

Results Release 2Q24



aeris



Key Highlights

- **Net Operating Revenue (NOR)** in 2Q24 was R\$ 422,2 million, a decrease of 18.1% vs 1Q24;
- In 2Q24, the **Net Loss** was R\$ 3.1 million, a reduction of 92.5% vs 1Q24;
- In 2Q24 the **EBITDA** was R\$ 70.6 million, a growth of 66.1% compared to 1Q24. The **EBITDA margin** in 2Q24 was 16.7%, an increase of 8.5 percentage points compared to 1Q24;
- **Total Investments** amounted R\$ 17.9 million no 2Q24;
- **Potential orders covered by long-term contracts** amount to 2,560 sets of blades with equivalent power of 11,3 GW. Using the exchange rate at the end of 1Q24, the potential net revenue from the Company's long-term contracts totals R\$ 9,5 billion.

Videoconference

August 08th, 2024

09:00 am (ET – Eastern Time)

10:00 am (Brasilia Time)



Message from the CEO

Brazil has been facing a crisis in the wind energy sector since mid-2022. Power generators have not been signing new contracts and the wind farms under construction, as well as recently announced projects, are deals closed more than two years ago. In 2023, this scenario worsened, revealing troubling issues in the supply chain. As a result, GE exited the Brazilian market, Siemens Gamesa's factory was put into hibernation, WEG's assembly line was temporarily halted with the production of wind turbines being moved abroad, and Nordex reduced its production. It is clear that there is a need for a sectoral policy, and for this, ABEEólica together with ABIMAQ, is discussing with the government a list of potential measures to encourage new contracts and revive the entire production chain.

It is undeniable that the demand for energy will continue to grow. In this context of energy transition, it is crucial that this demand is met by renewable sources. Adopting a more sustainable energy system is essential to face climate challenges and ensure long-term energy security.

Amidst so many challenges, Aeris has been readjusting its structure to meet the low market demand. In 2Q24, we had a revenue reduction of 18.1% (2Q24 vs 1Q24), amounting to R\$422.2 million. In 1H24, the reduction was 36.3% when compared to 1H23. In the first 6 months of 2024, we decommissioned five lines and the decommissioning of two more lines is scheduled for 3Q24.

Despite the challenges faced in Brazil, we remain confident in the growth of the external market. Therefore, we have diversified our sales strategy between the domestic and international markets and expanded our services unit, which previously accounted for less than 2% of net revenue and now exceeds 7% with the potential to surpass 10%. This progress has also contributed to an improvement in our operating margins.

In operations, we had positive numbers in 2Q24. EBITDA was R\$ 70.6 million, a growth of 66.1% compared to 1Q24, reaching a margin of 16.7%. This improvement in the EBITDA margin was due to the exchange rate effect, non-recurring effects, as well as reduced raw material costs and increased productivity, resulting in greater operational efficiency for the quarter. Despite the reduction in national demand, the company managed to improve its efficiency due to an extensive restructuring process that has been underway for a year and a half.

The financial results were no different. Net financial expenses fell by 24.9% in 2Q24 (compared to 1Q24) and by 44.0% in 1H24 (compared to 1H23), due to the reduction in financial charges and interest on loans and financing.

In the coming months, we will begin production on two new lines. These two new lines are expected to mature within 12 months.

The Company remains committed to promoting the growth of wind energy in Brazil and internationally, improving our processes to expand our horizons and increase Aeris's participation in the global energy transition. In this context, we continue our internal philosophy of caring for and developing our employees, focusing on the quality of our products, and generating value to meet the expectations of our diverse stakeholders.

Alexandre Negrão
CEO

Operating and Financial Highlights

Operational Highlights	2Q24	1Q24	4Q23	3Q23	2Q23
Sets ¹	106	129	163	159	175
Production in MW equivalent ²	496	616	802	786	863
Domestic Market	496	616	802	786	863
Export Market	0	0	0	0	0
Active production lines ³	10	10	15	15	15
Mature lines ⁴	10	10	15	15	15
Non-mature lines	0	0	0	0	0

(1) Sets (of three blades) that are billed and available to be collected by customers.

(2) Considers the average nominal power range of wind turbines equipped with billed sets.

(3) Number of production lines (molds) in production at the end of the period.

(4) Refers to production lines installed, at the end of the period, more than 12 months ago.

We concluded 2Q24 with 10 production lines, all of which are considered mature. In 3Q24, we plan to decommission two lines and install two new ones.

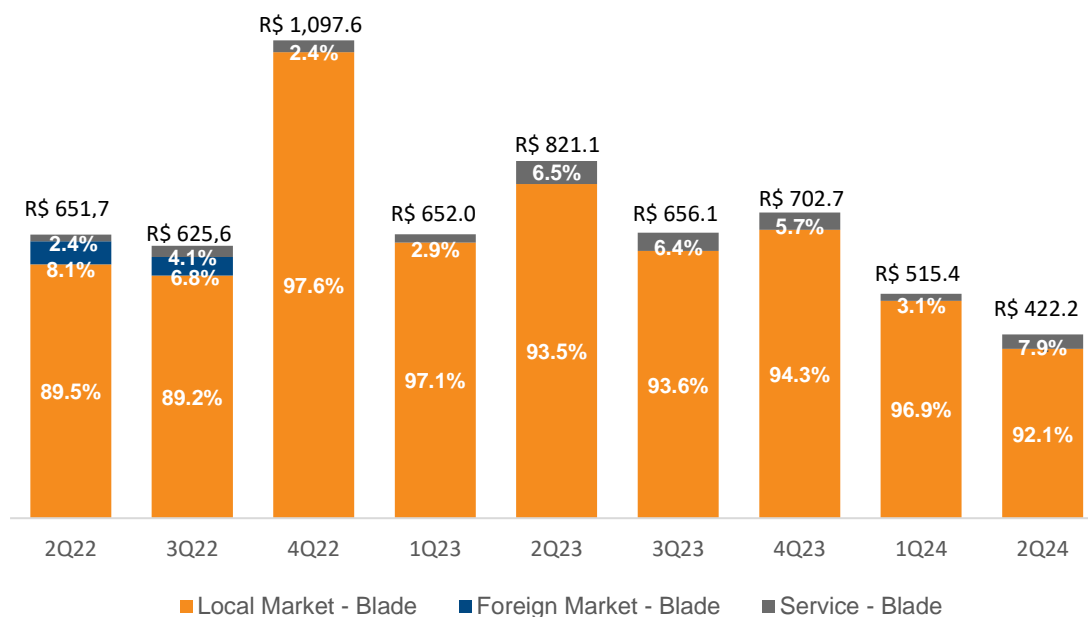
Financial Highlights (R\$ in millions)	2Q24	1Q24	Var. %	2Q23	Var. %	1H24	1H23	Var. %
Net Revenue	422.2	515.4	-18.1%	821.1	-48.6%	937.7	1.473.1	-36.3%
Blades – Domestic Market	388.8	499.6	-22.2%	767.9	-49.4%	888.4	1.401.0	-36.6%
Blades – Export Market	0.0	0.0	-	0.0	-	0.0	0.0	-
Services	33.4	15.8	111.4%	53.1	-37.1%	49.3	72.1	-31.6%
Net Income for the period	-3.1	-41.2	-92.5%	-9.4	-66.9%	-44.3	6.4	-
Net Margin (%)	-0.7%	-8.0%	+7.3 pp	-1.1%	+0.4 pp	-4.7%	0.4%	-5.2 pp
EBITDA¹	70.6	42.5	66.1%	102.8	-31.4%	113.0	242.5	-53.4%
EBITDA Margin (%)	16.7%	8.2%	+8.5 pp	12.5%	+4.2 pp	12.1%	16.5%	-4.4 pp

(1) Adjusted EBITDA

Net Operating Revenue (NOR)

In 2Q24, Net Operating Revenue reached R\$ 422.2 million, a decrease of 18.1% compared to 1Q24. In 1H24, NOR was R\$ 937.7 million, a decrease of 36.3% compared to 1H23. The revenue reduction in 2024 is primarily due to the decline in demand in the domestic market.

Meanwhile, the services business unit showed an increase of 111.4% (2Q24 vs. 1Q24), representing 7.9% of the Company's total revenue.



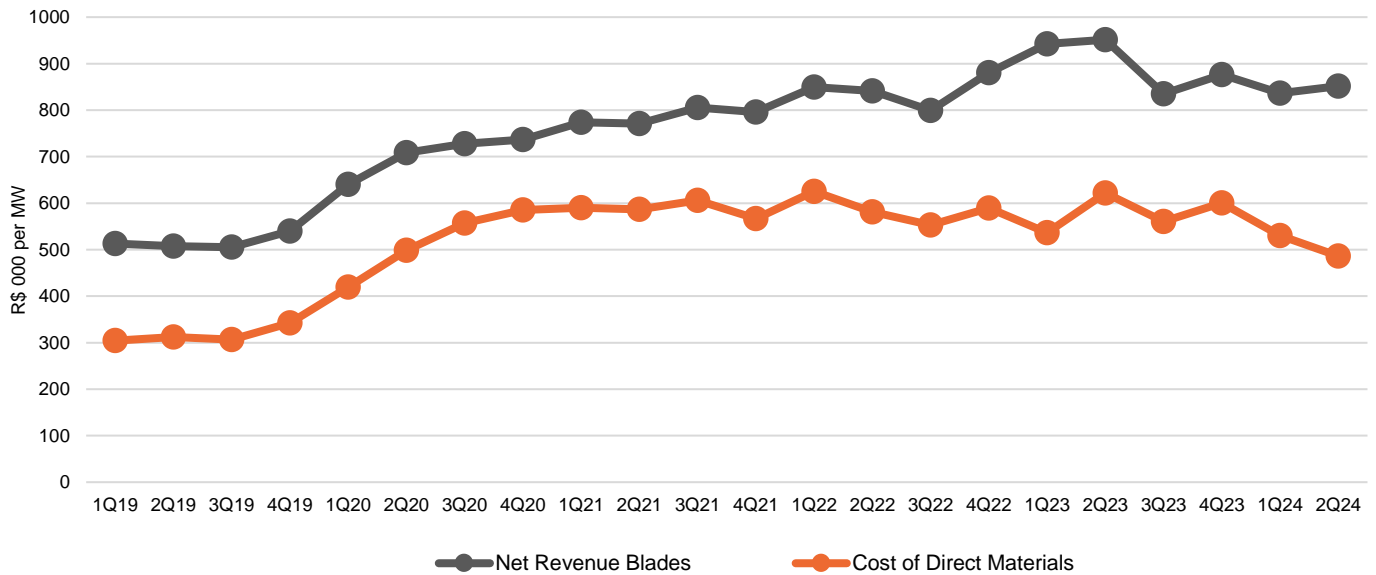
Cost Of Goods Sold

(R\$ in millions)	2Q24	1Q24	Var. %	2Q23	Var. %	1H24	1H23	Var. %
Net Revenue	422.2	515.4	-18.1%	821.1	-48.6%	937.7	1,473.1	-36.3%
Cost of Goods Sold	348.3	470.3	-25.9%	705.0	-50.6%	818.5	1,204.0	-32.0%
Gross Margin (%)	17.5%	8.8%	+8.8 pp	14.1%	+3.4 pp	12.7%	18.3%	-5.6 pp

In 2Q24, the gross margin increased by 8.8 percentage points compared to 1Q24, reaching a margin of 17.5%. This margin increase was driven by reduced material costs and improved productivity, resulting in greater operational efficiency during the period.

Pass-Through Of Direct Material Costs

Supply contracts for blades have a pricing structure composed of two distinct variables: (i) direct materials and (ii) added value (A.V.). For the price component associated with direct materials, the Company retains full capacity to pass on variations related to the unit cost of materials, including supplier prices, logistical costs, non-reimbursable taxes, and exchange rate fluctuations, as shown in the graph below.



General and Administrative & Other Net Revenue

(R\$ in millions)	2Q24	1Q24	Var. %	2Q23	Var. %	1H24	1H23	Var. %
General and Administrative Expenses	-30.8	-28.7	7.2%	-28.4	8.2%	-59.5	-54.3	9.4%
% NOR	7.3%	5.6%	-	3.5%	-	6.3%	3.7%	-
Net Operating Income	0.3	-1.9	-	-1.5	-	-1.5	-3.7	-58.0%
% NOR	0.1%	-0.4%	-	-0.2%	-	-0.2%	-0.2%	-

In 2Q24, General and Administrative Expenses (G&A) totaled R\$ 30.8 million, an increase of 7.2% compared to 1Q24. This increase was primarily due to the salary adjustment that occurred during the quarter.

In 1H24, G&A expenses increased by 9.4% (compared to 1H23), totaling R\$ 59.5 million.

EBITDA

(R\$ in millions)	2Q24	1Q24	Var. %	2Q23	Var. %	1H24	1H23	Var. %
Net Income	-3.1	-41.2	-92.5%	-9.4	-66.9%	-44.3	6.4	-
(+/-) Financial Result	48.8	60.6	-19.6%	99.4	-50.9%	109.4	204.3	-46.5%
(+/-) Depreciation and Amortization	20.1	20.9	-3.9%	16.2	23.8%	41.1	30.7	33.9%
(+/-) Income Tax/Social Contribution	-2.2	-4.8	-54.5%	-4.0	-44.9%	-7.0	0.3	-
(+/-) Sudene Tax Incentive	-	-	-	-	-	-	-	-
(+/-) Long-Term Incentive	-	-	-	0.2	-	-	0.4	-
(+/-) Performance Consulting	-	-	-	0.2	-	-	0.4	-
(+/-) Restructuring Plan	6.9	6.9	0.2%	-	-	13.9	0.0	-
EBITDA	70.6	42.5	66.1%	102.8	-31.4%	113.0	242.5	-53.4%
EBITDA Margin (%)	16.7%	8.2%	+8.5 pp	12.5%	+4.2 pp	12.1%	16.5%	-4.4 pp

EBITDA in 2Q24 was R\$70.6 million, an increase of 66.1%, representing a margin of 16.7%, an increase of 8.5 percentage points when compared to 1Q24. The significant increase in the margin is related to the exchange rate effect, non-recurring effects, improved productivity and reduced manufacturing costs that resulted in greater operational efficiency in blade production during the period.

Even with the decline in domestic demand, the company managed to become more efficient due to an extensive restructuring process that has been underway for a year and a half.

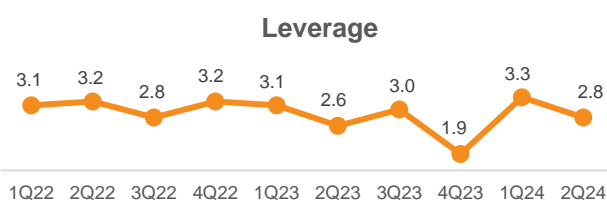
In 1H24, EBITDA had a margin of 12.1%, totaling R\$ 113.0 million.

Financial Results and Debt

(R\$ in millions)	2Q24	1Q24	Var. %	2Q23	Var. %	1H24	1H23	Var. %
Net Foreign Exchange Variation	-7.5	-5.7	31.8%	-17.5	-56.9%	-13.2	-32.7	-59.5%
Financial Expenses	-41.2	-54.9	-24.9%	-81.9	-49.7%	-96.2	-171.6	-44.0%
Net Debt	551.8	774.6	-28.8%	940.4	-41.3%	-	-	-
Leverage (Net Debt/EBITDA)	2.8x	3.3x	-	2.8x	-	-	-	-

In 2Q24, net financial expenses amounted to R\$ 41.2 million, a reduction of 24.9% compared to 1Q24. The net foreign exchange variation showed a loss of R\$ 7.5 million in 2Q24. In 1H24, net financial expenses were R\$ 96.2 million, a reduction of 44.0% compared to 1H23. This result is mainly due to the reduction in financial charges and interest on loans and financing.

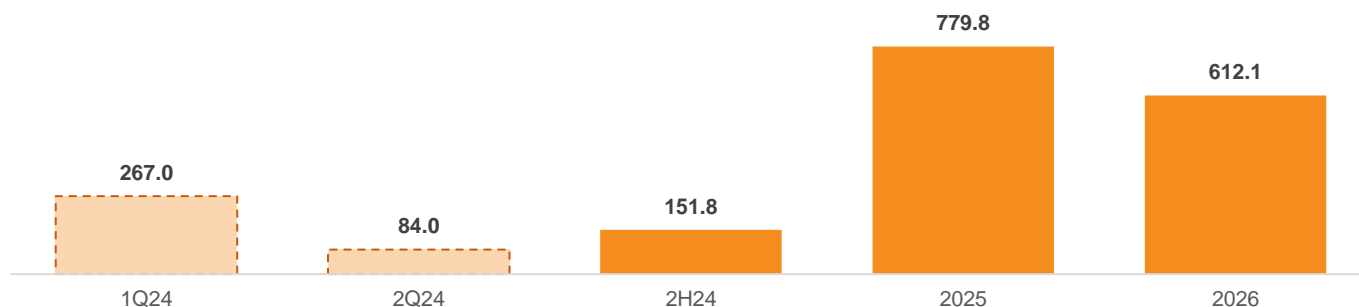
In 2Q24, Net Leverage, measured by the Net Debt/EBITDA ratio, reached 2.8x.



(R\$ in million)	2023	1Q24	2Q24
Gross Debt	1,696	1,476	1,544
Cash	1,064	701	977
Net Debt	633	775	552
EBITDA LTM	330	233	200
Leverage	1.9x	3.3x	2.8x

The Company's cash position at the end of 2Q24 was R\$ 977.2 million. The balance of financial obligations maturing in the coming months of 2024 is R\$ 151.8 million.

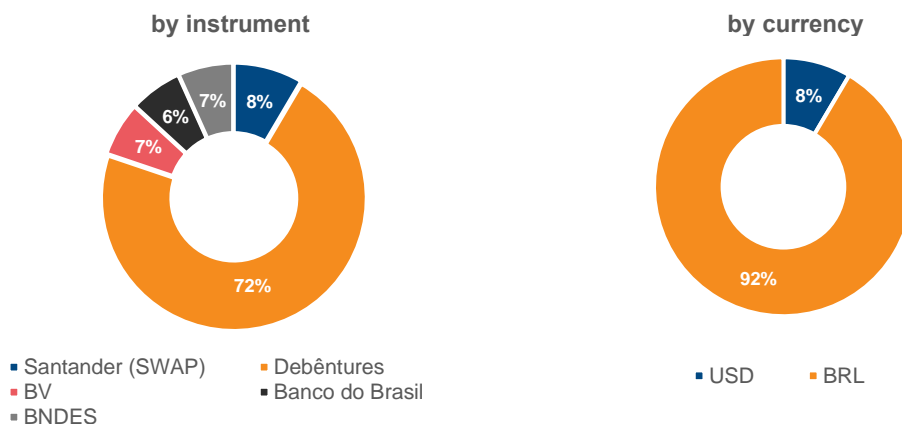
Debt Amortization Flow (R\$ million)



Total gross debt amounted to R\$ 1,543.7 million, with an average maturity of 1.3 years.

It is important to highlight that in 2Q24, we raised R\$ 100 million through two funding rounds. Additionally, we extended our debt with Banco do Brasil, which will now conclude in December 2025 (previously set to end in November 2024).

Debt Profile

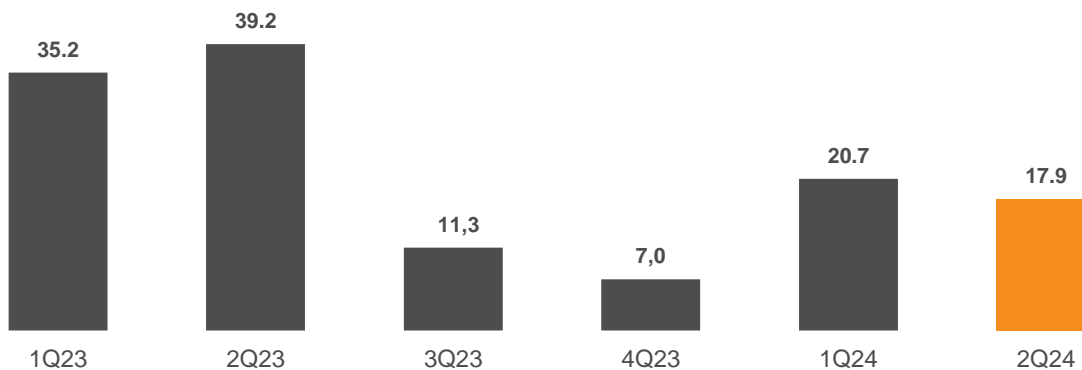


Net Income

The Net Loss in 2Q24 was R\$ 3.1 million, a reduction of 92.5% compared to 1Q24.

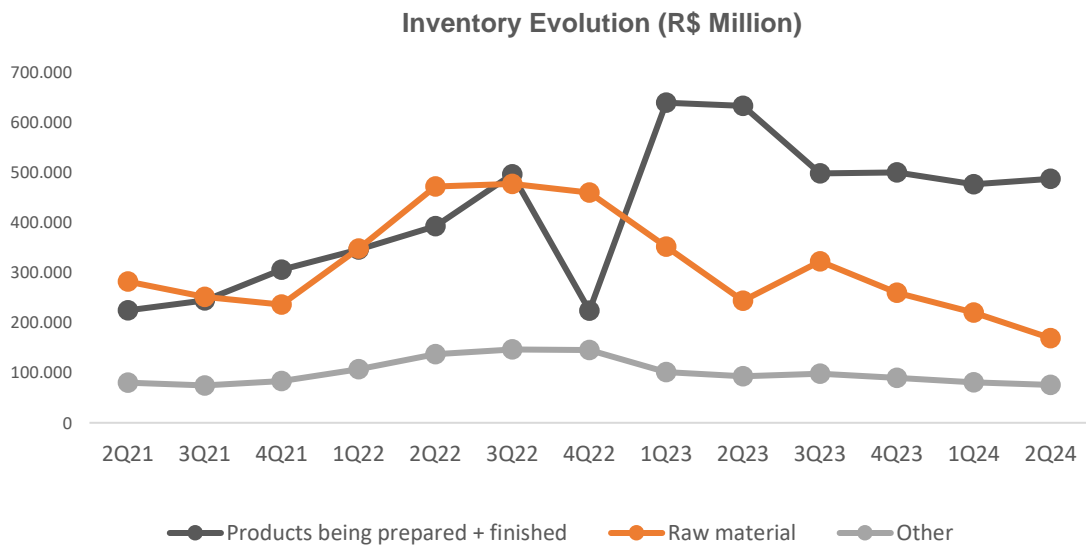
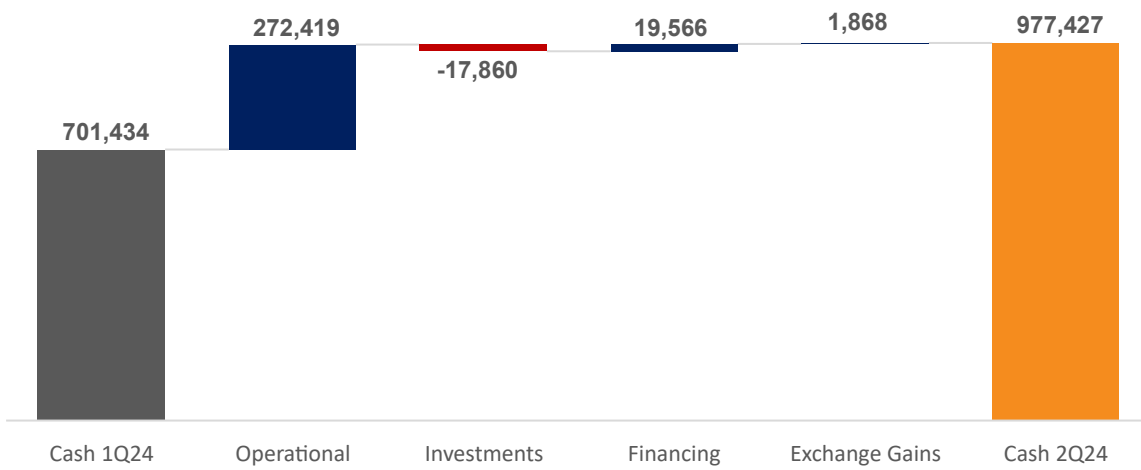
Investments

In 2Q24, the Company invested R\$ 17.9 million, a figure that was planned in the Company's budget.

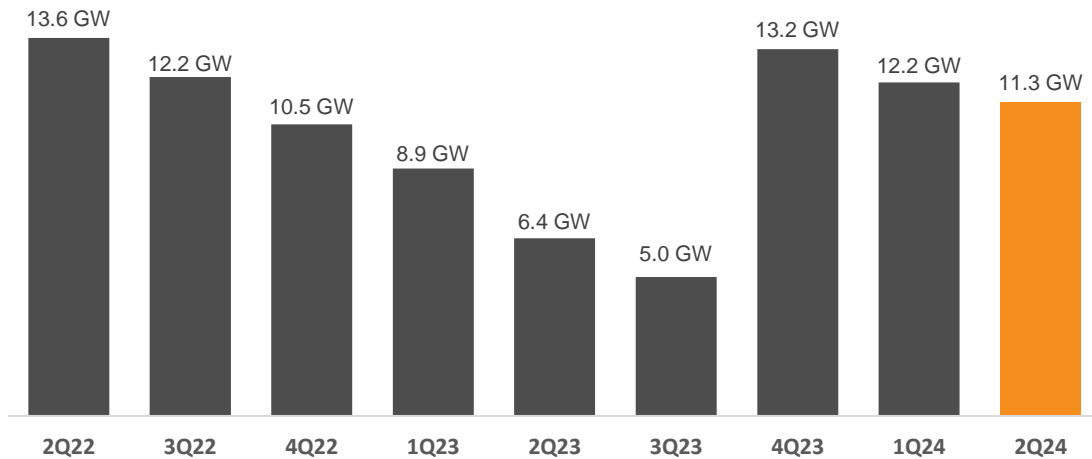


Cash Flow

The cash flow in 2Q24 showed the following movements: (i) cash flow from operating activities generated R\$ 272.4 million; (ii) cash flow from investing activities consumed R\$ 17.9 million; and (iii) cash flow from financing activities generated R\$ 19.5 million. (See the details in Appendix 4 – “Cash Flow Statement”).



Potential Orders Covered by Long Term Contracts¹



In 2Q24, we saw a reduction in the volume of potential orders covered by long-term contracts, amounting to approximately 900 MW, of which 496 MW were produced.

¹ The contracts provide for using up to 40% less than the productive capacity dedicated to the customer leading to a higher price. Customers can even reduce the installed capacity or terminate the contract in advance by paying the penalties in the contract for both cases.



Exhibits

(1) Income Statement

(In thousands of Reais)	2Q24	1Q24	Var. %	2Q23	Var. %
Net Operating Revenue	422,232	515,445	-18.1%	821,082	-48.6%
Cost of Goods Sold	-348,279	-470,269	-25.9%	-705,026	-50.6%
Gross Profit	73,953	45,176	63.7%	116,056	-36.3%
Operating Expenses:					
SG&A Expenses	-30,774	-28,700	7.2%	-28,439	8.2%
Other Operating Income (Expenses), Net	328	-1,868	-	-1,537	-
Operating Profit Before Financial Income and Expenses	43,507	14,608	197.8%	86,080	-49.5%
Depreciation and Amortization	20,119	20,945	-3.9%	16,249	23.8%
EBITDA	63,626	35,553	79.0%	102,329	-37.8%
SUDENE Tax Incentive	0	0	0	0	-
Long-Term Incentive	0	0	0	243	-
Performance Consulting	0	0	0	224	-
Restructuring Plan	6,937	6,922	0.2%	0	-
Adjusted EBITDA	70,563	42,475	66.1%	102,796	-31.4%
Financial Expenses	-94,066	-82,286	14.3%	-125,988	-25.3%
Financial Income	45,287	21,641	109.3%	26,596	70.3%
Financial Result	-48,779	-60,645	-19.6%	-99,392	-50.9%
Profit Before Income Tax and Social Contribution	-5,272	-46,037	-88.5%	-13,312	-60.4%
Current Income Tax and Social Contribution	1,198	-1,312	-	-19	-
Deferred Income Tax and Social Contribution	983	6,101	-83.9%	3,981	-75.3%
Net Income /(Loss) for the Period	-3,091	-41,248	-92.5%	-9,350	-66.9%
Net Income /(Loss) Attributable to Shareholders and Controlling Interest	-3,091	-41,248	-92.5%	-9,350	-66.9%
Number of Shares at the End of the Period	61,235	1,224,459	-95.0%	37,390	63.8%
Basic and Diluted Earnings (Loss) per Share (R\$)	-0.0505	-0.0337	49.8%	-0.2501	-79.8%

(2) Balance Sheet - Assets

Asset	Parent Company		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Current Assets				
Cash and Cash Equivalents	964,833	1,057,576	977,427	1,063,522
Accounts Receivable from Customers	543,714	668,987	583,877	713,400
Inventories	731,155	848,451	731,436	848,583
Recoverable Taxes	34,124	38,272	34,378	38,520
Related Parties	-	1,961	0	-
Other Receivables	29,373	58,265	32,050	60,091
Derivative Financial Instruments	7,937	-	7,937	-
Total Current Assets	2,311,136	2,673,512	2,367,105	2,724,116
Non-Current Assets				
Recoverable Taxes	211,868	198,792	211,868	198,792
Related Parties	53,323	42,544	-	-
Investments	7,848	12,448	-	-
Derivative Financial Instruments	6,493	-	6,493	-
Deferred Income Tax and Social Contribution	37,854	30,770	37,854	30,770
Property, Plant and Equipment	942,445	943,442	950,768	950,735
Right of Use Assets	24,222	49,615	24,222	49,615
Intangible Assets	56,576	60,392	56,638	60,453
Total Non-Current Assets	1,340,629	1,338,003	1,287,843	1,290,365
Total Assets	3,651,765	4,011,515	3,654,948	4,014,481

(3) Balance Sheet - Liabilities

Liabilities and equity	Parent Company		Consolidated	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Current				
Trade payables	118,525	285,833	121,078	288,763
Loans and financings	531,788	549,362	531,788	549,362
Derivative financial instruments	-	656	-	656
Leasing	9,164	16,960	9,164	16,960
Salaries and payroll charges	43,139	43,907	43,139	43,924
Taxes collectable	40,170	55,572	40,335	55,591
Advances from clients	781,078	739,034	781,379	739,034
Other payables	5,577	1,289	5,741	1,289
Total current liabilities	1,529,441	1,692,613	1,532,624	1,695,579
Noncurrent				
Loans and financings	1,011,891	1,146,231	1,011,891	1,146,231
Leasing	16,043	34,413	16,043	34,413
Total non-current liabilities	1,027,934	1,180,644	1,027,934	1,180,644
Total liabilities	2,557,375	2,873,257	2,560,558	2,876,223
Shareholders' Equity				
Share capital	855,102	855,102	855,102	855,102
Capital reserve	347,496	347,938	347,496	347,938
Profit reserve	78,261	78,261	78,261	78,261
Accumulated Losses	-148,778	(104,439)	-148,778	(104,439)
Equity valuation adjustment	779	(56)	779	(56)
(-) Treasury Shares	-38,470	(38,548)	-38,470	(38,548)
Total shareholders' equity	1,094,390	1,138,258	1,094,390	1,138,258
Total liabilities and shareholders' equity	3,651,765	4,011,515	3,654,948	4,014,481

(4) Cash Flow Statements

(R\$ in Million)	06/30/2024
Profit Before Income Tax	(5,272)
Adjustments to Reconcile Net Income to Cash (Used in) Generated by Operating Activities:	
Depreciation and Amortization	24,691
Net Result from Disposal of Fixed Assets	(529)
Share-Based Payment Plan	(216)
Foreign Exchange Variation on Loans and Financing	(4,474)
Foreign Exchange Variation on Financial Instruments	663
Interest on Lease	1,028
Financial Expenses - Net	39,530
Total	55,421
Changes in Assets and Liabilities	
Accounts Receivable	52,539
Inventories	44,855
Recoverable Taxes	(4,523)
Other Receivables	1,148
Suppliers	(113,624)
Social and Labor Obligations	425
Taxes Payable	(3,104)
Customer Advances	249,814
Other Payables	732
Cash (Used in) Generated by Operating Activities	283,683
Interest Paid on Loans and Financing	(10,236)
Interest Paid on Leases	(1,028)
Net Cash (Used in) Generated by Operating Activities	272,419
Cash Flows from Investing Activities	
Acquisition of Fixed Assets	(13,694)
Proceeds from the Sale of Fixed Assets	702
Acquisition of Intangible Assets	(4,868)
Net Cash Used in Investing Activities	(17,860)

Cash Flows from Financing Activities	
Loans Raised	100,000
Loans Amortized	(19,608)
Transaction Costs Related to Funding	(1,107)
Repurchase of Debentures	(56,900)
Lease Payments	(2,819)
Net Cash (Used in) Generated by Financing Activities	19,566
Increase (Decrease) in Cash and Cash Equivalents	274,125
Cash and Cash Equivalents at the Beginning of the Period	701,434
Foreign Exchange Gains (Losses) on Cash and Secured Accounts	1,868
Cash and Cash Equivalents at the End of the Period	977,427
Increase (decrease) in cash and cash equivalents	274,125