implementation (SDG 17). We have remained a signatory to the ten principles of the Global Compact since 2007, with actions based on respect for human rights, labor rights, environmental preservation and the fight against corruption.

The company's commitment to sustainable development is materialized in its ESG Goals. In 2023, 14 new goals were incorporated into the initial scope, totaling 30 commitments to be achieved in 2025 and 2030, which will be monitored and disclosed quarterly. The table below presents the results achieved during the year:

ESG Targets	Parameters	2023	2025	2030	
E	Emissions ¹	Generated gCO2/ kWh emissions (scope 1)	3.6	36	20
	Digitalization of Networks	% of HV and MV networks digitalized	77.5%	83%	90%
	Fleet electrification	% of company light-duty vehicles electrified within Neoenergia's fleet	9.7%	13%	50%
	Sustainable light vehicle fleet	% on the total fleet of light vehicles (flex, hybrid or electric)	99.6%	99%	100%
	Installed reuse water capacity	Millions of liters	7.3	7.5	10
	Biodiversity Assessment ²	% assets with biodiversity assessment and positive impact plan	0%	20%	100%
S	Women in relevant positions	Presence of women in executive board and oversight positions	31%	31%	35%
	Women in leadership positions	Presence of women in leadership in executive board, oversight and management positions	30.4%	33%	40%
	Female journeyman electricians	% of women that have complete electrician training	40.3%	30%	35%
	Female electricians	% of women occupying electrician positions	8.4%	9%	12%
	Racial diversity	% of Black and multiracial employees in executive board, oversight, management and supervisors positions	30%	35%	40%
	Corporate Volunteers	Number of volunteers (employees and invitees)	3,767	3,700	4,700
	Safety (ISO 45001)	% company workers assigned to ISO45001-certified sites	50.8%	50%	60%
	Safety	TRIR (company staff)	0.23	<0.43	<0.39
	Training	Three-year average for hours dedicated to training employees and professionals in the communities in which we operate	94	67	70
	Digital customers	Digital Transactions / (Human Transactions + Digital Transactions)	94.1%	95.1%	95.1%
	Inclusion and diversity for customer service	Number of solutions implemented	13	22	ND
	Beneficiaries of the Neoenergia Institute	Annual beneficiaries of the programs (million)	347.2	280	412
	Quality of supply	Equivalent Duration of Outages per consumer unit	9.68	9.29	8.44
	G	Purchases from local suppliers	% of total purchases	99.5%	>90%
Purchases from sustainable suppliers		% R\$ of purchases carried out with sustainable suppliers	89.2%	>80%	>85%
Human Rights Due Diligence Procedure		Ongoing review	✓	✓	✓
Formal Stakeholder Engagement Process		Maintain evolution of the scope	✓	✓	✓
Cybersecurity Assessments		Number of annual assessments or external checks	374	316	316
Cybersecurity education and training		Number of annual hours	12,272	11,500	13,100
ESG Variable Remuneration		% of variable remuneration included in long-term incentives linked to ESG	30%	30%	33%
Governance		Maintain the best practices for Corporate Governance	✓	✓	✓
Independent external certification or validation of the compliance system		Obtain/ maintain (annually)	✓	✓	✓
F		Green Financing Framework	Annual review and update (if applicable)	✓	✓
	ESG financing	% ESG financing	49%	>60%	>75%

Notes:

¹ The unusual intensity of emissions verified in 2023 is due to the fact that the Termopernambuco Plant, powered by natural gas, was only dispatched by the National System Operator (ONS) in the last quarter.

² In 2023, the definition of Neoenergia's Biodiversity Accounting Framework represented the first product to meet this target. Based on the methodology defined, Neoenergia was able to begin the process of measuring assets in order to carry out a biodiversity assessment and positive impact plan.

During the year, we maintained our commitment to increasingly generating clean and sustainable energy for everyone. In March 2023, we launched the first associated renewable energy generation complex in Brazil. Located in the hinterland of Paraíba, it is characterized by the synergy between the assets of the wind and solar farms with the transmission line and substation. This characteristic optimizes the use of the transmission network due to the complementarity of sources.

In the social sphere, committed to offering an increasingly inclusive and diverse work environment, we signed two new gender and racial diversity commitments with the United Nations (UN) Global Compact and became part of the first diversity index of the B3, IDiversa, which aims to make diversity indicators visible and tangible for the market and provide comparability in the performance of the 79 companies classified in the index. We can also highlight the Neoenergia Institute's adherence to the Brazilian Philanthropy Commitment on Climate Change at COP28 and the various socio-environmental initiatives that contribute to a more fair and egalitarian society.

As highlights within the governance universe in 2023, we are among the three companies in the electricity sector with the best reputation in Brazil, according to the ranking of the Corporate Reputation Business Monitor (Merco). And we are ranked among the 100 largest companies in all sectors. We had this recognition for the economic-financial results and the ESG goals for 2025 and 2030. Receiving the Pro-Ethics Seal, for the fifth consecutive year, granted by the Comptroller General (CGU) and being placed among the 50 companies most engaged in open innovation in Brazil in the 100 Open Corps 2023 ranking, makes us very proud and shows that we are on the right path.

Neoenergia's sustainable practices make the company stand out and allow it to be positioned in important sustainability and governance indices and ratings. In 2023, we maintained our participation, for the fourth consecutive year, in the FTSE4 Good Index Series portfolio and in the B3 Corporate Sustainability Index (ISE). We also remained in S&P's The Sustainability Yearbook and stood out in the CDP, with a score of A- in Climate Change and B in Water Security.

13.2. Innovation

Innovation is the main strategy for Neoenergia to guarantee sustainability, efficiency, competitiveness and remain at the forefront of developing products, services and business models that allow it to face challenges and take advantage of opportunities in the transformation of the electricity sector. The company understands innovation as a decentralized, open process that permeates all business units.

The innovation strategy aligns with the sustainable development strategy adopted by Neoenergia, with a focus on promoting renewable energy and taking advantage of opportunities represented by the digitalization and automation of business. Therefore, it seeks emerging technologies that contribute to meeting SDG 9 (Industry, innovation and infrastructure) and 13 (Combat climate change).

The construction and execution of the innovation strategy involves the Business, Research and Development, Digital Transformation and Corporate areas, in an effort coordinated by the Superintendency of Innovation, Sustainability and Corporate Social Responsibility. The governance of the process is supported by the Go In collaborative platform, implemented in 2021 as a technological solution for managing the innovation portfolio, and which encourages the diversity of ideas to seek promising solutions for the company's business and the electricity sector.

During 2023, Neoenergia invested a total of R\$160.3 million in RDI. The efforts are organized around five major axes aligned with the fundamental vectors of transforming the energy sector, decarbonization and electrification of the economy.

The company's efforts are organized around five major axes aligned with the fundamental vectors of the transformation of the energy sector, decarbonization and electrification of the economy:

- Increasingly efficient, sustainable and environmentally friendly **Disruptive technologies** that optimize the running of facilities and processes. Green hydrogen, innovative renewable energy, sustainable mobility, smart grids, storage,

heat electrification that contribute to industrial transformation, with a focus on sustainability, affordable green energy and employment;

- **New competitive products and services** that meet customer's needs, with greater personalization of content and offers;
- **Digitization and automation** in all businesses and processes using technologies such as the internet of things (IoT), virtual and augmented reality, big data, artificial intelligence, machine learning and easy-to-use tools such as Power BI, Power Apps and Power Query;
- **Innovation with startups**, entrepreneurs and suppliers with the aim of developing new business models and driving incremental to disruptive innovations;
- **Culture of innovation and talent** as the basis for the organization's transformation pillars.

During 2023, the first call for the **Inovamos Program – Neoenergia Value Creation Journey** was made. It took months of producing innovation every day and building our own way of innovating with Neoenergia's businesses and corporate areas. More than 600 ideas were submitted to Go In in approximately 45 days, with an aim at simplifying, optimizing and reducing bureaucracy in our internal processes. The creators invested in hours of training to prepare for this course and had the support of more than 100 accelerators in the development of ideas, removing obstacles and promoting agility. All ideas underwent careful analysis by evaluators, involving more than 800 leaders in the evaluation stages. In the end, the 24 best projects were presented to the executive board panel on Demo Day and the 10 best were awarded during the Neoenergia Leaders Convention event.

Also noteworthy is the recognition in two of the main innovation rankings in Brazil, 4th place in the Electric Energy category of the Valor Innovation Award and 3rd place in the Electric Energy and Renewables category of the TOP 100 Open Corps 2023.

This year, Pod Inovar was launched, a Neoenergia Podcast, which promotes discussions on panoramas, trends, curiosities in the universe of innovation and the energy sector. The content includes experts internal and external to Neoenergia and is available on YouTube, LinkedIn and Spotify channels and social networks.

13.3. Education and Culture

In the wind farms in operation, in 2023, several environmental education programs were developed, such as training to enhance community-based tourism in Rio Grande do Norte, women empowerment in Bahia and cultural appreciation in Paraíba. In the municipality of Caetité (Bahia), as part of the Winds of Change project, complementary training was offered to students of the Environmental technical course at the Centro Territorial de Educação Profissional do Sertão Produtivo (Cetep), which culminated in a technical visit of approximately 30 students to our wind farms. The initiative is an innovative partnership in the electricity sector between Neoenergia and Rio Energy, started in 2022. In 2023, we also started the Sementes de Saberes – Seeds of Knowledge Program, created to boost local development based on potentials and challenges identified in communities. Throughout the year, more than 70 communities were visited in the area of influence of the wind farms in operation, to carry out the Participatory Socio-Environmental Diagnosis in the territories where Neoenergia's wind farms are located.

With the Health, Education and Income Program (SER), we work on pillars that directly impact the Municipal Human Development Index (IDHM) in the areas of the Lagoas, Canoas and Calango wind farms, and the Potiguar Sul transmission line, serving the three axes of the Index. It has been in operation since 2020, with resources from the BNDES social sub credit and whose on-site partner execution takes place through the Local Economic Development Agency (Adel). The communities involved in the SER Program are encouraged to join the family farming process. Over the years, in all the communities it has

worked, the SER Program has impacted 269 families and community leaders in accessing and managing water resources, benefiting 412 family farmers in the development of production chains.

With an aim at creating opportunities for free professional training, Neoenergia develops the School of Electricians, which supports access to the job market for residents of the distributors' areas of operation – Bahia, Pernambuco, Rio Grande do Norte, São Paulo and the Federal District. The school promotes the education and training of future professionals, who upon completing the program become capable of working as an electrician. Between 2019 and 2022, it organized exclusive classes for women, aiming to encourage women participation in the electrician market. From 2023 onwards, with the spontaneous participation of women in mixed classes, we reduced the number of classes dedicated exclusively to them. The School is recognized as a global example of one of the Women's Empowerment Principles (WEPs) by WeEmpower, a program run by UN Women, the International Labor Organization (ILO) and the European Union to encourage good practices in companies.

In the cultural sphere, the company's main initiatives were led by the Neoenergia Institute, as follows:

(i) the Transforming Energy into Culture notice, consolidating itself as one of the largest culture notices in Brazil, covering Rio Grande do Norte, Bahia, São Paulo and the Federal District, aimed at initiatives intended to valuing Brazil's rich cultural diversity and contributing to SDGs 4, 8, 11 and 17.

(ii) the 3rd edition of the Inspirar Award, aimed at recognizing 16 female leaders, 13 of which were selected by popular vote and three for cultural merit, chosen by the technical committee that works with Art and Culture projects, covered all concession areas of the Neoenergia and received 137 applications in 2023;

(iii) the Institute, in partnership with Termopernambuco, Neoenergia Cosern, Neoenergia Coelba and Neoenergia Elektro supported three projects through the Federal Culture Incentive Law (Lei Rouanet) in 2023. The second project, which is part of Resgatando a História, the largest program to enhance Brazil's cultural heritage created by BNDES and has the support of large Brazilian companies, including Neoenergia, was supported. The action consists of the restoration, requalification and modeling for new use of the old Caruaru Railway Station, expanding the generation of work and income for the community and touristic offers for the municipality.

(iv) Oficinas Culturais e Artísticas (OCA) offered 320 seats for young people and adults in situation of social vulnerability, in the cities of Araras, Atibaia, Ilha Solteira and Mongaguá, in the state of São Paulo. With training actions in the fields of creative economy - digital culture, carpentry, fashion and product design, the project promoted possibilities for generating work and income. The initiative is developed with resources from ProAC – São Paulo Cultural Action Program;

(v) Entre o Céu e a Favela and Centro de Artes da Maré programs were included in the Inspiring Women Program, which expands the positive impact promoted by female leaders and reinforces our commitment to valuing women protagonism in the field of Art and Culture. The projects were supported through the Rio de Janeiro Municipal Culture Incentive Law.

13.4. Neoenergia Institute

The Neoenergia Institute contributes to improving the quality of life of the most vulnerable people, supporting sustainable development in the communities where Neoenergia operates. Furthermore, its purpose is to ensure a careful look at people and communities, respecting all forms of diversity, driving opportunities through effective, inclusive and sustainable initiatives. Its trajectory began in 2018. In 2023, the Institute celebrated five years of history with important advances to consolidate its operations in Brazil.

From 2023 onwards, the Institute started to contribute directly to one of the ESG goals undertaken by Neoenergia until 2030 in the social scale, to expand the reach from 109 thousand beneficiaries in 2021 to 280 thousand by 2025 and 412 thousand

by 2030. Focusing on these new goals, its methodology for measuring results and calculating beneficiaries was consolidated, in addition to improving the terms of partnership and cooperation with partner organizations.

Another milestone for the Institute was its adherence to the Brazilian Philanthropy Commitment on Climate Change, an instrument to support, induce and facilitate the engagement of philanthropy and national private social investment in the Climate Change agenda.

13.5. Energy Efficiency

The Neoenergia Group's Energy Efficiency Program (PEE) focuses on promoting the efficient use of electric energy. In 2023, investments of some R\$161.3 million were made in the five distributors.

Among the actions worth pointing out are:

- Execution of projects acting in popular communities with the replacement of more than 712 thousand light bulbs with LEDs for residential consumers of the 5 distributors and more than 214.8 thousand bulbs in almost 3 thousand institutions in these communities;
- Execution of the Vale Luz project, which exchanges solid waste for a discount on the energy bill, recycling more than 2.2 thousand tons of waste with a discount of more than R\$1.1 million on the electricity bill of some 32 thousand consumers at the 5 distributors, who also replaced more than 70 thousand customer bulbs with LEDs.
- Execution of educational projects in public schools, training 9,600 teachers and more than 222,000 students in the distributors' concession areas on the topic of efficient use of electric energy;
- Execution of Efficiency projects for 1,893 public and assistance buildings (public schools, health units – hospitals and health clinics, philanthropic institutions, etc.) in the distributors' concession area, benefiting 83 units in Bahia, 431 units in Pernambuco, 137 units in Rio Grande do Norte, 1,133 units in São Paulo and 109 units in Brasília, totaling more than 344 thousand light bulbs replaced and the installation of 45 solar photovoltaic systems, totaling 9.5 MWp, in addition to the retrofit of a water heating system in the Federal District with the replacement of 6 centrifugal pumps and 10 electric heaters of the heat pump type;
- Execution of Street Light Efficiency projects in 52 municipalities in the concession areas of the 4 distributors (except Neo Brasília), with the replacement of more than 37.3 thousand Street Light points with LED technology;
- Execution of the Conscious Consumption Platform project, which provides for the installation of a piece of equipment on the residences' energy meter that collects data to be made available on a low-cost, real-time consumption monitoring platform, and interactions with educational content, warnings and guidance on conscious consumption.

13.6. Research and Development

In 2023, R\$ 259.13 million were invested in the ANEEL RDI– Research, Development and Innovation Program, of which R\$ 77.95 million were used in projects by Neoenergia companies, R\$ 100.32 million were allocated to the National Fund for Scientific and Technological Development (FNDTC), R\$ 50.46 million to the Ministry of Mines and Energy (MME) and R\$ 30.40 million were allocated to the Energy Development Account (CDE). The Group's main projects are listed below:

Smart Grids:

- (i) **GODEL Analytics**, an application that shows the mapping of technical and commercial losses, indicating the areas with greatest opportunities for actions aimed at recovering revenue;

(ii) **GODEL Losses**, which allows the calculation of technical and non-technical losses using algorithms developed from data from the georeferenced registry of the electricity network, measurements from smart sensors and other measuring equipment;

(iii) **GODEL Conecta**, awarded in 2023 at the XXVII SNPTEE - National Seminar on Electric Energy Production and Transmission as 1st place in the Distribution Systems Study Group, a pioneering system in Brazil for determining the capacity to accommodate distributed generation and new loads on the medium voltage network, providing increased efficiency in responding to access requests by customers, enabling them to carry out their queries and obtain immediate responses;

(iv) **Digital Connection**, which operates on three pillars: upgrading of the customer experience, integrated development of digital solutions and digital inclusion, promoting improvements in the experiences of Neoenergia consumers, always with the customer at the spotlight of the business.

Safety:

(i) **Robotic Arm**, which makes it possible to trim trees close to energized networks robotically and with remote operation, with greater safety and efficiency;

(ii) **Proximity Sensor**, which consists of technology for mitigating electric energy accidents with field teams, through sensors installed in the truck's aerial basket and a processing center that will signal and act to avoid a possible risk situation;

(iii) **Smart Safety Eye**, a system with artificial intelligence to identify inappropriate actions by field teams;

(iv) **Dam Safety**, which develops an innovative georeferenced system for intelligent management, in real time, of the Dam Safety Plan (PSB), which works to support decision-making based on analyzes of project risk and data consistency.

Operating Efficiency:

(i) **Qualimeter with Continuous Oscillography**, equipment for assessing the quality of energy supply and for integration with the system for locating shortcomings in distribution networks, in order to improve the quality and safety of the network;

(ii) **Mobile Emergency Tower** for emergency replacement of 69kV and/or 138kV structures (suspension and/or anchoring), including the development of removable national anchors;

(iii) **Electric Sector Analytical Intelligence System (SIASE-T)**, which consists of developing an information portal for the electric energy transmission segment, which will restructure and integrate the databases currently used by the Ministry of Mines and Energy (MME), Energy Research Company (EPE), National Electric System Operator (ONS) and National Electric Energy Agency (ANEEL), improving the efficiency of the management process and allowing access to qualified information by the society;

(iv) **Integrated Automation Platform for Substation Simulation**, which enables the complete simulation of a substation, with the setting of information that travels on the data buses, carrying out interoperability tests, integrations between equipment and systems, in addition to testing control logic and protection that make up a substation automation system (SAS).

Sustainability:

(i) **Electric Truck**, which has an electro-hydraulic aerial basket for energy distribution network services, in addition to an intelligent system for managing recharging in a safe and efficient manner on the low voltage network;

(ii) **Trilha Verde in Fernando de Noronha**, which aims to establish, in a sustainable way, solutions and business models for tourism activities, public services and the operation of Neoenergia Pernambuco, using electric vehicles and charging stations distributed in strategic locations on the island, ensuring supply from renewable sources with an energy storage system;

(iii) Green Corridor, an initiative recognized through the ECO AMCHAM Award in 2023 in the category “Sustainability Practices, Products and Services for Large Companies”, the first electric corridor and the largest fast charging electroway in the Northeast Region, with more than 1,200 km extension between Salvador (BA) and Natal (RN), which enabled a broad charging infrastructure for electric vehicles (EVs) in the northeast region with 17 installed charging stations;

(iv) Microgrid, a centralized solar energy system with batteries and a distribution network in operation since 2022, constituting an alternative for meeting the regulatory obligations of the Luz Para Todos (LPT) program, which benefits 113 consumer units in the hinterland of Bahia and enabled the implementation of a 100% renewable microgrid;




(v) Sustainable and eco-efficient solutions for the coexistence of the lear-blue-macaw, which aims to develop solutions for the coexistence of the lear-blue-macaw with the electric energy distribution network and the creation of a broad Program of Conservation of the species consisting of environmental, social, educational and technological aspects;









(vi) Golden Mussel, which develops technology to control the population of golden mussels present in hydroelectric plant reservoirs;






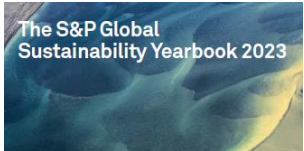

(vii) Green Hydrogen, which will implement a local production solution for green hydrogen, using photovoltaic solar energy for application in vehicle fueling.

14. NEOENERGIA GROUP AWARDS AND RECOGNITIONS

Neoenergia Group's actions are guided by the continuous search for quality and efficiency, the results of which are evidenced by the awards and recognitions won over the years. Below are the main highlights of 2023:

<p>B3 Corporate Sustainability Index</p> 	<p>Neoenergia is included, for the 4th consecutive year, in B3 SA's Corporate Sustainability Index (ISE). ISE brings together companies that have the best sustainability practices in environmental, social responsibility, economic-financial and corporate governance aspects.</p>
<p>B3 Diversity Index</p> 	<p>Neoenergia is part of the first portfolio of B3's diversity index, IDiversa, which aims to make diversity indicators visible and tangible for the market and provide comparability in the performance of the 79 companies classified in the index.</p>
<p>XXVII National Seminar on Electric Energy Production and Transmission</p> 	<p>GODEL Conecta, the product of a Research Development and Innovation (RDI) project by Neoenergia, won first place at the XXVII National Electric Energy Production and Transmission Seminar (SNPTEE), an event considered the largest in Latin America and the 2nd largest in world. The award-winning technology makes it possible to simulate the availability of the electrical grid for connecting distributed generation (DG).</p>
	<p>For its commitment to integrity measures to prevent and combat fraud and corruption practices, Neoenergia was recognized, for the fifth consecutive time, with the Pro-Ethcs Seal 2022/2023 edition. The initiative by the</p>

<p>Pro-Ethics Seal 2022/2023 edition</p> 	<p>General Comptroller of the Federation (CGU) also rewarded the distributors Neoenergia Coelba (BA), Neoenergia Pernambuco (PE) and Neoenergia Cosern (RN).</p>
<p>100 Open Corps Award</p> 	<p>Neoenergia was among the companies most engaged in open innovation in Brazil. The company won third place, in the electric energy and renewables segment, and was among the top 50 in the eighth edition of the TOP 100 Open Corps Award.</p>
<p>Transparency Trophy</p> 	<p>For the third consecutive year, Neoenergia won the Transparency Trophy, awarded by the National Association of Finance, Administration and Accounting Executives (Anefac), for the quality and transparency of the financial information provided to the market.</p>
<p>2023 Valor Inovação Award</p> 	<p>The main innovation ranking in the country, the Valor Innovation Award 2023, drafted by the newspaper Valor Econômico, ranked Neoenergia in a prominent position. In a historic feat, the company ranked among the 5 most innovative companies in the electricity sector, securing 4th place. In the general ranking, it ranked 61st, improving last year's result (137th place).</p>
<p>2023 Eco Award</p> 	<p>Neoenergia was one of the winners of the 2023 Eco Award, promoted by AMCHAM Brasil, one of the greatest recognitions of sustainability business practices. Neoenergia was awarded the Gold Trophy for the Corredor Verde, Trilha Verde and Caminhão Elétrico projects, part of the company's Electric Mobility Research and Development (R&D) Program.</p>
<p>2023 Abradee Award</p> 	<p>Neoenergia Cosern was the champion in the National, Northeast and Operational Management categories, and also came in 2nd in Management Quality in the 2023 Abradee Award. Neoenergia Elektro came first in the Southeast, Management Quality and Performance Evolution categories and won 2nd place in the National category.</p>
<p>IIA May Brasil</p> 	<p>Neoenergia won the IIA May Brasil, a national award that recognizes companies that develop the best actions and practices to raise awareness of the Internal Auditing profession. The initiative has been carried out by IIA Brasil (Institute of Internal Auditors of Brazil), since 2020.</p>
<p>2023 Clientes SA Award</p> 	<p>With the case 'Humanizing Digital Transformation: How communication and data analysis strengthen Customer Experience', Neoenergia was awarded in the Leader in Visionary Project category of the 2023 Clientes SA Award.</p>

<p>2023 SMART CUSTOMER Award</p> 	<p>For its performance in customer experience, Neoenergia was recognized in the Digital Communication category of the 2023 SMART CUSTOMER Award, with the case 'Humanizing Digital Transformation: How communication and data analysis strengthen Customer Experience'.</p>
<p>Latam Award</p> 	<p>Latam Award Neoenergia won the gold trophy in the Mejor Estrategia de Operación Sector Ciudadano category, of the Latam Award, offered by Aloic (Alianza Latinoamericana de Organizaciones para la Interacción con Clientes). The vote awarded the Case "End-to-End Management: Personalization and Welcoming to the Neoenergia Customer".</p>
<p>Monitor Empresarial de Reputação Corporativa</p> 	<p>In 2023 we were among the three companies in the electricity sector with the best reputation in Brazil, according to the ranking of the Corporate Reputation Business Monitor (Merco). The ranking is a reputational assessment instrument based on a multi-stakeholder methodology comprising various assessments and sources of information.</p>
<p>Melhores do Ano 2022 Award</p> 	<p>The Inova Group recognized Neoenergia as one of the Best Companies of the Year in 2022, for its commitment to offering services of high quality and excellence to its customers.</p>
<p>Aneel de Ouvidoria Award</p> 	<p>For the second year in a row, Neoenergia Elektro was elected in the Bronze Category (3rd place) among the Best Ombudsman Offices in Brazil, in the Aneel Ombudsman Award. The award is given to the Distributors' ombudsman offices that have the best consumer service structures.</p>
<p>The Sustainability Yearbook 2023</p> 	<p>Neoenergia remained in The Sustainability Yearbook 2023, considering the 2022 score from S&P Global, for the third consecutive year. The recognition ensured the score among the 15% of companies evaluated with the best performance in the electricity sector and just 30% below the sector leader in S&P Global ESG. Launched in 1999 and indexed to the New York Stock Exchange, the index is considered the largest reference for integrating sustainability into business strategy and an important driver for a series of institutional investors.</p>
<p>FTSE4Good Index</p> 	<p>In 2023, Neoenergia remained in the FTSE4 Good Index with an ESG score of 4.0, one of the most important international sustainability indices, measured by the Financial Times Stock Exchange (FTSE) Russell, a division of the London Stock Exchange. Furthermore, its environmental, social and governance practices presented averages that exceed those of the electricity sector.</p>
<p>CDP Climate 2023</p>	<p>Neoenergia achieved an A- score from the 2023 CDP Climate (index used to evaluate the performance of</p>



companies participating in the selection process for the ISE B3 portfolio at the level of Climate Change), remaining on the A list, and a B score in the water safety section, reinforcing its leading role on the environmental agenda.

15. INDEPENDENT AUDITORS

In accordance with CVM Instruction No. 162, of July 14, 2022, the Company states that it maintains a contract with Deloitte Touche Tohmatsu Auditores Independentes Ltda. ("Deloitte"), effective until the base date of 12/31/2026.

In 2023, Deloitte provided audit services for the amount of R\$ 6,395,112.75, of which R\$ 4,209,727.26 refers to the audit of the financial statements (including quarterly reviews) and R\$ 2,185.85.49 refers to other audit-related services, such as review of the translation of statements into English, limited assurance report on Covenants, review of cash flow projections for dividend payment purposes, audit of regulatory statements and previously agreed procedures on asset control report, limited assurance report on the Annual Sustainability Report and Integrated Report and reasonable assurance report on the compilation of Pro Forma financial information. The Company's policy regarding the hiring of external audit services is based on the principles that preserve the auditor's independence and consist of: (a) the auditor must not audit his own work, (b) the auditor must not perform managerial functions in the Company and (c) the auditor must not promote the interests of the Company.

16. SOCIAL BALANCE

As a way of demonstrating our commitment to transparency and a sustainable growth model, we disclose annually our performance in environmental, social, economic and governance aspects in our Sustainability Report.

The document is prepared based on the 2021 standards of the Global Reporting Initiative (GRI) and the standards of the Sustainability Accounting Standards Board (SASB) for the electricity sector. We also consider the recommendations contained in S&P Global's Corporate Sustainability Assessment (CSA) for the Dow Jones Sustainability Index (DJSI) and the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD, or Task Force on Climate-Related Financial Disclosure). The document also meets our commitments to the Global Compact and the Sustainable Development Goals (SDGs) of the United Nations (UN).

The company's Sustainability Report has been released since 2004 and the document for 2023 will be disclosed by March 31, 2024 on the company's website (<https://www.neoenergia.com/en/>).

17. RECONCILIATION NOTE

Neoenergia S.A. discloses the results for the 4Q23 and 2023, based on managerial analyzes that management understands to best translate the company's business, reconciled with the International Financial Reporting Standards – IFRS.

Calculation Memory (CONSOLIDATED)	Current Year		Previous Year		Corresponding Explanatory Notes
	4Q23	2023	4Q22	2022	
(+) Net Revenue	11,547	44,343	11,536	42,787	Incement Statement
(-) Estimated Replacement Value of Concession	(245)	(1,222)	(429)	(1,339)	Note 6
(-) Other revenues	(142)	(802)	(129)	(824)	Note 6
(+) Gain/ Loss on RAP	(60)	(105)	(99)	34	Note 6.4
(+) Revenue from Operation and Maintenance	31	67	34	131	Note 6.4
(+) Photovoltaic Operations	2	7	7	28	Note 6.4
(+) Other revenues - Other revenues	3	10	1	5	Note 6.4
= Net Operating REVENUE	11,136	42,388	10,921	40,822	
(+) Costs with electric energy	(5,047)	(9,306)	(4,622)	(7,813)	Incement Statement
(+) Fuel for energy production	(132)	(492)	(109)	(125)	Note 9
(+) Construction costs	(2,091)	(8,056)	(2,356)	(8,001)	Incement Statement
(+) Photovoltaic Operations	(5)	(14)	(6)	(21)	Note 9
= Energy costs	(7,275)	(27,868)	(7,093)	(25,960)	
(+) Estimated replacement value of concession	245	1,222	429	1,339	Note 6
= GROSS MARGIN	4,106	15,742	4,257	16,201	
(+) Operating costs	(1,433)	(5,259)	(1,472)	(4,507)	Incement Statement
(+) Sales expenses	(93)	(344)	(93)	(360)	Incement Statement
(+) Other general and administrative revenues/ expenses	(471)	(2,193)	(634)	(2,080)	Incement Statement
(-) Fuel for energy production	132	492	109	125	Note 9
(-) Photovoltaic Operations	5	14	6	21	Note 9
(-) Depreciation	676	2,560	780	2,243	Note 9
(+) Other revenues	142	802	129	824	Note 6
(-) Gain/ Loss on RAP	60	105	99	(34)	Note 6.4
(-) Revenue from operation and maintenance	(31)	(67)	(34)	(131)	Note 6.4
(-) Photovoltaic Operations	(2)	(7)	(7)	(28)	Note 6.4
(-) Other revenues - Other revenues	(3)	(10)	(1)	(5)	Note 6.4
= Operating Expenses (PMSO)	(1,018)	(3,997)	(1,118)	(3,932)	
Provisions for Delinquency (PECLD)	(143)	(632)	(120)	(505)	Incement Statement
(+) Equity Income / (-) Fair value Adjustment - Investment	(90)	1,246	(134)	(132)	Incement Statement
EBITDA	2,855	12,359	2,835	11,582	
(+) Depreciation and Amortization	(676)	(2,560)	(611)	(2,243)	Incement Statement and Note 9
(+) Financial Income/ Loss	(137)	(4,843)	(947)	(3,800)	Incement Statement
(+) IR/ CS	(53)	(429)	(323)	(752)	Incement Statement
(+) Minority shareholders	(16)	(66)	(18)	(69)	Incement Statement
NET INCOME	973	4,461	936	4,718	Incement Statement

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 a number of 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).



DISCLAIMER

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

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

To the Shareholders, Council Members and Executive Board of
Neoenergia S.A.

Opinion

We have audited the accompanying individual and consolidated financial statements of Neoenergia S.A. ("Company"), identified as Parent and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2023, and the related statements of income, of comprehensive income, of changes in shareholders' equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Neoenergia S.A. as at December 31, 2023, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards - IFRS, issued by the International Accounting Standards Board - IASB.

Basis for opinion

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

Key audit matters

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

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Recognition of revenue from electric power supply and electric grid availability

As mentioned in note 6 to the individual and consolidated financial statements, the Company's revenue derives mainly from the supply of electric power and electric grid availability, recognized when the control over each performance obligation is transferred to the customer and can be measured reliably, which generally occurs upon delivery of the power and/or when the service is provided. The revenue from electric power supply and electric grid availability is measured based on the reading schedule established, considering the quantity of power used by the customer and the prevailing tariffs. The process also includes the measurement of the revenue not billed from the consumer, relating to electric power supply and electric grid availability, calculated on estimated basis, up to the balance sheet date, using assumptions defined by the Company.

This matter was considered a key audit matter due to the relevance of the amounts, as well as the intensive use of automated systems to process and record the revenue from electric power supply and electric grid availability.

Our audit procedures on the recognition of the revenue from electric power supply and electric grid availability included, among others: (a) understanding the flow of recognition of the revenue from electric power supply and electric grid availability; (b) assessing the design and implementation and operating effectiveness tests of relevant internal controls relating to the recognition of the revenue from electric power supply and electric grid availability; (c) involving our information technology specialists to assess the automated systems and environment used for the recognition of the revenue from electric power supply and electric grid availability; (d) adopting analytical procedures that comprise the analyses of the correlation of variables on the occurrence, reliability and accuracy of the monthly variations in the revenue from electric power supply and electric grid availability recognized by the Company, analyzing the fluctuations that are not aligned with our independent expectations; (e) conducting transaction tests on the population with significant interest characteristics for purposes of audit at the revenue service, on a sampling basis, comparing the amounts recognized with the supporting documents; (f) assessing whether the assumptions used in the calculation of the unbilled revenue from electric power supply and electric grid availability were appropriately applied and are consistent, specifically with respect to the volume of unbilled electric power, including an independent analysis; and (g) assessing the disclosures in the financial statements in light of technical pronouncement CPC 47/IFRS 15 - Revenue from Contracts with Customers.

Based on the audit procedures described above and the audit evidence obtained, we believe that the recognition of the revenue from electric power supply and electric grid availability and the related disclosures are acceptable within the context of the individual and consolidated financial statements taken as a whole.

Electric power distribution infrastructure

As mentioned in notes 15 and 18 to the individual and consolidated financial statements, the investments in the electric power distribution concession infrastructure are recorded as contract asset during the construction phase, in accordance with technical pronouncement CPC 47 /IFRS 01 - Revenue from Contracts with Customers and, upon the startup of activities, the amounts are bifurcated, in accordance with technical interpretation ICPC R1 (12)/IFRIC 12 - Concession Arrangements, between financial asset, relating to the portion of the infrastructure that will not be amortized until the end of concession and for which there is an unconditional right to receive cash or another financial asset directly from the concession grantor, and intangible asset, corresponding to the portion of the infrastructure that will be recovered through the tariff defined by the concession grantor during the term of the concession contract.

Due to the complexity of the concepts involved in the application of these standards, the judgment inherent in the measurement process and the relevant amounts, which are part of the criterion used by the concession grantor to determine the electric power tariffs, we consider this a key audit matter.

Our audit procedures included, among others: (a) assessing the design and implementation of the relevant internal controls relating to the measurement and recognition of the distribution infrastructure assets; (b) examining, on a sampling basis, the supporting documents of the additions in the year; (c) developing independent expectation using indices independently obtained for measuring the fair value of the concession financial asset, analyzing the fluctuations that are not aligned with our independent expectations; (d) developing independent expectation on the balance of amortization of the concession intangible assets considering the applicable amortization rates; (e) examining, on a sampling basis, the bifurcation of the contract asset between concession intangible asset and financial asset; and (f) assessing the disclosures in the financial statements in light of technical pronouncement CPC 47/IFRS 15 - Revenue from Contracts with Customers.

Based on the audit procedures described above and the audit evidence obtained, we believe that the judgment inherent in the measurement process and the balances relating to the electric power distribution infrastructure and the related disclosures are acceptable within the context of the individual and consolidated financial statements taken as a whole.

Public service concession - contract asset - electric power transmitters

As disclosed in notes 6 and 15 to the individual and consolidated financial statements, the Company operates as a service provider, under a concession contract, and is compensated for the construction and implementation of the electric power infrastructure, as well as for the maintenance and operation of such infrastructure. The recognition of the contract asset in accordance with technical pronouncement CPC 47/IFRS 15 - Revenue from Contracts with Customers requires the exercise of significant judgment when the customer obtains the asset control. Additionally, the measurement of the Company's progress in relation to the fulfillment of the performance obligation satisfied over time also requires the use of estimates and significant judgment by the Executive Board to estimate the necessary efforts or inputs to fulfill the performance obligation, such as materials and labor, expected profit margins in each performance obligation identified, and expected revenue projections. Finally, as it is a long-term contract, the identification of the discount rate that represents the financial component embedded in the flow of future receipts also requires the use of judgment by the Executive Board.

Due to the materiality of the amounts and significant judgment involved in measuring the Company's progress in relation to the fulfillment of the performance obligation satisfied over time, the profit margins and expected revenue projections, we consider the measurement of the contract asset and revenue from contracts a key audit matter.

Our audit procedures included, among others: (i) understanding the flow of recognition of the contract asset and respective revenue, by nature; (ii) assessing the design and implementation and operating effectiveness test of relevant internal controls over the recognition of the contract asset and respective revenue; (iii) understanding the criteria and assumptions used in the determination of the construction and operation and maintenance margins, the implicit rates applied to the flows of future receipt; (iv) conducting substantive tests relating to the supporting documents of the additions to the contract asset, recalculation of the flows of future receipt of the infrastructure projects, recalculation of the inflation adjustments and financial compensation of the contract assets, on a sampling basis, based on the contractual conditions established and other assumptions used by the Company and; (v) assessing the disclosures in the financial statements in light of technical pronouncement CPC 47/IFRS 15 - Revenue from Contracts with Customers.

Based on the audit procedures performed, we believe that the contract asset recognition policies and respective revenue are acceptable to support the judgments, estimates and information included in the individual and consolidated financial statements taken as a whole.

Business combination achieved in stages

As mentioned in note 16.4 to the individual and consolidated financial statements, the Company has entered into a shares exchange agreement and other covenants for the acquisition of equity interest to obtain control of Energética Águas da Pedra S.A.

The fair value measurement process and allocation of the assets acquired and liabilities assumed in a business combination achieved in stages involves the exercise of judgment and subjectivity about certain estimates, and the process of recognition according to technical pronouncement CPC 15 (R1)/IFRS 3 - Business Combination involves complexity. For this reason, we considered this matter as one of the key audit matters.

Our audit procedures included, among others: (i) assessing the design and implementation of relevant internal controls relating to the accounting for significant unusual transactions; (ii) reading the set of agreements and main documents supporting the transaction; (iii) assessing the ability and objectivity of the external specialists hired by Management for issuance of the reports on fair value valuation and price allocation in business combination achieved in stages; (iv) assessing the criteria adopted by Management in the application of the acquisition method and remeasurement of the previously held interest, in light of technical pronouncement CPC 15 (R1)/IFRS 3 - Business Combination; (v) involving our internal specialists in financial valuation to assist us with the valuation of the adequacy of the model and discount rate used for measuring the fair values of the assets acquired and liabilities assumed identified on the acquisition date, as well as involving our internal specialists in asset valuation to assist us with the valuation of the adequacy of the methodology and valuation of the fair value of the tangible assets acquired; and (vi) analyzing and assessing the disclosures made by Management in the individual and consolidated financial statements.

Based on the audit procedures described above and the audit evidence obtained, we understand that the criteria for accounting for the business combination carried out in stages adopted by Management and the related disclosures in the notes to the individual and consolidated financial statements are acceptable within the context of the individual and consolidated financial statements taken as a whole.

Loss of control upon disposal of equity interest

As disclosed in note 16.5 to the individual and consolidated financial statements, the Company has entered into a share purchase agreement and other covenants relating to the sale of 50% equity interest of subsidiary Neoenergia Transmissão S.A.

Due to the complexity in the application of the concepts of technical pronouncement CPC 36 (R3)/IFRS 10 - Consolidated Financial Statements and technical pronouncement CPC 18 (R2)/IFRS 11 - Joint Arrangements, for purposes of assessment of the concepts of control and joint control, as well as determination of the accounting to be made after the completion of the disposal of equity interest of Neoenergia Transmissão S.A., we consider this a key audit matter.

Our audit procedures included, among others: (a) assessing the design and implementation of relevant internal controls relating to the accounting for significant unusual transactions; (b) reading the set of agreements and main documents supporting the transaction; (c) technically assessing the application by Management of the concepts of technical pronouncement CPC 36 (R3)/IFRS 10 - Consolidated Financial Statements and technical pronouncement CPC 18 (R2)/IFRS 11 - Joint Arrangements to determine the accounting treatment after the loss of control upon disposal of equity interest; (d) examining the documentation corresponding to the consideration received and assessing the amount recorded relating to the loss of control upon disposal of equity interest; and (e) analyzing and assessing the disclosures made by Management in the individual and consolidated financial statements.

Based on the audit procedures described above and the audit evidence obtained, we understand that the accounting for the loss of control upon disposal of equity interest carried out by Management and the related disclosures in the notes to the individual and consolidated financial statements are acceptable within the context of the individual and consolidated financial statements taken as a whole.

Other matters

Statements of added value

The individual and consolidated statements of added value (DVA) for the year ended December 31, 2023 prepared under the responsibility of the Company's Executive Board and disclosed as supplemental information for purposes of the IFRS, were subject to audit procedures performed together with the audit of the Company's individual and consolidated financial statements. In forming our opinion, we assess whether these statements are reconciled with the individual and consolidated financial statements and the accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Added value. In our opinion, these statements of added value were appropriately prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

Audit of the corresponding figures relating to the opening statement of financial position

The corresponding figures relating to the opening statement of financial position as at January 1, 2022 (equivalent to the balances presented as at December 31, 2021), presented for purposes of comparison in the financial statements for the current year, were restated in relation to the complete financial statements originally disclosed of December 31, 2021, which were audited by another independent auditor. The corresponding figures hereby restated as a result of the matter described in note 3 to the individual and consolidated financial statements were audited by another independent auditor, who issued an unmodified opinion dated February 7, 2024.

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

The Executive Board is responsible for the other information. Such other information comprises the Management Report.

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

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

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

The Executive Board is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and the IFRS, issued by the IASB, and for such internal control as the Executive Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

Rio de Janeiro, February 7, 2024


DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.


Jônatas José Medeiros de Barcelos
Engagement Partner

Summary

STATEMENT OF INCOME	3
STATEMENT OF COMPREHENSIVE INCOME.....	4
STATEMENT OF CASH FLOWS	5
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	8
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	8
STATEMENT OF ADDED VALUE	10
1. OPERATIONAL CONTEXT	11
2. BASIS FOR PREPARING THE FINANCIAL STATEMENTS.....	23
3. RETROSPECTIVE RESTATEMENT DUE TO RECLASSIFICATION OF COMPARATIVE BALANCES	26
4. RECONCILIATION OF THE NET INCOME FOR THE YEAR AND SHAREHOLDER'S EQUITY.....	29
5. SEGMENT INFORMATION	29
6. NET OPERATING REVENUE.....	32
7. ENERGY COSTS.....	37
8. CONSTRUCTION COSTS.....	37
9. OPERATING COSTS AND OPERATING EXPENSES.....	37
10. FINANCIAL RESULT	40
11. INCOME TAXES, OTHER TAXES, SECTORAL CHARGES AND REIMBURSEMENT TO CONSUMERS.....	41
12. CASH AND CASH EQUIVALENTS.....	46
13. TRADE ACCOUNTS RECEIVABLE AND OTHERS	47
14. SECTORAL FINANCIAL ASSETS AND LIABILITIES (PORTION A AND OTHERS).....	49
15. PUBLIC SERVICE CONCESSIONS	51
16. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES	56
17. PP&E	71
18. INTANGIBLE ASSETS	73
19. SUPPLIERS, ACCOUNTS PAYABLE TO CONTRACTORS AND AGREEMENT CONTRACTS	74
20. LOANS, FINANCING AND DERIVATIVE FINANCIAL INSTRUMENTS	76
21. PROVISIONS, OTHER OBLIGATIONS AND JUDICIAL DEPOSITS.....	82
22. OTHERS LIABILITIES	87
23. EMPLOYEE BENEFITS	87
24. SHAREHOLDERS1 EQUITY	97
25. TRANSACTIONS WITH RELATED PARTIES	100
26. CLASSIFICATION AND ESTIMATES OF FAIR VALUES FROM FINANCIAL INSTRUMENTS	104
27. COMMITMENTS.....	112
28. SUBSEQUENT EVENTS	112

STATEMENT OF INCOME

During the years ended December 31, 2023 and 2022

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



	Notes	Consolidated		Parent Company	
		2023	2022 ⁽¹⁾	2023	2022 ⁽¹⁾
Operating income, net	6	44,343	42,787	2	1
Costs		(32,621)	(30,321)	-	-
Energy costs	7	(19,306)	(17,813)	-	-
Construction costs	8	(8,056)	(8,001)	-	-
Operating costs	9	(5,259)	(4,507)	-	-
Gross profit		11,722	12,466	2	1
Expected credit loss	13.2	(632)	(505)	-	-
Sales expenses	9	(344)	(360)	-	-
Other general and administrative revenues (expenses)	9	(2,193)	(2,080)	(290)	(290)
Fair value adjustment - Impairment	16	1,247	(136)	1,247	(136)
Equity in income (losses) of subsidiaries	16	(1)	(46)	3,753	5,493
Operating income		9,799	9,339	4,712	5,068
Financial income (expenses)	10	(4,843)	(3,800)	(251)	(383)
Financial income		1,262	1,548	437	335
Financial expenses		(4,844)	(4,339)	(427)	(523)
Other financial income (expenses), net		(1,261)	(1,009)	(261)	(195)
Income before taxes		4,956	5,539	4,461	4,685
Income taxes	11.1.1	(429)	(752)	-	-
Current		(408)	(722)	-	-
Deferred		(21)	(30)	-	-
Net income for the period		4,527	4,787	4,461	4,685
Attributable to:					
Controlling interest		4,461	4,718	4,461	4,685
Non-controlling interest		66	69	-	-
Basic and diluted earnings per share – R\$:	23.2	3.68	3.89	3.68	3.86

(1) Retrospective restatement through reclassification. The comparative information is being retrospectively restated as detailed in note 3.

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

STATEMENT OF COMPREHENSIVE INCOME
For the years ended December 31, 2023 and 2022
(Amounts expressed in millions of Reais)



	Consolidated		Parent Company	
	2023	2022	2023	2022
Net income for the period	4,527	4,787	4,461	4,685
Other comprehensive income				
Items that will not be classified to profit or loss:				
Obligations with benefits to employees	(312)	(38)	-	-
Cash flow hedge	10	3	-	-
Deferred taxes over comprehensive income	103	12	-	-
Equity in income (losses) of subsidiaries	-	-	(198)	(9)
Sum of the items that will not be classified to profit or loss	(199)	(23)	(198)	(9)
Items that will be classified to profit or loss:				
Cash flow hedge	151	(608)	(40)	(251)
Deferred taxes over comprehensive income	(65)	122	-	-
Equity in income (losses) of subsidiaries	-	-	125	(225)
Sum of the items that will be classified to profit or loss	86	(486)	85	(476)
Other comprehensive income for the period, net of taxes	(113)	(509)	(113)	(485)
Comprehensive income for the period	4,414	4,278	4,348	4,200
Attributable to:				
Controlling interest	4,348	4,233	4,348	4,200
Non-controlling interest	66	45	-	-

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

STATEMENT OF CASH FLOWS
For the years ended December 31, 2023 and 2022
(Amounts expressed in millions of Reais)



	Consolidated		Parent Company	
	2023	2022 ⁽¹⁾	2023	2022 ⁽¹⁾
Cash flow from operating activities				
Net income for the period	4,527	4,787	4,461	4,685
Adjusted by:				
Depreciation and amortization	2,611	2,280	184	167
Writtle-off of non-current assets	169	213	-	-
Equity in income (losses) of subsidiaries	1	46	(3,927)	(5,654)
Fair value adjustment - Impairment	(1,247)	136	(1,247)	136
Income taxes	429	752	-	-
Financial income (expenses), net	4,843	3,800	251	383
Concession's estimated replacement value	(1,222)	(1,339)	-	-
Others	3	(2)	-	-
Changes in working capital:				
Trade accounts and other receivables	(1,180)	1,234	-	-
Public service concession (Contract assets - transmission)	(2,965)	(3,646)	-	-
Suppliers, accounts payable to contractors and agreement contracts	(98)	(1,341)	4	35
Wages, employment benefits and charges payable, net	(156)	(36)	3	(4)
Sectoral financial assets and liabilities, net (Portion A and others)	322	2,559	-	-
Other recoverable (payable) taxes and sectoral charges, net	349	(1,293)	69	(57)
Provisions, net of judicial deposits	(306)	(145)	-	-
Other assets and liabilities, net	(679)	(719)	143	307
Cash flow from operating activities	5,401	7,286	(59)	(2)
Dividends and interest on own capital received	80	87	3,001	4,738
Payment of debt charges	(3,017)	(2,649)	(214)	(330)
Derivative financial instruments paid, net	(1,187)	(840)	(255)	(210)
Income from financial investments	847	822	93	95
Payment of interest – Leases	(27)	(26)	-	-
Income taxes paid	(465)	(60)	-	-
Cash flow generated by operating activities	1,632	4,620	2,566	4,291
Cash flow from investing activities				
Divestiture of equity interest (note 16.5)	1,111	-	1,111	-
Deconsolidation of cash from the divested transmission assets (note 16.5)	(372)	-	-	-
Cash acquired in business combination (note 16.4)	208	-	-	-
Consideration transferred for the control acquisition of EAPSA (note 16.4)	(454)	-	(454)	-
Consideration received for the control divestiture of Baguari (note 16.4)	454	-	454	-
Cash reclassification from non-current assets held for sale	-	(22)	-	-
Public offer for acquisition of shares from Neoenergia Pernambuco	-	-	-	(287)
Acquisition of fixed and intangible assets	(715)	(1,656)	(14)	(3)
Capital increase in investees	(27)	(47)	(1,994)	(3,148)
Public service concession (Contract assets - distribution)	(4,904)	(5,698)	-	-
Investments in securities and marketable securities	(1,394)	(983)	(38)	(424)
Redemption of securities and marketable securities	1,344	997	-	374
Loan contract received	-	-	123	543
Cash flow (used in) investing activities	(4,749)	(7,409)	(812)	(2,945)
Cash flow from financing activities				
Funds raised through loans and financing	11,522	12,923	657	1,473
Payment of fundraising costs	(132)	(94)	(3)	-
Amortization of principal from loans and financing	(6,483)	(8,171)	(666)	(2,204)
Collateral deposits	(3)	(30)	-	-
Public Service Concessions obligations	335	326	-	-
Payment of principal – leases	(52)	(47)	-	-
Derivative financial instruments received (paid), net	(7)	501	-	-
Public offer for acquisition of shares from Neoenergia Pernambuco	-	(326)	-	-
Dividends and interest on own capital paid to Neoenergia's shareholders	(1,335)	(938)	(1,335)	(938)
Dividends and interest on own capital paid to non-controlling interest	(43)	(98)	-	-
Loans with associates received (applied)	-	-	-	(31)
Repurchase of treasury shares	(39)	-	(39)	-
Cash flow generated by (used in) financing activities	3,763	4,046	(1,386)	(1,700)
Increase (decrease) in cash and cash equivalents for the period		1,257		(354)
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	7,448	6,802	1,145	777
Non-cash transactions:				
Business combination, net asset (note 16.4)	1,804	-	-	-
Consideration transferred for control acquisition of EAPSA (note 16.4)	(873)	-	(873)	-
Suppliers and accounts payable to contractors and agreement contracts	125	357	-	-
Addition and updating of capitalized provisions	191	215	-	-

(1) Retrospective restatement through reclassification. The comparative information is being retrospectively restated as detailed in note 3.

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

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



	Notes	Consolidated			Parent Company		
		12/31/2023	12/31/2022 ⁽¹⁾	01/01/2022 ⁽¹⁾	12/31/2023	12/31/2022 ⁽¹⁾	01/01/2022 ⁽¹⁾
Asset							
Current							
Cash and cash equivalents	12	7,448	6,802	5,545	1,145	777	1,131
Trade accounts receivable and others	13	9,266	7,805	8,626	-	-	-
Securities and marketable securities		74	99	72	-	-	-
Derivative financial instruments	20.3	284	183	738	-	-	-
Recoverable income taxes	11.1.3	402	1,040	848	290	259	192
Other recoverable taxes	11.2.1	2,098	1,876	2,085	1	1	1
Dividends and interest on own capital receivable	16	61	49	25	669	763	629
Sectoral financial asset (Portion A and others)	14	324	252	1,681	-	-	-
Public Service Concession (Contract asset)	15.2	688	715	492	-	-	-
Other current assets		1,432	1,037	871	65	87	634
		22,077	19,858	20,983	2,170	1,887	2,587
Non-current assets held for sale	16.3	1,048	933	-	266	780	-
Total current assets		23,125	20,791	20,983	2,436	2,667	2,587
Non-current							
Trade accounts receivable and others	13	382	340	378	-	-	-
Securities and marketable securities		513	414	387	109	61	-
Derivative financial instruments	20.3	347	774	1,463	5	-	-
Recoverable income taxes	11.1.3	702	30	7	-	-	-
Other recoverable taxes	11.2.1	2,489	3,749	4,863	-	-	-
Deferred income taxes	11.1.2	885	611	727	-	-	-
Judicial deposits	21.1	1,448	1,244	1,087	66	62	55
Sectoral financial asset (Portion A and others)	14	-	-	352	-	-	-
Public Service Concession (Financial asset)	15.1	28,113	23,493	18,516	-	-	-
Public Service Concession (Contract asset)	15.2	12,465	15,980	12,447	-	-	-
Other non-current assets		95	102	94	13	75	9
Investments in subsidiaries, associates and joint ventures	16	1,984	1,156	1,997	33,563	30,284	27,739
Right of use		178	182	138	-	-	-
Property, Plant & Equipment ("PP&E")	17	12,487	10,846	9,560	33	26	26
Intangible assets	18	13,899	12,606	12,801	7	3	2
Total non-current assets		75,987	71,527	64,817	33,796	30,511	27,831
Total assets		99,112	92,318	85,800	36,232	33,178	30,418

(1) Retrospective restatement through reclassification. The comparative information is being retrospectively restated as detailed in note 3.

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

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



	Notes	12/31/2023	12/31/2022 ⁽¹⁾	Consolidated 01/01/2022 ⁽¹⁾	12/31/2023	12/31/2022 ⁽¹⁾	Parent Company 01/01/2022 ⁽¹⁾
Liability							
Current							
Suppliers, accounts payable to contractors and agreement contracts	19	4,483	4,287	5,538	162	158	122
Loans and financing	20.2	8,951	7,289	7,940	216	720	2,276
Lease liabilities		53	48	38	-	-	-
Derivative financial instruments	20.3	610	289	134	110	41	27
Wages, employment benefits and charges payable	23	854	806	661	20	18	22
Payable income taxes	11.1.3	92	132	29	-	-	-
Other taxes and sectoral charges payable	11.2.2	1,559	1,222	1,690	126	96	67
Sectoral Financial Liability (Portion A and others)	14	430	124	-	-	-	-
Reimbursement to consumers – Federal taxes	11.3	1,487	1,451	1,500	-	-	-
Dividends and interest on own capital	24.2	773	1,001	805	753	985	786
Provisions and other obligations	21	378	378	256	-	-	-
Other current liabilities	22	1,247	1,236	1,349	126	125	51
		20,917	18,263	19,940	1,513	2,143	3,351
Liabilities directly associated to non-current assets held for sale		782	153	-	-	-	-
Total current		21,699	18,416	19,940	1,513	2,143	3,351
Non-current							
Suppliers, accounts payable to contractors and agreement contracts	19	181	164	148	-	-	-
Loans and financing	20.2	36,932	36,214	30,683	4,284	3,881	3,097
Lease liabilities		157	158	108	-	-	-
Derivative financial instruments	20.3	1,319	951	197	631	467	101
Wages, employment benefits and charges payable	23	953	744	789	-	-	-
Payable income taxes	11.1.3	29	28	27	8	7	7
Deferred income taxes	11.1.2	1,871	1,524	1,766	-	3	3
Other taxes and sectoral charges payable	11.2.2	952	1,438	1,128	-	-	-
Sectoral financial liability (Portion A and others)	14	927	702	342	-	-	-
Reimbursement to consumers – Federal taxes	11.3	1,862	3,134	4,529	-	-	-
Provisions and other obligations	21	1,809	1,639	1,601	2	1	1
Other non-current liabilities	22	345	269	304	13	23	22
Total non-current		47,337	46,965	41,622	4,938	4,382	3,231
Shareholders' equity							
Attributable to controlling interest	24	29,866	26,739	23,886	29,781	26,653	23,836
Attributable to non-controlling interest		210	198	352	-	-	-
Total Shareholders' equity		30,076	26,937	24,238	29,781	26,653	23,836
Total liabilities and shareholders' equity		99,112	92,318	85,800	36,232	33,178	30,418

(1) Retrospective restatement through reclassification. The comparative information is being retrospectively restated as detailed in note 3.

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
During the years ended December 31, 2023 and 2022
(Amounts expressed in millions of Reais)



	Consolidated										
	Share capital	Capital reserve and treasury shares	Shareholder's transactions and others	Other comprehensive income	Profit reserve			Retained earnings	Attributed to controlling interest	Attributed to non-controlling interest	Total
					Legal reserve	Unrealized profit reserve	Profit retention reserve				
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	-	-	-	-	-	-	-	4,461	4,461	66	4,527
Other comprehensive income (note 24.3)	-	-	-	(113)	-	-	-	-	(113)	-	(113)
Allocation of the net income:											
Constitution of profit reserves (note 24.6)	-	-	-	-	223	-	3,045	(3,268)	-	-	-
Shareholders' remuneration (note 24.2)	-	-	-	-	-	-	-	(1,193)	(1,193)	(50)	(1,243)
transactions with shareholders:											
Share-based payments (note 23.2)	-	(7)	-	-	-	-	-	-	(7)	-	(7)
Purchase of additional participation in investees	-	-	4	-	-	-	-	-	4	(4)	-
Treasury shares	-	(25)	-	-	-	-	-	-	(25)	-	(25)
Balance as of December 31, 2023	16,920	127	(1,731)	(879)	1,657	247	13,525	-	29,866	210	30,076
Balance as of December 31, 2021	12,920	129	(1,542)	(281)	1,200	247	11,213	-	23,886	352	24,238
Net income for the period	-	-	-	-	-	-	-	4,718	4,718	69	4,787
Other comprehensive income (note 24.3)	-	-	-	(485)	-	-	-	-	(485)	(24)	(509)
Allocation of the net income:											
Constitution of profit reserves (note 24.6)	-	-	33	-	234	-	3,267	(3,534)	-	-	-
Shareholders' remuneration (note 24.2)	-	-	-	-	-	-	-	(1,184)	(1,184)	(99)	(1,283)
transactions with shareholders:											
Share-based payments (note 23.2)	-	30	-	-	-	-	-	-	30	-	30
Purchase of additional participation in investees	-	-	(226)	-	-	-	-	-	(226)	(100)	(326)
Balance as of December 31, 2022	12,920	159	(1,735)	(766)	1,434	247	14,480	-	26,739	198	26,937

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
During the years ended December 31, 2023 and 2022



(Amounts expressed in millions of Reais)

	Parent Company								
	Share capital	Capital reserve and treasury shares	Shareholder's transactions and others	Other comprehensive income	Profit reserve			Retained earnings	Total
					Legal reserve	Unrealized profit reserve	Profit retention reserve		
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	-	-	-	-	-	-	-	4,461	4,461
Other comprehensive income (note 24.3)	-	-	-	(113)	-	-	-	-	(113)
Allocation of the net income:									
Constitution of profit reserves (note 24.6)	-	-	-	-	(223)	-	3,045	(3,268)	-
Shareholders' remuneration (note 24.2)	-	-	-	-	-	-	-	(1,193)	(1,193)
transactions with shareholders:									
Share-based payments (note 23.2)	-	-	-	-	-	-	-	-	(6)
Purchase of additional participation in investees	-	(6)	4	-	-	-	-	-	4
Treasury shares	-	(25)	-	-	-	-	-	-	(25)
Balance as of December 31, 2023	16,920	125	(1,801)	(879)	1,657	234	13,525	-	29,781
Balance as of December 31, 2021	12,920	129	(1,579)	(281)	1,200	234	11,213	-	23,836
Net income for the period	-	-	-	-	-	-	-	4,685	4,685
Other comprehensive income (note 24.3)	-	-	-	(485)	-	-	-	-	(485)
Allocation of the net income:									
Constitution of profit reserves (note 24.6)	-	-	-	-	234	-	3,267	(3,501)	-
Shareholders' remuneration (note 24.2)	-	-	-	-	-	-	-	(1,184)	(1,184)
transactions with shareholders:									
Share-based payments (note 23.2)	-	27	-	-	-	-	-	-	27
Purchase of additional participation in investees	-	-	(226)	-	-	-	-	-	(226)
Balance as of December 31, 2022	12,920	156	(1,805)	(766)	1,434	234	14,480	-	26,653

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

STATEMENT OF ADDED VALUE

During the years ended December 31, 2023 and 2022
(Amounts expressed in millions of Reais)



	Consolidated		Parent Company	
	2023	2022 ⁽¹⁾	2023	2022 ⁽¹⁾
Revenues				
Sales of energy, services and others	62,394	59,941	2	1
Revenue from the construction of own assets	192	1,031	-	-
Expected credit loss	(632)	(505)	-	-
Other revenues	1,354	-	1,354	-
Subtotal	63,308	60,467	1,356	1
Inputs acquired from third parties				
Electricity purchased for resale	(15,237)	(14,445)	-	-
Transmission network use of system charges	(6,225)	(5,518)	-	-
Consumed raw materials	(494)	(139)	-	-
Materials, third-party services and others	(10,649)	(11,413)	(205)	(211)
Subtotal	(32,605)	(31,515)	(205)	(211)
Gross added value	30,703	28,952	1,151	(210)
Depreciation and amortization	(2,611)	(2,280)	(184)	(167)
Reversal (reduction) of the recoverable amount and write-off of non-current assets, net	(107)	(136)	(107)	(136)
Net added value produced by the Company	27,985	26,536	860	(513)
Added value received through transfer				
Financial income	5,142	6,830	913	760
Equity in income (losses) of subsidiaries	(1)	(46)	3,927	5,654
Subtotal	5,141	6,784	4,840	6,414
Total added value for distribution	33,126	33,320	5,700	5,901
Added value distribution				
Wages	1,423	1,240	59	57
Provision for vacation and 13th salary	254	251	-	-
Social charges (except INSS)	118	112	4	-
Employee benefits	680	751	-	-
Others	(580)	(557)	-	4
Subtotal	1,895	1,797	63	61
Taxes, fees and contributions				
National Institute of Social Security (INSS) (on payroll)	364	334	10	10
State VAT (ICMS)	8,719	8,165	-	-
Taxes on revenue (PIS/COFINS)	2,451	2,306	22	18
Income taxes	429	752	-	-
Intra-sectoral obligations	4,741	4,568	-	-
Others	79	64	2	1
Subtotal	16,783	16,189	34	29
Lenders and lessors				
Interest and foreign exchange rate variations	9,902	10,533	1,142	1,126
Leases	19	14	-	-
Subtotal	9,921	10,547	1,142	1,126
Shareholders				
Dividends and interest on own capital	1,193	1,184	1,193	1,184
Retained earnings	3,268	3,534	3,268	3,501
Non-controlling interest	66	69	-	-
Subtotal	4,527	4,787	4,461	4,685
Distributed added value	33,126	33,320	5,700	5,901

(1) Retrospective restatement through reclassification. The comparative information is being retrospectively restated as detailed in note 3.

The explanatory notes are an integral part of these 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 grants for energy services

The Company is entitled to determine its own operating and financial policies concerning the assets under the scope of the concession contracts and/or public service authorization. The operating and financial policies encompass measures related to the investment of capital, personnel, and technology. In general, this right is limited only to restrictions included in the contracts signed alongside the Granting Power, legislation or specific regulations from the electrical energy sector issued by the Granting Power and/or by the Brazilian Electric Regulatory Agency – ANEEL.

The infrastructure assets used in the generation, distribution and transmission of energy are bound to these services and cannot be removed, sold, transferred, or mortgaged without previous and express authorization of ANEEL.

The Group and its subsidiary companies and with joint control have the right to, indirectly, utilize the following concessions, authorizations/permissions of distribution, commercialization, transmission, and generation of energy:

Distribution

Company	State	Date of granting	Due date	Number of cities	Tariff cycle	Last review
Neoenergia Coelba	Bahía	08/08/1997	08/07/2027	415	5 years	2018
Neoenergia Cosern	Rio Grande do Norte	12/31/1997	12/30/2027	167	5 years	2018
Neoenergia Elektro	São Paulo	08/27/1998	08/26/2028	223	4 years	2019
Neoenergia Elektro	Mato Grosso do Sul	08/27/1998	08/26/2028	5	4 years	2019
Neoenergia Brasília	Distrito Federal	08/26/1999	07/07/2045	1	5 years	2021
Neoenergia Pernambuco	Pernambuco	03/30/2000	03/29/2030	184	4 years	2021
Neoenergia Pernambuco	Distrito de Fernando de Noronha	03/30/2000	03/29/2030	1	4 years	2021
Neoenergia Pernambuco	Paraíba	03/30/2000	03/29/2030	1	4 years	2021

Operating transmission lines

Company	State	Date of granting	Due date	Tariff cycle	Last review
Afluente T	Bahia	08/08/1997	08/08/2027	5 years	2020
SPE SE Narandiba S.A. (SE Narandiba)	Bahia	01/28/2009	01/28/2039	5 years	2019
SPE SE Narandiba S.A. (SE Extremoz)	Rio Grande do Norte	05/10/2012	05/10/2042	5 years	2022
SPE SE Narandiba S.A. (SE Brumado)	Bahia	08/27/2012	08/27/2042	5 years	2018
Potiguar Sul	Paraíba and Rio Grande do Norte	08/01/2013	08/01/2043	5 years	2019
Sobral	Ceará	07/31/2017	07/31/2047	5 years	2023
Atibaia	São Paulo	07/31/2017	07/31/2047	5 years	2023
Biguaçu	Santa Catarina	07/31/2017	07/31/2047	5 years	2023
Dourados	Mato Grosso do Sul and São Paulo	07/31/2017	07/31/2047	5 years	2023
Santa Luzia	Paraíba and Ceará	03/08/2018	03/08/2048	5 years	2023
Jalapão	Tocantins, Bahia and Piauí	03/08/2018	03/08/2048	5 years	2023
Rio Formoso	Bahia	03/20/2020	03/20/2050	5 years	-

In January 2023, the transmission line of Rio Formoso began its commercial operation (Batch 9 – Transmission Auction 02/2019, from December 2019). It is in Bahia and comprehends one transmission line of 210km and 2 substations. The batch has a total RAP of R\$ 23.041 MM (2023-2024 cycle).

In April 2023, the large-size reinforcement authorized to the transmission line of Afluente began its commercial operation and comprehends the restructuring of the transmission line Funil/Poçoões II which began operating on 230 kV.

In May 2023, the large-size improvement concerning the transmission line Afluente began its commercial operation and comprehends the substitution of a 230/69 kV transformer in the Tomba substation.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



Transmission lines under construction

Company	State	Date of granting	Due date
Guanabara	Rio de Janeiro	03/22/2019	03/22/2049
Itabapoana ⁽¹⁾	Rio de Janeiro	03/22/2019	03/22/2049
Lagos dos Patos ⁽²⁾	Rio Grande do Sul and Santa Catarina	03/22/2019	03/22/2049
Vale do Itajaí ⁽²⁾	Paraná e Santa Catarina	03/22/2019	03/22/2049
Morro do Chapéu	Bahia	03/31/2021	03/31/2051
EKTT 8 Serviços de Transmissão de Energia Elétrica SPE S.A.	Minas Gerais	03/31/2022	31/03/2052
EKTT 9 Serviços de Transmissão de Energia Elétrica SPE S.A.	Minas Gerais and São Paulo	09/30/2022	09/30/2052
Neoenergia Transmissora 11 SPE S.A.	Mato Grosso do Sul	09/30/2022	09/30/2052

(1) The asset is substantially concluded and close to begin its commercial operation.

(2) Under partial operation.

Throughout 2023, some stages of the enterprise Neoenergia Lagoa do Patos began their commercial operation with the deployment of the transmission line 525 kV Guaíba 3/Povo Novo C3 and the transmission line 230 kV Livramento 3 – Santa Maria 3, C2 with approximately 244.5 km of extension and located in the state of Rio Grande do Sul. Moreover, the Synchronous Compensator 3 from SE Marmeleiro 2 and the Synchronous Compensator 2 from SE Livramento 3 also began their commercial operation.

The facilities that began their commercial operation during 2023 have a total RAP of R\$ 98 (2023-2024 cycle) which represents 61.1% of the RAP from the whole enterprise.

In October 2023, batch 4 from Neoenergia Vale do Itajaí began its commercial operation with the deployment of the Substation 230/138 kV Indaial and the transmission lines 230kV, Rio do Sul – Indaial C1-C2 and Indaial - Gaspar 2 C1-C2 with a RAP of R\$ 18 (2023-2024 cycle) which represents 8.86% of the RAP from the whole enterprise.

Commercialization

Company	State	Authorization date
NC Energia	Rio de Janeiro, RJ	11/22/2000
Elektro Comercializadora	Campinas, SP	05/26/2003

Operating Power Plants

Company	Type of Power Plant	Location, State	Authorization date	Due date	Installed capacity (MW)	Physical guarantee (avg MW)
Neoenergia Pernambuco – Fernando de Noronha	Diesel Thermal Power Plant	Distrito de Fernando de Noronha, PE	12/21/1989	03/30/2030	4.8 MW	1.9
Itapebi	Hydro Power Plant – HPP	Rio Jequitinhonha, BA	05/28/1999	05/15/2039	462.011 MW	209.1
Termopernambuco	Thermal Power Plant – TPP	Complexo Portuário do Suape, PE	12/18/2000	12/18/2030	532.756 MW	504.12
Geração CIII - Corumbá III	Hydro Power Plant - HPP	Rio Corumbá, GO	11/07/2001	04/22/2040	96.447 MW	49.3
Energética Águas da Pedra – Dardanelos	Hydro Power Plant - HPP	Rio Aripuanã, MT	07/03/2007	11/19/2048	261.0 MW	154.9
Belo Monte – Norte Energia	Hydro Power Plant - HPP	Rio Xingu, PA	08/26/2010	07/11/2046	11,233.1MW	4,571.0
Geração Céu Azul – Baixo Iguaçu	Hydro Power Plant - HPP	Rio Iguaçu, PR	08/20/2012	12/03/2049	350.2 MW	172.4

Operating Wind Power Plants

Company	Location, State	Authorization date	Due date	Installed capacity (MW)	Physical guarantee (MW med)
Enerbrasil	Rio do Fogo, RN	12/20/2001	20/12/2031	49.3 MW	20.74
Caetit� 2	Caetit�, BA	02/07/2011	02/07/2046	30.0 MW	14.7
Caetit� 3	Caetit�, BA	02/24/2011	02/24/2046	30.0 MW	11.2
Mel 2	Areia Branca, RN	02/28/2011	02/28/2046	20.0 MW	8.8
Arizona 01	Rio do Fogo, RN	03/04/2011	03/04/2046	28.0 MW	12.9
Calango 1	Bod�, Santana do Matos, Lagoa Nova, RN	04/28/2011	04/28/2046	30.0 MW	13.9
Calango 2	Bod�, Santana do Matos, Lagoa Nova, RN	05/09/2011	05/09/2046	30.0 MW	12.8
Calango 4	Bod�, Santana do Matos, Lagoa Nova, RN	05/19/2011	05/19/2046	30.0 MW	13.5
Calango 3	Bod�, Santana do Matos, Lagoa Nova, RN	05/30/2011	05/30/2046	30.0 MW	13.9
Calango 5	Bod�, Santana do Matos, Lagoa Nova, RN	06/02/2011	06/02/2046	30.0 MW	13.7
Caetit� 1	Caetit�, BA	10/29/2012	10/29/2042	30.0 MW	13.0
Santana 1	Bod�, RN	11/14/2014	11/14/2049	30.0 MW	17.3
Santana 2	Lagoa Nova, RN	11/14/2014	11/14/2049	24.0 MW	13.1
Calango 6	Bod�, RN	11/20/2014	11/20/2049	30.0 MW	18.5
Canoas	S�o Jos� do Sabugi, PB	08/04/2015	08/04/2050	31.5 MW	17.7
Lagoa 1	Santa Luzia, PB	08/04/2015	08/04/2050	31.5 MW	18.7
Lagoa 2	S�o Jos� do Sabugi, PB	08/04/2015	08/04/2050	31.5 MW	17.5
Chafariz 1	Santa Luzia, PB	06/21/2018	06/21/2053	34.65 MW	18.2
Chafariz 2	Santa Luzia, PB	06/21/2018	06/21/2053	34.65 MW	17.4
Chafariz 3	Santa Luzia, PB	06/21/2018	06/21/2053	34.65 MW	18.2
Chafariz 6	Santa Luzia, PB	06/21/2018	06/21/2053	31.185 MW	15.2
Chafariz 7	Santa Luzia, PB	06/21/2018	06/21/2053	34.65 MW	18.3
Lagoa 3	S�o Jos� do Sabugi, PB	06/26/2018	06/26/2053	34.65 MW	17.2
Lagoa 4	Santa Luzia, PB	06/26/2018	06/26/2053	20.79 MW	10.2
Canoas 2	Santa Luzia, PB	06/26/2018	06/26/2053	34.65 MW	16.3
Canoas 4	S�o Jos� do Sabugi, PB	06/26/2018	06/26/2053	34.65 MW	16.5
Chafariz 4	Santa Luzia e Areia de Bara�nas, PB	02/05/2019	02/05/2054	34.65 MW	18.2
Chafariz 5	Santa Luzia, PB	02/05/2019	02/05/2054	34.65 MW	16.8
Canoas 3	Santa Luzia e S�o Jos� do Sabugi, PB	02/05/2019	02/05/2054	34.65 MW	17.5
Ventos de Arapu� 1	Santa Luzia, Areia de Bara�nas e S�o Mamede, PB	02/05/2019	02/05/2054	24.255 MW	11.8
Ventos de Arapu� 2	Santa Luzia, Areia de Bara�nas e S�o Mamede, PB	02/05/2019	02/05/2054	34.65 MW	17.5
Ventos de Arapu� 3	Santa Luzia, Areia de Bara�nas e S�o Mamede, PB	02/05/2019	02/05/2054	13.86 MW	5.9
Oitis 1	Dom Inoc�ncio, PI	11/29/2019	11/29/2054	49.50 MW	26.1
Oitis 8	Dom Inoc�ncio, PI	11/29/2019	11/29/2054	49.50 MW	25.5
Oitis 2	Dom Inoc�ncio, PI	12/24/2019	12/24/2054	27.50 MW	-
Oitis 3	Dom Inoc�ncio, PI	12/24/2019	12/24/2054	49.50 MW	-
Oitis 4	Dom Inoc�ncio, PI	12/24/2019	12/24/2054	49.50 MW	-
Oitis 5	Dom Inoc�ncio, PI	12/24/2019	12/24/2054	49.50 MW	-
Oitis 6	Dom Inoc�ncio, PI	12/24/2019	12/24/2054	49.50 MW	-
Oitis 7	Dom Inoc�ncio, PI	12/24/2019	12/24/2054	49.50 MW	-
Oitis 9	Dom Inoc�ncio, PI	12/24/2019	12/23/2054	49.50 MW	-
Oitis 10	Dom Inoc�ncio, PI	12/24/2019	12/23/2054	49.50 MW	-
Oitis 21	Casa Nova, BA	12/24/2019	12/24/2054	44.00 MW	-
Oitis 22	Casa Nova, BA	12/24/2019	12/24/2054	49.50 MW	-

In 2023, 100% of the Oitis complex began its commercial operation.

Operating Solar Power Plants

Company	Location, State	Authorization date	Due date	Installed capacity (MW)
Luzia 2	Santa Luzia, PB	05/26/2020	05/25/2055	58.932 MW
Luzia 3	Santa Luzia, PB	05/26/2020	05/25/2055	58.932 MW

In March 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.

1.2 Financial and operational risk management

The Financial Risk Policy applies to every business that is part of the Neoenergia group within the projected limits applicable to the regulated activities that generate exposure to financial risks; therefore, they must also be applied by its subsidiaries following 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 protection purposes, whose application for speculative purposes is strictly forbidden. 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.

1.2.1 Management of financial risks

General considerations and internal politics

The Risk Management Policy approved by the Board of Directors defines the principles, guidelines, and structure for the Company's risk management, including, but not limited to, the management of operational and financial risks, with emphasis on market and credit risks.

This system of risk management is adherent to the current model of the controlling shareholder and its global risk policy.

The Company's organizational control structure of Market risk management is composed of the Executive committee, Board of Directors, Financial directorate, Risk Management Superintendency and Audit Committee, in addition to the Internal Audit and Internal Control structures.

The Superintendency of Risk defines the strategies to mitigate the Market risk involving other exposition and derivatives, meanwhile the Financial Corporate Superintendency is responsible for the execution of operations regarding derivatives. The independence between these fields assures effective control concerning these operations.

The approval of transactions involving derivatives is carried out by a competent body under the Neoenergia Group's Limits and Levels Policy and the statutes of the Company's subsidiaries.

The main guidelines concerning hedge strategies are:

- Any debt instrument denominated in or indexed to a foreign currency must be protected and converted into Brazilian reais through hedge operations.
- Exchange rate and commodities risk must be controlled and mitigated for all investment projects, regardless of the amount.
- Non-debt instruments with disbursements that are subject to currency exposure should be evaluated and, if deemed necessary, hedge operations should be carried out to mitigate currency risk.
- Assess the risk of debt in local currency and, if deemed necessary, contract hedge operations to mitigate interest rate risk, according to the desired profile of pre- and post-fixed debts and considering both the natural indexation to price indices in revenues and costs and in the composition of interest rates that remunerate the investment portfolio.
- Derivatives are not permitted for speculative purposes. Their use is exclusively for hedge purposes; and
- The contracting of 'exotic' or 'leveraged' derivatives is not permitted.

The Company's strategy was developed through an integrated overview of the risks to which it is exposed, and it considers not only the market risks, generated by the possible changes in prices and quotations of active and passive variables in which it maintains positions, and the liquidity risk, but also the credit risk from obligations undertaken by third parties with the Company, among others.

Risks	Source of exposure	Management
Market risk – Exchange rate	Loans and financings and other financial instruments which are not denominated in BRL.	Swap and forward operations.
Market risk – Interest rate (including inflationary indicators)	Actuarial liabilities, loans and financing indexed to different interest rates including, but not limited to LIBOR, SOFR and CDI.	Swap operations, management of the exposure limits of assets and liabilities by components of interest rate and inflationary indices.
Market risk – Prices of products and inputs	The volatility of prices from metal commodities and electric energy.	Long-term contracts with price fixing which are adherent to internal projections or forward operations.
Credit risk	Receivables, transactions with derivatives, guarantees, advancements made to suppliers and financial investments.	Diversification of portfolio and monitoring policies of solvency and liquidity indicators of counterparties.
Liquidity risk	Contracts or undertaken obligations.	Availability of revolving credit lines.
Solvency risk	Financial liabilities, contracts or undertaken obligations.	Monitoring of financial covenants and the Company's economic-financial situation.

Management understands that these are adequate and aligned with the best market practices concerning the Company's operating structure and internal controls to ensure the fulfilment of the guidelines from the Policy of Financial Risk and Policy of Credit Risk.

(a) Market risk management

(i) Exchange rate risk

The Company, aiming to ensure that oscillations in the Exchange rates do not affect its results and cash flow, had on December 31, 2023, exchange hedge operations, for the total amount of its debts in foreign currency and its main expected disbursements and investments in foreign currency. The Exchange hedge strategies are prescribed in note 26.7.

(ii) Interest rate risk

This risk comes from the possibility of financial losses due to fluctuations in the interest rate or other debt indices that can, mainly, affect financial expenses related to loans and financings or earnings from financial applications. Therefore, the Company, continuously, keep track of the market's interest rates to evaluate a possible need for contracting protection against the volatility risk of these rates. The hedge strategies for interest rates are prescribed in note 26.7.

(iii) Inflation risk

The increase in inflation rates and possible anti-inflationary policies adopted by the Federal Government may lead to an increase in financial expenses related to loans and financing indexed to price indexes. The Company seeks to maintain the balance between assets and liabilities indexed to highly correlated price indexes, seeking to mitigate any risks arising from inflation. The strategies to protect inflation rates are described in note 26.7.

(iv) Commodities price risk

This risk comes from the possibility of financial losses due to the rising commodities prices that are used by the Company in its operating activities.

Metal commodities: variations in metal commodities prices may affect the profitability of investment projects, contracts with suppliers and higher payment of Capex, thus implying an undesired increase in the Company's debt.

Energy commodities: the prices of energy commodities are influenced by specific factors of the energy generation business such as demand and supply, hydrology, wind and solar resources, in addition to the entry or delay of new projects in the energy matrix. The variations in energy commodities prices may cause a potential loss of margin and/or value. The management of the energy price risk is accomplished in the analysis of energy over contracting from the group's distributors, in the coverage of ballast concerning the commercialized energy and the energy sale to the final consumer.

(b) Liquidity risk

The liquidity risk is associated with the possibility of the Company not honoring its commitments in the respective maturities. The financial management adopted by the Company constantly seeks to mitigate liquidity risk, having as main points the extension of the terms of loans and financing, the non-concentration of maturities, the diversification of financial instruments and the hedge of debts in foreign currency. The permanent monitoring of the cash flow allows the identification of eventual fundraising needs with the necessary progress for structuring and choosing the best sources. If there is surplus cash, financial investments are made with surplus funds, to preserve the Company's liquidity and make it profitable, so investments are preferably allocated in exclusive funds and have as a guideline to allocate resources in assets with daily liquidity.

The Company manages liquidity risk and also maintains a reserve of resources and credit lines approved in some of the Main institutions in the country (see note 20.2).

Additionally, the Company monitors, every month, through liquidity ratios, its cash generation capacity to honor the commitments assumed within 12 (twelve) months.

As of December 31, 2023, the Company had cash and cash equivalents and marketable securities, in an amount adequate to cover its operating and financial cycles. The Company's obligations flow, by maturity, are explained in its notes. The information on loans and financings and their respective derivative instruments are highlighted in this report (see note 20.3).

(c) Solvency risk

The solvency risk is associated with the possibility of a deterioration concerning the economic-financial situation that results in the worsening of the credit quality or in the breach of financial covenants that can generate a close-out netting, thus generating an impact in the credit classification (rating), in the debt cost and the liquidity.

(d) Credit risk management

Credit risk refers to the possibility of the Company incurring losses due to non-compliance with financial or third parties' contract obligations, such as the failure to pay or the "non-performance" of counterparts.

(i) Credit risk of commercial counterparties

It comes from the possibility of the Company incurring losses due to not receiving billed amounts from its commercial counterparts in the distribution, transmission, generation, and commercialization businesses. To reduce this risk and assist in the management of default risk, the Company monitors the volume of accounts receivable from customers, requests guarantee and accomplishes several collection actions under the regulation of the electricity sector. In addition, for energy trading counterparties, specific criteria are adopted to assess their solvency and approval of limits.

(ii) Credit risk of financial institutions

For operations involving cash and cash equivalents, marketable securities and derivatives, the Company follows the provisions of its Credit Risk Policy, which aims to mitigate risk through diversification along with financial institutions that have good credit quality. The Company monitors its exposure with each counterparty, their credit quality and long-term ratings published by the rating agencies. The following table shows the long-term ratings on a national scale of Moody's, S&P or Fitch agencies for the main institutions with which the Company had outstanding positions as of December 31, 2023.

Long-term ratings in a national scale	Moody's	S&P	Fitch
Banco do Brasil	AAA	AAA	AAA
Banco do Nordeste	AA	AAA	AAA
Banco Pine	BBB+	A-	
Bank of America ⁽¹⁾	A1	A-	AA-
BNDES	AAA	AAA	AAA
BNP Paribas		AAA	
Bradesco	AAA	AAA	AAA
BRB Banco de Brasília	A	AA-	A-
Caixa Econômica Federal	AAA	AAA	AAA
Citibank		AAA	
Goldman Sachs			AAA
HSBC		AAA	
Itaú	AAA		AAA
JP Morgan		AAA	
Mitsubishi UFJ		AAA	
Morgan Stanley		AAA	
Safra	AAA	AAA	
Santander	AAA	AAA	
Scotiabank	AAA		
Sumitomo Mitsui		AAA	AAA
Votorantim	AA	AAA	

(1) Bank of America - BofA has rating in a global scale

1.2.2 Management of Operating risks

(a) Regulatory risk

Regulatory environment

The Company is submitted to the application of regulatory penalties in case it violates the obligations inserted in the concession contract and the resolutions issued by the Brazilian Electric Regulatory Agency – ANEEL. The procedures, parameters and conditions for the imposition of penalties on the energy sector agents and the agency's standard guidelines, are provided in the Normative Resolution nº 846/2019 and it can reach up to 2% of the Company's net operating revenue, depending on the perpetrated infraction.

Economic-financial balance of the concessions

As defined in Law nº 8,987/1995, the concessions' balance happens when the foreseen conditions of the concession contract are fulfilled. In the contract, the mechanisms to change the tariffs were established as follows, the annual tariff readjustment, the periodic tariff review and the extraordinary tariff review.

To preserve the concessions' economic-financial balance, ANEEL computes and authorizes the application of new tariffs, which are the consequence of revision or readjustment in the conditions of its respective contracts.

In the tariff processes, the CVA values (Clearing accounts concerning variations in the values of the items from Portion A) which cover the economical parts of the price differences of Portion A (energy, transport and sectoral charges), in face of the tariff coverage established by ANEEL in the previous tariff process.

Upon the possibility of imbalance, the concession contract also provides the right to an RTE (extraordinary tariff revision). However, the recognition of some imbalance and the accomplishment of the RTE is dependent on the services provided in the PRORET (Tariff Regulation Procedures).

The distribution service is regulated by the price cap model (typified by the regulation through incentives) based on economic rules (efficient operating costs, adequate compensation, among others) defined in the tariff review and updated in the tariff readjustments. These readjustments have the purpose of reproducing in the performance of the regulated companies the results that would be obtained in competitive markets, where the efficiency of the provision and management of services is highlighted. Therefore, such risks related to the efficiency in the provision and management of service are covered by the distributors. Additionally, market variations are also risks for the distributors.

ANEEL, when exercising its functions, has the discretionary power in the definition and assessment of the parameters which will be used to define the tariffs, such as regulatory levels of operating costs, weighted average capital cost, X Factor, remuneration basis, rates of wastage, Quality indicators, the efficiency to supply, among others. These parameters may have their methodologies reviewed or be defined on adverse thresholds to the Company, thus negatively affecting revenues that were originally predicted.

Economic and financial Indicators of Sustainability

The Distributors must preserve, be it through specific disposition in its Concession Contracts or through general provisions in appendix VIII of the Normative Resolution nº 948/2021, the latter with validity as of 2022, the economical and financial sustainability conditions concerning the efficiency when handling its costs, debt, investment, in addition of the accountability regarding the payment of taxes and the proceeds distribution.

Such condition is annually measured by ANEEL through indicators based on the regulatory Net Debt, EBITA adjusted by regulatory conditions, in the share of regulatory reintegration, and the SELIC interest rate level. The breach of these indicators may lead to a restriction regime concerning business agreements between related parties, limitation on proceeds distributions, and need for the controlling shareholders to inject capital and, in case of recurrence, ANEEL should establish a punitive administrative process guided towards the application of a statement to invalidate the concession.

The sustainability indicators are ascertained from the economic-financial data linked to the Regulatory Accounting which will only be available for evaluation as of April 2024. To date, the Company's distributors have been fulfilling every indicator.

Indicators concerning the continuity of supplies

ANEEL monitors the efficiency concerning the continuity of supply from the electric energy distribution concessionaires. This is measured, at each calendar year, through the following collective continuity indicators: DECI – Equivalent Duration of Interruption of Internal Origin per Consumer Unit and FEIC – Equivalent Frequency of Interruption of Internal Origin per Consumer Unit. The breach of these regulatory limits as per definitions in the REN nº 948/2021 may lead to sanctions from ANEEL. The Agency may mandate the presentation of an action plan in case of non-compliance of the indicator in the first year, it can limit the payment of dividends and interest on own capital in case of non-compliance for two consecutive years or three years in the five years of verification. In case of recurrence, ANEEL should establish a punitive administrative process guided towards the application of a statement to invalidate the concession. In the last five years of the concession's contract, any infringement of the indicators will imply in the limitation of dividends and interest on own capital concerning the Company's distributors.

Postponement of readjustments

The date of the tariff readjustment is provided in the concession contract if the distributor has the right to the readjustment processed on the aforementioned date. In a few cases of postponement of tariff readjustments which happened in the energy sector, the economic right for the readjustment was recognized since the scheduled date. Therefore, due to decisions from the government or the regulatory agency, the risk of postponement of readjustments exists.

In case of default by the concessionaire concerning the collection of sectoral charges and in the payment of energy from Itaipu Binacional, there is the risk of impediment concerning the application of new tariffs in the Reajustments and Tariff Revisions, except for the extraordinary ones, as well as the suspension of occasional transferences of RGR, CDE and CCC, as per Law 8,631/1993.

Regulatory Remuneration Base (BRR) and Recognition of investments

The concession contracts establish that ANEEL's regulation must define Portion B based on incentives for efficiency and on a comparative manner. Therefore, the BRR's valuation methodology is based on the recognition of prudential investments. The investments made by the Company are evaluated at the end of each cycle. The prudential investments compose the BRR in the revision moment, being already depreciated since the capitalization date.

The risks concerning the investments' recognition from the remuneration base are of regulatory order. The assets' valuation derives from market uncertainties, mainly in the fluctuations in the value of Commodities (it affects the mix of indicators ascertained by the Committee Foundation of Business Management – FUNCOGE) which are applied to evaluate the main pieces of equipment; changes in the assumptions of assets' valuation during the current tariff cycle, including the Bank update for Referential Prices; and the application, by part of the regulating agency, of conditions during inspections which are not advocated by the regulatory ruling.

(b) Hydrological risk

The energy sold by the business of Hydro Power Generation depends on the climatic and hydrological conditions of the reservoirs. The revenues are bound to a physical guarantee, whose volume is determined by the Minister of Mines and Energy. An extended period of rain scarcity may result in the reduction of the reservoirs' water volume, thus reducing the hydroelectric generation due to its substitution by thermal sources or a consumption reduction brought by the implementation of comprehensive programs concerning the rational use of electric energy. The extension of Generation through thermal sources may force the Company to buy energy in the short-term market to face its sales contracts at a higher short-term price (PLD). The mitigation of this risk is given by the MRE, which is a financial mechanism responsible for sharing hydrological risks between the Power Plants that are part of the National Interconnected System – SIN.

To decrease the exposure to this risk of hydroelectric generation, the Company joined the proposal to renegotiate the hydrological risk.

(c) Insurances

The Group maintains insurance coverage compatible with the risks of the activities carried out to safeguard the assets and business of any claims. The specification by risk modality and effective date of the main insurances, according to the insurance brokers contracted by the Company, are presented below:

Risks	Effective date	Consolidated
		Insured amount
Operating Risk - Substations and Power Plants	05/31/2023 to 05/31/2024	R\$ 2,100
Terrorism	05/31/2023 to 05/31/2024	R\$ 500
D&O	08/23/2023 to 08/23/2024	R\$ 150
Standard Civil Liability – Transmission/Generation	05/31/2023 to 05/31/2024	R\$ 100
Corporate	05/31/2023 to 05/31/2024	R\$ 71
Standard Civil Liability – EKT – NDB	05/31/2023 to 05/31/2024	R\$ 44
Civil Liability – Environment	05/31/2023 to 05/31/2024	R\$ 36
Cybersecurity	05/31/2023 to 05/31/2024	R\$ 27
Standard Civil Liability - Neoserv	05/31/2023 to 05/31/2024	R\$ 25
Standard Civil Liability – Northeast Distribution	10/08/2023 to 10/08/2025	R\$ 22
Vehicles – Executive	05/31/2023 to 05/31/2024	100% FIPE
Portable measuring instruments	06/30/2023 to 06/30/2024	Equipment value

The Group's insurances are contracted under their respective policies of risk management and insurances in force and given its nature.

2. BASIS FOR PREPARING THE FINANCIAL STATEMENTS

2.1 Basis of preparation

The Company's consolidated and individual financial statements have been prepared and are presented under International Financial Reporting Standards ("IFRS"), issued by the IASB and following accounting practices adopted in

Brazil through the Accounting Pronouncements Committee (“CPC”), approved by the Brazilian Securities and Exchange Commission (“CVM”) and the Federal Accounting Council (“CFC”).

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 financial statements were prepared based on historical cost and adjusted to reflect (i) the fair value of financial instruments measured at fair value; (ii) losses due to impairment of assets, and (iii) the fair value of the non-current assets classified as held for sale.

In the preparation of these consolidated financial statements, the subsidiaries are consolidated from the date on which the Company assumes their control until the date on which its control ceases. All transactions between Neoenergia S.A. and its direct and indirect subsidiaries are entirely eliminated. The Company's participation in the results of investments accounted for as joint ventures and associates are included in the consolidated financial statements from the date on which significant influence or joint control begins, until the date on which it ceases.

All relevant information specific to the financial statements, and only this information, is being disclosed and corresponds to those used by Management.

These financial statements were approved and authorized for issuance by the Company's Board of Directors on February 07, 2024.

2.2 Functional and presentation currency

The financial demonstrations are presented in millions of R\$ unless otherwise indicated.

Transactions in foreign currency are initially recorded at the exchange rate in force on the date of the transaction and are converted using the exchange rate in force on the date of the respective balance sheets. Foreign exchange gains and losses resulting from the update of these assets and liabilities are recognized in financial results.

2.3 Accounting Standards and critical estimates

The accounting policies and critical estimates applied to these financial statements are included in their respective notes when deemed to be relevant. Accounting policies are consistent in all years presented, except for the implementation of the new standards, interpretation and guidelines listed in note 2.5.

2.4 Use of estimates and judgments

The preparation of the financial statements requires the use of estimates and judgments for certain transactions that reflect in the recognition and measurement of assets, liabilities, income, and expenses. The assumptions used are based on history and other factors considered relevant and are periodically reviewed by Management. Actual results may differ from the estimated values.

The significant estimates and judgments applied by the Company in preparing these financial statements are presented in the following notes:

Note	Estimates and significant judgments
4	Revenue from energy supply and use of the distribution system network – non-billed
Error! Reference source not found.	Deferred income taxes
13.2	Expected credit losses
14	Sectorial financial assets and liabilities
15	Public service concession (financial asset and contractual asset)
16.3	Fair value estimation of Non-current Asset held for sale
16.4	Equity interest and business combination
19	Suppliers, accounts payable to contractors and agreement contracts
20.3	Derivative financial instruments
21.1	Provision for lawsuits
Error! Reference source not found.	Retirement benefit obligations

2.5 Valid and non-valid 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 are adherent to and potentially relevant for the Company's operational and financial context are as follows:

Changes in accounting pronouncements with validity in 2023:

In 2023, there was no change and/or adoption of new standards and interpretations that could bring relevant impact on the Company's operating and financial context.

Changes in accounting pronouncements with validity as of 2024:

Standard	Change description	Validity
IAS 1/ CPC 26: Presentation of the Financial Statements	The amendments provide requirements for the classification and disclosure of liability with covenants clauses as current or non-current. As per the amendments the liability must be classified as current when the entity does not have, at the end of the disclosure period, the right to defer the liability's settlement for at least twelve months after the disclosure period. Additionally, only covenants whose fulfillment is mandatory before or at the end of the disclosure report must affect the classification of a liability as current or non-current.	01/01/2024, retrospective application
IFRS 16/ CPC 6 (R2). Leases	The amendments include requirements that specify that the lessee-seller must subsequently measure the lease liability which derives from the transfer of the asset – which attends the conditions to be recognized as a sales revenue - and Sale and Leaseback in a way that it is not recognized as gain or loss from the right of use retained in the transaction.	01/01/2024, retrospective application
IAS 7/ CPC 3: Statement of cash flows	Disclosure of Reverse factoring operations which involves the Companies and their suppliers. The new disclosure requirements will make the financing agreements with suppliers of a Company visible and will allow the investors to observe how the use of these instruments has affected the operations and the Company's capital structure.	01/01/2024, retrospective application

For the amendments and standards listed above, the Company did not identify significant impacts in the initial applications in its financial statements.

Concerning regulations under discussion at the IASB or with an effective date established in a future exercise, the Company is following the discussions and until now did not identify the possibility of significant impacts.

3. RETROSPECTIVE RESTATEMENT DUE TO RECLASSIFICATION OF COMPARATIVE BALANCES

In 2021, the Company began its efforts for the divestiture of its interest of 10% in Norte Energia S.A. ('Norte Energia' or 'NESA'), the company that owns the Belo Monte HPP. During the period of 2021 and 2022, the Company received a Non-Binding Offer (NBO) and other Non-Disclosure Agreements (NDA) for the acquisition of NESA.

During the negotiation, there was a perception of increased risk, especially due to the absence of a final resolution from the Brazilian Institute for the Environment and Natural Resources ('IBAMA') related to the definition of the consensual hydrograph to be applied for the HPP therefore the negotiations did not advance.

The Company's management is engaged with the divestiture process, however, after the reassessment of the status of the divestiture process, it concluded that the disinvestment of this asset in the next 12 months is highly unlikely. Therefore, the Company reclassified the equity interest of NESA to the line of Investments in subsidiaries, associates, and joint ventures and reestablished the measurement of this asset through the asset equivalence method or its recoverable value, the lesser between these two.

The accounting policies adopted by the Company determine that an equity interest that was previously classified as non-current assets held for sale but is no longer considered as such must have its impacts highlighted retrospectively with the equity equivalence method as of its classification date. Consequently, the Company proceeded with the reclassification in its statement of financial position in the line of Investments in subsidiaries, associates, and joint ventures for the period ended December 31, 2022, and December 31, 2021 (presented in the report as January 01, 2022) which were originally disclosed on February 15, 2023, and February 17, 2022, respectively.

	12/31/2022 Disclosed	Reclassification	12/31/2022 ⁽¹⁾	12/31/2021 Disclosed	Reclassification	Consolidated 01/01/2022 ⁽¹⁾
Asset Current Non-current assets held for sale	1,730	(797)	933	797	(797)	-

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



Total current	21,588	(797)	20,791	21,780	(797)	20,983
Non-current						
Investments in subsidiaries, associates, and joint ventures	359	797	1,156	1,200	797	1,997
Total non-current	70,730	797	71,527	64,020	797	64,817
Total assets	92,318	-	92,318	85,800	-	85,800

	12/31/2022 Disclosed	Reclassification	12/31/2022 ⁽¹⁾	12/31/2021 Disclosed	Reclassification	Parent Company 01/01/2022 ⁽¹⁾
Asset						
Current						
Non-current assets held for sale	1,577	(797)	780	797	(797)	-
Total current	3,464	(797)	2,667	3,384	(797)	2,587
Non-current						
Investments in subsidiaries, associates, and joint ventures	29,487	797	30,284	26,942	797	27,739
Total non-current	29,714	797	30,511	27,034	797	27,831
Total assets	33,178	-	33,178	30,418	-	30,418

(1) Retrospective restatement through reclassification. The comparative information is being retrospectively restated as detailed in note 3.

Concerning the statements of income, cash flows, and added value, the reclassification occurred due to the recognition of loss from equity equivalence retroactively recorded in the comparative period on a retroactive basis.

(a) **Statement of income**

	Consolidated			Parent Company		
	2022 Disclosed	Reclassification	2022 ⁽¹⁾	2022 Disclosed	Reclassification	2022 ⁽¹⁾
Fair value adjustment - impairment	(201)	65	(136)	(201)	65	(136)
Equity equivalence	19	(65)	(46)	5,558	(65)	5,493
Operating profit	9,339	-	9,339	5,068	-	5,068
Net income for the period	4,787	-	4,787	4,685	-	4,685

(1) Retrospective restatement through reclassification. The comparative information is being retrospectively restated as detailed in note 3.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



(b) Statement of cash flows

	Consolidated			Parent Company		
	2022 Disclosed	Reclassification	2022 ⁽¹⁾	2022 Disclosed	Reclassification	2022 ⁽¹⁾
Fair value adjustment - impairment	201	(65)	136	201	(65)	136
Equity equivalence	(19)	65	46	(5,719)	65	(5,654)
Cash generated in the operations	7,286	-	7,286	(2)	-	(2)
Increase (decrease) of cash and cash equivalents for the period	1,257	-	1,257	(354)	-	(354)

(1) Retrospective restatement through reclassification. The comparative information is being retrospectively restated as detailed in note 3.

(c) Statement of added value

	Consolidated			Parent Company		
	2022 Disclosed	Reclassification	2022 ⁽¹⁾	2022 Disclosed	Reclassification	2022 ⁽¹⁾
Reversal (reduction) of recoverable value and write-offs of non-current assets, net	(201)	65	(136)	(201)	65	(136)
Net added value produced by the entity	26,471	65	26,536	(578)	65	(513)
Equity equivalence	19	(65)	(46)	5,719	(65)	5,654
Added value received through transfer	6,849	(65)	6,784	6,479	(65)	6,414
Total added value for distribution	33,320	-	33,320	5,901	-	5,901

(1) Retrospective restatement through reclassification. The comparative information is being retrospectively restated as detailed in note 3.

4. RECONCILIATION OF THE NET INCOME FOR THE YEAR AND SHAREHOLDER'S 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		Shareholder's equity	
	2023	2022	2023	2022
Parent Company	4,461	4,685	29,781	26,653
Capitalization of financial charges, net ⁽¹⁾	(3)	37	87	91
Others	3	(4)	(2)	(5)
Consolidated	4,461	4,718	29,866	26,739

(1) Capitalization of financial charges concerning loans and financing, 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.

5. 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 and solar farms and hydroelectric plants; (iii) Liberalized – comprise energy generation activities from thermoelectric plants and energy commercialization activities, and (iv) Others – include activities that support operations.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



5.1 Result by segment

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

					Consolidated
	Networks	Renewable	Liberalized	Others	2023 Result
Gross revenue from third parties	59,880	999	1,515	-	62,394
Inter-segment gross revenue	108	1,239	2,243	2	3,592
Deductions from gross revenue	(17,231)	(184)	(636)	-	(18,051)
Operating costs and expenses ⁽¹⁾	(30,301)	(518)	(1,499)	(280)	(32,598)
Inter-segment operating costs and expenses ⁽¹⁾	(2,347)	(236)	(1,009)	-	(3,592)
Expected credit losses	(627)	-	(5)	-	(632)
Fair value adjustment - impairment	(364)	1,611	-	-	1,247
Result of equity interest	30	(31)	-	-	(1)
EBITDA	9,148	2,880	609	(278)	12,359
Depreciation and amortization ⁽²⁾	(1,932)	(373)	(62)	(193)	(2,560)
Operating profit	7,216	2,507	547	(471)	9,799
Financial result, net	(4,354)	(208)	(30)	(251)	(4,843)
Income taxes	(302)	(79)	(60)	12	(429)
Net income	2,560	2,220	457	(710)	4,527

					Consolidated
	Networks	Renewable	Liberalized	Others	2022 ⁽¹⁾ Result
Gross revenue from third parties	57,320	811	1,811	(1)	59,941
Inter-segment gross revenue	108	1,104	2,244	2	3,458
Deductions from gross revenue	(16,245)	(168)	(741)	-	(17,154)
Operating costs and expenses ⁽²⁾	(28,507)	(417)	(1,310)	(284)	(30,518)
Inter-segment operating costs and expenses ⁽²⁾	(2,270)	(200)	(988)	-	(3,458)
Expected credit losses	(500)	-	(5)	-	(505)
Fair value adjustment - impairment	-	(136)	-	-	(136)
Result of equity interest	-	(46)	-	-	(46)
EBITDA	9,906	948	1,011	(283)	11,582
Depreciation and amortization ⁽³⁾	(1,695)	(282)	(67)	(199)	(2,243)
Operating profit	8,211	666	944	(482)	9,339
Financial result, net	(3,146)	(221)	(105)	(328)	(3,800)
Income taxes	(477)	(131)	(125)	(19)	(752)
Net income	4,588	314	714	(829)	4,787

(1) Retrospective restatement through reclassification. The comparative information is being retrospectively restated as detailed in note 3.

(2) Does not include depreciation and amortization.

(3) Includes the amortization of surplus.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



5.2 Assets by allocated segments

	Consolidated December 31, 2023				
	Accounts receivable	Sectoral financial asset (liabilities)	Public service concession ¹ and intangible	Investments in subsidiaries and joint ventures	Right of use and PP&E
Networks	9,343	(1,033)	52,880	1,128	150
Renewable	148	-	2,253	856	11,504
Liberalized	157	-	25	-	972
Others	-	-	7	-	39
Total	9,648	(1,033)	55,165	1,984	12,665

	Consolidated December 31, 2022 ⁽²⁾				
	Accounts receivable	Sectoral financial asset (liabilities)	Public service concession ¹ and intangible	Investments in subsidiaries and joint ventures	Right of use and PP&E
Networks	7,855	(574)	52,472	-	167
Renewable	102	-	310	1,156	9,823
Liberalized	188	-	9	-	1,000
Others	-	-	3	-	38
Total	8,145	(574)	52,794	1,156	11,028

	Consolidated January 1st, 2022 ⁽²⁾				
	Accounts receivable	Sectoral financial asset (liabilities)	Public service concession ¹ and intangible	Investments in subsidiaries and joint ventures	Right of use and PP&E
Networks	8,712	1,691	43,879	-	111
Renewable	136	-	370	1,997	8,526
Liberalized	156	-	5	-	1,018
Others	-	-	2	-	43
Total	9,004	1,691	44,256	1,997	9,698

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

(2) Retrospective restatement through reclassification. The comparative information is being retrospectively restated as detailed in note 3.

5.3 Additions to the main non-current assets (economical execution)

	2023		Consolidated 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
Networks	6,992	40	8,521	103
Renewable	-	733	19	1,990
Liberalized	-	63	-	65
Others	-	14	-	7
Total	6,992	850	8,540	2,165

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

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



6 NET OPERATING REVENUE

	Consolidated			
	2023			
	Networks	Renewable	Liberalized	Total
Energy supply (note 6.1)	21,260	918	1,443	23,621
Electric grid availability ⁽¹⁾	26,804	-	-	26,804
Concession's infrastructure construction ⁽²⁾	7,012	-	-	7,012
Electric Energy Trading Chamber – CCEE	615	59	21	695
Concession's estimated replacement value ⁽³⁾	1,222	-	-	1,222
Contract asset's remuneration	1,164	-	-	1,164
Sectoral financial assets and liabilities effects (note 6.2)	1,074	-	-	1,074
Other revenues (note 6.3)	729	22	51	802
Gross operating income	59,880	999	1,515	62,394
(-) Gross income deductions (note 6.4)	(17,231)	(184)	(636)	(18,051)
Net operating income	42,649	815	879	44,343

	Consolidated			
	2022			
	Networks	Renewable	Liberalized	Total
Energy supply (note 6.1)	22,122	661	1,746	24,529
Electric grid availability ⁽¹⁾	23,599	-	-	23,599
Concession's infrastructure construction ⁽²⁾	8,375	-	-	8,375
Electric Energy Trading Chamber – CCEE	512	131	6	649
Concession's estimated replacement value ⁽³⁾	1,339	-	-	1,339
Contract asset's remuneration	1,044	-	-	1,044
Sectoral financial assets and liabilities effects (note 6.2)	(418)	-	-	(418)
Other revenues (note 6.3)	747	19	58	824
Gross operating income	57,320	811	1,810	59,941
(-) Gross income deductions (note 6.4)	(16,245)	(168)	(741)	(17,154)
Net operating income	41,075	643	1,069	42,787

(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, for captive consumers R\$ 22,505 (R\$ 20,073 on December 31, 2022) and for free consumers R\$ 4,299 (R\$ 3,526 on December 31, 2022).

(2) On December 31, 2023, the total construction revenue from the infrastructure concession, of R\$ 4,597 and R\$ 2,415 (R\$ 5,381 and R\$ 2,994 on December 31, 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 Regulatory Remuneration Base ('BRR').

Readjustment and Tariff review in 2023

In 2023, four distributors went through a periodic tariff review (RTP) and one, through an annual tariff readjustment (RTA), as per chart below:

	Neoenergia Coelba	Neoenergia Cosern	Neoenergia Pernambuco	Neoenergia Elektro	Neoenergia Brasília
High tension consumers	6.91%	3.65%	10.41%	3.15%	9.95%
Low tension consumers	8.66%	4.45%	8.51%	9.53%	7.78%
Average readjustment in the tariff	8.18%	4.26%	9.02%	7.17%	9.32%
Process model:	RTP	RTP	RTA	RTP	RTP
No. of the resolution	3,186	3,187	3,195	3,253	3,276
Date of the resolution	04/18/2023	04/18/2023	05/09/2023	08/23/2023	10/22/2023

6.1 Energy supply

	2023	Consolidated 2022
Residential	20,941	19,059
Commercial	9,039	8,889
Industrial	4,485	4,739
Rural	2,504	2,275
Government	2,404	2,117
Public lighting	1,288	1,345
Public service	1,533	1,509
Non-billed supply	226	145
Transfer – Electric grid availability ⁽¹⁾	(22,505)	(20,073)
Subsidies and state grants ⁽²⁾	3,706	4,524
Total	23,621	24,529

(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\$ 1,422 (R\$ 1,206 on December 31, 2022) referring to the low-income subsidy; (ii) R\$ 1,935 (R\$ 1,599 on December 31, 2022) referring to the CDE subsidy; (iii) R\$ 0 (R\$ 53 on December 31, 2022) referring to the hydric crisis bonus subsidy; (iv) R\$ 252 (R\$ 465 on December 31, 2022) referring to the CCRBT subsidy; (v) R\$ 0 (R\$ 372 on December 31, 2022) referring to the hydric shortage subsidy and (vi) R\$ 98 (R\$ 829 on December 31, 2022) referring to the subsidy of Eletrobrás moderateness.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



6.2 Effects of sectoral financial assets and liabilities

	2023	Consolidated 2022
CVA and Neutrality		
Energy ⁽¹⁾	(967)	(1,986)
System Service Charges – ESS ⁽²⁾	613	(2,617)
Energetic Development Account – CDE ⁽³⁾	(444)	373
TUST ⁽⁴⁾	57	19
Neutrality of Sectoral charges	(121)	91
PROINFA ⁽⁵⁾	(122)	55
Subtotal	(984)	(4,065)
Financial components and subsidies		
Over-contracting on lending ⁽⁶⁾	289	1,261
Hydrological risk	53	28
Excess demand/ Reactive surplus ⁽⁷⁾	(94)	167
Readjustment deferral	(23)	219
Liability – COVID account	21	8
Eletrobras moderateness ⁽⁸⁾	563	(746)
Pis/Cofins credits over State VAT (ICMS) ⁽⁹⁾	1,584	1,645
Water scarcity flag ⁽¹⁰⁾	(516)	933
Others	181	132
Subtotal	2,058	3,647
Total	1,074	(418)

(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) Active 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) Active CVA, arising from the recognition of differences between the incurred energy costs concerning ANEEL's tariff coverage, due to the REH nº 3,217/2023, with an effective date as of July 1, 2023 until June 30, 2024, which established the readjustments concerning the transmission system use tariffs and concerning the amortization of the balances recognized by ANEEL in the tariff process of 2022 and 2023.

(5) Passive CVA, due to REH nº 3,147/2022, which establishes that for 2023, the quotas of costing and energy concerning the Program of Incentives for Alternative Electricity Sources – PROINFA, to be collected by the distribution concessionaires, thus resulting in a reimbursable CVA in the period.

(6) 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.

(7) Passive constitution concerning the Excess demand/ Reactive surplus as per Submodule 2.1 of PRORET.

(8) 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 and concerning the amortization of the balance recognized by ANEEL in the tariff process of 2023. For this, the Company recognized an asset of R\$ 563 on December 31, 2023.

(9) 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.

(10) Recognition of ANEEL's resolutions in 2023 on the distributors which refers to the positive financial component concerning the reversal of costs related to the Water Scarcity Flag.

6.3 Other revenues

	2023	Consolidated 2022
Leases and rents	548	476

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



O&M revenues	157	131
RAP gain/loss	(105)	34
Third-party service commission	68	61
Revenue from the provision of service	110	59
Photovoltaic operations	7	28
Public lighting fee	8	8
Fraud invoice management	10	8
Service liable to charge	21	21
(-) Regulatory compensations	(32)	(7)
Other revenues	10	5
Total	802	824

6.4 Gross income deductions

	2023	Consolidated 2022
Taxes		
State VAT – ICMS	(8,719)	(8,159)
Taxes on revenue- PIS and COFINS	(4,549)	(4,394)
Service tax – ISS	(42)	(33)
	(13,310)	(12,586)
Sectoral charges		
Energy Development Account – CDE	(4,076)	(3,895)
Energy Efficiency Program – PEE	(166)	(151)
Consumers' charges – PROINFA and CCRBT	(223)	(270)
Other charges ⁽¹⁾	(276)	(252)
	(4,741)	(4,568)
Total	(18,051)	(17,154)

(1) The following charges are considered: National Fund for Scientific and Technological Development-FNDCT, Energy Research Company-EPE, Research and Development-P&D, Supervision Fee for Electric Energy Services-TFSEE and Financial Compensations of Hydraulic Resources-CFURH.

6.5 Accounting policy and critical judgments

(a) Accounting policy

The revenue is recognized when the control of each performance obligation is transferred to the client and can be reliably measured, which generally occurs in the act of delivering the product or when the service is provided. It is measured by the fair value of the received or receivable counterpart of each performance obligation, bearing in mind any variable counterpart estimation, such as restitution, price concessions, incentives, performance bonus, penalties, or other similar items.

The energy supply revenue is measured according to the established reading calendar, considering the amount of energy used by the client and the energy tariff in force. The Company can sell the produced energy in two environments: (i) a Free Contract Environment (“ACL”), where the energy commercialization occurs through free negotiation of prices and conditions between the parts, upon bilateral agreements; and (ii) a Regulated Contract Environment (“ACR”), where there is energy commercialization for the distributor agents.

The revenue from the electric grid availability is measured using the consideration received from the clients (free and captive) through the use of the system and the value of the consideration has the bond with the TUSD as its characteristic, as defined by the Granting Power.

The revenue from the concession’s infrastructure construction (transmission and distribution) is recognized throughout time, following the compliance of its respective performance obligations that were established between the client and the Company and considering the fulfilment of one of the following established conditions by the norm: (i) the client simultaneously receives and consumes the generated benefits; (ii) the performance obligation creates or improves an

asset that the client control as the asset is created or improved; (iii) the performance obligation does not create an asset with an alternative use for the entity and the Company possesses the executable right to the payment of the finished benefit until the current date.

The revenue from operation and maintenance is recognized every month, starting from the entry into commercial operation as a performance obligation that is fulfilled by the transmission lines' operation and maintenance.

The revenue of the contract asset's remuneration is recognized through the implicit rate established at the beginning of each project. It is obtained after allocating the margins of construction and operation.

The operation revenues concerning the energy sale at the CCEE and short-term market transactions are recognized by the fair value of the receivable counterpart when the transactions occur. The energy prices of these operations are bound to the Settlement Prices of Differences ("PLD").

(b) Estimates and critical judgments

The non-billed energy supply revenue corresponds to the energy that is delivered to the consumer, but it was not billed and is calculated on an estimated basis until the balance sheet date. This non-billed revenue estimation is calculated using the following items as a basis: the total amount of provided energy in the month, the injected energy and the annualized index of technical and commercial losses.

The revenue from the concession's infrastructure construction, considering the current regulatory model for the business of energy distribution and transmission, provides a specific remuneration for the construction or improvement of the concession's infrastructure. The Company reassesses its assumptions of performance obligation margins, at least one per year, with consideration to the receipt of the construction's performance obligation and infrastructure improvements vis-à-vis the complexity and the discount offered in the RAP value of each infrastructure. For the distribution business, the performance obligation margin is zero (0%).

The implicit rate that remunerates the contractual asset varies between 8% p.a. and 11% p.a. and the used Internal Rate of Return for the transmission projects' viability varies between 13% p.a. and 18% p.a., being nominal and after taxes.

For the revenue concerning energy sales at CCEE, the Company uses the following items: the plant's previous measure extracted from CCEE's data collection system; previous internal loss based in the history and basic network loss; purchase and sale contracts defined in the short-term in addition to the ones in force at the time; PLD's value (realized and predicted) disclosed by CCEE and the Generation Scaling Factor's ("GSF") preliminary according to the information provided by the National Electric System Operator ("ONS").

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



7. ENERGY COSTS

	2023	Consolidated 2022
Energy purchase for resale		
Energy acquired through regulated environment auction – ACR ⁽¹⁾	(8,172)	(6,320)
Energy acquired in the Free Contracting Environment – ACL	(914)	(1,881)
Variable Costs from the Short-Term Market – MCP ⁽²⁾	(1,025)	(822)
Short-Term Energy – PLD and MRE ⁽³⁾	12	(212)
Agreements based on physical assurance quotas	(1,817)	(1,867)
Energy acquired from a bilateral agreement ⁽⁴⁾	(1,320)	(968)
Itaipu energy	(799)	(1,125)
Quotas from Angra I and Angra II Power Plants	(698)	(690)
Others	(504)	(560)
Subtotal	(15,237)	(14,445)
PIS and COFINS credits	1,594	1,586
Total	(13,643)	(12,859)
Transmission and distribution system usage charges		
Basic grid charges ⁽⁵⁾	(4,334)	(3,690)
Itaipu transport charges	(135)	(108)
Connection charges	(291)	(173)
Distribution systems use charges	(81)	(71)
System service charges – ESS ⁽⁶⁾	(157)	(684)
Reserve energy charges – EER ⁽⁷⁾	(1,239)	(800)
Other charges	12	8
Subtotal	(6,225)	(5,518)
PIS and COFINS credits	562	564
Total	(5,663)	(4,954)
Total energy costs	(19,306)	(17,813)

PLD – Settlement Prices of Differences.

MRE – Energy Reallocation Mechanism.

- (1) It refers to the acquired energy cost in the ACR which 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, August, and October 2023.
- (2) Despite the positive annual variation of 5% concerning the thermal generation from the Neoenergia portfolio, the increase of 24% of the PLD due to the increase of the minimum PLD and a higher thermal dispatch from September to December of 2023 in comparison to 2022 explains the increase of variable costs in 2023.
- (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) The increase is due to the tariff readjustment (R\$/MWh) of the generator as of April, August, and October 2023.
- (5) Increase in the contracted amount (MUST) and the TUST tariff (REH Aneel 3,217/23 from 07.04.2023).
- (6) 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.
- (7) Increase of the payment of Reserve Energy Charges to ensure the continuous financial balance from the CONER account.

8. CONSTRUCTION COSTS

	2023	Consolidated 2022
Material	(3,769)	(3,885)
Third-party services	(3,577)	(3,201)
Personnel	(628)	(750)
Interest on construction in progress	(58)	(65)
Others	(308)	(515)
Special obligations	284	415
Total	(8,056)	(8,001)
Construction cost of the concession's infrastructure		
Distributors	4,597	5,381
Transmitters	3,459	2,620

9. OPERATING COSTS AND OPERATING EXPENSES

	Consolidated 2023
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EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



	Operating costs	Sales expenses	Other general and administrative revenues (expenses)	Total
Staff and employee benefits (note 9.1)	(1,302)	(87)	(768)	(2,157)
Management	-	-	(101)	(101)
Third party services (note 9.2)	(947)	(265)	(713)	(1,925)
Photovoltaic operations	(14)	-	-	(14)
Depreciation and amortization (note 9.3)	(2,184)	(5)	(371)	(2,560)
Fuel for energy production	(492)	-	-	(492)
Provision for judicial lawsuits	-	-	(118)	(118)
Taxes	(4)	-	(33)	(37)
Other revenues and expenses, net (note 9.4)	(316)	13	(89)	(392)
Total	(5,259)	(344)	(2,193)	(7,796)

	Operating costs	Sales expenses	Other general and administrative revenues (expenses)	Total
Staff and employee benefits (note 9.1)	(1,175)	(104)	(763)	(2,042)
Management	-	(1)	(88)	(89)
Third party services (note 9.2)	(914)	(264)	(678)	(1,856)
Photovoltaic operations	(21)	-	-	(21)
Depreciation and amortization (note 9.3)	(1,975)	(5)	(263)	(2,243)
Fuel for energy production	(125)	-	-	(125)
Provision for judicial lawsuits	-	-	(150)	(150)
Taxes	(4)	-	(26)	(30)
Other revenues and expenses, net (note 9.4)	(293)	14	(112)	(391)
Total	(4,507)	(360)	(2,080)	(6,947)

9.1 Personnel costs and expenses and employee benefits

	2023	Consolidated 2022
Wages	(1,098)	(1,002)
Social charges	(456)	(422)
Health plan	(289)	(255)
Profit sharing	(276)	(284)
Meal tickets	(271)	(249)
Vacations and 13th salary	(254)	(251)
Assistance agreement and other benefits	(177)	(155)
Contract termination	(49)	(27)
Others	(29)	(28)
Post-employment benefits	52	(1)
Transfers to orders	690	632
Total	(2,157)	(2,042)

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



9.2 Third-party services

	Consolidated	
	2023	2022
Technical and maintenance services	(347)	(338)
Meter reading, printing and delivery of energy bills	(278)	(262)
Information technology	(182)	(171)
Trademark license agreement	(163)	(165)
Customer service and Call center	(144)	(129)
Power cut, connection and reconnection	(122)	(119)
Collecting and certified agent	(100)	(93)
Legal services	(73)	(64)
Order closing – Cost of service provided	(71)	(60)
Tree pruning and road cleaning	(67)	(95)
Surveillance	(41)	(41)
Communication	(34)	(33)
Administrative billing and negative entries	(24)	(19)
Consulting and audit	(16)	(25)
Technical inspection and expertise	(6)	(16)
Other services	(271)	(240)
Subtotal	(1,939)	(1,870)
PIS and COFINS credits	14	14
Total	(1,925)	(1,856)

9.3 Depreciation and amortization

	Consolidated	
	2023	2022
Depreciation and amortization quota	(2,571)	(2,234)
Writte-off of residual value from the intangible assets	(40)	(46)
Subtotal	(2,611)	(2,280)
PIS/COFINS credits	51	37
Total	(2,560)	(2,243)

9.4 Other revenues and expenses, net

	Consolidated	
	2023	2022
Material	(295)	(277)
Loss/Disposal/deactivation	(206)	(174)
Fine for non-payment	327	288
Advertising and publicity	(57)	(49)
Travel expenses	(55)	(45)
Self-consumption and electric energy	(53)	(58)
Insurances	(44)	(41)
Indemnification – electric damages	(25)	(24)
Meals	(16)	(14)
Leases	(13)	(13)
Class entity of the electric sector	(11)	(10)
Donations and contributions	(8)	(8)
Recovery of expenses	80	59
Others	(16)	(25)
Total	(392)	(391)

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



10. FINANCIAL RESULT

	Consolidated		Parent Company	
	2023	2022	2023	2022
Financial income				
Income from financial applications	847	822	93	95
(-) Taxes on financial income	(83)	(97)	(22)	(18)
Interest and charges for accounts receivable and other receivables	342	389	-	-
Judicial deposits monetary variation	79	71	4	7
Monetary variation on sectoral financial assets	-	294	-	-
post-employment and other benefits	2	1	-	-
Other financial income	75	68	362	251
	1,262	1,548	437	335
Financial expenses				
Charges on debt instruments	(4,024)	(3,644)	(290)	(406)
Post-employment and other benefits	(100)	(81)	-	-
Update of sectoral financial liability	(137)	-	-	-
Monetary variation on provision for losses on lawsuits	(199)	(181)	-	(1)
IOF ("Tax on Financial Operations")	(10)	(6)	(1)	-
Other financial expenses	(374)	(427)	(136)	(116)
	(4,844)	(4,339)	(427)	(523)
Other financial result, net				
Losses on foreign exchange rate variation and fair value adjustments – Debt	(882)	(1,948)	(11)	-
Gain on foreign exchange rate variation and fair value adjustments – Debt	1,949	2,751	177	117
Losses on derivative financial instruments (note Error! Reference source not found..b)	(3,750)	(4,124)	(704)	(602)
Gain on derivative financial instruments (note Error! Reference source not found..b)	1,404	2,273	281	291
Losses on foreign exchange rate and monetary variation	(426)	(122)	-	(1)
Gain on foreign exchange rate and monetary variation	444	161	(4)	-
	(1,261)	(1,009)	(261)	(195)
Financial result, net	(4,843)	(3,800)	(251)	(383)

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

11.1 Income taxes

Current and deferred income taxes are comprised by Imposto de Renda ("IRPJ") and 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.

11.1.1 Income taxes recognized in the statement of income reconciliation

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

	2023	Consolidated 2022
Income before taxes	4,956	5,539
Nominal income taxes rate - 34%	(1,686)	(1,829)
Adjustments to income tax calculation:		
Corporate restructuring	-	678
Tax benefit on interest on own capital	321	136
Tax benefit ⁽¹⁾	600	472
Difference on income taxes calculated based on assumed profit	130	55
Additions (reversals) to non-recognized tax loss carry forwards	363	(135)
Other permanent additions (reversals)	(157)	(129)
Income taxes	(429)	(752)
Effective income taxes rates	9%	14%
Current	(408)	(722)
Deferred	(21)	(30)

(1) The variation refers to the increase in the percentage of the promoted activity that influences the exploitation profit which is basis for the ascertainment of the Sudene benefit.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



11.1.2 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	
	2023	2022
Tax loss (includes negative base)	673	498
Surplus and provision for maintaining the integrity of shareholders' equity	309	384
Temporary differences:		
Business combination (note 16.4)	(712)	-
Post-employment benefit obligations	375	292
Provision for legal proceedings	403	387
Estimated credit losses - Accounts receivable	337	307
Right to use the overtaking revenue concession	88	91
Surplus linked to property, plant and equipment, and intangible assets	99	98
Fair value of indemnified financial assets	(2,406)	(1,998)
Debt interest capitalization	(138)	(103)
Accelerated depreciation	(28)	(27)
Fair value of financial instruments	49	83
Hydrological risk (GSF)	(41)	(44)
Construction margin and compensation of the contract asset	(222)	(1,111)
Others	228	230
Total	(986)	(913)
Non-current asset	885	611
Non-current liability	(1,871)	(1,524)

The variations in deferred taxes are as follows:

	Consolidated	
	Asset	Liability
Balance as of December 31, 2022	611	(1,524)
Business combination (note 16.4)	-	(712)
Effects recognized on income	333	(354)
Effects recognized on other comprehensive income	4	34
Transfers between assets and liabilities	(63)	63
Reclassification to liabilities directly associated to non-current assets held for sale	-	(1)
Deconsolidation effect of the transmission assets (note 16.5)	-	622
Balance as of December 31, 2023	885	(1,871)
Balance as of December 31, 2021	727	(1,766)
Effects recognized on income	(183)	153
Effects recognized on other comprehensive income	67	67
Reclassification to liabilities directly associated to non-current assets held for sale	-	22
Balance as of December 31, 2022	611	(1,524)

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



Management considers that deferred tax credits will be realized in proportion to the realization of provisions and the final resolution of future events, both based on projections based on strategic planning. As of December 31, 2023, the expectation of realization of deferred tax assets, recognized, are presented as follows:

	2025	2026	2027	2028	Between 2029 and 2033	Between 2034 and 2038	Consolidated 2039 onwards
Deferred tax asset	15	2	2	8	156	497	205

11.1.3 Current tax assets and liabilities

	2023	Consolidated 2022
IRPJ	1,027	930
CSLL	77	140
Asset	1,104	1,070
Current	402	1,040
Non-current	702	30

	2023	Consolidated 2022
IRPJ	52	73
CSLL	69	87
Liability	121	160
Circulante	92	132
Non-current	29	28

11.1.4 Uncertainties about the treatment of Income taxes

On December 31, 2023 and 2022, the Company had R\$ 29 and R\$ 28, respectively, recognized in the line of income taxes payable which refers to the impact of the uncertain tax positions recorded in the non-current liability.

In addition to the tax uncertainties in the treatment of income taxes that were recognized, on December 31 2023 and 2022, the Company has the amount of R\$ 4,215 and R\$ 3,913, respectively, related to the tax treatments adopted and which are susceptible to questions from the tax authorities, whose prognosis of Company, supported by its legal advisors, is that such tax treatments adopted are accepted by the authorities in the administrative and/or judicial spheres, when necessary. The main natures are listed below, as follows:

- (i) Non-addition of goodwill amortization expense in the IRPJ and CSLL calculation bases, in the amount of R\$ 3,862 (R\$ 3,535 on December 31, 2022).
- (ii) Administrative processes from the nonrecognition of compensation requests made through credit rights of IRPJ and CSLL R\$ 170 (R\$ 197 on December 31, 2022).

11.1.5 Tax benefit – Surplus PMIPL

The tax benefit of the incorporated surplus refers to the tax credit calculated on the incorporated acquisition capital gains. To prevent the amortization of added value from negatively affecting the flow of dividends to shareholders, PMIPL was constituted, whose balances are as follows:

	Consolidated	
	2023	2022
Opening balance	384	461
Amortization	(130)	(133)
Reversal	55	56
Closing balance	309	384

The amortization of surplus, net of the provision reversal and corresponding tax credit, results in a zero effect on the income for the year and, consequently, on the basis for calculating the mandatory minimum dividends. The surplus is being amortized monthly for the remaining period of operation of the concession/authorization, according to the curves below:

						Consolidated
	2024	2025	2026	2027	2028	Between 2029 e 2033
Subsidiaries	72	70	70	59	37	1

11.1.6 Accounting policy and critical judgments

(a) Accounting policy

Income taxes are recognized in the period's result, except for transactions directly recognized in the equity capital.

Income taxes are calculated based on Brazilian rates and their recognition is based on temporary differences between the book value and the tax base value of the assets and liabilities in the tax losses determined. Deferred taxes on assets and liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities and when deferred income tax assets and liabilities are related to taxes on profits levied by the same tax authority on the same taxable entity. The calculation of income tax payable is positively influenced by the SUDENE tax incentive which is exclusive to the companies from the Northeast region and SUDAM which is exclusive to the companies from the North region. The SUDENE tax incentive provides the Company with the tax benefit of a 75% reduction in IRPJ, calculated based on operating profit.

Deferred tax assets recognized in the financial statements are based on technical studies, prepared by Management, which support the expectation of future taxable income. These studies consider the analysis of future results, based on economic and financial projections, which are elaborated with internal assumptions and economic, commercial, and tributary scenarios that may suffer changes in the future. The deferred tax liabilities are immediately recognized in the financial statements.

The tax benefit from the added value and the goodwill incorporated in the process of corporate reorganization is recognized as deferred taxes due to the nature of the intrinsic tax benefit and for better representing the fruition of the cash benefits generated by the transaction in favor of the Company.

(b) Estimates and critical judgments

Significant judgments, estimates, and assumptions are required to determine the number of deferred tax assets recognized when considering projected assumptions and cash flows and may be affected by the following factors but

being limited to them: (i) internal assumptions about projected taxable income, based in the planning of energy production and sale, energy prices, operating costs and planning of capital costs; (ii) macroeconomic scenarios; and (iii) commercial and tax.

The Company also applies critical accounting judgment in the identification of uncertainties about tax positions on profit, which may impact the financial statements. These Uncertainties about the treatment of taxes on profits represent the risks where the tax authority may not accept a certain tax treatment applied by the Company. The Company estimates the probability of the tax authority accepting the uncertain tax treatment based on technical assessments of its legal advisors, considering precedent jurisprudence applicable to the current tax legislation, which may be impacted mainly by changes in tax rules or court decisions that alter the analysis grounds of uncertainty, to the extent that disputes may arise with tax authorities over the interpretation of applicable laws and regulations.

11.2 Other taxes

11.2.1 Other recoverable taxes

	Consolidated	
	2023	2022
State VAT – ICMS	901	893
Tax on revenue - PIS (note 11.3)	626	814
Tax on revenue - COFINS (note 11.3)	3,026	3,874
National Institute of Social Security – INSS	20	27
Other	14	17
Other recoverable taxes	4,587	5,625
Current	2,098	1,876
Non-current	2,489	3,749

11.2.2 Other taxes and sectoral charges payable

	Consolidated	
	2023	2022
State VAT- ICMS	649	545
Tax on revenue - PIS	189	237
Tax on revenue - COFINS	875	1,117
Withholding taxes and contributions	162	158
Others	115	76
Other recoverable taxes	1,990	2,133
Research and Development - R&D	167	178
Energy Efficiency Program – PEE	273	275
Others	81	74
Sectoral charges	521	527
Total other taxes and sectoral charges payable	2,511	2,660
Current	1,559	1,222
Non-current	952	1,438

11.3 Reimbursement to consumers - Federal taxes

As per decision made by the Supreme Federal Court (“STF”) in March 2017, the value of the ICMS highlighted in the bill of sale must not be part of the calculation basis of PIS and COFINS and considering the lawsuits filed by some subsidiaries and the modulation of effects due to the STF decision, the Company constituted a recoverable asset of PIS and COFINS and a corresponding liability that is being passed to the consumers through annual tariff process, as determined by Law nº 14,385/22.

The balance of the constituted liabilities in the subsidiaries, updated by the SELIC rate and deducted from the already accomplished compensations, are shown below:

	Consolidated	
	2023	2022
Opening balance	4,586	6,029
Constitution	-	70
Monetary update	340	424
Compensation	(1,577)	(1,938)
Closing balance	3,349	4,585

12. CASH AND CASH EQUIVALENTS

	Consolidated		Parent Company	
	2023	2022	2023	2022
Cash and demand bank deposits	441	348	1	2
Bank Deposit Certificate (CDB)	2,656	2,646	876	598
Investment funds	4,351	3,808	268	177
Total	7,448	6,802	1,145	777

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 December 31, 2023 is 100.49% of the CDI (100.31% on December 31, 2022).

The portfolio of financial investments, on December 31, 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:

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



Portfolio Exclusive funds	Consolidated		Parent Company	
	2023	2022	2023	2022
Repo operations	4,351	3,808	268	177
Total	4,351	3,808	268	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.

13. TRADE ACCOUNTS RECEIVABLE AND OTHERS

	2023			Consolidated 2022		
	Receivable	Expected credit loss	Accounts receivable, net	Receivable	Expected credit loss	Accounts receivable, net
Energy supply (note 13.1)	9,383	(2,124)	7,259	7,909	(1,720)	6,189
Commercialization of energy at CCEE	132	-	132	99	-	99
Distribution grid availability	1,163	(5)	1,158	938	(3)	935
Government Grants and subsidies	638	-	638	481	-	481
Other receivables	576	(115)	461	549	(108)	441
Total	11,892	(2,244)	9,648	9,976	(1,831)	8,145
Current asset			9,266			7,805
Non-current asset			382			340

13.1 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:

	2023		Consolidated 2022	
	Receivable	Expected credit loss	Receivable	Expected credit loss
Residential	3,471	(1,221)	2,811	(957)
Commercial	1,041	(398)	857	(316)
Industrial	1,086	(238)	960	(205)
Rural	564	(173)	448	(146)
Government	523	(21)	416	(32)
Public lighting	339	(18)	326	(15)
Public service	358	(7)	329	(4)
Unbilled services	2,001	(48)	1,762	(45)
Total	9,383	(2,124)	7,909	(1,720)

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

	2023		Consolidated 2022	
	Receivable	Expected credit loss	Receivable	Expected credit loss
Due receivables	4,468	(121)	3,747	(119)
Overdue receivables:				

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



Between 1 and 90 days	1,689	(103)	1,440	(107)
Between 91 and 180 days	347	(101)	312	(101)
Between 181 and 360 days	602	(261)	602	(240)
After 361 days	2,277	(1,538)	1,808	(1,153)
Total	9,383	(2,124)	7,909	(1,720)

13.2 Variation of the expected credit losses – ECL

	Consolidated	
	2023	2022
Opening balance	(1,831)	(1,580)
Recognized effect in profit or loss for the period	(632)	(510)
Effective write-off of uncollectible receivables	219	259
Closing balance	(2,244)	(1,831)

13.3 Accounting policy and critical judgments

(a) Accounting policy

The trade accounts receivables are financial assets measured by their amortized cost (see note 26.5) and are recognized when the receipt of the consideration value is unconditional, deducted from the expected losses.

(b) Estimates and critical judgments

The Company measures the expected credit losses for the trade accounts receivable from short-term clients through the use of a provision matrix based on the non-adjusted credit loss track record, when such information represents a better reasonable and sustainable information, or adjusted, based on the current observable data to reflect the current and future conditions for each business line operated by the Company.

The group's distributors use the measurement approach through a provision matrix that considers the non-payment history of the last five years. These track records are considered in a segregated form, namely: regular billing, installments, and fraud invoices being divided by consumer class (residential, industrial, commercial, rural, government, public lighting, and public service). In addition to this, there is an individual analysis of the judicial proceedings with an evaluation of the probability loss and respective expected provision. If it is above 12 months, the matrix considers it a full loss.

For the big consumers, there is an individual analysis, which evaluates the losses based on the negotiation and respective financial situation.

The group's generators do not have a non-payment history and considering the assurances offered in the auctions and/or bilateral agreements, the exposition to risk credit is residual. Given these characteristics, the formation level of expected losses is not relevant for this class of receivables. Moreover, CCEE controls the sector's amount of accounts receivables and respective infringements, thus decreasing the credit risk in these operations.

The group's transmitters do not have a history of material losses and, therefore, use a matrix that considers crescent percentages of provisions that may reach 100% in case of a delay above 12 months. The formed credit risk losses are not relevant due to the mechanisms established by ONS to mitigate credit risk.

The supplier and service companies recognized the expected credit loss based on their clients' ratings for unpaid balances and in the worse market rating for unpaid balances for more than 360 days.

14. 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) every four or five years, on average, aiming to recompose a part of the Portion B (manageable costs) and to adjust the Portion A (non-manageable costs) of certain tariff components. This tariff adjustment mechanism can cause a temporal difference that derives from the difference between the projected and included costs in the tariff at the beginning of the tariff period, and the ones that are effectively incurred throughout the tariff's period of validity. These differences form rights or obligations, in observance of the principle of economic and financial balance established by the contract of concession and permission.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



The composition of the sectoral assets and liabilities are demonstrated below:

	2023			Consolidated 2022		
	Rights	Obligations	Net effect	Rights	Obligations	Net effect
CVA and Neutrality						
Energy	137	(1,360)	(1,223)	658	(816)	(158)
System Service Charges – ESS	282	(298)	(16)	463	(1,281)	(818)
Energy Development Account – CDE	62	(1)	61	475	-	475
Tariff on Use of Transmission Network – TUST	678	(5)	673	546	(4)	542
Others	70	(204)	(134)	158	(60)	98
Financial Components and subsidies						
Over contracting pass-through ⁽¹⁾	1,544	(240)	1,304	1,048	(83)	965
Hydrological Risks	-	(930)	(930)	-	(933)	(933)
Demand's Overtaking / Surplus	14	(576)	(562)	15	(442)	(427)
Readjustment deferral	330	(308)	22	112	(206)	(94)
Eletrobras moderateness CDE	4	(262)	(258)	-	(792)	(792)
PIS/COFINS credits over ICMS ⁽²⁾	832	(1,185)	(353)	928	(1,405)	(477)
Water Scarcity Flag ⁽³⁾	348	-	348	1,065	-	1,065
Others	95	(60)	35	105	(125)	(20)
Total	4,396	(5,429)	(1,033)	5,573	(6,147)	(574)
Values Homologated by ANEEL	1,945	(2,520)	(575)	1,962	(1,723)	239
Values to be Homologated by ANEEL	2,451	(2,909)	(458)	3,611	(4,424)	(813)
Total	4,396	(5,429)	(1,033)	5,573	(6,147)	(574)
Current Assets			324			252
Current Liabilities			(430)			(124)
Non-current Liabilities			(927)			(702)

(1) On December 31, 2023, the Company determined an asset of R\$ 1.304, 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 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.

The movement of the concession's sectoral asset and liabilities are presented as follows:

	Rights		Obligations		Consolidated
					Effect
Balance as of December 31, 2022	5,573	(6,147)			(574)
Constitution	4,897	(2,711)			2,186
Amortization (Tariff Repositioning Index)	(3,466)	2,355			(1,111)
Monetary variations	431	(568)			(137)
Transfers	(3,039)	1,642			(1,397)
Balance as of December 31, 2023	4,396	(5,429)			(1,033)
Balance as of December 31, 2021	5,332	(3,641)			1,691
Constitution	5,509	(4,527)			982
Amortization (Tariff Repositioning Index)	(2,969)	1,568			(1,401)
Monetary variations	676	(383)			293
Transfers	(2,975)	836			(2,139)
Balance as of December 31, 2022	5,573	(6,147)			(574)

14.1 Accounting policy and critical judgments

(a) Accounting policy

The sectoral financial assets and liabilities are measured by the amortized cost (see note 26.1) and are originated from the difference between the costs estimated by ANEEL and included in the tariff at the beginning of the tariff period (Portion "A"), and the ones which are effectively incurred throughout the tariff's validity period. This difference constitutes itself as an unconditional right of receiving cash from the Granting Power in cases where the estimated costs are inferior to the effectively incurred costs or as an obligation when the estimated costs are superior to the effectively incurred costs..

Since its initial recognition the financial assets include the expectations of risks concerning nonpayment and Granting Power's charge estimations.

(b) Estimates and critical judgments

The present value of the rights and obligations will be effectively liquidated at the next tariff period or, in case of the concession's extinction, if there are ascertained balances that were not recovered and/or transferred, such values will be included in the compensation basis that is already foreseen in case of the concession's extinction by any reason.

The Company, along with its economic and regulatory advisors, reviews at the end of each period, the assumptions and expectations of approval by the Granting Authority.

Management understands that there are relevant uncertainties concerning the recognition and measurement of the credits related to the energy injected by the consumers in the distribution networks of the Group on loan free of charge and that was originated by the systems of distributed generation (DG) as well as the applicable regulatory treatment to measure the reversal of such credits in relation to the tariff moderateness after the period of 60 months without compensation. Given this context, the Administration concludes that there is no obligation that must be recognized at this moment until these uncertainties are clarified.

15. PUBLIC SERVICE CONCESSIONS

The Company's concessions of distribution and transmission are not onerous, therefore there are no fixed financial obligations and payments to be made for the Granting Authority. The vested concession contracts 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 deadline or other hypothesis predicted 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, proceeding to the mapping, evaluations, and determination of the amount of compensation owed to the Companies considering the values and incorporation dates to the electric system.

15.1 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 26.5). These assets had the following variations in the period:

	Consolidated	
	2023	2022
Opening balance	23,493	18,516
Write-offs	(75)	(58)
Reversals	6	7
Transfers – contract asset ⁽¹⁾	3,398	3,599
Transfers – intangible asset	9	26
Transfers – Others ⁽²⁾	60	64
Fair value adjustments ⁽³⁾	1,222	1,339
Closing balance	28,113	23,493

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

(2) Reimbursement portion of the Program "Luz Para Todos" (Light for everyone) – LPT Batch 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\$ 277.

15.2 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:

	2023			Consolidated 2022		
	Transmission	Distribution	Total	Transmission	Distribution	Total
Current	688	-	688	715	-	715
Non-current	8,422	4,043	12,465	11,674	4,306	15,980
Total	9,110	4,043	13,153	12,389	4,306	16,695
Concluded	607	-	607	5,758	-	5,758
On going	8,503	4,043	12,546	6,631	4,306	10,937

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



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⁾	2,359	4,626	6,985
Write-offs	-	(36)	(36)
Transfers -intangible in service ⁽¹⁾	-	(1,448)	(1,448)
Transfers – Financial assets ⁽¹⁾	-	(3,398)	(3,398)
Transfers – Others	-	(7)	(7)
Contract asset amortization	(442)	-	(442)
Monetary update	1,164	-	1,164
Reclassification to non-current asset held for sale (note 16.3)	(1,156)	-	(1,156)
Deconsolidation of the divested transmission assets (note 16.5)	(5,204)	-	(5,204)
Balance as of December 31, 2023	9,110	4,043	13,153
Cost	9,110	4,472	13,582
Special obligations	-	(429)	(429)

			Consolidated
	Transmission	Distribution	Total
Balance as of December 31, 2021	8,680	4,259	12,939
Additions ⁽¹⁾	3,094	5,425	8,519
Write-offs	-	(78)	(78)
Transfers -intangible in service ⁽¹⁾	-	(1,768)	(1,768)
Transfers – Financial assets ⁽¹⁾	-	(3,599)	(3,599)
Transfers – Others	-	67	67
Contract asset amortization	(429)	-	(429)
Monetary update	1,044	-	1,044
Balance as of December 31, 2022	12,389	4,306	16,695
Cost	12,389	4,801	17,190
Special obligations	-	(495)	(495)

(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.

The expected amortization cash flow of the transmission contract asset will occur as follows:

	Consolidated
2024	632
2025	1,150
2026	1,335
2027	1,508
2028	1,410
Between 2029 and 2033	7,951
Between 2034 and 2038	9,570
2039 onwards	28,949
Total	52,505

15.3 Accounting policy and critical judgments

The Contracts of Public Service Concession of Electric Energy entered into between the federal government (Granting Authority – First Party) regulated the exploration of public service concerning distribution and transmission by the companies and establishes that:

(a) Accounting policy

(i) Distributors

Under the concession contracts:

- At the end of the concession, the assets bound to the infrastructure must be reverted to the Granting Authority against payment of compensation.
- The price is regulated through the tariff mechanism established in the concession contracts based on a parametric formula (Portions A and B), as well as tariff revision modalities are defined. They must be sufficient to cover the costs, investments' amortization and the compensation for the invested capital.

Based on the concession contract's established characteristics, Management reflects the business of energy distribution and transmission, encompassing:

- Investments in the contract of concessions under construction or an improvement of the infrastructure are classified as a contract asset. The contract assets are bifurcated between financial and intangible assets, after the investment's entry into operation or the end of the infrastructure's improvement.
- The estimated portion of the investments that were finished and not fully amortized or depreciated until the end of the concession and classified as an unconditional right of receiving cash or another financial asset directly from the Granting Power.
- The residual portion related to the financial assets' determination (residual value) and classified as an intangible asset (note 18) due to its recovery being conditioned to the use of the public service, in this case, the energy consumption by the consumers.

(ii) Transmitters

Under the concession contracts, the Company is responsible for transporting the energy from the generation centers to the distribution points. To fulfill this responsibility, the transmitter has two distinct performance obligations: (i) to build and improve; and (ii) to maintain and operate the transmission infrastructure.

In complying with these performance obligations (see note 6.5(a)), the energy transmitter maintains its transmission infrastructure available for the users and in consideration, receives a cash flow denominated as Annual Allowed Revenue ("RAP") during the concession contract's validity. These payments amortize investments performed in the transmission infrastructure. Occasional investments that were not amortized generate a right to receive compensation from the Granting Power (when provided in the concession contract), which in contrast, receives all the transmission infrastructure at the end of the concession contract.

The right to receive compensation is due to goods and services conditioned to the fulfillment of performance obligations and not only due to the passage of time. Therefore, the considerations are classified as a contract asset and as the performance obligations are fulfilled, they are reclassified to trade accounts receivable.

(b) Estimates and critical judgments

(i) Financial asset of the concession (Distribution)

For the fair value measurement, the Company utilize the approach of replacement costs based on the prices attributed by ANEEL, which are stipulated for assets which are inherent to operations prone to compensations from the Granting Power. As used estimates consider observable assumptions, such as: (i) reference prices and reference budget, both from ANEEL, and (ii) the Company's Price Database. These assumptions may be significantly different from the ones estimated by Management at the time of the payment of compensation from the Granting Power.

(ii) Contract asset (Transmission)

To measure its contract asset, the Company estimates the future cash flows based on the nominal values from the concession's beginning. The main assumptions are (i) the inflation component to be added to the concession's cash flow and (ii) a discount rate that reflects the financing component for the Granting Power.

The inflation component may be significantly different from the ones made by the Administration concerning the effective relation when receiving the RAP.

16. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

16.1 Changes during the period

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

	Joint ventures	Associates	Total Consolidated	Subsidiaries	Total Parent Company
Balance as of December 31, 2022 ⁽¹⁾	299	857	1,156	29,128	30,284
Capital increase	27	-	27	1,967	1,994
Fair value of the transmission assets (note 16.5)	1,111	-	1,111	(2,222)	(1,111)
Equity effect from the consolidation of EAPSA (note 16.4)	(343)	-	(343)	1,146	803
Reclassification to asset held for sale (note 16.3)	-	-	-	(266)	(266)
Equity in income (losses) of subsidiaries in other comprehensive income	-	-	-	(73)	(73)
Declared dividends and interest on capital	(40)	(10)	(50)	(3,027)	(3,077)
Others	-	-	-	9	9
Equity in income (losses)	74	(75)	(1)	3,754	3,753
Equity in income (losses) of subsidiaries in profit or loss	74	(75)	(1)	3,928	3,927
Amortization of surplus	-	-	-	(174)	(174)
Fair value/recoverable value adjustment – impairment	-	84	84	1,163	1,247
Divestiture effect of equity interest of transmission assets (note 16.5)	-	-	-	(198)	(198)
Fair value adjustment of asset classified as held for sale (16.3)	-	-	-	(166)	(166)
Effects of assets exchange (note 16.4)	-	-	-	1,555	1,555
Fair value adjustment – Assets held for sale	-	-	-	(28)	(28)
Reversal of the recoverable value (Impairment) (note 3)	-	84	84	-	84
Balance as of December 31, 2023	1,128	856	1,984	31,579	33,563
Balance as of January 01, 2022 ⁽¹⁾	1,138	859	1,997	25,742	27,739
Capital increase	47	-	47	3,201	3,248
Equity in income (losses) of subsidiaries in other comprehensive income	-	-	-	(234)	(234)
Declared dividends and interest on capital	(67)	(13)	(80)	(4,953)	(5,033)
Reclassification to asset held for sale (note 16.3)	(334)	-	(334)	(446)	(780)
Others	-	-	-	(13)	(13)
Equity in income (losses)	8	(54)	(46)	5,539	5,493
Equity in income (losses) of subsidiaries in profit or loss	8	(54)	(46)	5,700	5,654
Amortization of surplus	-	-	-	(161)	(161)
Fair value/recoverable value adjustment – impairment	(493)	65	(428)	292	(136)
Fair value adjustment of assets classified as held for sale (note 16.3)	(493)	-	(493)	292	(201)
Reversal of the recoverable value (Impairment) (note 3)	-	65	65	-	65
Balance as of December 31, 2022 ⁽¹⁾	299	857	1,156	29,128	30,284

(1) Retrospective restatement through reclassification. The comparative information is being retrospectively restated as detailed in note 3.

Changes in dividends and interest on equity receivable as follows:

	Consolidated		Parent Company	
	2023	2022	2023	2022
Opening balance	49	25	763	629
Declared	92	111	2,907	4,872
Received	(80)	(87)	(3,001)	(4,738)
Closing balance	61	49	669	763

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



16.2 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	
			2023	2022 ⁽¹⁾	2023	2022 ⁽¹⁾	2023	2022
Subsidiaries								
	Networks	100.00%	10,362	10,316	(560)	1,349	134	322
Wholly owned subsidiaries ⁽²⁾	Liberalized	100.00%	1,516	1,800	495	754	329	307
	Renewable	100.00%	8,462	6,437	617	460	178	304
	Others	100.00%	9	9	(1)	-	-	-
Other subsidiaries								
Neoenergia Coelba	Networks	98.94%	6,445	5,947	1,820	1,550	1,155	1,659
Neoenergia Elektro	Networks	99.68%	3,440	3,403	968	983	720	1,423
Neoenergia Cosern	Networks	93.05%	1,477	1,357	547	540	410	635
Afluenta T	Networks	90.13%	229	235	26	34	34	13
			31,940	29,504	3,912	5,670	2,960	4,663
Associates and joint ventures								
Neoenergia Transmissão ⁽³⁾	Networks	50.00%	1,128	-	28	-	26	-
Teles Pires Participações (note 16.3)	Renewable	51.00%	-	-	-	(55)	-	-
Norte Energia ⁽⁴⁾	Renewable	10.00%	795	797	(85)	(65)	-	-
EAPSA ⁽⁵⁾	Renewable	100.00%	-	299	44	63	15	75
Energética Corumbá III	Renewable	25.00%	61	60	12	11	10	12
			1,984	1,156	(1)	(46)	51	87
Shareholder's transactions			(361)	(376)	16	30	-	-
Total			33,563	30,284	3,927	5,654	3,011	4,750

(1) Retrospective restatement through reclassification. The comparative information is being retrospectively restated as detailed in note 3.

(2) 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).

(3) Previously denominated as Neoenergia Transmissora 15 SPE S.A.

(5) As per note 3, in 2023, the Company reclassified Norte Energia from the line of Non-current Assets Held for Sale to investment in associates and joint ventures.

(6) As per note 16.4, on September 26, 2023, with the transaction's conclusion the Company has 100% of the EAPSA's shares.

16.3 Non-current assets held for sale

	Consolidated		Parent Company	
	2023	2022 ⁽¹⁾	2023	2022 ⁽¹⁾
Non-current assets held for sale				
Neoenergia Itabapoana (a)	1,048	-	266	-
Teles Pires and Baguari (note 16.4)	-	933	-	780
	1,048	933	266	780
Liabilities directly associated to non-current assets held for sale				
Neoenergia Itabapoana (a)	782	-	-	-
Teles Pires and Baguari (note 16.4)	-	153	-	-
	782	153	-	-
Total	266	780	266	780
Non-current assets held for sale				
Neoenergia Itabapoana (a)	266	-	266	-
Teles Pires and Baguari (note 16.4)	-	780	-	780

(1) Retrospective restatement through reclassification. The comparative information is being retrospectively restated as detailed in note 3

a) Neoenergia Itabapoana

In December 2023, the Company received a non-binding offer for the purchase of Neoenergia Itabapoana for R\$ 330 million.

Therefore, following the Company's accounting policies described in Note 16.9 and following the Company's strategy of recovering a portion of its transmission assets through sale, on December 31, 2023, Management reclassified the balances related to Neoenergia Itabapoana to the line of non-current asset held for sale and liabilities directly associated to a non-current asset held for sale using the lesser value between the fair value (net of sales expenses) and the book value, thus affecting the result on December 31, 2023 as shown below:

Offer value to 100% of the subsidiaries	330
Adjusted book value	(492)
Estimated sales expenses	(4)
Transaction result	(166)

16.4 Business combination: Asset exchange swap between Neoenergia and Eletronorte

On December 16, 2022, the Company entered into a Shares Exchange Agreement and Other Covenants. This contract contained an agreement to exchange the following equity interest:

Neoenergia transfers to Eletronorte its shareholdings of 50.56% of Teles Pires, 0.9% of Companhia Hidrelétrica Teles Pires, and 100% of Baguari I (Leading consortium and holder of 51% of the UHE Baguari consortium), evaluated in the amount of R\$ 788; in contrast, Eletronorte transfers to Neoenergia its shareholdings of 49% of EAPSA, 0.04% of Neoenergia Coelba, 0.04% of Neoenergia Cosern and 0.04% of Afluente T, jointly evaluated in the same amount.

Therefore, the Company made an accounting reclassification of the assets Teles Pires and Baguari to "Non-current Asset Held for Sale" on December 31, 2022, and the effect in the result of the period concerning the fair value adjustment of these assets in the moment of reclassification was of - R\$ 201.

In May 2023, the company Baguari Energia S.A. ("Baguari Energia") exercised its preemptive right to purchase Baguari I shares, and the purchase and sales contract was signed with the same amount negotiated in the contract of asset

exchange with Eletronorte. Therefore, the asset swap with Eletronorte had the transfers of shares from Teles Pires and CHTP along with the payment of R\$ 454 which originated from the divestiture of the shares from Baguari I to Baguari Energia.

On September 26, 2023, the asset swap transaction with Eletronorte was concluded after the fulfillment of every precedent condition along with the transfer of the aforementioned equity interest and the payment of R\$ 454 to Eletronorte.

On October 16, 2023, Neoenergia transferred to Baguari Energia S.A. the common shares corresponding to 100% of the share and voting capital of Baguari I Geração de Energia Elétrica S.A., for R\$ 454, consequently, not having any equity interest in the Consortium UHE Baguari.

Considering that prior to the transaction, the Company already was the holder of 51% of EAPSA and that after the transaction's conclusion began owning 100% of its shares, the transaction fit the criteria of a business combination accomplished in stages.

Therefore, all shares involved in the transaction were measured at fair value on the date of the effective transfer of control.

The information below presents the preliminary fair value of the identifiable acquired assets and assumed liabilities on the acquisition date.

Fair value of the net assets acquired by the Company

Fair value of the assets acquired

Cash and cash equivalents	208
Accounts receivable and others	40
Securities and marketable securities	17
Recoverable income taxes	18
Other current and non-current assets	14
PP & E (a)	1,372
Intangible (b)	1,279
	2,948

Fair value of the liabilities assumed

Suppliers and trade accounts payable to contractors and operations of invoice discounting	(12)
Loans and financings	(121)
Payable income taxes	(53)
Other payable taxes and sectoral charges	(9)
Deferred income taxes (c)	(712)
Provisions and other obligations (d)	(10)
Other current and non-current liabilities	(19)
	(936)

Fair value of the net assets acquired **2,012**

Fair value of the consideration transferred and the remeasurement of the interest previously owned ¹	2,701
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Goodwill (c) **689**

(1) On the acquisition date of control of EAPSA, the consideration transferred for the acquired portion was measured at fair value in the amount of R\$ 1,323.

The Company is not subject to contingent considerations or has a right to indemnities that may affect the purchase price. The expenditures with attorneys' fees, financial advisors, due diligence, and charges among others related to the transactions totaled R\$ 7. The assumptions and evaluation techniques of the main identifiable acquired assets and assumed liabilities in the acquisition of EAPSA are as follows:

- a) The Company contracted an evaluation at fair value of the fixed assets from UHE Dardanelos along with an independent and specialized entity in this type of evaluation. Based on the appraiser's report, Management determined an adjustment of R\$ 836 in the account of PP & E, which will be linearly depreciated until December

2049 due to the deadline of the concession contract.

- b)** R\$ 1,279 was allocated to the concession contract concerning the service provision of energy generation until December 2049. The intangible's fair value (concession contract) was evaluated through the multi-period excess earnings method, which considers the current value of the cash flows (net) expected by the concession. The key assumptions were as follows:
- Remaining concession term of 26 years and 4 months (until December 2049).
 - The forecast volume considered the sale of all assured energy in the Power Plant concerning the ACR until 2040 and the ACL between 2041 and 2049. The energy sales in the ACR and ACL considered the contract prices, and the forecast market prices, respectively. Both prices are annually readjusted by the IPCA during the projection.
 - The costs of purchased energy for resale to cover the deficit of energy generated by an average GSF of 96.7% were also considered. A fact worth highlighting is that the insurance SP 90 is contracted, and it maintains protection for a minimum value of GSF in 90%. The costs with network use charges concerning TUST, CFURH, ONS fee, and TFSEE were also considered. The operating expenses are composed of personnel, material, service, and other expenses, and they are also considered in Management's estimates.
 - The investments were projected as per Management's expectations, being essentially destined for the infrastructure's maintenance.
 - The income taxes were projected at a nominal rate of 34%, as per Brazilian tax legislation for the Actual Profit Method ("Lucro Real") for taxation purposes and adjusted by the SUDAM tax benefit and the reduction of the calculation basis for the distribution of interest on own capital.
 - A discount rate reflecting the Weighted Average Capital Cost – "WACC", in an adequate level of perception of the market risk and adequate remuneration to the shareholders on the acquisition date.
- c)** The deferred income taxes totaled R\$ 689 and were calculated based on the adjustments between the book value and the fair value of the assets and liabilities mentioned in items (i), (ii), and (iv), at a nominal rate of 34%. As a consequence of this liability's recognition, there was also a recognition of residual goodwill in the same amount.
- d)** The Company conducted a review of the acquiree's judicial proceedings to evaluate probable future disbursements of cash despite of the current risk evaluation of loss from the judicial proceedings. From this evaluation, an infraction notice of an environmental nature with an expected value of loss of R\$ 9 was issued.

In case the acquisition of EAPSA is made on the first day of the period ended December 31, 2023, the Company's consolidated revenues would have been R\$ 44,552, and its consolidated profit, R\$ 4,570.

The Company ascertained a result in the acquisition of EAPSA as demonstrated below:

Fair value of 100% of EAPSA	2,701
Book value of 100% of EAPSA	(673)
Difference of the fair value attributed to the divested shares and their book value	(473)
Total impact on the result ⁽¹⁾	1,555

(1) Considers the reversal of R\$201 concerning the adjustment to the recoverable value of the non-current assets held for sale in 12/31/2022.

16.5 Disposal 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. Ltd., concerning the sale of 50% equity interest from the subsidiary Neoenergia Transmissão S.A., for the amount of R\$ 1,200 and subject to usual price adjustments.

With this, the Company has reclassified to an account of "Non-current assets held for sale" and "Liabilities directly related to non-current assets held for sale", the assets and liabilities of 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. Narandiba S.A., and Neoenergia Rio Formoso Transmissão e Energia S.A. (jointly nominated as "investees"). The reclassification was made at the lower of their fair value (net of sales expenses) and book value.

A precedent condition for the operation's implementation, in addition to the previous applicable approvals, was that the Company should contribute to the capital of Neoenergia Transmissão S.A., the total amount of its interest in the investees under the transaction's scope. On September 29, 2023, the precedent conditions were fulfilled and the transaction was concluded with a cash delivery of R\$ 1,111.

The chart below outlines a summary of the ascertainment of the transaction values at the moment the interest sales were concluded:

Measurement at fair value of the investees for the offer basis	2,400
Adjustments to the offer value	(178)
Offer value	2,222
Cash received for the divestiture of 50% of Neoenergia Transmissora	(1,111)
Fair value of the interest maintained on Neoenergia Transmissora	1,111
Sales expenses	(30)
Book value of the investees	(2,390)
Transaction's accumulated result	(198)

As a consequence of the interest disposal, the Company began to share the control of Neoenergia Transmissão S.A. with Warrington Investment Pte. Ltd., therefore, as of the operation's conclusion, the assets and liabilities of Neoenergia Transmissão S.A. are no longer consolidated. The investment at fair value of the remaining 50% of Neoenergia Transmissão S.A. started to be evaluated by the equity equivalence method. Therefore, the amount of R\$ 1,111 was reclassified to the account of "Investments in subsidiaries, associates and joint ventures".

16.6 Selected financial information on joint ventures and associates

The summarized financial information of joint ventures and associates that are relevant to the Company are presented below. The individual financial statements of these entities may differ from the financial information shown below since they are prepared considering the Company's accounting policies.

	2023		2022	
	Neoenergia Transmissão ⁽¹⁾	Norte Energia	Norte Energia	Águas da Pedra ⁽²⁾
Statement of financial position				
Cash and cash equivalents	310	1,792	1,544	141
Accountes receivable	54	791	746	41

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 During the years ended December 31, 2023 and 2022
 (Amounts expressed in millions of Reais)



Public service concession (Contract asset)	5,019	-	-	-
PP&E and intangible	16	39,787	40,036	620
Other assets	114	721	1,103	34
Total assets	5,513	43,091	43,429	836
Loans and financing	2,034	28,823	29,227	143
Accounts payable to contractors	60	653	552	7
Other liabilities	1,189	2,355	1,546	101
Total liabilities	3,283	31,831	31,325	251
Shareholder's equity	2,230	11,260	12,104	585

	2023		2022	
	Neoenergia Transmissão ⁽¹⁾	Norte Energia	Norte Energia	Águas da Pedra ⁽²⁾
Statement of income				
Operating revenue, net	176	5,764	5,565	304
Operating profit before the financial result	174	1,304	1,524	178
Net profit (loss) of the period	114	(848)	(647)	148
Other information				
Net working capital	660	(578)	(495)	89
Depreciation and amortization	(1)	(1,708)	(1,692)	(32)

(1) As per note 16.5, in 2023, the Company sold 50% of the equity interest of Neoenergia Transmissão S.A, thus becoming a joint venture.

(2) as per note 16.4, in 2023, the Company began having 100% of the equity interest of EAPSA.

16.7 Subsidiaries with equity interest of non-controlling shareholders

The summarized financial information, before the intercompany eliminations, of the subsidiaries with equity interest of non-controlling shareholders are presented below:

(i) Selected information from the statement of financial position

				2023
	Neoenergia Coelba	Neoenergia Elektro	Neoenergia Cosern	Afluente T
Statement of financial position				
Cash and cash equivalents	956	657	361	3
Accountes receivable	3,444	2,202	676	10
Public service concession (Contract asset)	349	175	35	
PP&E and intangible	2,804	1,508	630	5
Other assets	20,330	6,320	3,959	272
Total assets	27,883	10,862	5,661	290
Loans and financings	14,261	5,506	2,713	-
Accounts payable to contractors	1,327	835	321	5
Derivative instruments	500	68	12	-
Employee benefits	902	122	-	-
Other assets	4,456	1,332	1,069	31
Total liabilities	21,446	7,863	4,115	36
Shareholder's equity	6,437	2,999	1,546	254

				2022
	Neoenergia Coelba	Neoenergia Elektro	Neoenergia Cosern	Afluente T
Statement of financial position				
Cash and cash equivalents	1,002	527	241	21
Accountes receivable	2,719	1,862	593	6
Public service concession (Contract asset)	493	270	93	-
PP&E and intangible	3,198	1,597	697	5
Other assets	18,221	5,670	3,644	269
Total assets	25,633	9,926	5,268	301
Loans and financings	13,151	5,022	2,425	-
Accounts payable to contractors	1,109	755	268	6
Derivative instruments	344	53	13	-
Employee benefits	729	20	-	-
Other assets	4,389	1,211	1,157	34
Total liabilities	19,722	7,061	3,863	40
Shareholder's equity	5,911	2,865	1,405	261

(ii) Selected information from the statement of comprehensive income and other information

	2023			
	Neoenergia Coelba	Neoenergia Elektro	Neoenergia Cosern	Afluente T
Comprehensive income				
Operating revenue, net	15,159	8,703	3,618	67
Operating profite before the financial result	3,774	1,984	913	30
Net income for the period	1,839	971	587	29
Total comprehensive income	22	80	(17)	-
Other information	(887)	505	(58)	38
Net working capital	2,188	1,302	707	(2)
Operating cashflow	872	368	169	772
Depreciation and amortization	11	2	30	15
Remuneration paid to non-controlling interest	(887)	505	(58)	38
				2022
	Neoenergia Coelba	Neoenergia Elektro	Neoenergia Cosern	Afluente T
Comprehensive income				
Operating revenue, net	13,978	8,388	3,544	72
Operating profite before the financial result	3,202	1,788	901	38
Net income for the period	1,567	986	581	37
Total comprehensive income	22	80	(17)	-
Other information	(350)	520	62	48
Net working capital	(350)	520	62	48
Operating cashflow	752	(8)	364	28
Depreciation and amortization	772	315	152	674
Remuneration paid to non-controlling interest	15	5	46	46

16.8 Impairment of investments

Every year, Management reviews events or changes in economic, operational, or technological circumstances of each asset or cash-generating unit (CGU).

On December 31, 2023, and 2022, the assets with previous indications of deterioration or loss of recoverable value were submitted to an analysis to identify the real impact of a possible impairment loss.

The assumptions supporting the conclusions from the accomplished impairment tests range from the prediction of the present value of the estimated future cash flows to the market growth projections in the long term.

The cash flows are estimated based in the historical results and considering the Company's annual budget, meanwhile the horizon of analysis considers the expiry date of each concession and the market's growth expectations through the use of projections that are compatible with historical data along with solid growth perspectives of the Brazilian economy.

The Company registered goodwill from the acquisition of the subsidiary Neoenergia Brasília which was incorporated in March 2021. This asset is allocated in the distribution CGU and its recoverability is evaluated every year. The impairment test from 2023, accomplished with the projected cash flows and considering a discount rate (WACC p.a.) of 13.64% before taxes, demonstrates that no loss was identified.

In 2021, the Company recognized a loss in the recoverable value of its interest of 10% in NESA of R\$ 482. Such loss was ascertained through the determination of the equity interest in the asset's value in use which was calculated with the cash flow method generated by the operation of the HPP Belo Monte with a discount rate of (WACC p.a.) 14.61% before

taxes. The cash flow projections consider assumptions of price curves and physical guarantee in connection with the hired amounts of ACR and ACL and costs similar to its track record throughout the concession's remaining period. Tests for the recoverable amount were made for 2023 and 2022 and a portion of the constituted provision was reverted for R\$ 84 in 2023 and R\$ 65 in 2022.

16.9 Accounting policy and critical judgments

(a) Accounting policy

Business combinations

The Company uses the acquisition method for the operations of business combinations. The transferred consideration from the subsidiary acquisition comprehends the following components: (i) the transferred assets' fair value; (ii) the fair value of the liabilities assumed from the acquired business; (iii) the fair value of any asset or liability resulting from a contingent consideration, if applicable; and (iv) the fair value of any pre-existent equity interest in the subsidiary, if applicable.

The acquired identifiable assets, the assumed liabilities, and the contingent liabilities in a business combination are initially measured by their fair values on the acquisition date. Goodwill arises when there is a surplus between the Company's transferred consideration and the aggregate value of the components (i) to (iv). When the components' aggregate value is inferior to the transferred consideration due to the subsidiary's acquisition, a gain from an advantageous purchase is recognized in the statement of income.

The Company recognizes the non-controlling interest in an acquired subsidiary by the proportional participation of the non-controlling shareholders in the subsidiary's liquid identifiable assets, if applicable.

Subsidiaries, joint ventures, and associates

A subsidiary is an entity where the Company has exposure or has the right to variable returns from its involvement and the ability to interfere in these returns due to the power it exerts over the entity (control). The subsidiaries are fully consolidated from the date when the control is detained by the Company and the consolidation is interrupted from the date when the Company's control ceases.

An associate is an entity over which the Company possesses significant influence, defined as the power to participate in the elaboration of decisions about financial and operational policies of an investee, but without the individual or joint control of these policies.

A joint venture is one where two or more parties have joint control established in a contract. It can be classified as a joint operation or joint venture following the parties' rights and obligations. Whereas in a joint operation, the constituent parties have rights over the assets and obligations over the liabilities related to the business, in a joint venture, the parties have rights over the business's net assets. In the renewable segment, some activities are conducted through joint operations.

The investments in subsidiaries, joint ventures, and associates are evaluated through the equity equivalence method from the date where they become an investee. Only joint operations constituted through a separate entity with its own legal personality are evaluated through the equity equivalence method. For the other joint operations, the Company recognizes these operations' assets, liabilities, and respective revenues and expenses.

The Company's share of the profits or losses of its associates and joint ventures is recognized in the statement of income and the statement of comprehensive income in the same way that they are recognized by their investees. When the Company's share of the losses of an associate or joint venture is equal or superior to the investment's book value, including any other receivable, the Company does not recognize additional losses unless it has incurred in obligations or made payments in the name of the joint venture.

Non-current assets held for sale

The assets are classified as held for sale when it is highly likely that they will be recovered through selling instead of its continuous use and must be measured through the lesser value between its book value and the respective fair value, deducted from the sales costs. Any loss due to the fair value adjustment ascertained in the initial classification of the assets held for sale and gains and/or losses on account of subsequent measurements should be recognized in the result. The Company ceases the measurement through the equity equivalence method on the date that the asset is classified as held for sale.

When the investments in equity interest of joint ventures or associates, previously classified as "non-current asset held for sale" no longer fulfill the conditions to be classified as such, the Company must apply the equity method in a retrospective way as of the date where it was initially classified as "Non-current asset held for sale".

(b) Estimates and critical judgments

Business combination

In the measurement process of a business combination, the Company's Management applies evaluation assumptions and techniques in the main identified elements of the acquisition (acquired assets and assumed liabilities). The application of these evaluation assumptions and techniques involves the Administration's judgment based on its business and management model and the individual characteristics of the elements that are being evaluated. As a result, the fair value of the acquired assets and assumed liabilities initially measured in the business combination may suffer significant variations between the Company's projected results and the results that are effectively achieved. These variations may occur due to the revision of investment, strategic or operational factors as well as the addition of the growth level and the discount rate.

Non-current assets held for sale

The fair value of the non-current assets held for sale is measured with a basis in the income approach which is determined using a discounted cashflow valuation technique using the Company's WACC. The estimated cashflows and the discount rate estimated by Management may result in a different fair value that may be determined by the effective buyer in the closing of the assets' sales.

16.10 List of subsidiaries, associates, and joint ventures

The subsidiary companies are listed below:

Companies	Segment	Total participation	
		2023	2022
Companhia de Eletricidade do Estado da Bahia – Neoenergia Coelba	Distribution	98.98%	98,94%
Companhia Energética de Pernambuco – Neoenergia Pernambuco	Distribution	100.00%	100,00%
Companhia Energética do Rio Grande do Norte – Neoenergia Cosern	Distribution	93.09%	93,05%
Elektro Redes S.A. – Neoenergia Elektro	Distribution	99.68%	99,68%
Neoenergia Distribuição Brasília S.A.	Distribution	100.00%	100,00%
Afluentes Transmissão de Energia Elétrica S.A. – Afluentes T	Transmission	90.18%	90,13%
EKTT 10 A Serv. de Transmissão de Energia Elétrica SPE S.A. – EKTT 10	Transmission	100.00%	100,00%
EKTT 8 A Serv. de Transmissão de Energia Elétrica SPE S.A. – EKTT 8	Transmission	100.00%	100,00%
EKTT 9 A Serv. De Transmissão de Energia Elétrica SPE S.A. – EKTT 9	Transmission	100.00%	100,00%
Neoenergia Guanabara Transmissão de Energia S.A.– Guanabara	Transmission	100.00%	100,00%
Neoenergia Itabapoana Transmissão de Energia S.A. – Itabapoana	Transmission	100.00%	100,00%
Neoenergia Lagoa dos Patos Trans. de Energia S.A. – Lagoa dos Patos	Transmission	100.00%	100,00%
Neoenergia Morro do Chapéu Transmissão e Energia S.A. – EKTT 7	Transmission	100.00%	100,00%
Neoenergia Transmissora 11 SPE S.A.	Transmission	100.00%	100,00%
Neoenergia Vale do Itajaí Transmissão de Energia S.A.– Vale do Itajaí	Transmission	100.00%	100,00%
Potiguar Sul Transmissão de Energia S.A. – Potiguar Sul	Transmission	100.00%	100,00%
Elektro Comercializadora de Energia Ltda – EKCE	Trading	100.00%	100,00%
NC Energia S.A. – NC	Trading	100.00%	100,00%
Termopernambuco S.A. – Termope	Thermal generation	100.00%	100,00%
Baguari I Geração de Energia Elétrica S.A. – Baguari	Hydroelectric generation	-	100,00%
Bahia Pequena Central Hidrelétrica S.A. – Bahia PCH II	Hydroelectric generation	100.00%	100,00%
Energética Água da Pedra S.A. - EAPSA	Hydroelectric generation	100.00%	51.00%
Geração Céu Azul S.A. – Geração Céu Azul	Hydroelectric generation	100.00%	100,00%
Geração CIII S.A. – Geração CIII	Hydroelectric generation	100.00%	100,00%
Itapebi Geração de Energia S.A. – Itapebi	Hydroelectric generation	100.00%	100,00%
Arizona 1 Energia Renovável S.A. – Arizona 1	Wind power generation	100.00%	100,00%
Caetité 1 Energia Renovável S.A. – Caetité 1	Wind power generation	100.00%	100,00%
Caetité 2 Energia Renovável S.A. – Caetité 2	Wind power generation	100.00%	100,00%
Caetité 3 Energia Renovável S.A. – Caetité 3	Wind power generation	100.00%	100,00%
Calango 1 Energia Renovável S.A. – Calango 1	Wind power generation	100.00%	100,00%
Calango 2 Energia Renovável S.A. – Calango 2	Wind power generation	100.00%	100,00%

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 During the years ended December 31, 2023 and 2022
 (Amounts expressed in millions of Reais)



Companies	Segment	Total participation	
		2023	2022
Calango 3 Energia Renovável S.A. – Calango 3	Wind power generation	100.00%	100,00%
Calango 4 Energia Renovável S.A. – Calango 4	Wind power generation	100.00%	100,00%
Calango 5 Energia Renovável S.A. – Calango 5	Wind power generation	100.00%	100,00%
Calango 6 Energia Renovável S.A. – Calango 6	Wind power generation	100.00%	100,00%
Canoas 2 Energia Renovável S.A. - Canoas 2	Wind power generation	100.00%	100,00%
Canoas 3 Energia Renovável S.A. – Canoas 3	Wind power generation	100.00%	100,00%
Canoas 4 Energia Renovável S.A. - Canoas 4	Wind power generation	100.00%	100,00%
Canoas Energia Renovável S.A. – Canoas	Wind power generation	100.00%	100,00%
Chafariz 1 Energia Renovável S.A. – Chafariz 1	Wind power generation	100.00%	100,00%
Chafariz 2 Energia Renovável S.A. – Chafariz 2	Wind power generation	100.00%	100,00%
Chafariz 3 Energia Renovável S.A. – Chafariz 3	Wind power generation	100.00%	100,00%
Chafariz 4 Energia Renovável S.A. – Chafariz 4	Wind power generation	100.00%	100,00%
Chafariz 5 Energia Renovável S.A. – Chafariz 5	Wind power generation	100.00%	100,00%
Chafariz 6 Energia Renovável S.A. – Chafariz 6	Wind power generation	100.00%	100,00%
Chafariz 7 Energia Renovável S.A. – Chafariz 7	Wind power generation	100.00%	100,00%
Elektro Renováveis do Brasil S.A. – Elektro Renováveis	Wind power generation	100.00%	100,00%
Energia Renováveis do Brasil S.A. - Enerbrasil	Wind power generation	100.00%	100,00%
FE Participações S.A. – FPAR	Wind power generation	100.00%	100,00%
Força Eólica do Brasil 1 S.A. - FEB 1	Wind power generation	100.00%	100,00%
Força Eólica do Brasil S.A. – FEB	Wind power generation	100.00%	100,00%
Força Eólica do Brasil S.A. - FEB 2	Wind power generation	100.00%	100,00%
Lagoa 1 Energia Renovável S.A. – Lagoa 1	Wind power generation	100.00%	100,00%
Lagoa 2 Energia Renovável S.A. – Lagoa 2	Wind power generation	100.00%	100,00%
Lagoa 3 Energia Renovável S.A. – Lagoa 3	Wind power generation	100.00%	100,00%
Lagoa 4 Energia Renovável S.A. – Lagoa 4	Wind power generation	100.00%	100,00%
Mel 2 Energia Renovável S.A. – Mel 2	Wind power generation	100.00%	100,00%
Oitis 1 Energia Renovável S.A. – Oitis 1	Wind power generation	100.00%	100,00%
Oitis 10 Energia Renovável S.A. – Oitis 10	Wind power generation	100.00%	100,00%
Oitis 2 Energia Renovável S.A. – Oitis 2	Wind power generation	100.00%	100,00%

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 During the years ended December 31, 2023 and 2022
 (Amounts expressed in millions of Reais)



Companies	Segment	Total participation	
		2023	2022
Oitis 21 Energia Renovável S.A. – Oitis 21	Wind power generation	100.00%	100,00%
Oitis 22 Energia Renovável S.A. – Oitis 22	Wind power generation	100.00%	100,00%
Oitis 3 Energia Renovável S.A. – Oitis 3	Wind power generation	100.00%	100,00%
Oitis 4 Energia Renovável S.A. – Oitis 4	Wind power generation	100.00%	100,00%
Oitis 5 Energia Renovável S.A. – Oitis 5	Wind power generation	100.00%	100,00%
Oitis 6 Energia Renovável S.A. – Oitis 6	Wind power generation	100.00%	100,00%
Oitis 7 Energia Renovável S.A. – Oitis 7	Wind power generation	100.00%	100,00%
Oitis 8 Energia Renovável S.A. – Oitis 8	Wind power generation	100.00%	100,00%
Oitis 9 Energia Renovável S.A. – Oitis 9	Wind power generation	100.00%	100,00%
Santana 1 Energia Renovável S.A. – Santana 1	Wind power generation	100.00%	100,00%
Santana 2 Energia Renovável S.A. – Santana 2	Wind power generation	100.00%	100,00%
Ventos de Arapuá 1 Energia Renovável S.A. – Arapuá 1	Wind power generation	100.00%	100,00%
Ventos de Arapuá 2 Energia Renovável S.A. – Arapuá 2	Wind power generation	100.00%	100,00%
Ventos de Arapuá 3 Energia Renovável S.A. – Arapuá 3	Wind power generation	100.00%	100,00%
Luzia 2 Energia Renovável S.A. – Luzia 2	Solar power generation	100.00%	100,00%
Luzia 3 Energia Renovável S.A. – Luzia 3	Solar power generation	100.00%	100,00%
Elektro Operação e Manutenção Ltda - Elektro O&M	Service	100.00%	100,00%
Neoenergia Operação e Manutenção S.A. - Neoenergia O&M	Service	100.00%	100,00%
Neoenergia Serviços Ltda – Neoserv	Service	100.00%	100,00%
Belo Monte Participações S.A. – Belo Monte	Other	100.00%	100,00%
Neoenergia investimentos S.A. - Neoinvest	Other	100.00%	100,00%

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 During the years ended December 31, 2023 and 2022
 (Amounts expressed in millions of Reais)



The associates and joint ventures are listed below:

Companies	Segment	Total participation	
		2023	2022
Associates			
Energética Corumbá III S.A. – ECIII	Hydroelectric generation	25.00%	25.00%
Norte Energia S.A. – NESA	Hydroelectric generation	10.00%	10.00%
Joint ventures			
Neoenergia Transmissão S.A.	Transmission	50.00%	-
Neoenergia Atibaia Transmissão de Energia S.A.– Atibaia	Transmission	50.00%	100.00%
Neoenergia Biguaçu Transmissão de Energia S.A.– Biguaçu	Transmission	50.00%	100.00%
Neoenergia Dourados Transmissão de Energia S.A.– Dourados	Transmission	50.00%	100.00%
Neoenergia Jalapão Transmissão de Energia S.A.– Jalapão	Transmission	50.00%	100.00%
Neoenergia Rio Formoso Transmissão e Energia S.A. – EKTT 6	Transmission	50.00%	100.00%
Neoenergia Santa Luzia Transmissão de Energia S.A. – Santa Luzia	Transmission	50.00%	100.00%
Neoenergia Sobral Transmissão de Energia S.A.– Sobral	Transmission	50.00%	100.00%
SE Narendiba S.A. – Narendiba	Transmission	50.00%	100.00%

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



17. 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 p. a.	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
Business combination	-	1,294	69	-	9	1,372
Addition	64	-	-	-	663	727
Capitalized costs ⁽¹⁾	-	-	-	-	28	28
Write-offs	-	(1)	-	-	(10)	(11)
Depreciation	(243)	(119)	(45)	(11)	-	(418)
Transfers between classes	1,510	82	(211)	26	(1,407)	-
Transfers - other assets	-	-	-	(1)	(41)	(42)
Deconsolidation of the divested transmission assets (note 16.5)	-	-	-	(11)	(4)	(15)
Balance as of December 31, 2023	6,535	3,472	1,770	60	650	12,487
Cost	7,583	4,841	2,221	103	650	15,398
Accumulated depreciation	(1,048)	(1,369)	(451)	(43)	-	(2,911)
Balance as of December 31, 2021	3,007	2,482	1,564	26	2,481	9,560
Addition	17	-	-	-	1,773	1,790
Capitalized costs ⁽¹⁾	-	-	-	-	95	95
Write-offs	-	(10)	(1)	-	(10)	(21)
Depreciation	(150)	(113)	(54)	(8)	-	(325)
Transfers between classes	2,355	49	472	33	(2,909)	-
Transfers - other assets	(25)	-	-	6	(7)	(26)
Reclassification to non-current asset held for sale	-	(192)	(24)	-	(11)	(227)
Balance as of December 31, 2022	5,204	2,216	1,957	57	1,412	10,846
Cost	6,009	3,206	2,321	91	1,412	13,039
Accumulated depreciation	(805)	(990)	(364)	(34)	-	(2,193)

(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.

17.1 Accounting policy and critical judgments

(a) Accounting policy

The Company classifies in PP&E, tangible assets with a defined long-duration lifespan bound to operations whose price or tariff is not controlled by the Granting Power. These operations belong to the segments of (i) Renewable, (ii) Liberalized, and (iii) Others.

The PP&E assets are demonstrated by the acquisition or construction costs which also comprehends costs directly attributable to deploying the assets in a condition of operation (includes financial charges), as well as, when applicable, the estimations of costs with their dismantling and the restructuring of the place where the asset is located, deducted from the accumulated depreciation and impairment losses.

The PP&E assets are depreciated by the straight-line method based on their estimated lifespan and beginning with the date when the assets are available to be used and are capitalized.

Significant components of certain assets that are substituted throughout the economic lifespan of the main asset are recognized separately and depreciated by the estimated period until its substitution. The expenses with periodic maintenance are recognized in the period's statement of income when incurred.

(b) Estimates and critical judgments

The Company recognizes the depreciation of its fixed assets based on the annual rates established by ANEEL and under the use by companies in the Brazilian electricity sector and represents the estimated useful lives of the assets. Initial investments in generation assets whose plants have a public service concession are depreciated based on the useful lives defined by ANEEL, limited to the plants' concession period if they are not liable to indemnification as per the Company's interpretation of the terms and clauses of indemnification defined in each public service concession contract. The useful lives of property, plant, and equipment also affect the impairment tests of these assets, when applicable.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



18. INTANGIBLE ASSETS

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

						Consolidated	
	Goodwill	Concession	Software	Others	Assets under construction	Total	
Amortization rate p.a.	-	2.78% - 5.56%	0% – 20%	0% - 100%	-		
Balance as of December 31, 2022	671	11,881	16	14	24	12,606	
Business combination (note 16.4)	689	1,277	-	1	1	1,968	
Additions	-	-	-	-	52	52	
Write-offs	-	(87)	-	-	-	(87)	
Amortization	-	(2,071)	(5)	(9)	-	(2,085)	
Transfers between classes	-	8	9	22	(39)	-	
Transfers – Financial asset ⁽¹⁾	-	(9)	-	-	-	(9)	
Transfers – Contract asset ⁽²⁾	-	1,448	-	-	-	1,448	
Transfers – Other assets ⁽³⁾	-	5	-	(2)	3	6	
Balance as of December 31, 2023	1,360	12,452	20	26	41	13,899	
Cost	1,360	34,491	44	41	41	35,977	
Accumulated depreciation	-	(20,459)	(24)	(15)	-	(20,498)	
Special obligation	-	(1,580)	-	-	-	(1,580)	
Balance as of December 31, 2021	671	12,073	11	33	13	12,801	
Additions	-	-	-	-	19	19	
Write-offs	-	(93)	-	-	(2)	(95)	
Amortization	-	(1,840)	(6)	(5)	-	(1,851)	
Transfers between classes	-	-	5	1	(6)	-	
Transfers – Financial asset ⁽¹⁾	-	(26)	-	-	-	(26)	
Transfers – Contract asset ⁽²⁾	-	1,764	4	-	-	1,768	
Transfers – Other assets ⁽³⁾	-	21	2	-	-	23	
Reclassification to Non-current asset held for sale	-	(18)	-	(15)	-	(33)	
Balance as of December 31, 2022	671	11,881	16	14	24	12,606	
Cost	671	31,959	134	20	24	32,808	
Accumulated amortization	-	(18,321)	(118)	(6)	-	(18,445)	
Special obligations	-	(1,757)	-	-	-	(1,757)	

(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 Batch 9.

18.1 Accounting policy

Intangible assets are stated at acquisition costs deducted from their accumulated amortization and impairment losses.

The assets and facilities linked to the right to use the public service concession have an amortization rate that represents their useful life, limited to the concession's maturity.

19. SUPPLIERS, ACCOUNTS PAYABLE TO CONTRACTORS AND AGREEMENT CONTRACTS

	2023	Consolidated 2022
Energy	1,880	1,589
Network usage charges	642	491
Materials and services	1,957	2,206
Free energy	185	165
Total	4,664	4,451
Suppliers and accounts payable to contractors ⁽¹⁾	4,664	4,094
Payable obligations for agreement contracts	-	357
Current	4,483	4,287
Non-current	181	164

(1) Includes the program "Antecipa Fácil" (Easy anticipation).

Operations of invoice discounting or Confirming

To strengthen the commercial relationship with its suppliers, the Company authorized them to accomplish the cession of credits with financial institutions and, for the transferred securities, the Company will make their payment directly to its 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 transferred securities, guarantee, or the existence of contract clauses that may require anticipated maturities. The Company does not influence over negotiations between suppliers and financial institutions.

Until December 31, 2022, these transactions were substantially operationalized directly between the suppliers and the financial institutions, mostly under Agreement contracts and assignment of claim (jointly "agreement contract"), signed between the Company and the financial institution whose payment of the yielded invoice is made by the Company to the financial institution.

As of 2023, the Company began using a 100% digital platform ('Antecipa Fácil') to facilitate these transactions. The platform is managed by a partner company that has no relation with the Company. The suppliers access this platform and include the invoices that they wish to anticipate. In turn, the *Antecipa Fácil*, triggers several financial institutions for the execution of a reversal auction, subsequent definition of cost to the supplier, and which institution will do the anticipation. The invoice's settlement is made by the Company to the original supplier in a consigned bank account informed by the platform.

On December 31, 2023 and 2022, the value of these obligations is presented below:

	2023	Consolidated 2022
Platform - <i>Antecipa Fácil</i>	125	-
Agreement contract	-	357
Total	125	357
Current	125	357
Average payment period	54 days	113 days

19.1 Accounting policy and critical judgments

(a) Accounting policy

Suppliers, accounts payable to contractors, and payable obligations of agreement contracts are financial liabilities measured at amortized cost (see note 26.5).

The Company evaluates if the transfers of securities significantly change the main characteristics of commercial conditions that were previously established with the original creditor. If the transfer does change the qualitative and quantitative characteristics of the original financial liability significantly (Suppliers and accounts payable to contractors), the Company recognizes a new financial liability (“Loans and financings”) and recognizes a potential gain/loss in the income for the period. If the original liability was not significantly modified and the counterpart that will receive payment has changed, the Company also recognizes a new financial liability (“Payable obligations to agreement contracts”).

The transfer of securities that has no significant changes in the main characteristics of the commercial conditions that were previously established with the supplier are classified in the statement of cash flows as an operating or investing activity. This classification significantly depends on the nature of the product or service acquired.

(b) Estimates and critical judgments

To determine if there was a substantial change in the qualitative characteristics, the Company mainly evaluates possible changes in the contract warranties and/or the inclusion of default clauses that are usually observed in debt contracts. Concerning the quantitative characteristics, the Company evaluates if there were changes in the payment period superior to 3 (three) times the usual deadline negotiated with suppliers of the same category and if there were changes higher than 10% of the liability’s fair value in relation to the original conditions.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



20. LOANS, FINANCING AND DERIVATIVE FINANCIAL INSTRUMENTS

20.1 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:

	Consolidated		Parent Company	
	2023	2022	2023	2022
Bank loans and financing	8,902	9,364	-	569
Development agencies	17,255	16,245	2,876	2,429
Capital market	19,726	17,894	1,624	1,603
Loans and financings ⁽¹⁾	45,883	43,503	4,500	4,601
Derivative financial instruments (note 20.3)	1,298	283	736	508
Cash and cash equivalents (note 12)	(7,448)	(6,802)	(1,145)	(777)
Marketable securities	(587)	(513)	(109)	(61)
Net debt	39,146	36,471	3,981	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.

20.2 Loans and financing

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 mostly are denominated in Brazilian Reais ("R\$") and U.S Dollars ("US\$"). The debts are initially recognized at fair value, which usually reflects the received value, net transaction costs (direct costs of issuance), and eventual payments. Subsequently, the debts are recognized by 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 exchange to itself, thus significantly mitigating the risk of foreign exchange exposure.

a) Balance of contracts by currency and interest rate modality

	Consolidated		Parent Company	
	2023	2022	2023	2022
Denominated in R\$	33,103	32,532	1,652	2,205
Floating interest rates	33,078	32,492	1,652	2,205
Fixed interest rates	25	40	-	-
Denominated in US\$	9,504	9,670	2,883	2,434
Floating interest rates	1,257	969	500	-
Fixed interest rates	8,247	8,701	2,383	2,434
Denominated in other currencies	3,688	1,646	-	-
Fixed interest rates	3,688	1,646	-	-
	46,295	43,848	4,535	4,639
Collateral deposits	(115)	(112)	-	-
Transaction costs	(297)	(233)	(35)	(38)
	45,883	43,503	4,500	4,601
Current liabilities	8,951	7,289	216	720
Non-current liabilities	36,932	36,214	4,284	3,881

On December 31, 2023, the debts' average cost in percentage are as follows:

	Consolidated		Parent Company	
	2023	2022	2023	2022
Average cost in % of CDI ⁽¹⁾	89.4%	90.4%	79.1%	92.5%

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



Average cost in fixed interest rates	11.8%	11.4%	10.4%	11.6%
Debt balance	45,883	43,503	4,500	4,601
Derivative financial instruments	1,298	283	736	508
Total debt, net of derivatives	47,181	43,786	5,236	5,109

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

b) Debt's future payment flow

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 are demonstrated below:

				Consolidated
	Principal ⁽¹⁾	Interest ⁽¹⁾	Derivative instruments	Total
2024	8,397	3,036	761	12,194
2025	5,971	2,508	256	8,735
2026	5,839	2,411	277	8,527
2027	5,693	1,899	79	7,671
2028	6,883	1,500	35	8,418
Between 2029 and 2033	13,648	2,901	(411)	16,138
Between 2034 and 2038	3,647	1,019	(137)	4,529
2039 onwards	2,937	419	-	3,356
Total	53,015	15,693	860	69,568

				Parent Company
	Principal ⁽¹⁾	Interest ⁽¹⁾	Derivative instruments	Total
2024	171	180	218	569
2025	178	175	171	524
2026	322	172	155	649
2027	840	168	111	1,119
2028	879	141	71	1,091
Between 2029 and 2033	3,005	320	(250)	3,075
Between 2034 and 2038	491	18	(136)	373
Total	5,886	1,174	340	7,400

(1) The estimated future payment flow, including the principal and interest is calculated based on the interest rate curves (pre and post rates) and exchange rate in effect on December 31, 2023, and considering that all amortizations and payments upon maturity of the loans and financings will be made in the contracted deadlines. The amount includes estimated future payment of charges to incur (still not provisioned) and the incurred charges that are already recognized in the financial statements.

On December 31, 2023, the Company's debt average deadline is of 5.19 years (5.29 years on December 31, 2022).

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



c) Debt reconciliation with the cash flow and other variations

	Consolidated		Parent Company	
	2023	2022	2023	2022
Opening balance	43,503	38,623	4,601	5,373
Effect on the cash flow:				
Fund raisings	11,522	12,923	657	1,473
Principal's amortization	(6,483)	(8,171)	(666)	(2,204)
Borrowing costs	(132)	(94)	(3)	-
Debt charges paid	(3,017)	(2,649)	(214)	(330)
Redemption of collateral deposits	(3)	(30)	-	-
Non-cash effect:				
Charges incurred	4,044	3,748	291	406
Exchange rate variation	(1,065)	(770)	(166)	(117)
Fair value adjustments	(2)	(33)	-	-
Reclassification to liabilities directly associated to non-current assets held for sale (note 16.3)	(584)	(44)	-	-
Addition from business combination (note 16.4)	121	-	-	-
Deconsolidation of the divested transmission assets (note 16.5)	(2,021)	-	-	-
Closing balance	45,883	43,503	4,500	4,601

During the year ended December 31, 2023, the Group raised R\$ 11,522, being: (i) R\$ 3,898 through bank loans and financing in foreign currency, in addition to contracts of foreign exchange swaps; (ii) R\$ 150 through bank loans and financing in reais with foreign currency; (iii) R\$ 3,654 through capital market; (iv) R\$ 1,178 with a deadline of up to 10 years raised with JICA/MUFG (Japan International Cooperation Agency/Mitsubishi UFJ Financial Group, Inc.); (v) R\$ 1,660 with development banks; (vi) 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, and (vii) R\$ 182 with the European Investment Bank (EIB) being a green bond linked to ESG goals.

d) Credit lines

Type	Currency	Raising deadline	Total amount	Consolidated Used amount
Financing lines	R\$	12/30/2026	6,339	2,012
			6,339	2,012

The average cost to maintain these credit lines, on December 31, 2023, is 0.34% per annum (0.35% per annum on December 31, 2022) over the total amount.

e) Restrictive financial conditions (Covenants)

On December 31, 2023, the Company has 89% of the consolidated debt contracts with Covenants. The main covenants require that the Company must maintain certain indexes, such as net debt over EBITDA and EBITDA over financial income (expenses). The Company did not identify any event of nonconformities on December 31, 2023 and 2022. Below are the main parameters and standard estimated measurements.

	Inferior contract limits ⁽¹⁾	Measurement ⁽²⁾ in 12.31.2023	Measurement ⁽²⁾ in 12.31.2022
Consolidated Neoenergia:			
Net debt ÷ EBITDA (*)	≤ 4.0	3.17	3.15
EBITDA ÷ Financial result (*)	≥ 2.0	2.55	3.05

(*) 12-month cumulated period.

- (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 indexes are from the lower level of each observed indicator among all debt contracts.
- (2) General indexes achieved by the consolidated information presented in these financial statements. Neoenergia S.A is the guarantor of its subsidiaries' debts; therefore, some financial covenants are based on the consolidated amounts of Neoenergia S.A.

The Company has non-financial covenants that must be fulfilled and verified in the same periodicity as the financial covenants. No infringement of nonfinancial covenants that may give cause to an early maturity of its financial operations was identified.

20.2.1 Accounting policy

Financial liabilities are initially recognized at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost (except in certain circumstances, which include certain financial liabilities at fair value through profit or loss) and updated using the effective interest and charges. Any difference between the amount raised (net of transaction costs) and the settlement value is recognized in the statement of income during the period in which the instruments are in progress using the effective interest rate method. Fees paid when borrowing are recognized as transaction costs.

Interest on passive financial instruments is capitalized as part of property, plant, and equipment or intangible assets if these costs are directly related to a qualified asset. Capitalization occurs until the qualified asset is ready for its intended use. Interest on non-capitalized loans is recognized in the income statement in the period that they were incurred.

As of December 31, 2023 and 2022, the interest capitalization index (incurred charges) is 1.69% and 2.48%, respectively.

20.3 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, options, and other derivatives financial instruments for economic and financial protection purposes, as a part of the Company's risk management strategy. General considerations on the risk management strategy are set out in note 26.7.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



a) Assets (Liabilities) of derivative financial instruments in the statement of financial position

	Consolidated		Parent Company	
	2023	2022	2023	2022
Loans and financing - hedging instruments:				
Exchange rate risk (NDF, options and other derivatives)	(18)	(11)	(14)	(8)
Currency swap– US\$ vs R\$	(852)	(117)	(722)	(494)
Currency swap – Other currencies vs R\$	(462)	(189)	-	-
Interest rate swap – R\$	42	33	-	-
Other transactions - hedging instruments:				
Exchange rate risk – Goods and services	(8)	7	-	-
Price risk of own shares (NEOE3)	-	(6)	-	(6)
Net exposure	(1,298)	(283)	(736)	(508)
Current asset	284	183	-	-
Non-current asset	347	774	5	-
Current Liability	(610)	(289)	(110)	(41)
Non-current Liability	(1,319)	(951)	(631)	(467)

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

	Consolidated		Parent Company	
	2023	2022	2023	2022
Derivatives not designated for hedge accounting				
Loans and financing hedging	7	8	-	-
Other transactions hedging	(4)	7	-	-
Hedge to protect the prices of the own shares (NEOE3)	-	(6)	-	(6)
Derivatives designated for hedge accounting – cash flow				
Loans and financing hedging	(1,613)	(757)	(736)	(502)
Other transactions hedging	(4)	-	-	-
Derivatives designated for hedge accounting – fair value				
Loans and financing hedging	316	465	-	-
	(1,298)	(283)	(736)	(508)

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



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

	2023			Consolidated 2022		
	Loans and financing hedging	Other operations hedging	Total	Loans and financing hedging	Other operations hedging	Total
	Opening balance	(283)	-	(283)	1,903	(33)
Gain (loss) recognized in profit or loss	(2,332)	(39)	(2,371)	(1,826)	(33)	(1,859)
Gain (loss) recognized as Capex	-	(6)	(6)	-	(29)	(29)
Gain (loss) recognized in other comprehensive income	161	7	168	(613)	8	(605)
Financial settlement inflow (outflow)	1,162	32	1,194	252	88	340
Closing balance	(1,292)	(6)	(1,298)	(284)	1	(283)
Gain (loss) recognized in profit or loss						
Cost of operations	-	(19)	(19)	-	4	4
Financial income (expenses), net	(2,332)	(20)	(2,352)	(1,824)	(39)	(1,863)

	2023			Parent Company 2022		
	Loans and financing hedging	Other operations hedging	Total	Loans and financing hedging	Other operations hedging	Total
	Opening balance	(502)	(6)	(508)	(104)	(24)
Gain (loss) recognized in profit or loss	(429)	(20)	(449)	(319)	(20)	(339)
Gain (loss) recognized in other comprehensive income	(39)	5	(34)	(260)	9	(251)
Financial settlement inflow (outflow)	234	21	255	181	29	210
Closing balance	(736)	-	(736)	(502)	(6)	(508)
Gain (loss) recognized in profit or loss						
Cost of operations	-	(20)	(20)	-	(24)	24
Financial income (expenses), net	(429)	-	(429)	(319)	4	(315)

20.3.1 Accounting policy and critical judgments

(a) Accounting policy

Derivative financial instruments are recognized as assets or liabilities in the statement of financial position and measured at fair value. Changes in the fair value of derivatives are recorded in the income statement unless they are designated as hedge accounting and derivatives used for the purchase/sale of non-controlling interest. Derivative transactions that are not qualified as hedge accounting are classified and presented as an economic hedge since the Company uses derivative instruments to manage its financial risks to mitigate these risks.

The Company documents, at the beginning of the hedge accounting operation, the relationship between the hedge instruments and the hedged items, with the objective of risk management and the strategy for carrying out hedge operations. The Company documents its assessment, both initially and on an ongoing basis to verify if the derivatives used in hedge operations are highly effective.

Changes in the fair value of derivative financial instruments designated as cash flow hedges have their effective component recognized in the equity and the ineffective component recorded in the income for the year. The amounts recorded in equity are only transferred to income for the year in an appropriate account (cost, operating expense, or financial expense) or asset from PP&E/intangible, when the protected item is effectively realized. The costs of the hedging instruments are recognized within equity.

Changes in the fair value of derivative instruments used to buy/sell non-controlling interest are recognized in equity as

reserves for shareholders' transactions.

(b) Estimates and critical judgments

The fair value of derivative financial instruments not traded in an active market is determined using valuation techniques. The Company uses its judgment to determine the most adherent valuation method for each derivative instrument class, as well as the assumptions to be observed. In a general manner, the assumptions are based on the existent market conditions at the balance sheet date.

The assumptions for evaluating derivatives and analyzing the impact if the actual results are different from Management's estimate are presented in notes **Error! Reference source not found.** and **Error! Reference source not found.**, respectively.

21. PROVISIONS, OTHER OBLIGATIONS AND JUDICIAL DEPOSITS

	Consolidated	
	2023	2022
Provision for judicial lawsuits (note 21.1. a)	1,696	1,638
Provision for environmental obligations	122	118
Provision for obligations to dismantle assets	175	103
Provision for reimbursement	194	158
Total	2,187	2,017
Current liability	378	378
Non-current liability	1,809	1,639

21.1 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:

	Consolidated				Total
	Civil	Labor	Tax	Regulatory	
Balance as of December 31, 2022	944	490	125	79	1,638
Additions and reversals, net	190	21	(3)	(48)	160
Payments	(194)	(69)	-	(1)	(264)
Monetary variation	144	59	1	4	208
Reclassification to liabilities directly associated to non-current assets held for sale	(6)	-	-	-	(6)
Deconsolidation effect of the transmission assets (note 16.5)	(40)	-	-	-	(40)
Balance as of December 31, 2023	1,038	501	123	34	1,696
Balance as of December 31, 2021	829	475	135	104	1,543
Additions and reversals, net	150	39	(5)	(27)	157
Payments	(176)	(84)	(5)	-	(265)
Monetary variation	145	60	-	2	207
Reclassification to liabilities directly associated to non-current assets held for sale	(4)	-	-	-	(4)
Balance as of December 31, 2022	944	490	125	79	1,638

Among the relevant lawsuits whose risk of loss is considered probable, the Company highlight:

Highlighted amount recognized concerning civil lawsuits:

- Civil lawsuits where indemnities for moral and material damage, among others, from incidents that occurred during the usual course of business, amounting to R\$ 453 (R\$ 400 on December 31, 2022).
- The Company is a party involved in civil lawsuits at the administrative and judicial levels regarding landholding indemnity lawsuits arising from discrepancies between the Company's evaluation value and the one claimed by the property owner. The provisions for losses arising from these lawsuits are estimated and updated by the Company, supported by the opinion of its legal advisors, of R\$ 190 (R\$ 201 on December 31, 2022).

Highlighted amount recognized concerning labor lawsuits:

- Collective action filed by the Electricians Union of Rio Grande do Norte for the implementation of the Career and Salary Positions Plan, thus claiming the promotions for merit and seniority with all the legal consequences. The lawsuit is in the sentence settlement stage with an amount provisioned of R\$ 99 (R\$ 92 on December 31, 2022) and corresponds to the probable estimate of resources to settle this discussion.
- Lawsuits filed by employees and former employees against the Company, involving the charges of overtime hours, additional pay for health hazard and hazardous duty, salary equalization/reframing, discussion about the career and salary positions plan, and others, whose provisioned value is R\$ 247 (R\$ 228 on December 31, 2022);
- Lawsuits filed by former employees from contractors (joint and/or subsidiary responsibility) involving the charge of indemnifying installments and others where the estimated amount is R\$ 88 (R\$ 96 on December 31, 2022).

b) Contingent liabilities

Contingent liabilities concern unrecognized lawsuits since they are current obligations whose outflow of resources is not probable or for which it is not possible to make a sufficiently reliable estimation of the obligation value based on legal opinions. The contingent liabilities are demonstrated below:

	Consolidated	
	2023	2022
Civil	3,527	2,763
Labor	897	816
Tax	4,396	4,043
Regulatory	343	311
Total	9,163	7,933

The relevant lawsuits whose probability of loss was considered as possible are presented below:

Civil lawsuits: Refers to actions of a commercial and indemnity nature, brought by individuals and legal entities, involving the right to claim for repayments and material damages, among others whose highlights are discussed below:

- Legal disputes involving regulating acts from ANEEL (Normative resolution nº 387/2009 and Dispatch SFF/ANEEL 2517/2010) concerning the calculation methodology of the balance from free energy between generators and distributors of energy. The estimated amount is R\$ 85 (R\$ 77 on December 31, 2022).
- Indemnity action filed by Jaguaripe Agro-Industrial S/A against Neoenergia Coelba due to a power cut at its facilities without prior notice in the estimated amount of R\$ 78 (R\$ 71 on December 31, 2022).
- Indemnity actions filed by third parties due to accidents (Electroplession) with the electric network at Neoenergia Celpe. Non-compliance by the population/consumer with safety rules and distances, as well as wire breakage, due to natural phenomena or technical failures with an estimated amount of R\$ 112 (R\$ 106 on December 31, 2022).
- Lawsuits that discuss the legitimacy of invoices made by the distributors' infrastructure installations in highway stretches. As the subject still is not pacified in the Courts, the Company's legal advisors maintain the loss prognostic as possible. The estimated amount is R\$ 539 (R\$ 483 on December 31, 2022).
- Lawsuits of commercial and indemnifying natures moved by individuals and legal entities involving the repayment in case of mistake, material and/or moral damage, among others. It has an estimated amount of R\$ 335 (R\$ 343 on December 31, 2022).
- Lawsuit filed against the Consortium Empreendedor Baixo Iguaçú that involves compensation for material and moral damage, among others. It is due to incidents that occurred during the normal course of business with an estimated amount of R\$ 272.
- Public Civil Action with a preliminary injunction for the fulfillment of obligations and payment of compensation filed by the City of Aripuanã against Energética Águas da Pedra due to allegations of Aripuanã's prefecture on the noncompliance of the terms in the Basic Environmental Plan (PBA) that are in the enterprise's permit procedure. The estimated amount is R\$ 52.

The amounts were adjusted for inflation based on the INPC variation, plus a monthly interest of 1%.

Labor lawsuits: Refers to lawsuits filed by employees and former employees against the subsidiaries involving the collection of overtime, dangerous premiums, wage parity/reframing, discussion of the job and salary plan, and others, as well as actions filed by ex-employees of contractors (subsidiary and/or joint liability) involving the collection of

indemnity and other installments. The values were updated by the variation of the IPCA in the pre-procedural stage and the SELIC rate after the filing of the labor lawsuits.

- Lawsuits filed by employees and former employees against the Company involving the charges of overtime hours, additional pay for dangerousness, salary equalization/reframing, discussion about the career and salary positions plan, and others, whose provisioned value is R\$ 689 (R\$ 772 on December 31, 2022).

Tax lawsuits: Refers to tax lawsuits and impugnations of charges, subpoenas, and infractions reports involving several taxes such as ICMS, ISS, CPMF, IPTU, PIS/COFINS, among others whose highlights are discussed below:

- Infraction notice concerning ICMS tax credits whose bookkeeping in the Credit control of ICMS regarding permanent asset (CIAP) was allegedly in disagreement with the revised rules in the tax legislation and is estimated at R\$ 569 (R\$ 516 on December 31, 2022);
- Infractions notice concerning ICMS tax credits on the Company's fixed assets and fuel used in the operating fleet estimated in R\$ 197 (R\$ 286 on December 31, 2022);
- Infraction notice involving the debit reversal of ICMS (Agreement 30) related to the rebilling of an energy invoice estimated at R\$ 256 (R\$ 183 on December 31, 2022);
- Infraction notice for alleged ICMS use in the acquisition of fixed assets from micro suppliers, duplicated credits, and deferred purchases estimated at R\$ 669 (R\$ 501 on December 31, 2022);
- Infraction notice related to social contributions (INSS) over values paid under PSP, private pension, medical care, Worker's Meal Plan (PAT), as well as values paid under labor assignments estimated at R\$ 112 (R\$ 105 on December 31, 2022).
- Tax lawsuits and impugnations of charges, subpoenas, and infractions reports involving several taxes such as ICMS, PIS/COFINS, and CIDE, among others for R\$ 580 (R\$ 545 on December 31, 2022).
- Infraction notice discussing the incidence of withholding income tax for R\$ 407 (R\$ 384 on December 31, 2022) due to the operation to incorporate Elektro Holding by Neoenergia in August 2017.
- Annulment action to cancel the formalized tax settling of the Administrative Process n.º 10580.729581/2011-04 concerning the billing of a fine and interest due to the non-retention of income tax when distributing interest on own capital. It refers to the period from 2006 to 2010. Estimated values of R\$ 123 (R\$ 113 on December 31, 2022).

The values were monetarily adjusted by the variation of the SELIC rate.

Regulatory lawsuits: Refers to regulating lawsuits against the Group's distributors. Among the objects of these proceedings is the calculation of indicators related to technical continuity of service, individual and collective lawsuits, commercial issues, the accomplishment of financial corresponding compensations and recovery of global indicators, issues concerning collection or legality of elements or tax headings, and issues related to the legality of administrative proceedings filed by ANEEL.

c) Judicial deposits

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

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



	2023	2022
Civil	719	571
Labor	373	341
Tax	311	292
Others	45	40
Total	1,448	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.

21.2 Accounting policy and critical judgments

(a) Accounting policy

Provisions are recognized when: (i) the company has a present obligation as a result of a past event; (ii) it is probable that an outflow of funds that incorporate economic benefits will be necessary to settle the obligation, and (iii) the amount of the obligation can be estimated reliably.

The value related to the main portion of the provision is recognized in the operating result or the PP&E/intangible due to the direct correlation between the Company's operations and the financial charges recognized in the financial result.

Contingent assets and liabilities are not recognized. Contingent liabilities are disclosed in explanatory notes when the probability of outflow of funds is possible, including those whose values cannot be estimated. Contingent assets are disclosed in notes when the entry of economic benefits is considered probable.

(b) Estimates and critical judgments

Legal proceedings are contingent in nature, that is, they will be resolved when one or more future events occur or no longer occur. The occurrence or not of such events does not depend on the performance of the Company and uncertainties in the legal environment involve the exercise of significant estimates and judgments by Management regarding the potential results of future events.

22. OTHERS LIABILITIES

	2023	Consolidated 2022
Collateral deposits ⁽¹⁾	789	799
Customer returns	283	256
Contribution for Public Lighting Service Funding- COSIP	145	131
Use of public good- UBP	83	64
Others	292	255
Total	1,592	1,505
Current liabilities	1,247	1,236
Non-current liabilities	345	269

(1) Guarantee constituted to ensure the contracts' fulfillment, added by a monetary conversion based on the predicted indices (IPCA or CDI) to face the operating clauses and the requirement to pay the charges concerning companies that provides services to the group.

23. 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 short- and 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:

	2023	Consolidated 2022
Labor obligations and PSP	643	599
Benefits – post-employment (note 23.1)	1,142	887
Defined contribution – CEBPREV	-	40
Total	1,785	1,526
Non-current assets ⁽¹⁾	(22)	(24)
Current liabilities	854	806
Non-current liabilities	953	744

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

23.1 Benefits – post-employment

The Company contributes, as a sponsor, to retirement plans that provide its employees with benefits in the event of retirement, death, and disability. The Company has plans in the defined benefit and defined contribution format. The defined benefit plans were closed for new adhesions due to exposing the Company to the risk of actuarial imbalance in the event of a deficit in the plan, so the Company would have to make extraordinary disbursements to ensure the granting of benefits to employees and former employees participating in the plans (active and assisted). Currently, there is only one defined benefit plan open for new memberships.

As for defined contribution plans, the Company does not incur the risk of actuarial imbalance, since the amount is permanently adjusted according to the resources maintained in favor of the participant (individual savings model). Currently, there is only one defined contribution plan open for new members.

The management of the benefit plan is carried out by managers external to the Company's management ("Curators"). The plan trustees are responsible for governance and have a legal obligation to act exclusively in the best interest of the plan's beneficiaries. The trustees have the following functions: (i) administration of the plans and payment to the beneficiaries of the plan's assets when required in accordance with the plan's rules; (ii) management and investment of the plan's assets; and (iii) compliance with other regulations, when applicable. The Trustees of the Company's plans are closed entities of supplementary social security or social security, non-profit and with administrative and financial autonomy.

Below is the list of Curators and other information on the plans:

	Consolidated Position in 12/31/2023			
	Quantity of active beneficiaries	Quantity of assisted beneficiaries	Situation	Financial condition
Defined benefit plan				
Néos - Plan BD PE	31	3,245	Closed	Deficit
Néos - Plan BD BA	-	849	Closed	Surplus
Néos - Plan BD RN	-	277	Closed	Surplus
FACEB – Plan Saldado	7	502	Closed	Deficit
FACEB – Plan BD	4	223	Closed	Deficit
Vivest - PSAP/Elektro	2,764	2,190	Open	Deficit
	2,806	7,286		
Defined contribution plan				
Néos - Plan CD BA	2,203	1,517	Closed	N/A
Néos - Plan CD RN	48	36	Closed	N/A
Néos - Plan CD PE	594	106	Closed	N/A
Néos - Plan CD Néos	8,130	630	Open	N/A
FACEB – CEBPREV	340	1,070	Open	N/A
	11,315	3,359		
Total	14,121	10,645		

For the Post-Employment Health plan, the Company maintains collective corporate insurance to cover medical and hospital assistance and dental care expenses for active employees, retirees, pensioners, and their legal dependents. As they are non-capitalized health care plans, they have a deficit nature. This plan does not allow new participants to join. As of December 31, 2023, the plan has 6,195 beneficiaries (759 active beneficiaries, 2,691 titular assisted beneficiaries, and 2,745 dependents assisted beneficiaries).

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



a) Changes in the plan's assets and liabilities

(i) Defined benefit and post-employment healthcare

	Defined benefit				Consolidated
	Actuarial obligations	Assets' fair value	Ceiling effect	Net asset (liability)	Healthcare Net asset (liability)
Balance as of December 31, 2022	(3,726)	3,766	(198)	(158)	(729)
Service cost	(2)	-	-	(2)	50
Interest effects	(337)	332	(17)	(22)	(72)
Contributions paid by participants	(5)	5	-	-	-
Contributions paid by the sponsor	-	52	-	52	67
Benefits paid by the plan	393	(394)	-	(1)	-
Resizing	(298)	144	45	(109)	(218)
Balance as of December 31, 2023	(3,975)	3,905	(170)	(240)	(902)
Surplus plans	(442)	618	(154)	22	-
Deficit plans	(3,533)	3,287	(16)	(262)	(902)
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 December 31, 2022	(3,726)	3,766	(198)	(158)	(729)
Surplus plans	(737)	920	(191)	(8)	-
Deficit plans	(2,989)	2,846	(7)	(150)	(729)

a) Amount recognized in the statement of income

	2023			Consolidated 2022		
	Defined benefit	Post-employment healthcare	Total	Defined benefit	Post-employment healthcare	Total
Service cost	2	(1)	1	(3)	(1)	(4)
Effects of reductions / settlements ⁽¹⁾	-	51	51	-	5	5
Interest expense on liabilities	(351)	(72)	(423)	(306)	(54)	(360)
Interest income from assets	329	-	329	285	-	285
Total	(20)	(22)	(42)	(24)	(50)	(74)

Service cost allocation:

Income for the year	2	50	52	(3)	4	(1)
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(1) In 2023, for the plan of Neoenergia Coelba, it was ascertained a gain from the effect of reductions/settlements of R\$ 51 (R\$ 5 on December 31, 2022) that is mainly due to the exclusion of default beneficiaries as well as the migration between plans.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



b) Amount recognized in the statement of comprehensive income

	2023			Consolidated 2022		
	Defined benefit	Post-employment healthcare	Total	Defined benefit	Post-employment healthcare	Total
Opening balance	30	(216)	(186)	24	(184)	(160)
Resizing:						
Changes in the assumptions	(298)	(218)	(516)	33	(48)	(15)
Ceiling effect of the assets/onerous liability	45	-	45	(5)	-	(5)
Plan's return on assets (except for interest income)	144	-	144	(49)	-	(49)
Other effects	15	-	15	31	-	31
Gross effect	(94)	(218)	(312)	10	(48)	(38)
Income taxes	32	74	106	(4)	16	12
Net effect on other comprehensive income	(62)	(144)	(206)	6	(32)	(26)
Closing balance	(32)	(360)	(392)	30	(216)	(186)

c) Amount recognized in the statement of financial position

	2023		Consolidated 2022	
	Defined benefit	Post-employment healthcare	Defined benefit	Post-employment healthcare
Present value of actuarial obligations	(3,975)	(902)	(3,727)	(729)
Assets' fair value	3,905	-	3,768	-
Ceiling effect of the asset	(170)	-	(199)	-
Total Liability (Asset), net	(240)	(902)	(158)	(729)
Non-current asset	21	-	24	-
Current liability	(42)	(132)	(81)	(120)
Non-current liability	(219)	(770)	(101)	(609)

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



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

(i) Plan's assets by category

	2023			Consolidated 2022		
	Prices quoted in active markets	Prices unquoted in active markets	Total fair value	Prices quoted in active markets	Prices unquoted in active markets	Total fair value
Direct application:						
Debt securities – Corporate	-	3	3	-	5	5
Debt securities - Government	-	356	356	-	313	313
Real Estate Investments	-	86	86	-	83	83
Others	-	63	63	-	81	81
Application through funds:						
Investment fund – Shares/Quotas	227	-	227	401	-	401
Investment fund – Multimarket	1,564	-	1,564	1,358	-	1,358
Investment fund – Fixed income	1,596	-	1,596	1,501	-	1,501
Investment fund – Real Estate	10	-	10	24	-	24
Total	3,397	508	3,905	3,284	482	3,766

(ii) Expectation of future payments

The expectation for the payment of benefits that reflect future services under the plan are as follows:

	Consolidated	
	Defined benefit	Post- employment healthcare
2024	327	71
2025	323	71
2026	317	70
2027	312	69
2028	306	68
2029 to 2033	1,441	320
2034 to 2038	1,251	279
2039 onwards	3,021	674
Total	7,298	1,622

To capitalize the defined benefit plans, the Company expects to disburse R\$ 51 in 2024.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



(iii) Sensitivity analysis and actuarial/economic hypothesis

For the sensitivity analysis, the Company considers the effect of the change of the nominal discount rate in the current value of the Company's actuarial obligation, as shown below:

							2023
	Néos - Plan BD BA	Post- employment healthcare	Néos – Plan BD PE	Vivest - PSAP / Elektro	Néos - Plan BD RN	FACEB- Plan BD	FACEB – Plan Saldado
Nominal discount rate – Reduction of 0.5%							
Current value of the actuarial obligation	379	944	1,130	2,065	81	144	370
Impact % in the current value of the actuarial obligation	4.10%	4.67%	4.16%	5.49%	3.51%	5.17%	4.70%
Impact in the duration of the actuarial obligation	8.63	10.24	8.75	11.41	7.42	10.82	9.86
Nominal discount rate – Increase of 0.5%							
Current value of the actuarial obligation	350	863	1,043	1,859	75	130	338
Impact % in the current value of the actuarial obligation	(3.81%)	(4.29%)	(3.86%)	(5.01%)	(3.29%)	(4.74%)	(4.33%)
Impact in the duration of the actuarial obligation	8.15	9.58	8.25	10.65	7.03	10.12	9.26
							2022
	Néos - Plan BD BA	Post- employment healthcare	Néos – Plan BD PE	Vivest - PSAP / Elektro	Néos - Plan BD RN	FACEB- Plan BD	FACEB – Plan Saldado
Nominal discount rate – Reduction of 0.5%							
Current value of the actuarial obligation	352	761	1,071	1,930	76	135	339
Impact % in the current value of the actuarial obligation	3.93%	4.38%	4.08%	5.24%	3.40%	5.00%	4.47%
Impact in the duration of the actuarial obligation	8.35	10.20	8.65	13.03	7.24	10.56	9.60
Nominal discount rate – Increase of 0.5%							
Current value of the actuarial obligation	326	700	990	1,746	71	122	311
Impact % in the current value of the actuarial obligation	(3.67%)	(4.04%)	(3.79%)	(4.79%)	(3.19%)	(4.59%)	(4.14%)
Impact in the duration of the actuarial obligation	7.90	9.51	8.16	12.01	6.87	9.89	8.91

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



The adopted actuarial/economic hypothesis is made based on the projected long-term for its maturation, consequently, they must be analyzed under this scope. They may not be necessarily fulfilled in the short term. The following evaluations were adopted in the economic hypothesis:

	2023						
	Néos - Plan BD BA	Post-employment healthcare	Néos – Plan BD PE	Vivest - PSAP / Elektro	Néos - Plan BD RN	FACEB- Plan BD	FACEB – Plan Saldado
Average nominal discount rate	8.62%	8.62%	8.62%	8.62%	8.62%	8.62%	8.62%
Average nominal growth rate of the salary cost	N/A	N/A	4.78%	4.42%	N/A	3.25%	N/A
Real inflation rate of the 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)	8.38	9.90	8.50	11.02	7.22	10.46	9.55

	2022						
	Néos - Plan BD BA	Post-employment healthcare	Néos – Plan BD PE	Vivest - PSAP / Elektro	Néos - Plan BD RN	FACEB- Plan BD	FACEB – Plan Saldado
Average nominal discount rate	9.60%	9.60%	9.60%	9.60%	9.60%	9.60%	9.60%
Average nominal growth rate of the salary cost	N/A	N/A	4.28%	5.07%	N/A	3.25%	3.25%
Real inflation rate of the 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

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



The main adopted actuarial assumptions in the calculation by defined benefit plan are demonstrated below:

	2023						2022					
	Néos – Plan BD BA	Néos – Plan BD RN	Néos – Plan BD PE	Vivest - PSAP/ Elektro	FACEB – Plan Saldado	FACEB - Plan BD	Néos – Plan BD BA	Néos – Plan BD RN	Néos – Plan BD PE	Vivest - PSAP/ Elektro	FACEB –Plan Saldado	FACEB - Plan BD
Mortality table	SUSEP BR - EMSsb v2015 soothed in 15%	AT-2000 M&F	AT-2000 M&F soothed in 10%	AT-2000 male, soothed in 10%	AT-2000 M&F Soothed in 10%	AT-2000 M&F Soothed in 10%	SUSEP BR - EMSsb v2015 soothed in 15%	AT-2000 M&F	AT-2000 M&F soothed in 10%	AT-2000 male, soothed in 10%	AT-2000 M&F Soothed in 10%	AT-2000 M&F, soothed in 10%
Disability entry table	N/A	N/A	Average Light	Mercer Disability segregated by gender, soothed in 50%	TASA 1927	TASA 1927	N/A	N/A	Average Light	Mercer Disability segregated by gender, soothed in 50%	N/A	TASA 1927
Disability mortality table	BR EMS sb v2010 (male)	AT-1983 weighted (40% male and 60% female), soothed in 10%	AT-1983 male	AT-1949 Male, aggravated in 10%	MI85 M&F	MI85 M&F	BR EMS sb v2010 (male)	AT-1983 weighted (40% male and 60% female), soothed in 10%	AT-1983 male	AT-1949 Male, aggravated in 10%	MI85 M&F	MI85 M&F
Family composition	Active: N/A Assisted: Actual family	Active: N/A Assisted: Actual family	Active: 80% of married man with a wife 4 years younger. Assisted: Actual family	Active and DPB: ExpCF_2014 Assisted: Actual family	Assets e DPB: 95% of married man with a wife 4 years younger. Assisted: Actual family	Assets e DPB: 95% of married man with a wife 4 years younger. Assisted: Actual family	Active: 95% of married man with a wife 4 years younger. Assisted: Actual family	Active: N/A Assisted: Actual family	Active: 80% of married man with a wife 4 years younger. Assisted: Actual family	ExpCF_2014	Active and Deferred proportional benefit: 95% of married man with wife 4 years younger. Assisted: Actual family	Assets e DPB: 95% of married man with a wife 4 years younger. Assisted: Actual family

For the Post-employment healthcare Plan, the Company used the following biometric tables: (i) Mortality – AT2000 Basic, and (ii) Disability entry– Light average and (iii) Disability mortality – AT-1983 (M) and (iv) Family composition – Active: 95% of married men with wife 4 years younger. Assisted: Actual family.

(iv) Main risks concerning the defined benefit plans

Overall risk – If the return on the fund's assets is not sufficient to cover the increase in liabilities and benefit payments over the years, the Company will be required to finance the deficit with extraordinary contributions unless the fund has sufficient equity.

Changes in the discount rate – The interest rate used to calculate the defined benefit obligation (under IFRS) depends on the amount of income from government bonds (or corporate bonds of the Company) on the reporting date. A decrease in earnings increases the benefit obligation, which is partially mitigated by adjustments to the market that increase the value of fixed-income holdings.

Investments and volatility – The Board of Trustees annually accepts an Investment Plan based on an external analysis of the plan's assets and liabilities ('ALM'). The assets are allocated to shares and investment funds, fixed-income instruments, and real estate. Investments are diversified in different asset classes and for different asset managers taking into account the investment allocation policy of the plans and the limits authorized by the Brazilian pension fund supervision authority ('Previc').

Actuarial and economic assumptions – Actuarial calculations involve future projections about some parameters, such as wages, interest rates, inflation, mortality, and disability. The actual result different from these assumptions will lead to an increase/decrease in the present value of the plan's obligations.

23.1.2 Accounting policy and critical judgments

(a) Accounting policy

Long-term benefit plans – post-employment (pension) are financed through contributions from participants and sponsors to pension funds, as determined by periodic actuarial calculations. The Company has defined benefits and defined contribution plans.

In defined benefit plans, their costs are assessed using the projected unit credit method. The costs of providing benefits are recognized in the statement of income to distribute the service cost over the useful life of employees. Net interest is presented in the statement of income in the line of financial expenses.

The defined benefit obligation is calculated annually at the balance sheet date and is measured as the present value of future cash flows estimated using interest rates by the market reference of Brazilian government bonds that have a maturity close to the plan disbursement terms.

Pension plan assets are valued at market value. The liability recognized in the statement of financial position is the defined benefit obligation at the closing date less the fair value of the plan's assets. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future contribution payments is available. When the benefits of a plan are changed or when a plan is reduced, the resulting change in the benefit that relates to past service or the gain or loss related to a cut is immediately recognized in the results. Gains or losses on settlements of defined benefit plans are recognized when settlement occurs. The impacts generated by changes in the actuarial assumptions are recognized in equity, within "Other comprehensive income". These effects will be reclassified to retained earnings or profit reserves upon the extinction or settlement of the benefit of the plan that gave rise to them.

The post-employment healthcare plan has the same measurement and recognition system as defined benefit plans, except for the difference in the economic and actuarial assumptions used.

Contributions to defined contribution plans are recognized in the income statement for the period to which the contributions refer.

(b) Estimates and critical judgments

The present value of pension obligations is based on actuarial calculations that use various assumptions. Any changes in these assumptions will impact the number of pension obligations. These assumptions are used to determine the fair value of assets and liabilities, costs, and expenses, and the estimated future cash outflow values, which are recorded in the obligations with pension plans.

The Company, together with the external and internal actuaries, reviews at the end of each year, the assumptions that will be used for the following year.

23.2 Long-term benefits – Share based compensation (Stock option plan)

On April 20, 2020, the Extraordinary General Meeting approved the long-term incentive program - Cycles of 2020/2022 ('Action plan') for executives and employees in managerial positions. The program guidelines establish the maximum limit of (i) 125 beneficiaries, and (ii) the granting of 3,650,000 common shares.

The share-based compensation plan ('Stock option plan'), with physical delivery of the Company's own shares (NEOE3), aims to encourage and promote the alignment of the Company's, executives' and, employees' objectives, and mitigate risks in generation value of the Company due to the loss of its executives, strengthening their commitment and productivity in long-term results. The Action Plan has an evaluation period stipulated between 2020 and 2022, while the delivery of the shares to the beneficiaries will be carried out annually, in equal parts, in the years 2023 to 2025, provided that the beneficiary has maintained his employment relationship during that period. The plan was granted to the 113 elected beneficiaries on December 1, 2020, with an adjusted price of R\$ 16.09 per share. In December 2023, the Company has 115 (119 in 2022) beneficiaries with 1,922,055 (3,333,358 in 2022) granted shares.

The adjusted price of R\$16,09, was determined with the use of the share's fair value quoted on B3 on the date of grant, adjusted by the discount flow of expected dividends per share in the plan's validity period and applying a discount rate of 5.7% p.a. The plan's duration is of 3 years.

In May 2023, the first portion of the Stock option plan ILP 2020-22 was settled. 950,030 shares that correspond to a gross total of R\$ 20 were delivered.

On December 31, 2023, based on the ascertainment of the assumptions concerning performance and financial conditions, the Administration estimates that the program's total value will be R\$ 91. The expense recognized in the statement of income from 2023 was R\$ 19, including R\$ 4 of charges (in 2022 the expenses were R\$ 30, including R\$ 7 of charges).

24. SHAREHOLDERS' EQUITY

24.1 Share capital

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

In April 2023, the capitalization of the profit reserves was approved during an Extraordinary General Meeting, for R\$4,000 without change in the number of shares 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 – Free float	194,415,095	16.02%	2,710
Advisors and directors	747,671	0.06%	11
Treasury shares	1,605,370	0.13%	22
Total shares	1,213,797,248	100%	16,920

24.2 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			
	2023	Consolidated		Parent Company
		2022	2023	2022
Net income for the period	4,461	4,718	4,461	4,685
Weighted average number of the outstanding shares	1,214	1,214	1,214	1,214
Basic and diluted earnings per share	3.68	3.89	3.68	3.86

b) Shareholders' compensation

The Company's bylaws determine the minimum remuneration of 25% of the net profit after adjustments according to Brazil's legal regulations. The shareholders' compensation is paid as dividends and/or interest on own capital ('JCP') based on the limits defined by law and the Company's bylaws.

The proposal of the compensation for the shareholders of Neoenergia S/A was calculated as shown below:

	2023	2022
Net income for the period	4,461	4,685
Legal reserve	(223)	(234)
Adjusted net income	4,238	4,451
Destination to profit retention reserve	(3,045)	(3,267)
Mandatory minimum dividend ⁽¹⁾	1,193	1,184
Dividends	301	709
JCP	892	475
Total	1,193	1,184
Total remuneration per share	0.98	0.98

(1) Concerning the mandatory minimum, the value of JCP is net of income tax.

The values deliberated to the shareholders of Neoenergia S/A, through remuneration nature, are presented below:

2023	Deliberation	Compensation nature	Amount deliberated	Value per share
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EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



OEGM from April 27, 2023	Minimum mandatory dividends 2022	709	0.5838428
BDM from June 27, 2023	Interest on own capital 2023	387	0.3193050
BDM from December 11, 2023	Interest on own capital 2023	505	0.4164935
Total		1,200	
2022			
OEGM from April 25, 2022	Minimum mandatory dividends 2021	642	0.5291396
BDM from June 15, 2022	Interest on own capital 2022	167	0.1376968
BDM from December 13, 2022	Interest on own capital 2022	308	0.2539544
Total		1,117	

The compensation to be paid to the shareholders is presented below:

	Consolidated		Parent Company	
	2023	2022	2023	2022
Opening balance	1,001	805	985	786
Declared in the period	1,243	1,287	1,193	1,184
Withholding income tax	(93)	(52)	(90)	(48)
Paid in the period	(1,378)	(1,039)	(1,335)	(937)
Closing balance	773	1,001	753	985

24.3 Other comprehensive income

The Company recognizes in other comprehensive income the following gains (losses), net of taxes: (i) actuarial obligations of employee benefits R\$ (361); (ii) fair value of financial instruments used in a hedge accounting strategy concerning the cashflow of R\$ (518).

24.4 Capital reserve

A goodwill reserve was made through the Company's corporate restructuring process from the capital contribution made in Neoenergia Elektro and Neoenergia Coelba, both subsidiaries of the Company. Besides the impact of the share-based remuneration, see note 23.2.

24.5 Shareholders' transactions and others

The values arise from the differences between the paid valid and the book value concerning the variations of equity holdings where there was no change in the shareholding control of the investees.

The values recognized in this reserve derive from the following transactions:

Purchase of interest in Itapebi through Termopernambuco ⁽¹⁾	658
Purchase of additional stake in Neoenergia Coelba and Neoenergia Cosern through Neoenergia ⁽²⁾	333
Obligation to purchase the participation of Previ ⁽³⁾	50
Incorporation's fair value ⁽⁴⁾	530
Equity stake gain concerning Coelba ⁽⁵⁾	8
Public offer Acquisition of the shares from Neoenergia Pernambuco ⁽⁶⁾	226
Transfer of equity interest through the exchange of assets ⁽⁷⁾	(4)
Total	1,801

- (1) Acquisition of the remaining portion of Itapebi 58% between 2013 and 2014. For the purchase of the additional portion, the Company disbursed R\$829.
- (2) Acquisition of the additional portion at Neoenergia Coelba and Neoenergia Cosern of 8.5% and 7.0%, respectively. This operation took place in 2015 and the Company disbursed R\$ 639 for the purchase of the additional portion.
- (3) In 2021, the Company and Previ agreed to the disposal of minority interests, where the Company paid to Previ, on October 15, 2021, the amount of R\$ 223, being (i) R\$184 concerning share from Neoenergia Coelba; (ii) R\$33 concerning shares from Neoenergia Cosern; and (iii) R\$6 concerning shares from Afluente T.
- (4) This adjustment refers to the difference between the revised fair value used by the Merger of Elektro Holding of R \$ 4,191 and the amount used as a basis for Neoenergia's capital increase of R \$ 4,694, in addition to consolidation adjustments due to the obtaining control of FEB and FEB 2 in the amount of R\$ 27.
- (5) In March and July 2018, increases in the share capital of Neoenergia Coelba were approved, where some non-controlling shareholders did not subscribe to their shares, resulting in changes in the percentage of Neoenergia's interest in the subsidiary.
- (6) In October 2022, Neoenergia acquired the remaining equity from non-controlling interest, which represents 9.13% of the share capital from Neoenergia Pernambuco.
- (7) In September 2023, Eletronorte transferred its minority interest in Neoenergia Coelba, Cosern, and Afluente T to Neoenergia.

24.6 Profit reserve

24.6.1 Legal reserve

It is a legal requirement to retain 5% of the annual net income calculated up to the limit of 20% of the share capital. The reserve can only be used to absorb losses or to increase capital.

24.6.2 Unrealized profit reserve

Its purpose is to retain a portion of net income for the year that is not realized in cash or cash equivalents and that exceeds the Company's strategic perspective of distributing amounts payable to shareholders.

24.6.3 Profit retention reserve

It has the purpose of assuring the maintenance and development of the main activities that compose the Company's social purpose which is part of the annual distributable net profit until the maximum limit of the share capital or the Company's capital budget proposal.

24.7 Accounting policy

The share capital represents amounts received from shareholders and also those generated by the Company that were formally incorporated through capital and profit reserves. The share capital is represented by common shares. Common shares are classified as equity instruments because they do not expose the Company to the obligation to deliver cash or other financial instruments and leave the holders of these instruments (shareholders) exposed to the variability of results and cash flows generated by the Company. Incremental expenses directly attributable to the issue of shares are presented as a deduction from equity, as capital transactions, net of tax effects.

Shareholder compensation is recognized as a liability in the Company's financial statements based on the bylaws. Any amount above the minimum mandatory compensation approved in the bylaws will only be recognized in current liabilities on the date it is approved by the shareholders.

25. 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.

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:

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



25.1 Outstanding balance with related parties

	2023				Consolidated 2022			
	Joint ventures	Associates	Shareholders and others	Total	Joint ventures	Associates	Shareholders and others	Total
	Assets							
Accounts receivable and others (d)	7	2	-	9	46	2	-	48
Dividends and interest on own capital (receivable) (e)	26	35	-	61	15	34	-	49
Other assets (f)/(g)	-	-	40	40	-	-	41	41
	33	37	40	110	61	36	41	138
Liabilities								
Suppliers and accounts payable (a)/(b)	8	145	166	319	48	131	168	347
Benefits to employees (f)	-	-	-	-	-	-	23	23
Dividends and interest on own capital (payable) (e)	-	-	773	773	-	-	1,001	1,001
Other liabilities	-	-	2	2	43	-	10	53
	8	145	941	1,094	91	131	1,202	1,424

	2023				Parent Company 2022			
	Subsidiaries	Joint ventures and associates	Shareholders and others	Total	Subsidiaries	Joint ventures and associates	Shareholders and others	Total
	Assets							
Accounts receivable and others	647	22	-	669	748	15	-	763
Other assets	76	-	-	76	149	-	-	149
	723	22	-	745	897	15	-	912
Liabilities								
Suppliers and accounts payable (a)/(b)/(c)	-	-	144	144	-	-	145	145
Dividends and interest on own capital (payable) (e)	-	-	753	753	-	-	985	985
Other liabilities	124	-	-	124	125	-	-	125
	124	-	897	1,021	125	-	1,130	1,255

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



25.2 Transactions with related parties

								Consolidated
				2023				2022
	Joint ventures	Associates	Shareholders and others	Total	Joint ventures	Associates	Shareholders and others	Total
Profit (loss) for the period								
Operating revenue, net (d)	10	22	-	32	89	19	-	108
Service costs (c)	(36)	(1,168)	(2)	(1,206)	(501)	(1,101)	(4)	(1,606)
General and administrative expenses (a)/(b)/(f)/(g)	-	-	(223)	(223)	-	-	(230)	(230)
Financial income (expenses), net (f)	-	-	(1)	(1)	-	-	(4)	(4)
	(26)	(1,146)	(226)	(1,398)	(412)	(1,082)	(238)	(1,732)

								Parent Company
				2023				2022
	Subsidiaries	Joint ventures and associates	Shareholders and others	Total	Subsidiaries	Joint ventures and associates	Shareholders and others	Total
Profit (loss) for the period								
Operating revenue, net	2	-	-	2	2	-	-	2
General and administrative expenses (a)/b)	-	-	(144)	(144)	-	-	(147)	(147)
Financial income (expenses), net	342	-	-	342	236	-	-	236
	344	-	(144)	200	238	-	(147)	91

25.3 Main transactions with related parties

The main transactions with related parties related in the items 25.1 and 25.2 refers to:

Item	Related Company	Type of transaction	Adjustment index / Contract compensation	Contract period	Due date	Asset/ (Liability)	Income for the period
a)	Iberdrola, S.A.	Contract of trademark license of Iberdrola, S.A. property used by Neoenergia and its subsidiaries that are licensed under the contract's terms.	N/A	2031	2024	(163)	(163)
b)	Iberdrola, S.A.	Provision of Corporate development services.	N/A	2025	2024	(2)	(2)
c)	Norte Energia S.A.	Energy purchase in a regulated environment - CCEAR	IPCA	2044	2024	(145)	(1,176)
d)	Norte Energia S.A.	Contract of Use and Connection of the Transmission System (CUST)	IPCA	Indeterminate	2024	2	22
	Iberdrola, S.A.	Dividends and JCP	N/A	N/A	2024	(392)	-
	Previ - Caixa de Prev. dos Func.s Banco do Brasil	Dividends and JCP	N/A	N/A	2024	(245)	-
e)	Minority shareholders	Dividends and JCP	N/A	N/A	2024	(136)	-
	Neoenergia Transmissao S.A.	Dividends and JCP	N/A	N/A	2024	13	-
f)	Neos Complementary Welfare	Benefits to settle and benefits granted	N/A	Indeterminate	N/A	31	(59)
g)	Iberdrola Generacion Termica	Operation and Maintenance - O&M	IGPM	2039	2024	6	(8)

25.4 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		Parent Company	
	2023	2022	2023	2022
Wages and recurring benefits	58	46	45	38
Short-term variable compensation	19	19	14	15
Long-term benefits ⁽¹⁾	17	21	14	18
Rescission of contracts	3	-	-	-
Total	97	86	73	71

(1) Includes Remuneration based on stocks attributed to Company's key management. (For more information, see note 23.2).

25.5 Granted financial guarantees

The guarantees offered by the Company are based on contractual terms that support the financial operations between the joint ventures/subsidiaries and third parties, ensuring the assumption of the obligation's fulfilment, in case the original debtor does not comply with the established financial commitments.

On December 31, 2023, the total amount of financial guarantees granted by the Company to certain joint ventures and subsidiaries totaled R\$ 4,038.

26. CLASSIFICATION AND ESTIMATES OF FAIR VALUES FROM FINANCIAL INSTRUMENTS

26.1 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:

	2023			Consolidated 2022		
	AC	FVOCI	FVPL	AC	FVOCI	FVPL
Financial assets						
Cash and cash equivalents	3,097	-	4,351	2,994	-	3,808
Securities and marketable securities	149	-	438	168	-	345
Trade and other receivables	11,892	-	-	9,976	-	-
Derivative financial instruments	-	309	322	-	480	477
Sectoral financial assets (Portion A and others)	324	-	-	252	-	-
Public service concession (financial asset)	-	-	28,113	-	-	23,493
Other assets	203	-	-	183	-	-
	15,665	309	33,224	13,573	480	28,123
Financial liabilities						
Suppliers and accounts payable to contractors and operations of invoice discounting	4,664	-	-	4,451	-	-
Loans and financing	44,986	-	897	42,345	-	1,158
Sectoral financial liabilities (Portion A and others)	1,357	-	-	826	-	-
Derivative financial instruments	-	1,929	-	-	1,233	7
Lease obligations	210	-	-	206	-	-
Use of public asset	83	-	-	64	-	-
Other liabilities	964	-	28	844	-	30
	52,264	1,929	925	48,736	1,233	1,195

AC – Amortized cost

FVOCI – Fair value through other comprehensive income

FVPL – Fair value through profit or loss

26.2 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 26.8 (sensitivity analysis).

26.3 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:

	Consolidated			
	2023		2022	
	Level 2	Level 3	Level 2	Level 3
Financial assets				
Cash and cash equivalents	4,351	-	3,808	-
Securities and marketable securities	438	-	345	-
Derivative financial instruments	631	-	957	-
Public service concession (Financial asset)	-	28,113	-	23,493
	5,420	28,113	5,110	23,493
Financial liabilities				
Loans and financing	897	-	1,158	-
Derivative financial instruments	1,929	-	1,240	-
Other liabilities	28	-	30	-
	2,854	-	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 period ended in 2022 and 2023 related to the financial assets and liabilities measured through level 3 techniques were R\$ 1,222 and R\$ 1,339, respectively. The other transfers for these assets and liabilities are disclosed in note 15.1.

26.4 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.

	2023		Consolidated 2022	
	Book balance	Fair value estimate – Level 2	Book balance	Fair value estimate – Level 2
Loans and financing	44,986	44,956	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).

26.5 Accounting policy

The Company classifies its financial assets and liabilities that are initially recognized at fair value and subsequently measured accordingly with the following categories:

(i) Financial assets

Financial assets are generally classified as measured at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss based on both the entity's business model for the management of financial assets and the contractual cash flow characteristics of the financial asset as follows:

- Amortized cost (AC): financial asset whose contractual cash flow results only from the payment of principal and interest on the principal on specific dates and whose business model aims to maintain the asset in order to receive its contractual cash flows.
- Fair value through other comprehensive income (FVTOCI): financial asset (debt financial instrument) whose contractual cash flow results only from the receipt of principal and interest on the principal on specific dates and whose business model aims at both receiving contractual cash flows from the asset to its sale; and
- Fair value through profit or loss (FVTPL): all other financial assets. This category generally includes derivative financial instruments.

The instruments measured by AC and FVTPL are susceptible to the recognition of expected credit losses. In general, the expected credit losses of financial instruments arising from the Company's operations (e.g., Accounts receivable) are measured by the simplified method based on a provision matrix that weighs the characteristics of the instruments, age of the security, history of losses, and expected future losses.

(ii) Financial liabilities

The financial liabilities are initially recognized at the fair value, net of the transaction costs incurred, and subsequently are measured by the amortized cost (except in determined situations, which include certain financial liabilities at fair value through the result) and updated through the effective interest method. Any difference between the seized value (net of transaction costs) and the settlement value, is recognized in the result during the period in which the instruments are in force, using the effective interest rate method. The fees paid in the loan's borrowing are recognized as transaction costs.

26.6 Evaluation methods and technique

(i) Public service concessions

To measure fair value, the Company uses a replacement cost approach based on ANEEL's price tables, stipulated for assets inherent to operations subject to indemnification by the granting authority. The relevant factors for measuring fair value are not observable and there is no active market. Therefore, the classification of the fair value hierarchy is level 3.

(ii) Loans and financing

The fair value of loans and financing classified as level 2 is based on the Revenue or Market approach.

The debentures traded in the secondary market are measured with the market approach. Their reference is the last negotiation price or UP quotation both are available on B3 or Anbima, respectively.

Debentures are negotiated in the secondary market and the other bilateral loans and financings are measured through the revenue approach which is determined by the discounted cash flow technique using the use of free risk originating from the market (B3) and the Company's credit risk spread disclosed by the rating agencies. The Company's spread risk is adjusted to the duration and the currency of each debt instrument.

(iii) Derivative financial instruments

The derivative financial instruments were evaluated using the curves and market prices that affected each instrument in the reference date and that correctly reflect mark-to-market conditions of the included variable in its pricing as well as the instrument's current contract conditions. Concerning the swaps, the present value of both the swap's long and short positions are estimated through discounts in their cash flows using interest rates of their corresponding currencies. The fixed-term contracts are measured using the future curves of the respective underlying assets. Usually, these curves are obtained at B3 and/or Bloomberg's portal.

The risk from the portfolio of derivatives is measured through the delta-normal method, considering that the future distribution of the risk factors and their correlations will tend to present the same statistical properties that were verified in the historical data. The Company monitors the derivative portfolio's credit risk with the simulation of hypothetical exposure peaks and compares if these peaks stay within the limits established by the Company's credit risk controls for each counterpart. The estimates of the value at risk consider a confidence level of 95% concerning a horizon of 10 working days.

26.7 Additional information on derivative financial instruments

The Company has derivative financial instruments for economic and financial protection 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, and receivable or payable values.

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

U.S. Dollars loans and financing hedging program

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



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.

The programs as follows 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	
	2023	2022		2023	2022
Asset	US\$ 109	US\$ 130	2027 - 2029	529	689
Liability	R\$ 352	R\$ 423		(343)	(408)
Net exposure				186	281

Swap US\$ fixed vs R\$ float	Reference value		Deadline (Year)	Fair value	
	2023	2022		2023	2022
Asset	US\$ 49	US\$ 67	2025 - 2027	228	341
Liability	R\$ 136	R\$ 184		(133)	(181)
Net exposure				95	160

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

Swap US\$ float vs R\$ float	Reference value		Deadline (Year)	Fair value	
	2023	2022		2023	2022
Asset	US\$ 47	US\$ 54	2030	228	283
Liability	R\$ 155	R\$ 179		(157)	(180)
Net exposure				71	103

Swap US\$ fixed vs R\$ float	Reference value		Deadline (Year)	Fair value	
	2023	2022		2023	2022
Asset	US\$ 1,761	US\$ 1,428	2023 – 2036	8,268	7,858
Liability	R\$ 9,130	R\$ 7,381		(9,474)	(8,518)
Net exposure				(1,206)	(660)

Euro loans and financing hedging program

For economic and financial hedging purposes, the Company may contract swaps to convert 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.

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

Swap EUR \$ fixed vs R\$ float	Reference value		Deadline (Year)	Fair value	
	2023	2022		2023	2022
Asset	€ -	€ 80	2023	-	1.042
Liability	R\$ -	R\$ 357		-	(710)
Net exposure				-	332

The programs below are designated as 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	
	2023	2022		2023	2022
Asset	€ 313	€ 159	2023-2024	1,698	1,042
Liability	R\$ 1,667	R\$ 703		(1,687)	(710)

Net exposure	11	332
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Hedging program for loans and financing denominated in Reais bearing at IPCA inflation rate

For economic and financial hedging purposes, the Company may contract swaps to convert 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 as hedge accounting and measured at fair value through profit or loss:

Swap IPCA vs CDI	Reference value		Deadline (Year)	Fair value	
	2023	2022		2023	2022
Asset	R\$ 157	R\$ 157	2023-2025	158	155
Liability	R\$ 116	R\$ 122		(117)	(121)
Net exposure				41	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 subject to ratios in U.S. Dollars.

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

NDF	Reference value		Deadline (Year)	Fair value	
	2023	2022		2023	2022
Disbursement USD					
Forward	US\$ 15	US\$ 40	2023-2026	(18)	(14)
Net exposure				(18)	(14)

The programs below are designated as hedge accounting and measured at fair value through cashflow:

NDF	Reference value		Deadline (Year)	Fair value	
	2023	2022		2023	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 as hedge accounting and classified as cash flow hedge, therefore measured at fair value through other comprehensive income:

NDF	Reference value		Deadline (Year)	Fair value	
	2023	2022		2023	2022
Disbursement EUR					

Forward	€ 45	€ 1	2023-2024	(4)	(1)
Net exposure				(4)	(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 as hedge accounting and is measured at the fair value through profit or loss.

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

Yen loans and financing hedging program

For the purpose of economic and financial hedge, the Company contracts swap operations to convert 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.

Swap JPY fixed vs R\$ float	Reference value		Deadline (Year)	Fair value	
	2023	2022		2023	2022
Asset	JPY 58,948	JPY 30,434	2026-2031	2,034	1,209
Liability	R\$ 2,462	R\$ 1,434		(2,508)	(1,458)
Net exposure				(474)	(249)

26.8 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 68 working days (or 89 continuous days) as of December 31, 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 December 31, 2023.

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

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

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:

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 During the years ended December 31, 2023 and 2022
 (Amounts expressed in millions of Reais)



Operation	Currency	Risk	Rate	Exposure (Balance/ Notional)	Probable scenario	Impact - Scenario (II)	Impact - Scenario (III)
U.S Dollars denominated debt				(9,505)	(9,612)	(1,441)	(2,885)
Swap long position in U.S Dollars	Dollar (\$)	Dollar appreciation	4.8413	9,253	9,358	1,404	2,807
Net exposure				(252)	(254)	(37)	(78)
Euro denominated debt				(1,676)	(1,703)	(256)	(511)
Swap long position in Euro	Euro (€)	Euro appreciation	5.3516	1,698	1,726	260	517
Net exposure				22	23	4	6
Yen denominated debt				(2,012)	(2,067)	(310)	(619)
Swap long position in Yen	Yen (JPY)	Yen appreciation	0.0342	2,034	2,088	314	626
Net exposure				22	21	4	7

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the years ended December 31, 2023 and 2022

(Amounts expressed in millions of Reais)



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:

Operation	Currency	Risk	Rate	Exposure (Balance/ Notional)	Impact - Scenario (II)	Impact - Scenario (III)
Hedged item: portion of payments in USD	Dollar (\$)	Dollar appreciation	4.8413	(78)	10	20
NDF		Dollar depreciation		78	(10)	(20)
Exposure				-	-	-
Hedged item: portion of payments in Euro	Euro (€)	Euro appreciation	5.3516	(217)	31	63
NDF		Euro depreciation		217	(31)	(63)
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 CDI	CDI	CDI depreciation	11.65%	7,713	876	(132)	(263)
Financial liabilities							
Loans and financing							
Debt instruments at CDI	CDI	CDI appreciation	11.65%	(14,650)	(1,891)	(284)	(567)
Swaps Dollar x CDI (Short position)	CDI	CDI appreciation	11.65%	(13,250)	(1,656)	(249)	(495)
Debt instruments at IPCA	IPCA	IPCA appreciation	4.68%	(16,945)	(1,521)	(109)	(216)
Swaps IPCA x CDI (Long position)	IPCA	IPCA appreciation	4.68%	158	15	1	2
Swaps Dollar x IPCA (Short position)	IPCA	IPCA appreciation	-	(1,095)	(93)	(7)	(14)
Debt instruments at SOFR	SOFR	SOFR appreciation	5.35%	(1,259)	(80)	(9)	(18)
Swaps SOFR x CDI (Long position)	SOFR	SOFR appreciation	5.35%	1,279	94	10	22
Debt instruments at SELIC	SELIC	Selic appreciation	11.65%	(10)	(1)	-	-
Debt instruments at TJLP	TJLP	TJLP appreciation	6.53%	(1,475)	(125)	(14)	(29)

27. COMMITMENTS

The commitments related to long-term contracts are disclosed below:

	Energy purchase ⁽¹⁾	Infrastructure construction
2025	14,580	5,179
2026	15,401	5,444
2027	16,370	5,915
2028	17,396	6,090
2029	17,413	6,326
Between 2030 and 2034	106,641	36,404
Between 2035 and 2039	25,424	1,429
Total	213,225	66,787

(1) The values concerning the energy purchase contracts, whose validity varies from 1 to 30 years, represent the total hired amount and were approved by ANEEL for meeting the commitments imposed by law.

28. SUBSEQUENT EVENTS

Capital raising

As shown below, the Group made the following capital raisings in January 2024:

Subsidiary	Nature	Amount	Deadline	Date of reception
Neoenergia Pernambuco	Capital market	R\$ 436	10 years	01/02/2024
Neoenergia Coelba	Capital market	R\$ 610	10 years	01/02/2024