

(A free translation of the original in Portuguese)



**Parent company and
consolidated financial
statements at
December 31, 2022
and independent auditor's**

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Independent Auditor's Report on Financial Statements for parent company and consolidated

To the Board of Directors and Stockholders
Auren Energia S.A.

Opinion

We have audited the accompanying Financial Statements of Auren Energia S.A. ("Company"), which comprise the balance sheet as at December 31, 2022 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the accompanying consolidated Financial Statements of Auren Energia S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2022 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

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

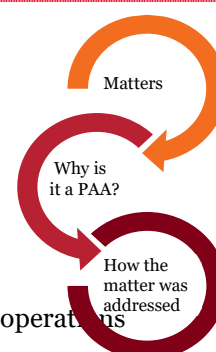
Basis for opinion

We have conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the following section titled "Auditor's Responsibilities for the Audit of the Parent Company and Consolidated Financial Statements". We are independent of the Company and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, 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 the most significant in our audit of the current financial year. These matters were addressed in our audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our audit for the year ended December 31, 2022, was planned and executed on the basis that the Company's and its subsidiaries's operations



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do not present significant changes in relation to the previous year. Therefore, the Key Audit Matters, as well as our audit approach, are substantially consistent with those of the previous year, except for the exclusion of the hydrological risk or GSF - Generation Scaling Factor KAM due to the initial accounting having occurred in 2021, after the recognition the amounts are part of the Recoverability of fixed and intangible assets (impairment test) KAM and the inclusion of the KAM on Corporate Reorganization.

Why it is a Key Audit Matter (KAM)	How the matter was addressed in the audit
<p>On February 3, 2022, the Company carried out a series of corporate reorganization movements, aiming the unification of the energy assets of Votorantim S. A. ("VSA") and Canada Pension Plan Investment Board ("CPP Investments").</p> <p>We treated the corporate reorganization as a key audit matters due to the significance of the balances and the complexities in estimating the fair value and corporate analyses. These required of management significant judgment in projecting cash flows, including assumptions as to macroeconomic and market conditions. Had different bases for estimates been used, these could have generated significantly different effects on the financial statements.</p>	<p>Our audit response included, among other procedures:</p> <ul style="list-style-type: none"> • Assistance from our valuation specialists to analyze the methodology used by the external appraisers hired by the Company to measure the fair value of the investments. • Assessment of the independence and experience of the appraisers, as well as examination of the methodology used by the Appraisers. • Analysis of the logical and arithmetic consistency of the valuation and reasonableness of the projections. • Analysis of the main criteria used in the fair value measurement of investments, such as the reasonableness of the discount rate used by the appraisal. • Reading of the corporate and transaction documents. • Analysis of the disclosures presented in the explanatory notes. <p>Our audit procedures indicated that the methodology, judgments and assumptions used by management, as well as the disclosures, to be consistent with the data and information obtained, within the context of the parent company and consolidated financial statements taken as a whole.</p>

Compensation agreement for the return of assets to the concessionaire - Note 11

On December 7, 2022, CESP executed an agreement with the Brazilian Federal Government to compensate CESP for having returned the Usina Hidrelétrica Três Irmãos concessionaire assets which had not been fully amortized or depreciated. The compensation agreement totals R\$ 1,717,362 thousand, including interest accrued based on the Special System for Settlement and Custody (SELIC)

Our audit response included, among other procedures:

- Understanding of the past administrative proceedings, analyses of publications of normative resolutions, ordinances, letters and technical notes from the regulator.

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rate on a compound basis, to be paid in 84 consecutive monthly installments.

On December 31, 2022, the compensation receivable, plus accruals, net of provision for losses, was R\$ 3,909,017 thousand.

We treated this as a key audit matter due to the inherent risks of certain assumptions, such as, updating the receivable, the timing of recognition of accruals, among others. These rely on management's judgment and the selection of a different set of assumptions could have a material impact on the determination of the value of the asset and, consequently, on the result for the year.

- Reading and evaluation of the basis for the litigation settlement, being one of management's critical assumptions for estimating the amount involved.
- Review of the assumptions used and verification of mathematical accuracy in calculations of monetary update and adjustment to present value.
- Analysis of the disclosures in the explanatory notes.

We consider that the criteria and assumptions adopted by management to determine the asset compensation, as well as the disclosures, to be consistent with the information obtained, within the context of the parent company and consolidated financial statements taken as a whole.

Pension and healthcare plans - Note 26

The Company and its subsidiaries sponsor pension and healthcare plans for their employees, retirees and their beneficiaries to supplement benefits provided by the government's social security system (Note 26).

The net liability for these defined benefit plans totals R\$ 1,263,931, calculated using actuarial assumptions that include a discount rate, the long-term inflation rate, mortality tables, demographic and economic estimates, future medical costs, as well as employee census data and past expenses and contributions.

The actuarial calculations that are prepared by an independent actuary hired by management and take into consideration actuarial assumptions and participant census data.

Management applies its judgement in estimating the present values for the plans which requires making assumptions.

We treated this as a key audit matter in view of the complexities involved in making estimates and selecting assumptions which could significantly affect the amounts recorded.

Our audit response included, among other procedures:

- Meetings with the Company's management to discuss and understand the measurement of the actuarial liabilities of the defined benefit and supplemental health care plans.
- Understanding and assessing the internal controls over the measurement of the actuarial liabilities for the defined benefit plans.
- Evaluating the main criteria for determining the individual reserve for selected participants and actuarial assumptions, such as the discount rate, the estimated inflation rate, mortality table, demographic and economic estimates, future medical costs, as well as employee census data and contributions, as applicable.
- Reviewing the mathematical accuracy of the calculations made by the Company's actuary.
- Testing, on a sample basis, the consistency of participant census data used by the actuary in performing the actuarial valuation.

Our procedures were carried out with the assistance of our actuarial specialists including a review of the disclosures in the financial statements.

Our audit procedures indicated that the criteria for measuring post-employment benefits, as well as the note disclosures to be consistent with the

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documentation presented, in all material respects, within the context of the parent company and consolidated financial statements taken as a whole.

Provision for litigations - Note 25

At December 31, 2022, the consolidated provisions for probable loss contingencies for judicial proceedings total R\$ 1,186,005. Further legal contingencies for tax, civil, environmental, labor, and expropriation contingencies totaling R\$ 1,647,301 have no provisions as management, under the advice of legal counsel, believes that the risk of loss is possible but not probable.

The decision to record a contingent liability provision is subject to inherent uncertainties regarding the probability of loss and estimates for the settlement amounts. This requires significant judgment of management in establishing the likelihood of an outflow of funds.

The disclosures of the proceedings and the estimates of contingent liabilities requires judgments which rely on interpretations of doctrinal and jurisprudential factors.

We treated this as a key audit matter due to the sensitivity of the estimates and assumptions used in determining the amount to be provisioned and disclosed.

Our audit response included, among other procedures an assessment of the consistency of application of the accounting policy for provisioning contingencies and the required disclosures. Additionally, we also considered:

- Understanding and assessing the internal over the measurement and existence of contingencies.
- Evaluating the consistency of the criteria and assumptions for measurement, recognition and classification of the risk of loss of proceedings, prepared by management based on assessments carried out by the Company's internal and external legal advisors.
- Confirming information directly with legal advisors.
- Analytical review of the movements in the provision account for litigation and contingencies during the year.
- Discussing the more significant issues with the Company's bodies charged with governance.
- Analysis of the disclosures presented in the explanatory notes.

We consider that the criteria and assumptions adopted by management to determine the provision for contingencies, as well as the disclosures for contingent liabilities, to be consistent with the assessments of the internal and external legal advisors and other information obtained.

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Realization of income tax and social contribution deferred tax assets - Note 20

At December 31, 2022, the Company and its subsidiaries have deferred income tax and social contribution assets from loss carryforwards and temporary differences of R\$ 3,000,824. These amounts are recorded to the extent that management believes sufficient future taxable profits will be generated to offset these credits.

Management makes projections of future taxable income, which requires significant judgment in making assumptions for the projections, such as the physical amount of energy (MWh), contracted prices, discount rate, among others.

Justifications for recording deferred tax assets can vary significantly if a different selection of assumptions and projections of taxable income are used. The estimates for the timing for realization of tax loss carryforwards and temporary differences can affect projections and requires judgment of management. For this reason, and also because of the significance of the balances, we treated this as a key audit matter.

Our audit response included, among other procedures:

- Understanding management's policies and the process for the preparation and approval by Company's bodies charged with governance of the cash flow projections.
- Analysis of the key assumptions and tests on the projections of the realization of deferred tax assets, recognized in the financial statements.
- Discussion with management concerning approved and disclosed business plans.
- Analysis of the disclosures in the explanatory notes.

Our audit procedures demonstrated that the methodology, judgments and assumptions used by management, as well as the disclosures, to be consistent with the data and information obtained, within the context of the parent company and consolidated financial statements taken as a whole.

Recoverability of fixed and intangible assets (impairment test)- Notes 15 and 16

The consolidated financial statements at December 31, 2022, present fixed assets and intangible assets of R\$ 10,397,035 and R\$ 2,587,808. These refer substantially to investments in infrastructure made in connection with the public concession contracts.

Management performs, at least annually, an evaluation of impairment indicators and, when applicable, an impairment test of such assets, based on the value-in-use method. This requires the exercise of material judgments for certain assumptions used in the projections, such as the physical quantity of energy (MWh), contracted prices, discount rate, among others.

We treated the impairment test of fixed and intangible assets to be key audit matters due to the significance of the balances and the complexity required for the recoverability analyses. Significant judgments are applied in determining the projections of cash flows, including macroeconomic and market conditions. Had different bases for estimates been used, these could have generated significantly different effects on the financial statements.

Our audit response included, among other procedures:

- Understanding management's policies and the process for the preparation and approval by the Company's bodies charged with governance of the cash flow projections.
- Analysis of the reasonableness of the key assumptions and mathematical tests on the projections of recoverability of fixed and intangible assets.
- Review of the sensitivity analysis of the projections, considering different intervals and scenarios.
- Discussion with management concerning approved and disclosed business plans; and
- Analysis of the disclosures in the explanatory notes.

Our audit procedures demonstrated that the methodology, judgments and assumptions used by management, as well as the disclosures, to be consistent with the data and information obtained,

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within the context of the parent company and consolidated financial statements taken as a whole.

Other matters

Statements of Value Added

The parent company and consolidated statements of value added for the year ended December 31, 2022, prepared under the responsibility of the Company's management and presented as supplementary information for IFRS purposes, have been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. In forming our opinion, we assessed whether these statements are reconciled with the financial statements and accounting records, as applicable, and their form and content comply with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". In our opinion, these statements of value added have been properly prepared, in all material respects, in accordance with the criteria established in this Technical Pronouncement and are consistent with the parent company and consolidated financial statements as a whole.

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

The Company's management is responsible for the other information that comprises the Management Report.

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

In connection with the audit of parent company 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 management and those charged with governance for the parent company and consolidated Financial Statements

The Company's management is charged for the preparation and fair presentation of these parent company and consolidated financial statements in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the *International Accounting Standards Board* (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using this basis during said preparation, unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the parent company and consolidated Financial Statements

Our objectives are to obtain reasonable assurance as to whether the parent company and consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of



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

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

- Identify and assess the risks of material misstatement of the parent company 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 internal control of the Company and its subsidiaries.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that could cast significant doubt on the ability of the Company and its subsidiaries 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 parent company 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 parent company and consolidated Financial Statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the parent company and consolidated Financial Statements. We are responsible for the direction, supervision, and performance of the Group audit.

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

We also provide those charged with governance with a statement that we comply with relevant ethical requirements, including applicable independence requirements, and communicate all relationships or matters that could materially affect our independence, including, 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 period 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



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of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, February 16, 2023

PricewaterhouseCoopers
Auditores Independentes Ltda.
(New designation of PricewaterhouseCoopers
Auditores Independentes)
CRC 2SP000160/O-5

Carlos Eduardo Guaraná Mendonça
Accountant Regional Accounting Council (CRC) 1SP196994/O-

Management Message

At Auren, we ended 2022 proud of our achievements. We successfully concluded the merger and integration of assets, advanced further in expanding our renewable generation platform and in the aspiration to build a Clean Energy Tech in our Commercial front, and we concluded the judicial agreement regarding the indemnification of the Três Irmãos HPP.

After constructing the Ventos do Piauí II and III wind complexes on schedule and within budget, we now have a portfolio of operational assets with installed capacity of 3.0 GW and physical guarantee of 1.6 GW avg, reaffirming our position as one of Brazil's leading renewable energy generation companies.

As for projects under construction, in the last quarter of the year, we signed the main supply agreements for the hybrid Sol do Piauí and the solar Sol de Jaíba projects, which, once concluded, will add 548 MWac to the installed capacity and 167 MWavg to the physical guarantee of our energy generation complex. The mobilization phase has already begun at both projects. In the Sol de Jaíba project, which will occupy an area of 1,500 hectares and with capacity to supply energy to over 500,000 houses, work is under way on building the step-up substation and the external accesses to the complexes.

Auren Comercializadora acquired interest in Flora Energia, a startup that has developed a marketplace platform to offer a scalable technological solution that enables that enables clients in the regulated market to access the acquisition of energy from distributed generation projects. This was Auren's third investment in innovation, technology and data science companies, representing a further advance in our path to become a Clean Energy Tech, reinforcing its strategy to build an ecosystem of strategic partners, aiming the development of new products, services and special energy solutions to serve the free market clients.

In December, we successfully concluded negotiations related to the indemnification for the Três Irmãos HPP. As for our contingent liabilities, the highlight in 4Q22 was the ratification of a Public Interest Civil Action related to fishermen. The booking of these negotiations contributed positively to the disclosure of a net income of R\$2.7 billion in 2022, besides reducing the risk attributed to the Company.

Our disciplined financial and business management enabled us to approve, on this date, the proposed distribution of dividends, to be deliberated at the Annual and Extraordinary Shareholders Meeting.

We are also consistently evolving on the Environmental, Social and Governance (ESG) agenda. Notable among the initiatives during the year were the approval of our Sustainability Policy, which consolidates Auren's strategic vision and purposes on Health, Occupational Safety, Environment and Social Responsibility.

Our commitment to the transparent disclosure of its greenhouse gas emissions and to the transition to a low-carbon economy led it to be chosen for the select group of companies that make up the portfolio of B3's Carbon Efficient Index (ICO2 B3).

We started 2023 with the same courage to innovate and the caution and discipline to invest in a scenario that is both challenging and offers promising opportunities.

We thank our shareholders, employees and business partners for supporting us in this journey of growth towards a clean and more sustainable future.

Fabio Zanfelicé

Chief Executive Officer

Mario Bertoncini

Vice-President of Finance and
Investor Relations Officer

Company Profile

Auren was born to build a more positive world. We were born from the integration of Votorantim S.A and CPP Investments' energy assets and arrived on the market as one of the largest renewables and commercialization platforms in Brazil. We operate with a clean matrix and one of the largest installed capacities in the country. We have a broad portfolio of customers, moving an average of 2.5 GW, and a diversified portfolio of products and solutions focused on customer needs and based on continuous investment in market intelligence and digitalization. We bring 100 years of history and knowledge of the sector, led by a team of experts ready to innovate and generate shared value for customers, partners, shareholders and society.

Corporate Governance

As a publicly traded company, listed on the highest standards of governance of Brasil, Bolsa, Balcão (B3), the Novo Mercado, we guide our actions by adopting the best practices, based on the principles of transparency, fairness, accountability and corporate responsibility.

In 2022, Auren's governance model was driven by the listing and adherence to B3's Novo Mercado rules. The structuring and implementation of new processes and policies strengthened transparency, disclosure of information and the decision-making process of the Company's governance bodies. We structured robust governance at Auren in accordance with B3 rules, with the implementation of new management principles and structures.

The governance of the Company still has the General Meeting of Shareholders as the most important corporate event. In it, shareholders annually deliberate on the annual financial statements and take the accounts of the administrators, in addition to electing, every two years considering the term of office, the members of the Company's Board of Directors.

The Board of Directors is still advised by a Governance Secretariat, and it meets ordinarily 10 times a year, according to an annual calendar set by the body itself, and exceptionally at any time, when necessary for the social interests, according to its Internal Regulations. Since March 28, 2022, 18 meetings have been held, 8 ordinary and 10 extraordinary.

Last year, there was the structuring and implementation of new processes and policies, which strengthened transparency, disclosure of information and the decision-making process of the Company's governance bodies. In this context, the formulation

and review of policies resulted in the updating of benchmarks and guidelines for an important set of topics, including: compliance and anti-corruption, risk management, dividends, securities trading, sustainability, related party transactions and remuneration and evaluation of administrators.

Regarding governance references, Auren adopts the main practices recommended by the Instituto Brasileiro de Governança Corporativa (IBGC), based on the Code of Best Practices in Corporate Governance.

The Auren Governance's commitment to promoting inclusion of women and underrepresented groups in Board and Executive positions is formally recognized and confirmed with the approval of the Indication Policy. Approved by the Board of Directors, Auren's corporate policies express our intentions and commitments related to various aspects of management. Applicable to the whole organizational structure, these documents are shared with internal and external audiences.

Other information about corporate governance are available on the Investors Relations website (<https://ri.aurenenergia.com.br/en/> - Governance and Sustainability).

Sustainability

We assume new commitments for the future. We want to contribute to the creation of an increasingly innovative, digitalized, and sustainable electric sector. These challenges reinforce our aspiration: to follow together for the energy of all. United, we put our energy to achieve the priority objectives and adopt the following strategic orientations:

- Finding solutions and business models within and beyond the limits of the company, seeking to integrate the socio-environmental into the core business;
- Connecting people, skills, goals and economic partners for sustainable development;
- Establishing connections with local communities; and
- Keeping the United Nations Sustainable Development Goals (SDGs) as guides for action, Auren is committed to the magnitude of ambitions and vocation.

We are signatories of the UN Global Pact and our socio-environmental management is aligned with the SDGs - Sustainable Development Goals, emphasizing actions to face climate change and take care for biodiversity. Among the priorities of the management, we highlight the preservation of natural resources and the restoration of ecosystems, the rational use of water, in addition to the control and reduction of emissions.

Committed to transparency in emissions management, Auren is listed on the B3 Carbon Efficient Index - ICO2. The wind farms Ventos do Piauí I and Ventos do Araripe III, which

are certified in the voluntary carbon credit market and have contributed to avoid the emission of approximately 900 thousand tons of CO₂ to the atmosphere.

Our regeneration actions have reforested more than 250 hectares of Atlantic forest and Cerrado in the southeast of the country. In addition, we are one of the founders of the Legado das Águas, the largest Atlantic forest reserve in the country which together with the Cisalpina Private Reserve of Natural Heritage Protection totals almost 35 thousand hectares of preserved and protected area.

On the social development front, we are carrying out 44 projects in 27 municipalities of 5 Brazilian states, working on the priority topics in the territories where we operate: work and income; basic infrastructure; basic and technical education (for the energy sector) and childhood and adolescence protection.

Operating Performance

In December 2022, Auren's operational installed capacity totaled 3,030 MW, including the non-controlling interest in hydroelectric assets and the startup of the Ventos do Piauí II and III wind complexes, concluded in 4Q22. Of this total, 2,057 MW refers to hydropower, including 517 MW of assets in which the Company holds interest, and 973 MW to wind power.

Hydroelectric generation

The Company holds full interest in the Porto Primavera HPP and non-controlling interest in seven other assets: Machadinho, Campos Novos, Barra Grande, Amador Aguiar I and II, Igarapava and Picada.

Table 1 – Generation by hydroelectric power plants fully owned by the Company

	Installed Capacity	Physical Guarantee (MWavg)	Energy generation (MWavg)					
			4Q22	4Q21	Var. (%)	2022	2021	Var. (%)
HPP Porto Primavera	1,540.0	886.8	825.0	765.8	7.7%	773.3	759.9	1.7%

Power generation at Porto Primavera HPP reached 825 MWavg in 4Q22, up 8% from 4Q21 (766 MWavg).

The higher generation in this quarter reflects the easing, during 2022, of the water crisis effects experienced in Brazil in the previous year. As a result, on October 31, 2022 the operational guidelines established by the Exceptional Water & Energy Management Rules Chamber (CREG) which limited the minimum release flow of HPP

Porto Primavera and, consequently, the production of electric energy by the plant, ceased to be in effect.

Table 2 – Comparison of Affluent Natural Energy (ENA) from the Southeast/Midwest subsystem

	MWavg			% MLT ⁽³⁾		
	4Q22	4Q21	Var. (%)	2022	2021	Var. (%)
October	24,562	22,229	10.5%	104%	94%	10 p.p.
November	24,616	29,324	-16.1%	78%	93%	-15 p.p.
December	42,681	42,730	-0.1%	89%	89%	-
Oct-Dec	30,685	31,451	-2.4%	89%	91%	-2 p.p.

In 4Q22, the water basins of the Southeast/Midwest subsystem registered flows close to the historical average, but with storage higher than in 4Q21. To recover the reservoirs of the Paranaíba and Grande River basins, the National System Operator (ONS) adopted, as its operating strategy, the reduction of hydroelectric plants flow during most of the quarter, but the flow rates practiced were higher than those observed in the previous quarters.

In 4Q22, the Porto Primavera HPP maintained the average availability index at 96.2%, up 3.9 p.p. from 4Q21 (92.3%).

Average availability index of plants managed by Auren remained significantly above the reference values defined by the Brazilian Electricity Regulatory Agency (ANEEL), indicative of the quality of asset operations and maintenance, as well as adequate management of operating risks.

Table 3 – Availability of plants operated by Auren and reference values adopted by ANEEL

	Installed Capacity (MW)	# Generation Units - GU	GU Unity Capacity (MW)	Verified Availability	ANEEL Reference Values
UHE Porto Primavera	1.540.0	14	110.0	96.2%	92.3%
UHE Picada	50.0	2	25.0	95.7%	93.4%

⁽³⁾ Long-term average (MLT). Information available at http://www.ons.org.br/Paginas/resultados-da-operacao/historico-da-operacao/energia_afluente_subsistema.aspx

Wind Power Generation

Power generation at the wind farms operated by Auren totaled 348 MWavg in 4Q22, up 125% from 4Q21 (155 MWavg) or 32% higher, on a same operating asset basis. The commercial startup of the Ventos do Piauí II and III wind complexes added 81 MWavg to the Company's wind power generation in 2022.

Table 4 – Generation by Wind Complexes

	Installed Capacity (MW)	Guarantee (MWavg)	Energy generation (MWavg)					
			4Q22	4Q21	Var. (%)	2022	2021	Var. (%)
Ventos do Piauí I	205.8	106.3	74.3	69.0	7.7%	96.5	96.9	-0.4%
Ventos do Araripe III	357.9	178.5	130.9	86.2	51.9%	158.6	94.3	68.2%
Ventos do Piauí II (**)	206.8	104.6	69.4	-	-	22.8	-	-
Ventos do Piauí III (***)	202.4	99.7	73.7	-	-	58.0	-	-
Total	972.9	489.1	348.3	155.2	124.4%	335.9	191.2	107.1%

(*) The Ventos do Piauí II project started the start-up process in August 2022.

(**) The Ventos do Piauí III project started the start-up process in May 2022.

For the calculation of generation in 2022, in MW average, the annual generation in MWh of Ventos do Piauí II and III, divided by the number of hours of the year.

Ventos do Piauí I

In 4Q22, generation by Ventos do Piauí I was 12% lower than expected in the 90th percentile (P90) and 17% lower than average expected generation (P50), due to the below average wind resource expected for the period. Compared to 4Q21, generation was 8% higher. In 2022, generation was 96.5 MW avg, 2% higher than 90th percentile (P90) and 3% lower than average expected generation (P50).

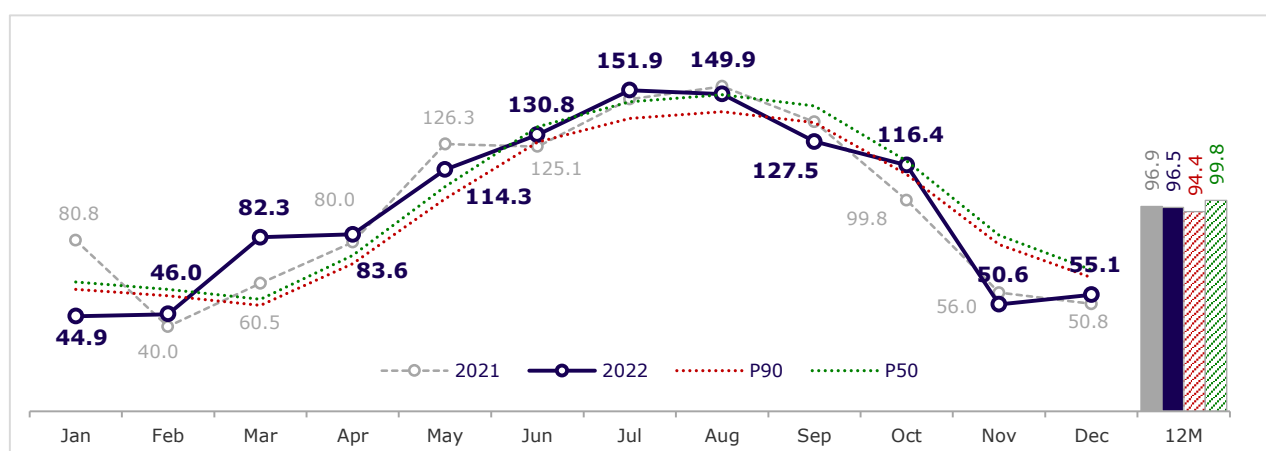
Generation in 2022 was 96.5 MWavg, up 2% from the 90th percentile (P90) and down 3% from average expected generation (P50).

Table 5 – Quarterly generation by the Ventos do Piauí I wind complex (2021 and 2022)

Period	Generation (MWavg)	Expected Generation P90 (MWavg)	Var. (P90)	Expected Generation P50 (MWavg)	Var. (P50)
1Q21	61.1	54.1	12.9%	57.1	7.0%
1Q22	58.1		7.4%		1.8%
2Q21	110.6	99.2	11.5%	104.9	5.4%
2Q22	109.6		10.5%		4.5%

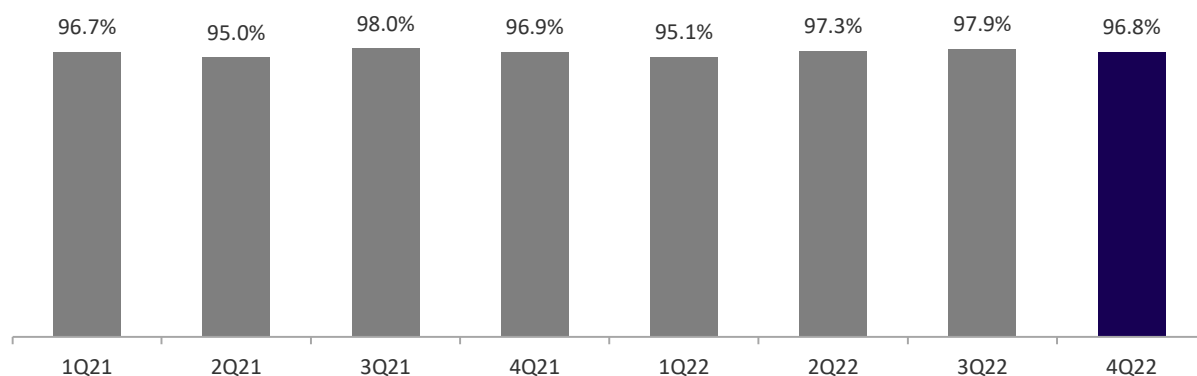
3Q21	146.1	138.9	5.2%	146.8	-0.5%
3Q22	143.3		3.2%		-2.4%
4Q21	69.0	84.7	-18.5%	89.6	-23.0%
4Q22	74.3		-12.3%		-17.1%
12M21	96.9	94.4	2.6%	99.8	-2.9%
12M22	96.5		2.2%		-3.3%

Chart 1 - Ventos do Piauí I: Power Generation and Certified Values for the 50th Percentile (P50) and 90th Percentile (P90) (MWavg)



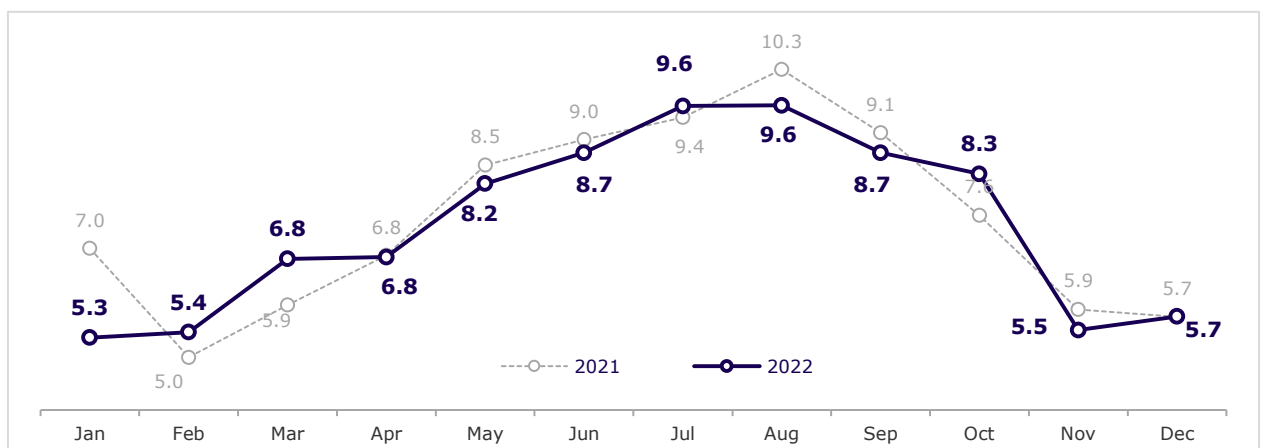
Average time availability index of the Ventos do Piauí I complex reached 96.8% in 4Q22, remaining stable in comparison with 4Q21 (96.9%).

Chart 2 - Ventos do Piauí I: Average Time Availability (%)



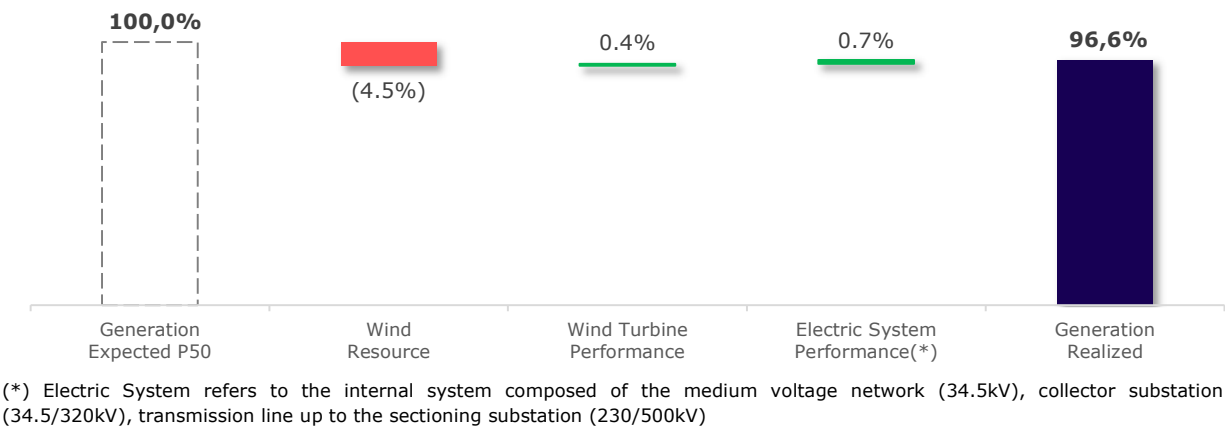
In 4Q22, average wind speed was 6.5 m/s, below the expected 6.8 m/s (wind equivalent to energy in P90) for the quarter, mainly affected by above-expected rainfall during the period. Nevertheless, wind speed was slightly higher than in 4Q21 (6.4 m/s).

Chart 3 - Ventos do Piauí I: Monthly Average Wind Speed (m/s)



As previously mentioned, in 2022, the energy production was 96.5 MW average, 3% lower than the average generation expectation (P50). When compared to the project's technical parameters, the observed wind resource was 4.5% below the long-term average for the 20-year horizon, the wind turbines performed 0.4% above expected, and the performance of the park's internal electrical system was 0.7% above expected.

Chart 4 - Ventos do Piauí I: Annual wind farm performance compared to the technical parameters of the project with an average generation expectation of P50 on a 100 basis



Ventos do Araripe III

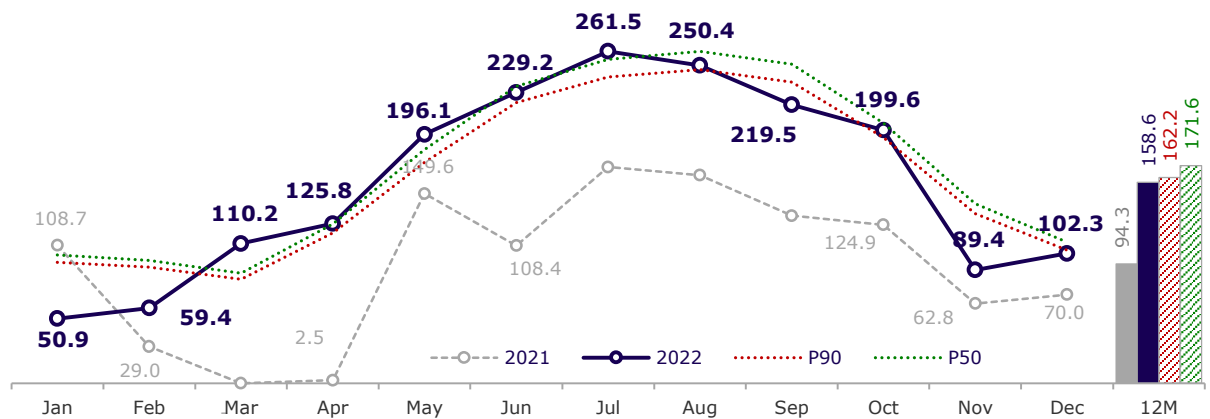
In 4Q22, generation by Ventos do Araripe III was 9% lower than expected in the 90th percentile (P90) and 14% lower than average expected generation (P50), due to below-average winds expected for the period.

Compared to 4Q21, generation was 52% higher, since the previous year was impacted by the incident at the transformers at the Collecting Substation, which limited the energy production. In 2022, generation was 158.6 MW avg, 2% lower than 90th percentile (P90) and 8% lower than average expected generation (P50).

Table 6 – Quarterly generation by the Ventos do Araripe III wind complex (2021 and 2022)

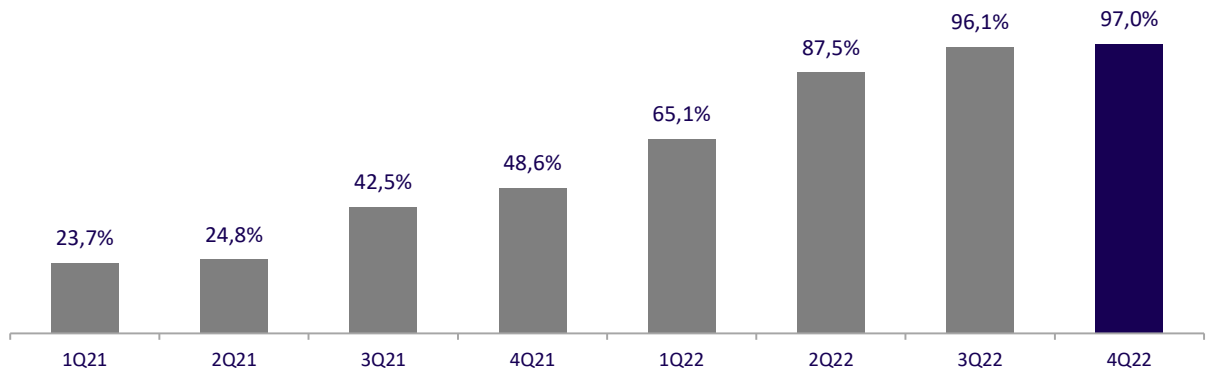
Period	Generation (MWavg)	Expected Generation 90 (MWavg)	Var. (P90)	Expected Generation (P50) (MWavg)	Var. (P50)
1Q21	46.4	89.7	-48.3%	94.9	-51.1%
1Q22	73.9		-17.6%		-22.1%
2Q21	87.5	171.3	-48.9%	181.3	-51.7%
2Q22	183.8		7.3%		1.4%
3Q21	155.8	242.0	-35.6%	256.1	-39.2%
3Q22	244.1		0.9%		-4.7%
4Q21	86.2	144.2	-40.2%	152.7	-43.5%
4Q22	130.9		-9.2%		-14.3%
12M21	94.3	162.2	-41.9%	171.6	-45.0%
12M22	158.6		-2.2%		-7.6%

Chart 5 - Ventos do Araripe III: Power Generation and Certified Values for the 50th Percentile (P50) and 90th Percentile (P90) (MWavg)



Average time availability index of the complex reached 97.0% in 4Q22, up 48% from verified availability in 4Q21 (48.6%), indicating the normalization of the asset's availability.

Chart 6 - Ventos do Araripe III: Average Time Availability (%)



In 4Q22, average wind speed was 6.8 m/s, which is below expectations, mainly affected by above-expected rainfall during the period. Nevertheless, wind speed was higher than the 6.3 m/s verified in 4Q21.

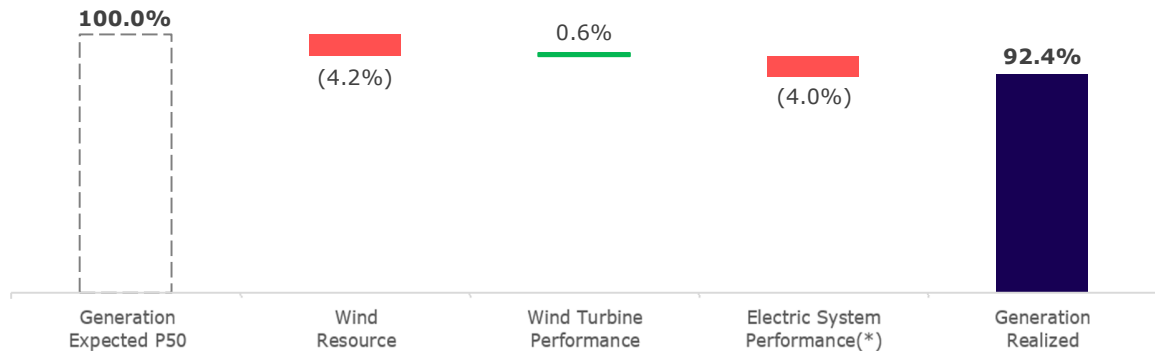
Chart 7 - Ventos do Araripe III: Monthly Average Wind Speed (m/s)



As previously mentioned, the energy production in 2022 was 158.6 average MW, 8% below the average generation expectation (P50). When compared to the technical parameters of the project, the wind resource was 4.2% below the long-term average for the 20-year horizon, the wind turbines performed 0.6% above expected and the performance of the park's internal electrical system was 4.0% below expected. The performance of the electrical system was affected by improvement works in the Collector Substation and the unavailability of one of the elevator transformers, as

mentioned above. The substation's transformation capacity was fully reestablished as of April 2022.

Chart 8 - Ventos do Araripe III: Wind farm performance compared to the technical parameters of the project with P50 average generation expectation on a 100 basis



(*) Electric System refers to the internal system composed of the medium voltage network (34.5kV), collector substation (34.5/320kV), transmission line up to the sectioning substation (230/500kV)

Ventos do Piauí II

With the conclusion of the implementation of the Ventos do Piauí II complex at the end of 4Q22, the complex reached all of its 47 wind turbines, with a nominal potential of 4.4MW, in commercial operation.

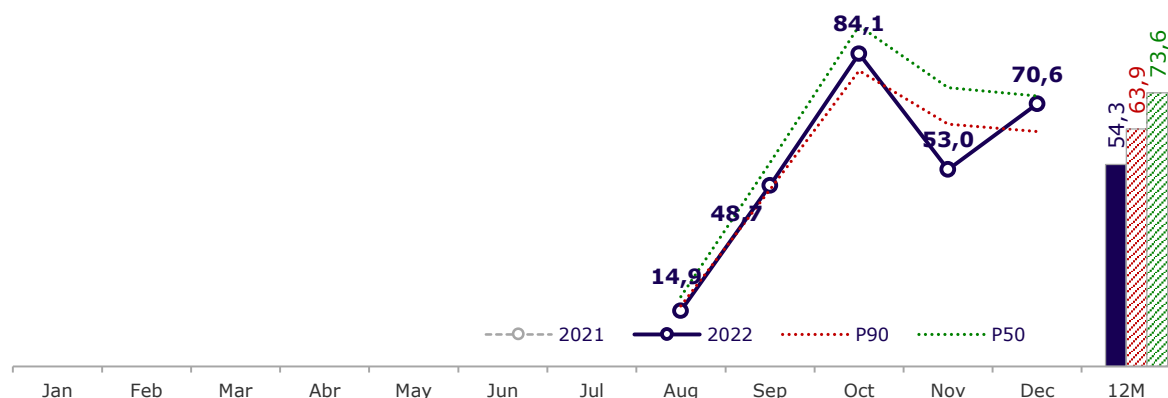
Generation in 4Q22 was 69.4 MW avg, as expected in the 90th percentile (P90), but 13% lower than average expected generation (P50).

Table 7 – Quarterly generation by the Ventos do Piauí II wind complex

Period	Generation (MW average)(*)	Expected Generation P90 (MW average) (*)	Var. (P90)	Expected Generation P50 (MW average) (*)	Var. (P50)
3Q22	31.5	31.7	-0.6%	36.5	-13.7%
4Q22	69.4	69.4	0.0%	79.9	-13.1%
Aug-Dec/2022	54.3	63.9	-15.0%	73.6	-26.2%

(*) For the calculation of the generation in MW average, it was considered the annual generation in MWh divided by the number of hours calculated from the complexes' startup date of operations until December 31.

Chart 9 - Ventos do Piauí II: Power Generation and Certified Values for the 50th Percentile (P50) and 90th Percentile (P90) (MWavg)



Ventos do Piauí III

The construction of Ventos do Piauí III complex was concluded in late 4Q22, 100% of its 46 wind turbines started commercial operation.

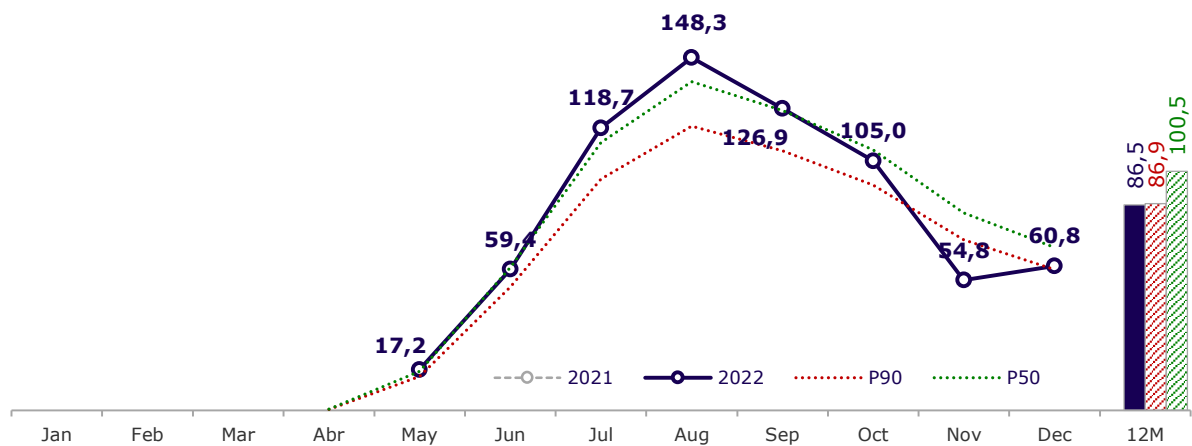
Generation in 4Q22 reached 73.7 MWavg, lower than the expected in the 90th percentile (P90) and the average expected generation (P50) by -2.0% and -15.3%, respectively.

Table 8 – Quarterly generation by the Ventos do Piauí III wind complex

Period	Generation (MW average) ^(*)	Expected Generation P90 (MW average) ^(*)	Var. (P90)	Expected Generation P50 (MW average) ^(*)	Var. (P50)
2Q22	38.0	32.8	15.9%	38.0	0.0%
3Q22	131.4	108.6	21.0%	125.7	4.5%
4Q22	73.7	75.2	-2.0%	87.0	-15.3%
May-dec/2022	86.5	86.9	-0.5%	100.5	-13.9%

^(*)For the calculation of the generation in MW average, it was considered the annual generation in MWh divided by the number of hours calculated from the complexes' startup date of operations until December 31.

Chart 10 - Ventos do Piauí III: Power Generation and Certified Values for the 50th Percentile (P50) and 90th Percentile (P90) (MW avg)

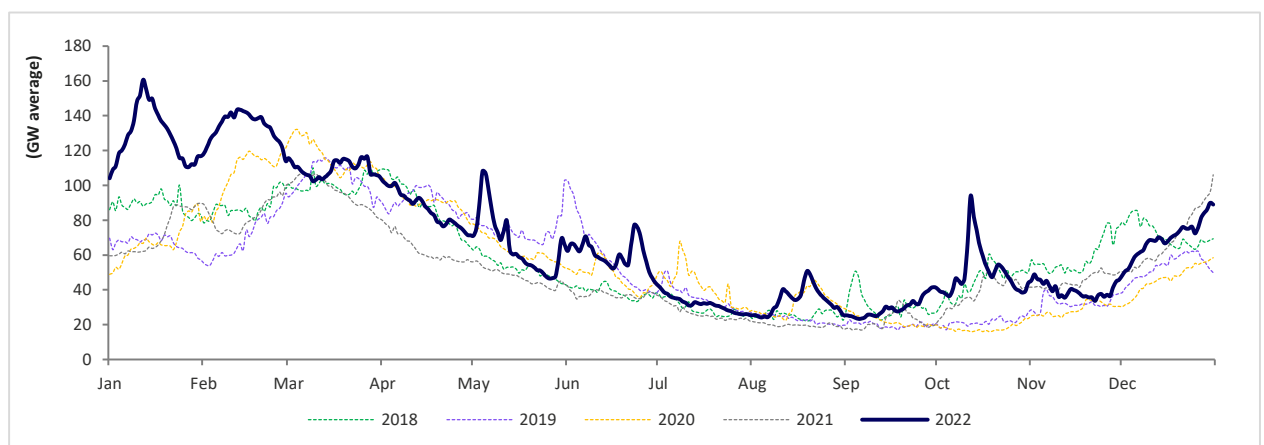


Commercial Performance

Energy Market

The year 2022 was characterized by the best hydrological scenario of the last 11 years. Average Affluent Natural Energy (ENA) reached 98% of the Long-Term Average (MLT), increasing 26 p.p. compared to 72% observed in the same period in 2021. In 4Q22, Affluent Natural Energy was 96% of MLT, versus 92% verified in 4Q21.

Chart 11 – Affluent Natural Energy for the National Interconnected System (GW avg)

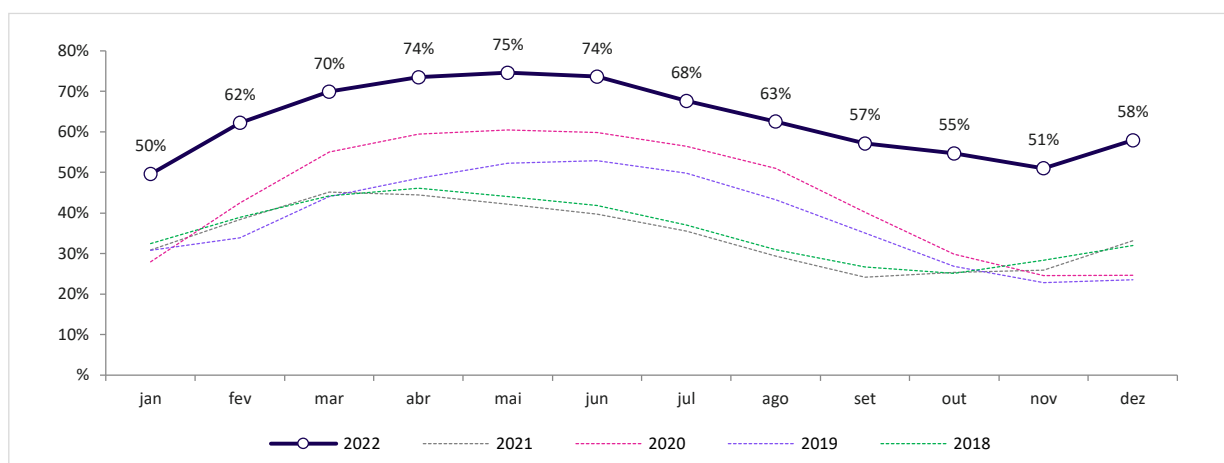


Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	4Q	Year
2018	92%	82%	86%	87%	67%	65%	64%	68%	84%	104%	116%	95%	106%	85%

2019	65%	62%	90%	92%	98%	101%	77%	63%	54%	51%	65%	72%	64%	77%
2020	66%	91%	99%	91%	83%	82%	92%	88%	60%	44%	59%	64%	58%	80%
2021	69%	71%	82%	63%	63%	63%	57%	53%	60%	89%	90%	96%	92%	72%
2022	125%	113%	93%	87%	86%	103%	70%	90%	81%	117%	80%	96%	96%	98%

At the end of 2022, the reservoirs of the National Interconnected System (SIN) registered the highest levels in the last 11 years due to abundant inflows, the special operation in the period 2021/2022 and the thermal power dispatch above the merit order of cost, to recover the reservoirs. As a result, energy supply conditions were favorable, with storage levels remaining high during the dry period in key reservoirs of the SIN. SIN's equivalent reservoir level reached 58% of maximum capacity at the end of 2022, versus 33% at the end of 2021. As a result, energy supply conditions were very favorable throughout the year.

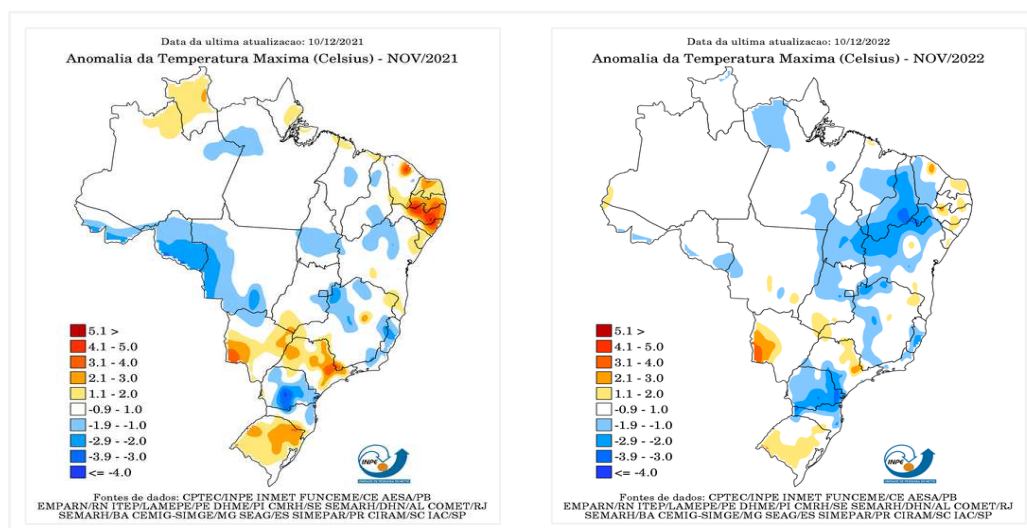
Chart 12 – Reservoir Levels of the National Interconnected System (% Maximum Stored Energy)



From the energy consumption point of view, there was a 1% decrease in 4Q22 when compared to 4Q21, due to lower temperatures than in the same period last year, especially in November and December.

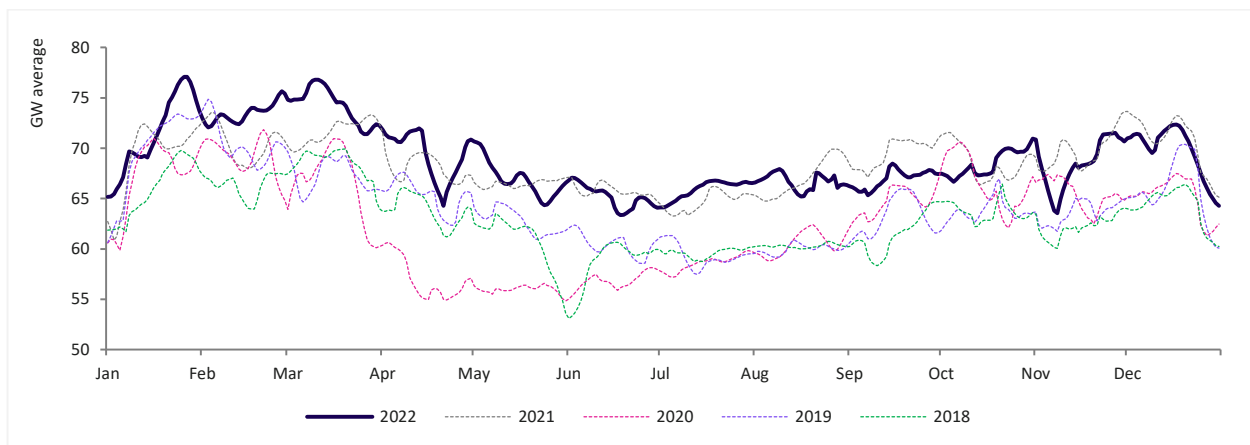
Moreover, the expansion and good performance of Distributed Micro and Mini Generation (MMGD) also helped reducing the load served by centralized dispatch by over 2.5 GW avg in 4Q22.

Figure 1 – Anomaly of Maximum Temperature (Celsius Degrees)



In 2022, energy consumption increased 0.4%⁴ versus 2021.

Chart 13 - Energy Consumption in the SIN (GWavg)



⁽⁸⁾ According to information provided by the National Electricity System Operator (ONS) in the Monthly Operation Program of February 2023.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	4Q	Year
2018	68,6	68,5	70,7	67,5	63,8	63,6	63,6	64,5	65,2	67,4	67,7	67,8	67,7	66,6
2019	73,1	72,0	69,2	68,7	67,0	63,8	63,1	64,0	66,8	69,5	69,4	69,5	69,5	68,0
2020	70,7	71,2	68,7	60,7	60,0	61,7	63,3	64,6	69,3	71,0	69,3	71,1	70,5	66,8
2021	72,3	73,0	72,7	68,9	67,6	66,7	65,4	67,7	70,7	68,8	70,3	70,5	69,8	69,5
2022	72,2	74,3	75,1	70,6	67,6	66,4	67,0	67,9	68,4	70,1	68,9	69,1	69,4	69,8

Reflecting the improved hydrological scenario and energy supply conditions, short-term average price (Differences Settlement Price – PLD) in the Southeast/Midwest submarket, in 4Q22, remained at its regulatory minimum value of R\$56/MWh. This value is 2.4 times lower than the verified in 2021 (R\$135/MWh). In 2022, average PLD was R\$59/MWh, versus R\$280/MWh verified in 2021.

As for hydroelectric displacement (GSF), the average amount observed in 4Q22 was 77%, versus 66% in the 4th quarter of the previous year. According to the Electricity Trading Chamber (CCEE), GSF at the end of 2022 was 85%, versus 73% in 2021.

Energy Balance

Auren's current portfolio of generation assets in operation is composed of projects that add up to 1,581 MW average MW of physical guarantee⁽⁵⁾, already including the physical guarantee portion of Ventos do Piauí II and III wind farms.

According to MME's Ordinance 709/2022, the new assured energy values were defined, in the scope of the ordinary revision process of the physical guarantee of the centrally dispatched hydroelectric plants and are effective as of January 01, 2023. Of the hydroelectric plants in which Auren holds interest or exercises control, only the physical guarantee of HPP Porto Primavera was not revised, since its current concession agreement was signed less than five years ago, during CESP's privatization process.

In December 2022, the Ministry of Mines and Energy (MME) published Ordinance No. 1.851/SPE/MME/2022 containing the revised values of physical guarantees of wind power plants based on the verified electricity generation as established in MME Ordinance No. 416/2015. Due to the breakdown and consequent unavailability of the

⁽⁵⁾ Considers Auren's own assets and participations in hydroelectric assets, excluding Paraibuna and the participation in Machadinho, because there is no risk of energy exposure in this consortium.

transformers of the Collector Substation, the Ventos do Araripe III wind farm had limited generation in 2020 and 2021. In this sense, the complex had its physical guarantees reduced by 27 MW avg as of January 1, 2023.

It should be noted that all the energy from Ventos do Araripe III is sold in the Regulated Contracting Environment (ACR) and, despite the revision of the physical guarantee, the quantity of energy sold and the revenue referring to the contracts (20th LEN, 18th LEN and 6th LER) are not altered. More information about the revisions can be found in the "Regulatory Issues" section.

Through the invested companies CBA Energia and Pollarix, the preemptive right was exercised in the purchase of CEEE-G's participation in Campos Novos HPP, as a result of the privatization process and the sale of control of the state-owned company. The investment resulted in an increase in physical guarantee in the asset equivalent to 6.3 MW avg at CBA Energia and 5.5 MW avg at Pollarix. Considering the economic participation in the companies, the equivalent increase for Auren was 8.3 MW avg.

The sale of energy is distributed in agreements signed in the Free Contracting Environment (ACL) and in the Regulated Contracting Environment (ACR). Currently, Porto Primavera HPP and the Ventos do Piauí I and Ventos do Araripe III complexes have contracts in the ACR.

All agreements in the regulated market are adjusted by the Extended National Consumer Price Index (IPCA) on their respective adjustment dates.

Table 9 presents the Company's Energy Balance, as well as information about energy sales prices in the Regulated Contracting Environment (ACR) and the Free Contracting Environment (ACL).

Table 9 – Consolidated Energy Balance Auren

Energy (MW average)	2023	2024	2025	2026	2027
Physical Guarantee (gross) (*)	1,581	1,665	1,748	1,748	1,748
Purchases for resale	1,614	1,227	961	825	654
Total Resources (a)	3,195	2,892	2,709	2,573	2,403
ACR Contracts (b)	493	493	493	493	493
1º LEN - Porto Primavera HPP	148	148	148	148	148
2º LEN - Porto Primavera HPP	82	82	82	82	82
22º LEN - Ventos do Piauí I	93	93	93	93	93
20º LEN - Ventos do Araripe III	15	15	15	15	15
18º LEN - Ventos do Araripe III	103	103	103	103	103
6º LER - Ventos do Araripe III	52	52	52	52	52
ACL Sales (c)	2,591	2,201	1,954	1,375	1,020

Total Sales (d) = (b) + (c)	3,084	2,694	2,447	1,868	1,513
Balance (e) = (a) - (d)	111	198	262	705	890

(*) This agreement implies CESP's waiver of all other legal claims contained in Action No. 0045939-32.2014.4.01.3400. The amounts consider: (i) the physical guarantee of CESP's own assets (UHE Porto Primavera and Wind Power Complexes); (ii) the amount of physical guarantee equivalent to Auren's participation in the other assets; (iii) the amount of 167 average MW referring to the Sol do Piauí and Sol de Jafba projects, scheduled to start operating throughout 2024; (iv) does not consider UHE Paraibuna.

Contracts ACR (b)	Gross Price at Auction (R\$/MWh)	Reference Date	Auction's Gross Price Dez/22 (R\$/MWh) (*)	Auction Price net of PIS/COFINS/ P&D (R\$/MWh)
1º LEN - Porto Primavera HPP	116.0	12/01/05	291.5	260.1
2º LEN - Porto Primavera HPP	125.0	06/01/06	309.4	275.8
22º LEN - Ventos do Piauí I	190.0	08/21/15	267.5	257.7
20º LEN - Ventos do Araripe III	145.0	11/01/14	220.2	212.2
18º LEN - Ventos do Araripe III	127.0	12/01/13	203.3	195.9
6º LER - Ventos do Araripe III	143.0	10/01/14	238.7	219.8

(*) Prices as of January 01, 2023.

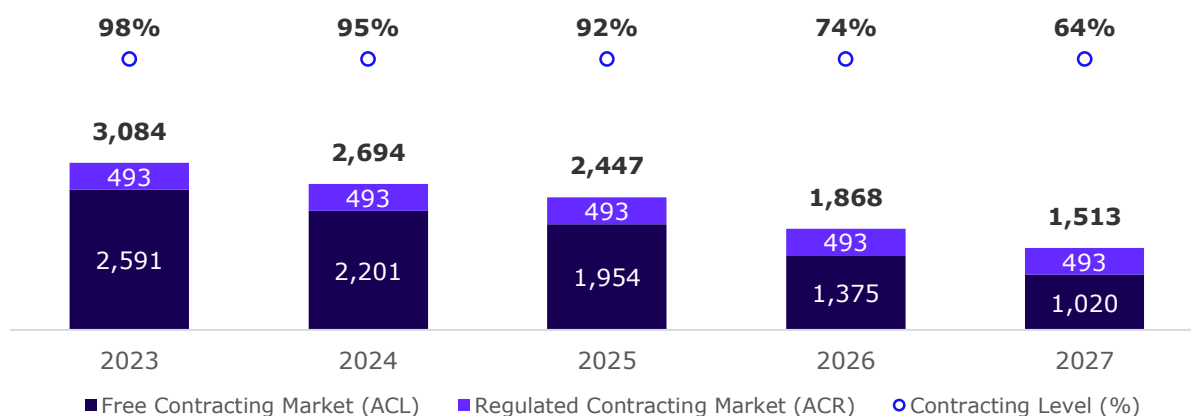
Average Sales Price of the Generation Assets (R\$/MWh) (*)	2023	2024	2025	2026	2027
Portfolio	234	220	222	227	240
ACR	270	271	271	271	271
ACL	210	183	181	168	167

The physical energy guarantee of HPP Porto Primavera contracted in the ACR (230 MW avg) is hedged against the exposure to hydrological risk. As consideration, the Company pays a monthly premium of R\$14.32/MWh, as per the amount established by ANEEL's Normative Resolution No. 684/2015.

The total portfolio, considering Generation and Trading, presents sales volume close to 3.1 GW avg in 2023, twice the amount of Auren's physical guarantee for the same period.

As disclosed in 3Q22, Auren adopted the strategy of selling its long position for the next three years, anticipating a decline in market prices due to a better hydrological scenario, as mentioned earlier. Therefore, for the 2023-2025 period, contracted level is, approximately, 95% of its resource, composed by the entire physical guarantee of its assets and energy purchase agreements already executed. It is worth to note that the contracting level does not consider the volume of energy required to cover any impact on the physical guarantee of hydroelectric plants in connection with the hydrological risk (GSF).

Chart 13 - Contracting Profile of Auren's Consolidated Portfolio⁶ (Generation and Trading) (MWavg)



The contracting level indicated in Chart 13, above, already incorporates the physical guarantee referring to the Sol do Piauí and Sol de Jaíba projects, whose implantation was approved in 3Q22 and construction is already underway. Note that, for the 2028-2032 horizon, the average contracting level of Auren's consolidated portfolio is 60%.

Financial Performance

Consolidated Statement of Income

Consolidated Statement of Income			
R\$ million	2022	2021	Var.
Net Revenue	5515.7	2624.1	110.2%
Electricity cost	(3,640.6)	(1,328.7)	174.0%

⁽⁶⁾ Considered: (i) the physical guarantees net of losses of the basic grid, the assumption of 3% was adopted; (ii) the expectations of physical guarantees in the Sol do Piauí and Sol de Jaíba projects; (iii) considers the GSF realized in 2022, and (iv) the 2026 volume considers the entry of Sol de Jaíba.

Operation cost	(732.0)	(682.7)	7.2%
Renegotiation of hydrological risk	-	782.0	-100.0%
Gross Profit	1,143.1	1,394.7	-18.0%
General and administrative expenses	(370.4)	(168.6)	119.7%
Other operating income (expenses), net	487.7	133.8	264.5%
Share of results of investee	130.7	-	-
Financial result	1,662.3	(767.0)	-316.7%
Income tax and social contribution	(374.7)	(281.2)	33.3%
Net Income	2,678.6	311.6	759.6%
Operating Income before Equity Interests and Financial Result	1,260.4	1,359.9	-7.3%
Depreciation and amortization	615.6	594.0	3.6%
EBITDA	1,876.0	1,953.9	-4.0%
Provision (reversal) of impairment	(230.9)	248.5	-192.9%
Renegotiation of hydrological risk		(782.0)	
Provision (reversal) for litigation	(59.5)	(425.7)	-86.0%
Gain by migration post-employment benefits	(20.1)	-	-
Write-off of judicial deposits	2.5	60.3	-95.9%
Dividends received	235.0	-	-
Adjusted EBITDA	1,802.9	1,055.0	70.9%

Net Revenue

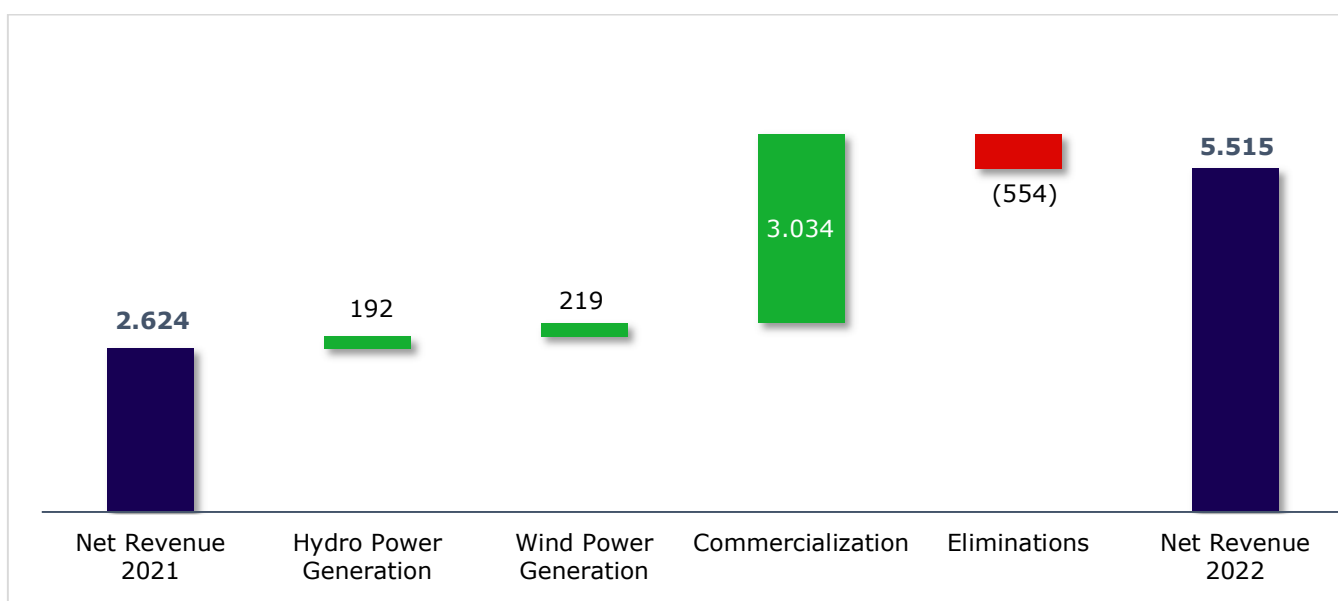
Net operating revenue for 2022 totaled R\$5,515 million, an increase of 110% compared to R\$2,624 million for 2021, as a result of:

- (a) **Commercialization:** increase of R\$3,034 million, mainly explained by the inclusion of Auren Comercializadora in the consolidation after the completion of the corporate reorganization in 2022;
- (b) **Hydro power generation:** increase of R\$192 million compared to 2021, due to the adjustment of contracts for inflation and the termination of derivative financial instruments in foreign currency in December 2021;
- (c) **Wind power generation:** increase of R\$219 million, mainly explained by the full restoration of the operational availability of the Ventos do Araripe III wind farm and the entry into operation of the Ventos do Piauí

II and III wind complexes, in addition to the adjustment of contracts for inflation;

- (d) Eliminations:** greater elimination of R\$554 million, mainly explained by the increase in the volume of intercompany transactions between the generation assets and Auren Comercializadora.

Evolution of Net Revenue 2022 versus 2021 (R\$ million)



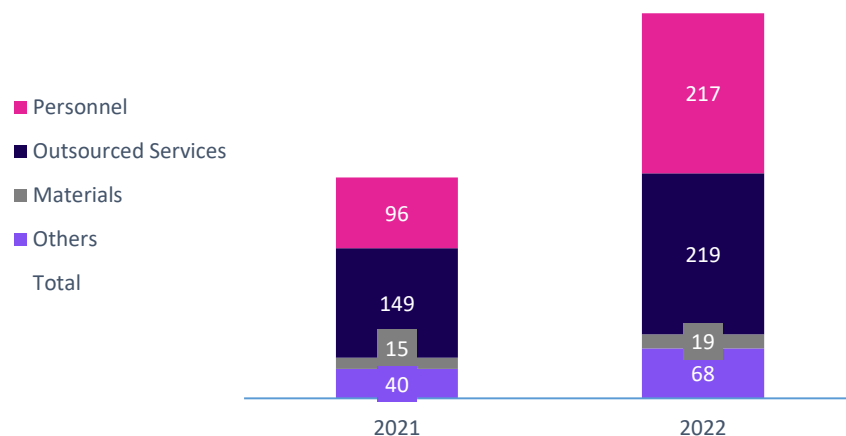
Costs and Expenses

The operating costs and expenses totaled R\$4,255 million in 2022, an increase of R\$2,991 million compared to R\$1,264 in 2021, explained by:

- (a) Electricity cost:** increase of R\$2,264 million (R\$3,394 million in 2022 versus R\$1,129 million in 2021), due to:
- **Commercialization:** increase of R\$2,852 million, mainly explained by the inclusion of Auren Comercializadora in the consolidation after the completion of the corporate reorganization in 2022; and
 - **Hydro power generation:** decrease of R\$45 million in energy purchased to equalize the energy balance, mainly due to the improvement in the hydrological scenario, with a GSF of 85% in 2022 against 73% in 2021;

- **Wind power generation:** increase of R\$12 million, mainly due to the entry into operation of Ventos do Piauí II and III;
 - **Intercompany eliminations:** increase in elimination of R\$554 million in 2022, due to the increase in the volume of energy sold related to intercompany transactions.
- (b) Charges for use of the power grid:** increase of R\$47 million compared to 2021, explained by the update of the TUST and TUSD tariffs in the Hydro Power Generation segment and the start-up of operations at Ventos do Piauí II and III;
- (c) Expenses with PMSO:** increase of R\$223 million in the comparison between the years, due to the inclusion of Auren Comercializadora in the consolidation and the other effects of the reorganization and formation of Auren, among which:
- **Personnel (P):** increase of R\$121 million (R\$217 million in 2022 versus R\$96 million in 2021), mainly due to the inclusion of Auren Comercializadora in the consolidation and other effects of the reorganization and formation of Auren, especially related to changes in the organizational design and restructuring of operational teams;
 - **Third party materials and services (MS):** increase of R\$74 million (R\$238 million in 2022 against R\$164 million in 2021), with the impact of the entry into operation of Ventos do Piauí II and III, updating of the O&M contracts for the wind turbines of Ventos do Araripe III and Ventos do Piauí I.
 - **Other expenses (O):** increase of R\$28 million in the period (R\$68 million in 2022 versus R\$40 million in 2021), referring to expenses with insurance, leases and others.

Expenses with PMSO(R\$ million)



(d) Other operating (expenses) income:

- **Reversal of provision for impairment:**
In 2022, a reversal of impairment of R\$231 million was recorded, against a provision of R\$249 million in 2021. The provision in 2021 is due to the recognition of the extension of the UHE Porto Primavera concession, which at book values, would exceed the maximum period of 7 years provided for in the GSF renegotiation agreement, resulting in a positive effect of R\$480 million in the comparison between the years.
- **Reversal of provision for litigation:** the Company recorded a reversal of provision in the amount of R\$60 million in 2022, R\$366 million less compared to the reversal of R\$426 million in 2021; and
- **Energy futures contracts (MtM):** positive effect (revenue) of R\$153 million (R\$167 million in 2022 versus R\$13 million in 2021), due to the variation in the mark-to-market balance, which is a non-cash effect.

Financial Result

Consolidated Financial Result

Financial Result			
R\$ million	2022	2021	Var. %
Financial Income	2,838.9	93.5	N.M.
Financial Expenses	(1,176.6)	(860.5)	36.7%
Debt charges	(315.0)	(226.5)	39.1%
Indexation accruals	(177.9)	(200.9)	-11.4%
Adjustment to present value on assets indemnifiable by the Federal Government	(231.8)	-	N.M.
Indexation accruals on provision for litigation	(97.1)	(167.5)	-42.1%
Write-off of judicial deposits	(2.5)	(14.9)	-83.3%
Update of post-employment benefit balance	(159.9)	(158.1)	1.1%
Bank contractual termination	(28.0)	-	N.M.
Charges on discounting operations	(46.0)	-	N.M.
Other financial expenses, net	(118.5)	(92.6)	27.9%
Total	1,662.3	(767.0)	N.M.

In 2022, the financial result was an income of R\$1,662 million, against an expense of R\$767 million in 2021, mainly due to:

- (a) Financial income:** in 2022, there was the recognition of indexation accruals on the asset subject to indemnification, due to the agreement signed on the indemnification of Três Irmãos, in the amount of R\$2,422 million, in addition to a higher income from financial investments of R\$308 million (R\$368 million in 2022 versus R\$60 million in 2021), mainly due to the higher volume of cash invested and the increase in the average Interbank Deposit Certificate (CDI);
- (b) Debt charges:** increase of R\$88 million due to higher gross debt, which totaled R\$5.8 billion in December 2022 versus R\$4.7 billion in December 2021;

- (c) **Indexation accruals:** in 2022, indexation accrual represented an expense of R\$178 million, R\$23 million lower compared to R\$201 million, mainly due to the IPCA slowdown, 5.8% in 2022 versus 10.0% in 2021.
- (d) **Adjustment to present value on indemnifiable assets:** recognition of R\$232 million in 2022, due to the agreement signed with the Federal Government on the amount receivable referring to the indemnification of Três Irmãos.

Net Income

Consolidated Net Income

Net Income			
R\$ million	2022	2021	Var. %
EBITDA	1,876.0	1,953.9	-39.80%
Depreciation and amortization	(615.6)	(594.0)	-8.20%
Financial result	1,662.3	(767.0)	-64.40%
Income tax and social contribution	(374.7)	(281.2)	-53.30%
Share of results of investee	130.7	-	-2.00%
Net Income	2,678.6	311.6	-29.6%

Net Income for 2022 was R\$2,679 million versus R\$312 million in 2021, mainly due to:

- (a) **EBITDA:** the Company recorded a consolidated EBITDA of R\$1,876 million, a decrease of R\$78 million, compared to the R\$1,954 million recorded in 2021;
- (b) **Financial result:** increase of R\$2,429 million in the net financial result in 2022 compared to 2021, mainly explained by the effects of the agreement with the Federal Government on the indemnifiable asset Três Irmãos; and

(c) Share of results of investee: the Company recorded revenue of R\$130 million in 2022 related to the result of investments in hydroelectric assets incorporated in the corporate reorganization.

(d) Income tax and social contribution: increase of 93 million in income tax and social contribution, R\$375 million in 2022 against R\$281 million in 2021.

Indebtedness

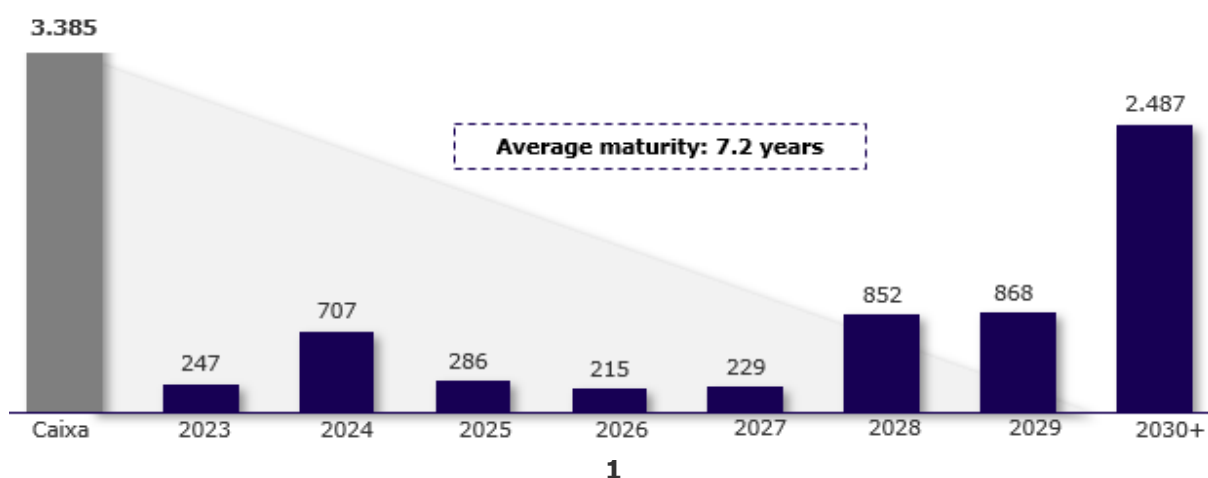
The Company's gross debt at December 31, 2022 was R\$5.8 billion compared to R\$4.7 billion in 2021.

The cash and cash equivalents position at the end of 2022 was R\$3.4 billion versus R\$1.8 billion in 2021. This balance mainly reflects: (i) the contribution received from the controlling shareholder *CPP Investments*, in February 2022, in the context of the corporate reorganization, in the total amount of R\$1.5 billion; (ii) the issuance of debentures in the amount of R\$300 million, in December 2021, for investments and cash reinforcement and (iii) cash generation.

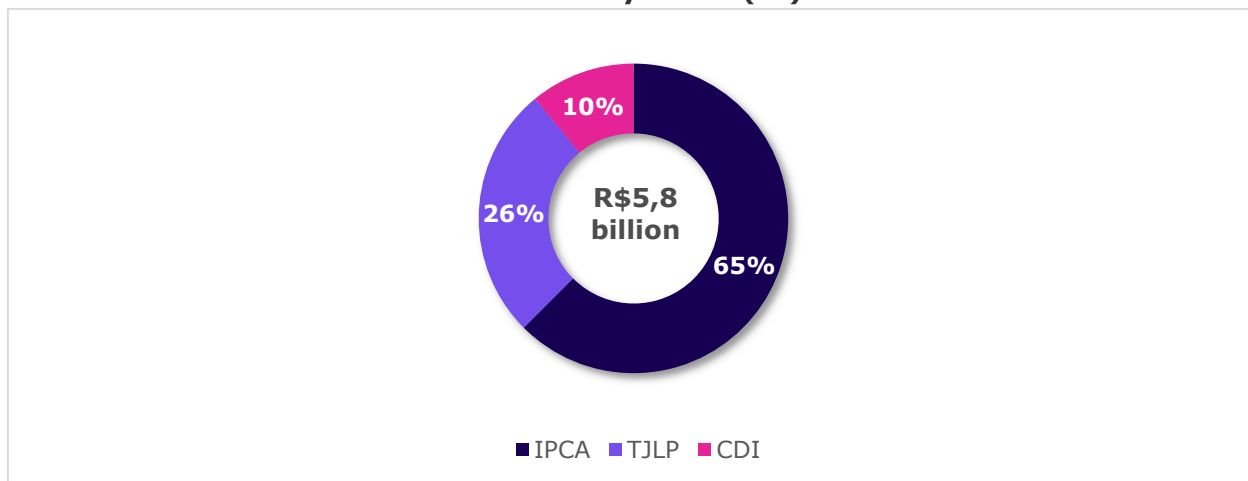
As a result, the Company's consolidated net debt at the end of 2022 was R\$2.5 billion, with an average term of 7.2 years and an average pre-fixed cost of the portfolio of 11.2% p.a. (IPCA + 4.6% p.a. or CDI -1.2% p.a.).

Leverage, measured by the ratio between net debt and Adjusted EBITDA, ended 2022 at 1.4 versus 1.9 in 2021.

Debt Amortization Schedule (R\$ million)



Gross Debt by Index (%)



Free cash flow

Consolidated Free Cash Flow

R\$ million	2022	2021	Var. %
Adjusted EBITDA	1,803	1,055	70.9%
Income Tax and Social Contribution Cash	(68)	(40)	70.9%
Working Capital	(136)	263	-151.6%
Sustaining CAPEX	(14)	(8)	72.9%
Operating Cash Flow	1,584	1,270	24.7%
Debt Service	(266)	(221)	20.5%
Operating Cash Flow after Debt Service	1,318	1,049	25.7%
Projects CAPEX	(1,610)	(653)	146.6%
Litigation Payment	(183)	(161)	13.8%
Funding	1,032	839	23.0%
Amortization	(180)	(105)	71.7%
Capital Increase	1,500	23	N.M.
VIVEST Migration	(306)		N.M.
Repurchase of Shares (ADR CESP)	-	3	N.M.
Dividends	(100)	(502)	-80.1%
Free Cash Flow	1,471	493	198.3%
Cash and Cash Equivalents at the Beginning of the Year	1,596	1,103	44.7%

Companies included in the Consolidation	59		N.M.
Cash and Cash Equivalents at the End of the Year	3,126	1,596	95.9%
Liquidity Fund, Reserve Account and Financial Investments	259	184	41.1%
Final Cash Balance + Reserve Account + Investments	3,385	1,780	90.2%

The variation in cash flow between the years is mainly explained by:

- (a) Adjusted EBITDA:** improvement of 61.3% (R\$748 million) in consolidated Adjusted EBITDA for 2022, totaling R\$1,803 million versus R\$1,055 million for 2021.
- (b) Working Capital:** increase in disbursements by R\$399 million (negative R\$136 million in 2022 versus R\$263 million in 2021), the main impacts being:
- Payment of installments of the pension plan equalization plan (VIVEST), in the amount of R\$58 million in 2022, and this effect is not recognized in income;
 - Variation in the mark-to-market of the commercialization activity of R\$153 million, which is a non-cash effect, generating a positive impact of R\$167 million in 2022 against R\$13 million in 2021; and
 - Recognition of provision for reimbursement of R\$59 million in 2022 referring to the ACR contracts of the wind farms, versus R\$203 million in 2021, mainly due to the stoppage of Ventos do Araripe III in 2021. There was no cash disbursement between 2021 and 2022 referring to this item.
- (c) Projects CAPEX:** increase of R\$957 million compared to 2021, mainly due to the construction of the Ventos do Piauí II and III wind farms and the start of work on the Sol do Piauí and Sol de Jaíba solar projects, totaling R\$1,610 million in 2022 against R\$653 million in 2021.
- (d) Capital Increase:** contribution of 1.5 billion from CPPIB due to the corporate reorganization.

Capital market

The Company was granted, on February 25, 2022, a registration in category "A" as a publicly held company by the Brazilian Securities Commission ("CVM") and sought a listing with B3 S.A. - Brasil, Bolsa, Balcão ("B3") to allow it to trade its shares in the Novo Mercado segment. The shares began trading on March 28, 2022, under the ticker symbol AURE3.

At December 31, 2022, Auren's common share was quoted at R\$ 14.73 and its market value was R\$ 14.7 billion.

Auditors

The Company clarifies that in the year ended December 31, 2022, PricewaterhouseCoopers Auditores Independentes provided, in addition to financial statement audit services, due diligence services in the process of evaluating investments in which the Company participated during the year. The total amount paid for these services was R\$ 1.9 million. For the purpose of this engagement, no aspects were identified that could conflict with the work of the external audit due to the conflict of interests and/or loss of independence or objectivity of the auditors, given the nature of consultancy in the process of evaluating companies for potential acquisition by the Company.

Auren Energia S.A.
Statement of income
Years ended December 31
In thousands of reais



	Note	Consolidated		Parent company	
		2022	2021	2022	2021
Net revenue	6	5,515,706	2,624,114	-	-
Electricity cost	7	(3,640,607)	(1,328,735)	-	-
Operation cost	7	(732,016)	(682,676)	-	-
Renegotiation of hydrological risk	7	-	781,974.00	-	-
Gross profit		1,143,083	1,394,677	-	-
Operating expenses					
General and administrative expenses		(370,396)	(168,597)	(128,814)	(34,934)
Other operating income (expenses), net		487,719	133,821	(4,793)	30,898
		117,323	(34,776)	(133,607)	(4,036)
Operating income (loss) before equity interests and financial result		1,260,406	1,359,901	(133,607)	(4,036)
Income from equity interests					
Share of results of investee	14 (b)	130,659	-	2,682,972	48,882
		130,659	-	2,682,972	48,882
Net financial income	8				
Financial revenues		2,838,912	93,473	196,471	30,456
Financial expenses		(1,176,637)	(860,520)	(97,287)	(15,932)
		1,662,275	(767,047)	99,184	14,524
Profit before income tax and social contribution		3,053,340	592,854	2,648,549	59,370
Income tax and social contribution	20 (a)				
Current		(89,684)	(40,325)	-	50
Deferred		(285,042)	(240,883)	25,851	(681)
Net income attributable to shareholders		2,678,614	311,646	2,674,400	58,739
Net income attributable to controlling shareholders		2,674,400	58,739	2,674,400	58,739
Net income attributable to non-controlling shareholders		4,214	252,907	-	-
Net income for the year		2,678,614	311,646	2,674,400	58,739
Weighted average number of shares - thousands		1,098,675	1,985,095	1,098,675	1,985,095
Basic and diluted earnings per thousand shares, in reais		2.4380	0.1570	2.4342	0.0296

The accompanying notes are an integral part of these parent company and consolidated financial statements.
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Auren Energia S.A.
Comprehensive income statement
Years ended December 31
In thousands of reais



	Consolidated		Parent company	
	2022	2021	2022	2021
Net income for the year	2,678,614	311,646	2,674,400	58,739
Other components of the comprehensive income for the year to be subsequently reclassified to income				
Derivative financial instruments, net of tax effects	507	62,276	507	24,914
Remeasurement of retirement benefits, net of tax effects 26 (e)	196,147	519,474	196,147	207,820
Other comprehensive income	3,348		3,348	
Other components of the comprehensive income for the year that will not subsequently be reclassified to income				
Loss of interest of investee		(3,345)	-	(1,630)
Total comprehensive income for the year	2,878,616	890,051	2,874,402	289,843
Net income for the year attributable to controlling shareholders	2,874,402	289,843	2,874,402	289,843
Net income for the year attributable to non-controlling shareholders	4,214	600,208	-	
	2,878,616	890,051	2,874,402	289,843

Auren Energia S.A.
Statement of cash flows
Years ended December 31
In thousands of reais



	Note	Consolidated		Parent company	
		2022	2021	2022	2021
Cash flow from operating activities					
Profit before income tax and social contribution		3,053,340	592,854	2,648,549	59,370
Adjustments for noncash items					
Depreciation and amortization	7	580,092	558,995	8,460	3,604
Amortization of capital gains	7	35,466	34,959	-	-
Retirement of fixed assets and right to use lease agreements		6,366	(3,248)	-	-
Renegotiation of hydrological risk	7	-	(781,974)	-	-
Share of results of investee	14 (b)	(130,659)	-	(2,682,972)	(48,882)
Interest and idexation accruals		156,366	421,627	47,730	4,921
Cost of issuances	18 (c)	13,108	13,739	619	-
Write-off of judicial deposits	12	4,983	75,185	-	-
Hedge accounting		-	114,905	-	-
Energy futures contracts	21 (b)	(167,106)	(13,235)	-	-
Income on reserve fund		(13,636)	(4,098)	-	-
Provisions (reversals)	24				
Reversal for litigation	7	(59,519)	(425,693)	-	-
Provision for reimbursement	7	59,266	192,724	-	-
Provision (reversal) for impairment of fixed and intangible assets		(230,924)	248,520	-	-
Provision of socio and environmental obligations	8	1,593	7,607	-	-
Changes in balances	26 (c)				
Assets indemnified by the Federal Government	26 (c)	(2,421,617)	-	-	-
Provision for litigation	26 (c)	97,069	167,516	-	-
Post-employment benefits	12	159,869	158,122	-	-
Effect migration post-employment benefits		(20,148)	-	-	-
Cost of post-employment benefits services	8	87	3,613	-	-
Judicial deposits	23	(13,907)	(9,221)	-	-
Adjustment to present value	22	-	-	-	-
Assets indemnified by the Federal Government		229,962	-	-	-
Social and environmental obligations and asset decommissioning	17 (b)	17,615	10,354	-	-
UBP - Use of the public asset		5,400	5,631	-	-
Transactions with related parties		(9,443)	(11,749)	(15,868)	(11,932)
Leases		1,559	247	163	6
		<u>1,355,182</u>	<u>1,357,380</u>	<u>6,681</u>	<u>7,087</u>
Decrease (increase) in assets					
Derivative financial instruments		(2)	-	-	-
Accounts receivable from customers		(16,924)	55,759	-	-
Taxes to be recovered		(40,201)	31,479	(29,062)	(1,576)
Warehouse		(776)	157	-	-
Judicial deposits and security deposits	12	28,793	(1,436)	-	-
Related parties		349	7,436	(74,683)	-
Other credits and other assets		(18,836)	55,924	6,887	(5,482)
Increase (decrease) in liabilities					
Suppliers		(18,500)	106,865	(33,679)	(177)
Derivative financial instruments		(12,709)	(112,073)	(5)	-
Estimated obligations and payroll		(1,634)	(1,836)	9,186	(830)
Taxes payable		48,637	(13,358)	(2,111)	(2,875)
Sector charges		1,665	(62,116)	-	-
Payment of social and environmental obligations	23	(36,584)	(17,291)	-	-
Payment of UBP - Use of the public asset	22	(42,773)	(42,155)	-	-
Payment of litigation	25 (a)	(182,917)	(160,717)	-	-
Payment for post-employment benefits	26 (c)	(58,169)	(1,533)	-	-
Effect migration benefits post-employment - CD plans	1.1.1 (c)	(306,015)	-	-	-
Other obligations and other liabilities		52,964	71,482	26,376	568
Cash generated by (used in) operating activities		<u>751,550</u>	<u>1,273,967</u>	<u>(90,410)</u>	<u>(3,285)</u>
		-	-	-	-
Interest paid on loans, financing and debentures	18 (c)	(266,424)	(221,180)	-	-
Income tax and social contribution paid		(68,357)	(40,001)	(1,750)	-
Net cash generated by (used in) operating activities		<u>416,769</u>	<u>1,012,786</u>	<u>(92,160)</u>	<u>(3,285)</u>

The accompanying notes are an integral part of these parent company and consolidated financial statements.
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Auren Energia S.A.
Statement of cash flows
Years ended December 31
In thousands of reais



		Consolidated		Parent company	
	Note	2022	2021	2022	2021
Cash flow from investing activities					
Financial investments		326,596	(75,328)	-	-
Reserve account		(34,296)	(14,967)	-	-
Acquisition of PP&E and intangible assets	15 (a) e 16 (a)	(1,572,630)	(672,661)	(16,144)	(100,353)
Sale of fixed assets		-	11,712	-	-
Capital increase in investments		(34,522)	-	(809,387)	(282,678)
Acquisition of investment		(16,858)	-	-	(39,873)
Receipt of dividends		235,042	-	241,294	386,657
Net cash generated by (used in) investing activities		(1,096,668)	(751,244)	(584,237)	(36,247)
Cash flow from financing activities					
Fundraising	18 (c)	1,032,175	838,860	-	300,000
Settlement of loans, financing and debentures	18 (c)	(180,257)	(104,991)	-	-
Cost of fundraising	18 (c)	(17,264)	(20,988)	(72)	(1,790)
Share capital subscription	1.1.2 (c)	1,500,000	22,853	1,500,000	22,853
Settlement of leases	17 (b)	(5,012)	(1,748)	(2,184)	(93)
Payment of dividends		(99,994)	(502,362)	(99,987)	-
Share redemption	1.1.2 (g)	(78,537)	-	(78,537)	-
Net cash generated by (used in) financing activities		2,151,111	231,624	1,319,220	320,970
	1.1.2 (b)	-	-	-	-
Increase (decrease) in cash and cash equivalents		1,471,212	493,166	642,823	281,438
		-	-	-	-
Cash from the merger of VGE	1.1.2 (b)	24,994	-	24,994	-
Cash from merged company upon consolidation		33,935	-	-	-
Cash and cash equivalents at the beginning of the year		1,595,818	1,102,652	383,149	101,711
		-	-	-	-
Cash and cash equivalents at the end of the year		3,125,959	1,595,818	1,050,966	383,149
Principal transactions that did not affect cash					
Reverse merger VGE - capital increase and merger of assets					
Asset balances	14 (b)	42,544	-	-	-
Investments and goodwill incorporated	14 (b)	1,030,233	-	1,573,432	-
Capital gain in investment	14 (b)	1,540,542	-	1,119,573	-
Merger of CESP shares					
Merging investments - non-controlling shareholders	14 (b)	-	-	4,555,943	-
Capital gains on 2018 acquisitions, net of taxes - non-controlling shareholders	14 (b)	-	-	56,641	-
Others					
Capital injection Helios IV	1.1.2 (i)	-	-	11,920	-
Capital injection Ventos do Piauí II and III		-	-	-	192,781
Partial spin off of Ventos de São Paulo II Energias Renováveis S.A.		-	-	-	(32,384)

The accompanying notes are an integral part of these parent company and consolidated financial statements.
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Auren Energia S.A.
Balance sheet
Years ended December 31
In thousands of reais



		Consolidated		Parent Company	
	Note	2022	2021	2022	2021
Assets					
Current					
Cash and cash equivalents	9	3,125,959	1,595,818	1,050,966	383,149
Financial investments	9	105,347	77,751	-	-
Liquidity fund - reserve account	9	6,840	6,153	-	-
Derivative financial instruments		936	-	933	-
Accounts receivable from customers	10	617,860	328,631	-	-
Assets indemnifiable by the federal Government	11	161,856	-	-	-
Taxes to be recovered		105,993	36,714	36,979	4,898
Dividends receivable	27	46,190	-	1,108,723	160,963
Related parties	27	31,953	3,678	27,966	-
Energy futures contracts	21	1,979,160	270,815	-	-
Other assets		77,974	24,011	33,675	6,163
		6,260,068	2,343,571	2,259,242	555,173
Assets held for sale		8,428	8,428	-	-
		6,268,496	2,351,999	2,259,242	555,173
Non-current					
Long-term receivables					
Liquidity fund - Reserve account	9	147,293	100,048	-	-
Derivative financial instruments					
Assets indemnifiable by the Federal Government	11	3,747,161	-	-	-
Related parties	27	92,972	66,311	166,443	58,590
Judicial deposits and security deposits	12	176,099	195,968	-	-
Deferred income tax and social contribution	20 (b)	3,000,824	3,408,893	-	-
Warehouse		6,818	6,042	-	-
Energy futures contracts	21	3,630,278	341,292	-	-
Asset subject to indemnification	13	21,799	1,739,161	-	-
Other asset		852	842	-	-
		10,824,096	5,858,557	166,443	58,590
Investments	14	2,161,751	-	14,526,449	4,405,443
Fixed assets	15	10,397,035	8,980,282	19,927	3,331
Intangible assets	16	2,587,808	2,366,432	137,435	281,748
Right of use lease agreements	17 (a)	43,707	5,283	2,657	27
		26,014,397	17,210,554	14,852,911	4,749,139
Total assets		32,282,893	19,562,553	17,112,153	5,304,312

The accompanying notes are an integral part of these parent company and consolidated financial statements.
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Auren Energia S.A.
Balance sheet
Years ended December 31
In thousands of reais



		Consolidated		Parent company	
	Note	2022	2021	2022	2021
Liabilities and net equity					
Current					
Loans, financing and debentures	18	276,615	208,959	-	-
Suppliers	19	549,019	225,578	54,317	8,146
Leases	17 (b)	1,911	1,824	424	31
Derivative financial instruments		158	12,699	157	-
Energy futures contracts	21	1,808,351	282,619	-	-
Estimated obligations and payroll		66,359	23,893	21,295	1,512
Taxes payable		107,461	37,709	1,749	4,781
Sector charges		21,835	20,170	-	-
Dividends payable	27	635,459	249,692	635,181	13,952
UBP - Use of public asset	22	43,465	42,462	-	-
Social and environmental obligations and asset decommissioning	23	44,298	44,065	-	-
Provision for reimbursement	24	362,233	325,557	-	-
Provision for litigation	25	170,376	-	-	-
Other liabilities		111,464	126,728	756	28,196
		4,199,004	1,601,955	713,879	56,618
Non-current					
Loans, financing and debentures	18	5,553,602	4,501,915	342,515	299,674
Suppliers	19	-	74,216	-	74,216
Derivative financial instruments		-	-	-	-
Leases	17 (b)	42,393	3,674	2,226	-
Energy futures contracts	21	3,606,338	337,697	-	-
Taxes payable		22,077	13,396	-	-
Related parties	27	110,024	64,182	91,926	46,658
Deferred income tax and social contribution	20 (b)	712,979	352,024	700,503	330,998
UBP - Use of a public asset	22	43,089	87,531	-	-
Social and environmental obligations and asset decommissioning	23	272,000	270,276	-	-
Provision for reimbursement	24	42,759	7,970	-	-
Provision for litigation	25	1,015,629	1,329,412	-	-
Post-employment benefits	26	1,263,931	1,785,499	-	-
Other liabilities		145,990	86,291	8,026	38,745
		12,830,811	8,914,083	1,145,196	790,291
Total liabilities		17,029,815	10,516,038	1,859,075	846,909
Net equity	28				
Capital stock		5,940,137	3,000,836	5,940,137	3,000,836
Capital reserve		5,703,189		5,703,189	
Profit reserves		3,815,124	1,861,941	3,815,124	1,861,941
Equity valuation adjustments		(205,372)	(405,374)	(205,372)	(405,374)
		15,253,078	4,457,403	15,253,078	4,457,403
Net equity attributable to controlling shareholders		15,253,078	4,457,403	15,253,078	4,457,403
Interest of non-controlling shareholders		-	4,589,112	-	-
Total net equity		15,253,078	9,046,515	15,253,078	4,457,403
Total liabilities and net equity		32,282,893	19,562,553	17,112,153	5,304,312

The accompanying notes are an integral part of these parent company and consolidated financial statements.
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Auren Energia S.A.
Statement of changes in equity
Years ended December 31
In thousands of reais



	Note	Profit reserve				Retained earnings	Equity valuation adjustment	Total	Interest of non-controlling shareholders	Net equity
		Share capital	Capital reserve	Legal	Retention					
At January 1, 2021		2,977,983	-	60,428	1,477,424	-	(636,478)	3,879,357	4,374,299	8,253,656
Net income for the year		-	-	-	-	58,739	-	58,739	252,907	311,646
Comprehensive income for the year		-	-	-	-	-	231,104	231,104	347,301	578,405
Total comprehensive income for the year		-	-	-	-	58,739	231,104	289,843	600,208	890,051
Additional dividends proposed		-	-	-	-	-	-	-	(150,050)	(150,050)
dividends resersed		-	-	-	279,302	-	-	279,302	-	279,302
Increase in share capital		22,853	-	-	-	-	-	22,853	-	22,853
Unclaimed dividends		-	-	-	-	-	-	-	107	107
Allocation of income for the year		-	-	-	-	-	-	-	-	-
Legal reserve		-	-	2,937	-	(2,937)	-	-	-	-
Mandatory minimum dividends		-	-	-	-	(13,952)	-	(13,952)	(235,452)	(249,404)
Profit retention		-	-	-	41,850	(41,850)	-	-	-	-
Contributions by and distributions to shareholders		22,853	-	2,937	321,152	(58,739)	-	288,203	(385,395)	(97,192)
At December 31, 2021		3,000,836	-	63,365	1,798,576	-	(405,374)	4,457,403	4,589,112	9,046,515
Net income for the year		-	-	-	-	2,674,400	-	2,674,400	4,214	2,678,614
Comprehensive income for the year		-	-	-	-	-	200,002	200,002	-	200,002
Total comprehensive income for the year		-	-	-	-	2,674,400	200,002	2,874,402	4,214	2,878,616
Increase in share capital										
Reverse merger VGE valued at fair value	1.1.2 (b)	1,131,678	1,260,581	-	-	-	-	2,392,259	-	2,392,259
Merger of CESP shares - economic value	1.1.2 (e)	307,623	4,442,608	-	-	-	-	4,750,231	(4,593,326)	156,905
Increase in share capital - CPP Investments	1.1.2 (c)	1,500,000	-	-	-	-	-	1,500,000	-	1,500,000
Additional dividends proposed										
Additional dividends proposed	1.1.2 (j)	-	-	-	(86,048)	-	-	(86,048)	-	(86,048)
Allocation of income for the year	28.4									
Legal reserve		-	-	133,720	-	(133,720)	-	-	-	-
Mandatory minimum dividends		-	-	-	-	(635,169)	-	(635,169)	-	(635,169)
Profit retention		-	-	-	1,905,511	(1,905,511)	-	-	-	-
Contributions by and distributions to shareholders		2,939,301	5,703,189	133,720	1,819,463	(2,674,400)	-	7,921,273	(4,593,326)	3,327,947
At December 31, 2022		5,940,137	5,703,189	197,085	3,618,039	-	(205,372)	15,253,078	-	15,253,078

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

Auren Energia S.A.
Statement of value added
Years ended December 31
In thousands of reais unless otherwise stated



		Consolidated		Parent company	
	Note	2022	2021	2022	2021
Generation of added value					
Gross revenue	6	6,326,909	3,146,163	-	-
Provision for reimbursement	6	(59,266)	(192,724)	-	-
Other operating revenues		95,949	55,371	-	46,253
		6,363,592	3,008,810	-	46,253
Inputs					
Energy purchased and power grid charges	7	(3,640,607)	(1,328,735)	-	-
Hydrologic risk renegotiation		-	781,974	-	-
Third party services		(219,301)	(148,877)	(44,349)	(30,443)
Materials		(19,001)	(14,977)	-	-
Other operating costs		(35,284)	(21,678)	(23,457)	(9,663)
		(3,914,193)	(732,293)	(67,806)	(40,106)
Gross added value					
Retention	7	2,449,399	2,276,517	(67,806)	6,147
Depreciation and amortization		(580,092)	(558,995)	(8,460)	(3,604)
Amortization of capital gains		(35,466)	(34,959)	-	-
Energy futures contracts		167,106	13,235	-	-
		(448,452)	(580,719)	(8,460)	(3,604)
Net added value generated					
Transfers		2,000,947	1,695,798	(76,266)	2,543
Share of results of investee	14 (a)	130,659	-	-	-
Financial revenues	8	417,295	93,473	196,471	30,456
Update of assets indemnifiable by the Federal Government	8	2,421,617	-	-	-
Gain by migration post-employment benefits	7	20,148	-	-	-
		2,989,719	93,473	2,879,443	79,338
Others					
Reversal for litigation	7	59,519	425,693	-	-
Write off with court deposits		(2,486)	(60,256)	-	-
(Provision) reversal of impairment of fixed and intangible assets		230,924	(248,520)	-	-
Insurance		(18,024)	(9,362)	-	-
Contract early settlement amount		(54,000)	-	-	-
Other net operating expenses		8,369	(7,607)	-	-
		224,302	99,948	-	-
		-	-	-	-
Added value to be distributed					
Added value distribution		5,214,968	1,889,219	2,803,177	81,881
Personnel	7	-	-	-	-
Direct remuneration		134,265	53,352	38,988	3,767
Social charges		60,298	25,273	14,835	2,217
Benefits		22,587	17,706	3,518	595
		217,150	96,331	57,341	6,579
Third-party capital remuneration					
Interest and indexation charges	8	771,148	793,718	42,294	4,921
Adjustment to present value of assets indemnifiable by the Federal C	8	231,822	-	-	-
Other financial expenses	8	173,667	68,408	54,993	11,404
Rentals and leases	7	15,904	10,189	-	-
		1,192,541	872,315	97,287	16,325
Intrasectoral - Regulatory charges					
Financial compensation for the use of water resources - CFURH	6	40,043	37,618	-	-
Research and Development - R&D		17,110	15,706	-	-
Rate of supervision of electricity services - TFSEE		7,368	7,180	-	-
Global Reversion Reserve - RGR		1,321	1,773	-	-
		65,842	62,277	-	-
Taxes and social contributions					
Federal		915,093	546,406	(25,851)	238
State		145,345	87	-	-
Municipal		383	157	-	-
		1,060,821	546,650	(25,851)	238
Equity remuneration					
Dividends		635,169	13,952	635,169	13,952
Profit retention		2,039,231	44,787	2,039,231	44,787
Net income attributable to non-controlling shareholders		4,214	252,907	-	-
		2,678,614	311,646	2,674,400	58,739
		-	-	-	-
Added value distributed					
		5,214,968	1,889,219	2,803,177	81,881

1 Operations

Auren Energia S.A., "Company" or "Auren" (formerly, VTRM Energia Participações S.A. "VTRM") based in the city of São Paulo - SP, is a holding company operating as an investment platform for the acquisition and development of new renewable energy generation assets in Brazil. Its subsidiaries are dedicated to planning, construction, installation, operation and maintenance of wind, solar and hydro power generation systems, as well as the sale of the energy produced and also energy acquired for trading purposes.

The Company is jointly controlled by Votorantim S.A. ("VSA") and the Canada Pension Plan Investment Board ("CPP Investments").

The Company was granted, on February 25, 2022, a registration in category "A" as a publicly held company by the Brazilian Securities Commission ("CVM") and sought a listing with B3 S.A. – Brasil, Bolsa, Balcão ("B3") to allow it to trade its shares in the Novo Mercado segment. The shares began trading on March 28, 2022, under the ticker symbol AURE3.

The activities of its operating subsidiaries are regulated and inspected by the National Electric Energy Agency ("ANEEL"). The Company's operating subsidiaries have the following characteristics:

	Capacity (Mwm)	Location	Start	End
Hydroelectric plants				
HPP Porto Primavera	1,540.0	Rosana - SP and Batayporã - MS	01/23/1999	04/15/2056
HPP Paraibuna	87.0	Paraibuna - SP	04/24/1978	06/03/2022
Wind Power Generation Complex Ventos do Araripe III ("Araripe III"):				
Ventos de Santo Augusto I Energias Renováveis S.A.	18.4	Simões - PI	08/18/2014	08/18/2049
Ventos de Santo Augusto II Energias Renováveis S.A.	27.6	Simões - PI	08/18/2014	08/18/2049
Ventos de Santo Augusto VI Energias Renováveis S.A.	29.9	Simões - PI	09/03/2014	09/03/2049
Ventos de Santo Augusto VII Energias Renováveis S.A.	18.4	Simões - PI	08/25/2014	08/25/2049
Ventos de Santo Augusto VIII Energias Renováveis S.A.	18.4	Simões - PI	09/03/2014	09/03/2049
Ventos de Santo Estevão I Energias Renováveis S.A.	25.3	Araripina - PE	09/02/2014	09/02/2049
Ventos de Santo Estevão II Energias Renováveis S.A.	25.3	Araripina - PE	09/03/2014	09/03/2049
Ventos de Santo Estevão III Energias Renováveis S.A.	29.9	Araripina - PE	09/03/2014	09/03/2049
Ventos de Santo Estevão IV Energias Renováveis S.A.	29.9	Araripina - PE	05/11/2015	05/11/2050
Ventos de Santo Estevão V Energias Renováveis S.A.	27.6	Araripina - PE	09/02/2014	09/02/2049
Ventos de Santo Onofre IV Energias Renováveis S.A.	27.6	Simões - PI	05/11/2015	05/11/2050
Ventos de São Virgílio 01 Energias Renováveis S.A.	29.9	Simões - PI	05/08/2015	05/08/2050
Ventos de São Virgílio 02 Energias Renováveis S.A.	29.9	Simões - PI	08/20/2015	08/20/2050
Ventos de São Virgílio 03 Energias Renováveis S.A.	19.8	Curral Novo do Piauí - PI	05/08/2015	05/08/2050
Wind Power Generation Complex Ventos do Piauí I ("Piauí I"):				
Ventos de São Adeodato Energias Renováveis S.A.	29.4	Curral Novo do Piauí - PI	03/10/2016	03/10/2051
Ventos de Santo Afonso Energias Renováveis S.A.	29.4	Curral Novo do Piauí - PI	03/10/2016	03/10/2051
Ventos de Santo Agostinho Energias Renováveis S.A.	29.4	Curral Novo do Piauí - PI	03/10/2016	03/10/2051
Ventos de Santa Albertina Energias Renováveis S.A.	29.4	Curral Novo do Piauí - PI	03/10/2016	03/10/2051
Ventos de Santo Alberto Energias Renováveis S.A.	29.4	Curral Novo do Piauí - PI	03/10/2016	03/10/2051
Ventos de São Casimiro Energias Renováveis S.A.	29.4	Curral Novo do Piauí - PI	03/10/2016	03/10/2051
Ventos de São Vinicius Energias Renováveis S.A.	29.4	Curral Novo do Piauí - PI	03/10/2016	03/10/2051
Wind Power Generation Complex Ventos do Piauí II ("Piauí II"):				
Ventos de São Crispim Energias Renováveis S.A.	46.2	Curral Novo - PI	09/30/2022	11/10/2055
Ventos de São Ciriaco Energias Renováveis S.A.	46.2	Paulistana - PI	09/16/2022	11/10/2055
Ventos de Santo Alderico Energias Renováveis S.A.	37.8	Betânia do Piauí - PI	09/02/2022	11/10/2055
Ventos de São Caio Energias Renováveis S.A.	37.8	Betânia do Piauí and Paulistana - PI	11/11/2022	11/10/2055
Ventos de São Ciro Energias Renováveis S.A.	37.8	Betânia do Piauí - PI	10/28/2022	11/10/2055

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Explanatory notes

Years ended December 31

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	Capacity (Mwm)	Location	Start	End
Wind Power Generation Complex Ventos do Piauí III ("Piauí III"):				
Ventos de Santa Alexandrina Energias Renováveis S.A.	42.0	Curral Novo do Piauí - PI	05/27/2022	11/10/2055
Ventos de São Bernardo Energias Renováveis S.A.	42.0	Ouricuri - PE	08/19/2022	11/10/2055
Ventos de Santo Antero Energias Renováveis S.A.	46.2	Ouricuri and Araripina - PE	07/22/2022	11/10/2055
Ventos de Santo Apolinário Energias Renováveis S.A.	33.6	Curral Novo do Piauí - PI	05/13/2022	11/10/2055
Ventos de Santo Alfredo Energias Renováveis S.A.	42.0	Curral Novo do Piauí - PI	06/24/2022	11/10/2055
	<u>2,602.3</u>			

- (i) In 2022, the Ministry of Mines and Energy - MME published Ordinance 647/2022, which defined the subsidiary CESP as the temporary operator of the Paraibuna Hydroelectric Power Plant ("UHE Paraibuna"), under the physical guarantee quota regime, from June 4, 2022 until the assumption of a new winning concessionaire in the bidding to be carried out by the Union.

1.1 Main corporate events during the year ended December 31, 2022

1.1.1 Main operating events

(a) Full resumption of operations at the Ventos do Araripe III complex

On April 25, 2022, the repair of the power transformer ("transformer") related to the second occurrence of the incident at the collector substation that interconnects the companies of the Ventos do Araripe III complex was completed. The complex fully resumed its operations in the 1st half of 2022.

On December 20, 2022, the company received the indemnification amount of R\$ 101,802 related to the agreement with the insurance company to settle the claim, of which R\$ 8,396 referring to damages to the equipment recorded under "Fixed assets" and R\$ 160 referring to reimbursement of expert fees, both recorded in subsidiary Ventos de Santo Augusto VIII, and the total amount of R\$ 93,245 referring to loss of profits, recorded in Ventos do Araripe III complex's subsidiaries, under "Other operating income (expenses), net".

(b) Start of commercial operation at the Ventos do Piauí II and III Complexes

In December 2022, the 93 wind turbines from the units located in the states of Piauí and Pernambuco, with an installed capacity of 409 MW, started commercial operation. The orders issued by ANEEL releasing the generating units to start operation in the commercial phase are described below:

ANEEL Dispatch	Date	Unit	Location	Generating unit and installed capacity	Operation
1,497	06/03/2022	Ventos de Santo Apolinário Energias Renováveis S.A.	Curral Novo do Piauí - PI	UG1 to UG5 - 22,000 kW	Commercial
1,703	06/24/2022	Ventos de Santa Alexandrina Energias Renováveis S.A.	Curral Novo do Piauí - PI	UG1 to UG10 - 44,000 kW	Commercial
1,769	07/01/2022	Ventos de São Bernardo Energias Renováveis S.A.	Ouricuri - PE	UG1 to UG10 - 44,000 kW	Commercial
1,879	07/13/2022	Ventos de Santo Antero Energias Renováveis S.A.	Araripina e Ouricuri - PE	UG8 to UG11 - 17,600 kW	Commercial
1,990	07/25/2022	Ventos de Santo Antero Energias Renováveis S.A.	Araripina e Ouricuri - PE	UG1 to UG7 - 30,800 kW	Commercial
2,240	08/15/2022	Ventos De Santo Alfredo Energias Renováveis S.A.	Curral Novo do Piauí - PI	UG1 to UG7 - 30,800 kW	Commercial
2,247	08/16/2022	Ventos de Santo Apolinário Energias Renováveis S.A.	Curral Novo do Piauí - PI	UG6 to UG8 - 13,200 kW	Commercial
2,425	09/01/2022	Ventos de Santo Alderico Energias Renováveis S.A.	Betânia do Piauí - PI	UG1 to UG6, UG8 and UG9 - 35,200 kW	Commercial
2,497	09/06/2022	Ventos de Santo Alderico Energias Renováveis S.A.	Betânia do Piauí - PI	UG7 - 4,400 kW	Commercial
2,672	09/20/2022	Ventos de São Ciriaco Energias Renováveis S.A.	Betânia do Piauí e Curral Novo do Piauí - PI	UG6 to UG9 - 17,600 kW	Commercial

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Years ended December 31

In thousands of reais unless otherwise stated

ANEEL Dispatch	Date	Unit	Location	Generating unit and installed capacity	Operation
2,803	09/29/2022	Ventos de São Ciriaco Energias Renováveis S.A.	Betânia do Piauí e Curral Novo do Piauí – PI	UG11 - 4,400 kW	Commercial
2,882	10/05/2022	Ventos de São Crispim I Energias Renováveis S.A.	Betânia do Piauí e Curral Novo do Piauí – PI	UG7 to UG11 - 22,000 kW	Commercial
2,917	10/07/2022	Ventos de São Crispim I Energias Renováveis S.A.	Betânia do Piauí e Curral Novo do Piauí – PI	UG5 and UG6 - 8,800 kW	Commercial
2,918	10/07/2022	Ventos de São Ciriaco Energias Renováveis S.A.	Betânia do Piauí e Curral Novo do Piauí – PI	UG5 - 4,400 kW	Commercial
2,964	10/13/2022	Ventos de São Crispim I Energias Renováveis S.A.	Betânia do Piauí e Curral Novo do Piauí – PI	UG1 to UG4 - 17,600 kW	Commercial
2,984	10/14/2022	Ventos de São Ciro Energias Renováveis S.A.	Betânia do Piauí – PI	UG3 - 4,400 kW	Commercial
3,021	10/19/2022	Ventos de São Ciro Energias Renováveis S.A.	Betânia do Piauí – PI	UG1 and UG2 - 8,800 kW	Commercial
3,063	10/21/2022	Ventos de São Ciriaco Energias Renováveis S.A.	Betânia do Piauí e Curral Novo do Piauí – PI	UG1 to UG4 - 17,600 kW	Commercial
3,074	10/24/2022	Ventos de São Ciriaco Energias Renováveis S.A.	Betânia do Piauí e Curral Novo do Piauí – PI	UG10 - 4,400 kW	Commercial
3,100	10/27/2022	Ventos de São Caio Energias Renováveis S.A.	Betânia do Piauí e Paulistana – PI	UG7 and UG8 - 8,800 kW	Commercial
3,193	11/04/2022	Ventos de São Ciro Energias Renováveis S.A.	Betânia do Piauí – PI	UG8 - 4,400 kW	Commercial
3,381	11/24/2022	Ventos de São Ciro Energias Renováveis S.A.	Betânia do Piauí – PI	UG4 - 4,400 kW	Commercial
3,416	11/28/2022	Ventos de São Caio Energias Renováveis S.A.	Betânia do Piauí e Paulistana – PI	UG5 and UG6 - 8,800 kW	Commercial
3,420	11/28/2022	Ventos de São Ciro Energias Renováveis S.A.	Betânia do Piauí – PI	UG5 and UG6 - 8,800 kW	Commercial
3,465	12/01/2022	Ventos de São Caio Energias Renováveis S.A.	Betânia do Piauí e Paulistana – PI	UG1 to UG4 - 17,600 kW	Commercial
3,466	12/01/2022	Ventos de São Caio Energias Renováveis S.A.	Betânia do Piauí e Paulistana – PI	UG7 - 4,400 kW	Commercial

(c) Conclusion of the voluntary migration plan of subsidiary CESP

The voluntary migration of the beneficiaries of CESP's pension plan, step to eliminate the deficit of the defined benefit plan, was the opportunity for participants to transfer their funds from PSAP/CESP B1, a defined benefit plan – BD, to CESP CD Plan, a defined contribution plan.

In December 2021, members of the Electric Energy Industry Trade Union in Campinas, the Adecon Institute, the Trade Union of Engineers in the State of São Paulo and the Trade Union of Employees in the Generation, Transmission and Distribution of Electricity in the Municipality of Bauru/SP, filed a lawsuit (process No. 1139986-11.2021.8.26.0100), aiming to suspend the process of voluntary migration of the beneficiaries.

In January 2022, a provisional decision was issued (advance guardianship) suspending the voluntary migration process. This decision was partially revoked by the Court of Justice of the State of São Paulo, after an appeal filed by subsidiary CESP, and the adhesion period ended on March 24, 2022.

In May 2022, a sentence was issued in favor of CESP, and claims found to be without merit. This allowed the migration to proceed, being concluded on July 1, 2022, when the voluntary migration process from the PSAP plan to the CESP CD Plan was completed.

Upon conclusion of the process, on July 1, 2022, there was the migration of 1,208, being 17.6% of participants. This migration caused a reduction in the net actuarial liabilities of R\$ 326,163, reflecting the balance transferred to the CD plan, as a proportion of the mathematical reserves of the participants who opted for migration. The amount payable, updated by Vivest on the date of the migration was R\$ 306,015 as documented in new agreement. The amount was settled by the Company in advance on August 1, 2022. A corresponding gain of R\$ 20,148 was recorded to reflect the reduction of the cost of the past service, in "Other operating income (expenses) net" net of tax effects (Note 26 (c)).

Following the partial migration, all future obligations, legal or constructive, were eliminated in relation to all or part of the benefits offered by the defined benefit plan, in proportion to the participants migrated.

(d) Approval of the Sol do Piauí and Jaíba V Projects

On August 11, 2022, through subsidiaries, the Company obtained approval at a Board of Directors Meeting to carry out the development of the solar power generation projects Sol do Piauí – Híbrido and Jaíba V.

The Sol do Piauí project, located in Curral Novo (PI), will have installed capacity of 48 MWac, will be the first hybrid project on a commercial scale in Brazil to obtain a concession from the National Electric Energy Agency (“ANEEL”) and will be built next to the Ventos do Piauí I wind power complex, with operational synergies of connection to the transmission system, operation and maintenance of the unit. The planned forecast is R\$ 255,000, with commercial operation expected to start in the third quarter of 2023, and the concession period will end in February 2051.

The Jaíba V project, located in Jaíba (MG), will have installed capacity of 500 MWac and will be one of the largest photovoltaic plants in the country, with scale and geography complementary to the Company's generation portfolio. The planned investment in Jaíba V is R\$ 2.0 billion, with commercial operation expected to start in the first quarter of 2024, and the concession period will end in February 2055.

With the implementation of these projects, 548 MWac will be added to Auren's installed capacity, with potential gains in scale and synergy in the operation and commercialization of energy.

(e) Indemnity agreement for the reversal of assets of Três Irmãos Hydro Power Plant (“HPP”) of subsidiary CESP

After several infra-legal acts providing for the operation of the Três Irmãos HPP, carried out until that point by subsidiary CESP, the Ministry of Mines and Energy (“MME”) determined that ANEEL should conduct, on March 28, 2014, a public tender for the concession of the Três Irmãos HPP.

Due to the termination of the concession for the operation of the Três Irmãos HPP, the amount of compensation to be paid to subsidiary CESP, “referenced to June 2012 prices, considering the accumulated depreciation and amortization from the date the facilities started operating until March 31, 2013”, was defined through Interministerial Ordinance No. 129/14, jointly granted by the MME and the Ministry of Finance (“MF”). The indemnification amount was established at R\$ 1,717,362 (base date June 2012), which would be paid in seven years.

Understanding that the proposed amount did not reflect the reversible assets not yet depreciated and/or amortized, on April 7, 2014 subsidiary CESP manifested opposition to Interministerial Ordinance No.129/14, filing, on July 9, 2014, a lawsuit to discuss the indemnification owed as a result of the non-renewal of the concession.

In view of the decision issued and in compliance with CPC 25, the subsidiary CESP constituted in January 2013, adjusted for impairment, in the amount of R\$ 1,811,718 (disputed amount), starting to reflect in the net, the balance of Standard indemnity by the granting authority (uncontroversial amount).

On December 7, 2022, subsidiary CESP entered into a court agreement with the Federal Government, which establishes the receipt of indemnification pursuant to the terms of MME/MF Interministerial Ordinance No. 129/2014, for the historical amount of R\$ 1,717,362, duly adjusted by the Special Settlement and Custody System (“SELIC”) based on compound capitalization since June 15, 2012 up to 30 days before receipt of the first installment, to be paid in 84 monthly and consecutive installments, calculated according to the Constant Amortization System (“SAC”), with the start of payment scheduled by October 15, 2023. Therefore, from that moment on, the entire balance adjusted on that date will be recognized as principal and this remaining debt balance will be updated monthly at the SELIC rate.

Based on the criteria established in the agreement, considering a no longer questionable right, disregarding the undisputed amount as a contingent asset, the amount of R\$ 3,909,017 was recorded as "Assets indemnifiable by the Federal Government" (Note 11), through the reclassification of R\$ 1,717,362 from "Asset subject to indemnification" (Note 13) and the recognition of R\$ 2,191,655 related to indexation accruals, net of adjustment to present value, against "Financial result" (Note 8).

Additionally, there was a reversal of impairment of indemnifiable assets, in the amount of R\$ 634,614, and write-off of non-indemnifiable assets - canal and lock, in the amount of R\$ (248,724), and of land and others, in the amount of R\$ (385,890) as shown in Note 13.

As an event after the reporting period, on January 10, 2023, a decision was handed down for judicial approval of said agreement and the lawsuit was extinguished, with resolution on the merits. Finally, on January 17, 2023, a final unappealable court decision was issued and the lawsuit was definitively closed.

1.1.2 Main corporate events

(a) Corporate reorganization - consolidation of energy assets and listing of shares in the Novo Mercado, starting in 2021

On October 18, 2021, Votorantim S.A. and CPP Investments announced their intention to consolidate energy assets in Brazil and seek to list its shares on B3's Novo Mercado.

As part of the reorganization, member companies of the Votorantim group, namely Companhia Brasileira de Alumínio ("CBA"), Votorantim Cimentos S.A. ("Cimentos") and Nexa Resources, took over the management of the energy generating assets that had previously been under the management of Votorantim Energia ("VE").

The consolidation took place through two main stages, Operation VTRM and Operation CESP, which we detail in the following topics:

The VTRM Operation:

(b) Reverse merger of Votorantim Geração de Energia S.A. ("VGE")

On February 3, 2022, Auren performed a reverse (downstream) merger of its then parent company VGE, extinguishing that entity, and became the owner of the following assets:

- (i)** 50% equity interest in Pinheiro Machado Participações S.A. ("Pinheiro Machado"), whose generation asset includes Machadinho UHE, represented by all its preferred shares;
- (ii)** 66.6667% equity interest in CBA Energia Participações S.A. ("CBA Energia"), whose generation assets include Campos Novos UHE and Barra Grande UHE, represented by all its preferred shares;
- (iii)** 66.6667% equity interest in Pollarix S.A. ("Pollarix"), whose generation assets include Amador Aguiar I and II UHE (Capim Branco Consortium), Picada UHE, Igarapava UHE (Igarapava Consortium) and Campos Novos UHE, represented by all its preferred shares;
- (iv)** 100% equity interest in Auren Comercializadora de Energia Ltda. ("Auren Comercializadora").

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As a result of this reverse merger, the 992,547,439 shares issued by Auren owned by VGE were cancelled and replaced by an equal number of Auren's shares and attributed to VSA, VGE, being the sole shareholder. Upon the merger of the assets by Auren, 612,874,904 new common shares of Auren were issued, which were also granted to VSA ("New Auren Shares").

The economic value attributed (equity value) to VGE's assets (excluding VGE's equity interest in Auren) was R\$ 2,772,913. The reverse merger and equity balances are summarized below:

Reverse merger - VGE	Value
Capital increase in Auren based on VGE's remaining assets and liabilities on the valuation date (i)	1,131,678
Economic fair value of VGE constituted as a capital reserve	1,540,542
Equity variation between the date of valuation of the report and the effective operation (i)	100,693
Economic fair value of VGE (Note 5(a))	2,772,913
	-
Deferred taxes liabilities on capital gains	(380,654)
Total increase in Auren's net equity related to the reverse merger	2,392,259

- (i) The amount of R\$ 1,131,678 referring to the remaining assets and liabilities of VGE on the valuation date, plus R\$ 100,693 referring to the equity variation between the valuation date of the report and the completion of the operation, totaling R\$ 1,232,371, balance of VGE's equity on the transaction date.

The reverse merger and fair value of assets balances held by VGE:

	1/31/2022		1/31/2022
Assets		Liabilities	
Current		Current	
Cash and cash equivalents	24,994	Other current liabilities	13,614
Dividends receivable	65,298		13,614
Other current assets	4,845		
	95,137		
Non-current		Non-current	
Investments		Other non-current liabilities	9,126
CBA Energia Participações S.A.	221,726		9,126
Pollarix S.A.	248,073		
Pinheiro Machado Participações S.A.	13,051	Total liabilities	22,740
Auren Comercializadora Votorantim Comercializadora de Energi	122,230		
Investment goodwill			
CBA Energia Participações S.A.	316,248		
Pollarix S.A.	231,135		
Other non-current assets	4,864	Total net equity	1,232,371
Fixed assets	625		
Intangible assets	207		
Leases	1,815		
	1,159,974		
Total assets	1,255,111	Total liabilities and net equity	1,255,111

(c) Capital contribution by CPP Investments

On February 3, 2022, Auren's capital increased by R\$ 1,500,000, upon issuance of 365,803,013 new shares, fully subscribed by CPP Investments, paid in in Reais.

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(d) Auren Register as a public company and listing process on the B3 Novo Mercado

On February 25, 2022, the Company was registered as a publicly-held company category "A" with the Brazilian Securities Commission ("CVM" and "Abertura de Capital") and was granted the request for listing with B3 S.A. - Brasil, Bolsa, Balcão ("B3"), with the admission of its shares to trading on the special New Market segment ("Novo Mercado Listing").

Companhia Energética de São Paulo ("CESP") operation:

(e) Proposal for the merger of CESP's shares by Auren

As an act subsequent to the IPO, and in order to allow CESP's non-controlling shareholders to participate in Auren, a proposal was presented for the merger of all the shares issued by CESP by Auren, and consequent attribution, to the other shareholders of CESP, of these new shares.

On October 21, 2021, the Board of Directors of subsidiary CESP approved the creation of an independent Special Committee CESP ("Committee") which, in compliance with the guidelines provided for in CVM Guidance Opinion No. 35, would negotiate the non-binding proposed corporate reorganization by VSA and by CPP Investments to merger all the shares of subsidiary CESP by Auren.

The Committee concluded with Auren's Management the negotiations of the exchange ratio of shares issued by CESP for shares issued by Auren within the scope of the merger of shares of CESP ("Exchange Ratio"), and submitted, on January 7, 2022, to the CESP's Board of Directors the recommendation unanimously agreed by the members of the Committee for the replacement ratio.

The Exchange Ratio was freely negotiated between Auren's Management and the Committee and included the following assumptions:

- (i) the equity value attributed to VGE's assets to be contributed to Auren - excluding the value of VGE's equity interest in Auren - was approximately R\$ 2.8 billion;
- (ii) the cash resources to be contributed by CPP Investments at Auren was R\$ 1.5 billion;
- (iii) the economic value (equity value) attributed to Auren - without considering Auren's equity interest in CESP and the effects of the transaction - was approximately R\$ 4.5 billion;
- (iv) the economic value (equity value) attributed to CESP was approximately R\$ 9.1 billion, equivalent to approximately R\$ 27.93 per share (regardless of class or type and disregarding treasury shares);
- (v) to determine the economic values (equity value) indicated above, the base date of December 31, 2021 was considered and the discounted cash flow methodology was used; and
- (vi) the redemption value of redeemable preferred shares following the contribution of CESP shares, of R\$ 0.40 per share totaling approximately R\$ 78.5 million, considers estimates for non-resident investor taxes to be withheld by Auren for the transaction.

This Replacement Relationship structure was approved by the Committee and the CESP Board of Directors, on the date of the contribution of shares, in which the non-controlling shareholders of CESP were to receive, for each share issued by CESP, regardless of the class:

- (i) 6.567904669174 new common, nominative, book-entry and no nominal value shares of Auren; and

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- (ii) 0.095425888495 new preferred, nominative, book-entry and nominal value shares of Auren, mandatorily redeemable.

As the corporate reorganization contemplated the delivery to the CESP non-controlling shareholders of 4,405,478 mandatorily redeemable preferred shares of Auren, based on the replacement ratio and in the total amount of R\$ 78.547, Auren took on the following corporate structure (before the reverse split in item "f" below):

Shareholders	Number of shares	Participation
VSA	1,605,422,350	37.74%
CPP Investments	1,358,350,459	31.93%
Other shareholders	1,289,736,569	30.33%
Total	4,253,509,378	100.00%

The February 15, 2022 CESP Extraordinary General Meeting ("EGM") approved the merger of all shares issued by CESP by its parent company Auren, excluding shares owned by Auren held by CESP in treasury or which carry CESP shareholders' rights of withdrawal ("Merger of Shares").

The merger of shares was carried out pursuant to the "Private Instrument of Protocol and Justification of Incorporation of Shares of CESP - Companhia Energética de São Paulo by Auren Energia Participações S.A." ("Protocol and Justification"), concluded between CESP and Auren.

Upon concluding the merger ('Incorporation of Shares'), CESP became a wholly owned subsidiary of Auren, with all shares held by Auren. The Company's shareholders received new shares in lieu of their existing shares issued by the Company, as described above. The preferred shares were immediately redeemed on the Closing Date (March 25, 2022) and settled in cash on April 7, 2022 to shareholders.

Concurrently to the merger of CESP shares on March 23, 2022, a capital increase was made of R\$ 307,623, with the issuance of 307,622,529 Auren shares being 303,217,051 common shares and 4,405,478 preferred shares that were immediately redeemed. A capital reserve was also recorded for R\$ 4,442,608, reflecting the economic value of CESP, as appraised by an Independent Committee (note 5(b)), adjusted by the highlighted mandatory minimum dividends for the year 2021 to non-controlling shareholders before the completion of this stage of incorporation of shares by Auren and the redemption of non-controlling shares. The redemption of shares of non-controlling shareholders, is shown below:

Merger of CESP shares	Value
Capital increase - issuance of new shares	307,623
Constitution of capital reserve related to the interest of non-controlling shareholders of CESP	4,248,320
Highlighted mandatory minimum dividends for the year 2021 - non-controlling CESP	235,452
Constitution of capital reserve in Auren referring to asset capital gains	37,383
Redemption of shares of non-controlling shareholders	(78,547)
	4,442,608
	4,750,231

(f) Reverse split of shares

On March 23, 2022 the Board of Directors Meeting ratified the reverse split of Auren shares, being one of the conditions precedent provided for in the Protocol and Justification, as proposed at the EGM held on February 15, 2022. The reverse split resulted in each 4.253509378 shares of Auren being replaced by one share, without affecting the balance of share capital. As a result, Auren's share capital was represented by 696,782,949 common, nominative, book-entry and nominal value shares.

Accordingly, CESP's non-controlling shareholders will receive for every share held as issued by CESP, regardless of type of share:

- (i) 1.544114302635 new common, nominative, book-entry and no nominal value shares of Auren; and
- (ii) 0.022434625149 new preferred, nominative, book-entry and no nominal value shares of Auren, mandatorily redeemable.

Following the reverse split, Auren's share ownership structure is:

Shareholders	Number of shares	Participation
VSA	377,400,000	37.74%
CPP Investments	319,300,000	31.93%
Other shareholders	303,300,000	30.33%
Total	1,000,000,000	100.00%

(g) Redemption of CESP Preferred Shares and right of withdrawal by non-controlling shareholders

The Replacement Relationship proposed and approved at the CESP EGM with respect to the merger of CESP shares by Auren, that CESP shareholders who did not approve the Incorporation of Shares, either by rejection, abstention or being absent at the EGM, are assured the right to withdraw from the Company, pursuant to Articles 137, 252 - § 2nd and 264 - § 3, of Law 6.404/76.

The shareholders could exercise the right of withdrawal in relation to all or part of the shares issued by CESP, once ownership was ascertained, subject to penalties, within 30 days, from the publication of the minutes of the EGM, that is, by March 18, 2022. As no shareholder had exercised the right of withdrawal within the 30 day limit, no repayments will be made.

Auren recorded against its capital reserve the mandatory redemption of all redeemable preferred shares held by the non-controlling shareholders of CESP, of R\$ 78,547. These were settled in full on April 7, 2022 for R\$ 78,537, of which R\$ 59,838 related to the principal, and R\$ 18,699 refers to income tax withheld by shareholders.

(h) Disposal of interest of Auren's investees to Votorantim Cimentos S.A. ("Cimentos")

On March 4, 2022, after complying with the conditions precedent in the Shareholders' Purchase and Sale Agreement dated December 28, 2020, as amended on September 27, 2021, Auren signed a Shareholders' Agreement with Cimentos for the disposal of 49% of the equity interest of Ventos de Santo Ângelo Energias Renováveis S.A., for R\$ 44,360.

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Thus, the Company retains control over the entire return on these investments, and, accordingly, continues to account for its equity share in the results of the equity in its statement of income (Note 14 (a)). Additionally, the Shareholders' Agreement provides the Company with a call option to acquire all of its shares, which may be exercised unilaterally before the end of the ten year period in certain cases and for a price determined in the same agreement.

The purpose of the operation is to supply Cimentos with an average of 55,45 MW of electricity for a period of ten years.

The balance receivable from the sale of shares will be received in four equal annual installments as of January 2023, and the balance payable for the future purchase option will be settled in a single installment. Both balances are recorded at present value and were calculated using a risk-free discount rate based on the annual inflation rate projected in Brazil.

At December 31, 2022, the balance of current assets is R\$ 13,483, the balance of non-current assets is R\$ 36,195 and the balance of non-current liabilities is R\$36,661, both net of the adjustment to present value (Note 27 - Related parties).

(i) Capital transactions – subsidiaries and related companies

In the year ended December 31, 2022, changes were made to the capital stock of the subsidiaries, via bank transfers and assets, mainly due to the need for cash to develop the projects, as shown in the table below:

	Date	Paid-in amount
Subsidiaries		
Via bank transfers		
Ventos de São João Paulo II Energias Renováveis S.A.	01/25/2022	42,000
Ventos de Santo Apolinário Energias Renováveis S.A.	01/25/2022	4,000
Hélios IV geração de Energia Ltda.	02/08/2022	100
Auren Comercializadora de Energia Ltda.	02/09/2022	53,300
Jaíba V Holding S.A.	01/25/2022	13,000
Ventos de Santo Anselmo Energias Renováveis S.A.	06/29/2022	7,620
Ventos de Santo Ângelo Energias Renováveis S.A.	05/16/2022	5,217
Ventos de São Ciríaco Energias Renováveis S.A.	06/29/2022	3,784
Ventos de Santos Estevão Holding S.A.	06/29/2022	14,500
Ventos de Santa Alexandrina Energias Renováveis S.A.	05/16/2022	3,495
Ventos de São Crispim I Energias Renováveis S.A.	06/29/2022	9,847
Ventos de Santo Antero Energias Renováveis S.A.	05/16/2022	9,756
Ventos de São João Paulo II Energias Renováveis S.A.	06/29/2022	31,146
Ventos de Santo Alderico Energias Renováveis S.A.	06/29/2022	2,500
Sol Do Piauí Geração de Energia Ltda	06/29/2022	6,100
Ventos de São João Paulo II Energias Renováveis S.A.	07/19/2022	2,000
Ventos de Santo Alderico Energias Renováveis S.A.	07/19/2022	2,500
Hélios IV Geração de Energia Ltda.	07/29/2022	6,000
Ventos de São João Paulo II Energias Renováveis S.A.	08/01/2022	3,000
Ventos de Santa Alexandrina Energias Renováveis S.A.	08/10/2022	2,500
Ventos de Santo Antero Energias Renováveis S.A.	08/10/2022	1,000
Ventos de Santo Alderico Energias Renováveis S.A.	08/10/2022	1,500
Auren Comercializadora de Energia Ltda.	09/01/2022	54,000

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	Date	Paid-in amount
Ventos de São João Paulo II Energias Renováveis S.A.	09/14/2022	13,000
Ventos de Santos Estevão Holding S.A.	04/10/2022	2,500
Ventos de São Crispim I Energias Renováveis S.A.	14/10/2022	2,000
Ventos de São Ciriaco Energias Renováveis S.A.	14/10/2022	6,000
Ventos de São Caio Energias Renováveis S.A.	14/10/2022	7,500
Ventos de São João Paulo II Energias Renováveis S.A.	17/10/2022	2,500
Jaíba V Holding S.A.	26/10/2022	130,000
CBA Energia Participações S.A.	04/11/2022	16,421
Pollarix S.A.	14/11/2022	14,487
Sol Do Piauí Geração de Energia Ltda	16/11/2022	20,000
Jaíba V Holding S.A.	30/11/2022	312,500
Pinheiro Machado Participações S.A.	22/12/2022	3,614
		809,387
Via assets transfer		
Hélios IV Geração de Energia Ltda.	07/29/2022	11,920
		11,920

(j) Distribution of supplementary dividends

On April 11, 2022, at a Meeting of the Board of Directors, the proposal for the payment of supplementary dividends by the Company was approved for the year ended December 31, 2021, as follows:

- (i) supplementary dividend of R\$ 41,850 from retained earnings for the year ended December 31, 2021 (investment reserve) equivalent to R\$ 0.041850 per share; and
- (ii) supplementary dividend of R\$ 44,198, to be paid from the profit retention reserve constituted in the year ended December 31, 2021, equivalent to R\$ 0.044198 per share.

The supplementary dividends in (i) and (ii), added to the Company's mandatory minimum dividend, R\$ 13,952, equivalent to R\$ 0.013952 per share, comprise 25% of the adjusted net income for the 2021, approved at the Meeting of the Board of Directors of March 25, 2022 and submitted for approval by the Company's Annual and Extraordinary Shareholders' Meeting held on April 29, 2022, amount to a total amount of dividends payable of R\$ 100,000, equivalent to R\$ 0.10 per share.

Persons who were registered as shareholders of the Company on the base date of May 3, 2022 were entitled to receive dividends, respecting the negotiations carried out up to that date. The Company paid the aforementioned dividends on May 19, 2022, in the amount of R\$99,987.

(k) Acquisition of investments - Aquarela

On June 6, 2022, the subsidiary Auren Comercializadora (Note 1.1.2 (m)) made its second investment in technology and data intelligence linked to the sale of energy products and solutions, entering into a share purchase and sales agreement to acquire a 28.27% interest in Aquarela Inovação Tecnológica do Brasil S.A. ("Aquarela"), upon the subscription of 125,735 new preferred shares, acquiring 29,063 common shares (which were converted into preferred shares on the investment completion date) and 56,180 preferred shares.

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Aquarela is a scale up firm, considered to be a benchmark in Brazil in advanced analytics and artificial intelligence application in large companies, national and global, in various sectors. Aquarela aims to simplify complex data in an innovative way.

The acquisition will allow Auren Comercializadora to expand the use of analytics/big data in the development of new products, services and energy solutions for free market customers.

The transaction was concluded on August 5, 2022, with payment by bank transfer in the amount of R\$ 9,858, after compliance with the usual obligations and conditions precedent, as well as obtaining approval from the Administrative Council for Economic Defense - CADE.

	Aquarela
Net equity on the acquisition date	6,024
Percentage acquired	28.27%
Investment on the net equity of Aquarela	1,703
Goodwill on assets and liabilities identified in the independent appraisal report - Unallocated portion (Goodwill) (Note 14 (a))	8,155
Amount paid on acquisition of Aquarela	9,858
Equity in results for the period (Note 14 (a))	(599)
Investment value at 12/31/2022	9,259

(I) Dividends receivables from investees

Subsidiaries	Provisioned in 2021 (i)	Mandatory dividends 2021 - Exchange of shares (ii)	Additional dividends proposed	Interim dividends proposed	Received	Mandatory	Provisioned in 2022
CESP Companhia Energética de São Paulo (ii)	153,927	235,452	-	-	-	581,071	970,450
Auren Comercializadora de Energia Ltda.	-	-	-	-	-	83,347	83,347
Pollarix S.A. (ii)	35,861	-	73,515	16,622	(125,998)	25,883	25,883
CBA Energia Participações S.A. (iii)	29,386	-	67,535	-	(95,612)	18,999	20,308
Pinheiro Machado Participações S.A. (iv)	-	-	-	13,432	(13,432)	-	-
Ventos de São Vicente Energias Renováveis S.A. (iv)	6,271	-	-	-	(6,252)	7,895	7,914
Ventos de Santo Estevão Holding S.A.	764	-	-	-	-	-	764
Sol do Piauí Geração de Energia Ltda.	-	-	-	-	-	47	47
MRTV Energia S.A.	-	-	-	-	-	10	10
Closing balance	226,209	235,452	141,050	30,054	(241,294)	717,252	1,108,723

(i) Provisioned in 2021

The balance of dividends provisioned in 2021 referring to investees CBA Energia and Pollarix involves the payment provisions for VGE, before the corporate reorganization. With the reverse merger that took place on February 3, 2022, the balances were allocated to Auren (Note 1.1.2 (b)).

(ii) CESP

On April 29, 2022, at the Ordinary General Meeting, mandatory minimum dividends were resolved by the subsidiary CESP, in the amount of R\$389,379, the same data being "ex dividends". Thus, as described in item 1.1.2 (e), the dividends that were posted to non-controlling shareholders on December 31, 2021, in the amount of R\$ 235,452, are now due to the Company, as it is the sole shareholder of subsidiary CESP. On December 19, 2022, at a meeting of the Company's Board of Directors, the postponement of the payment of the securities was approved, moving to December 31, 2023.

(iii) Pollarix

On April 29, 2022, at the Annual General Meeting, additional dividends were declared of R\$ 102,921. Due to the disproportionality of the dividend for the preferred shareholders (66.67% of total shares) who received a 25% premium, the company was attributed a dividend of R\$ 73,515.

On May 27, September 28, November 4 and December 27, 2022, dividends of R\$ 109,376 were received, of which R\$ 35,861 related to mandatory minimum dividends and R\$ 73,515 to the additional dividends.

On December 27, 2022, at the Annual General Meeting, interim dividends for 2022 in the amount of R\$ 23,271 were declared by the investee. Due to the disproportionality of the dividend for the preferred shareholders (66.67% of total shares) who received a 25% premium, the company was attributed a dividend of R\$ 16,622, which was settled on the same date.

On December 31, 2022, the amount of R\$ 25,883 was provisioned as mandatory dividends, in accordance with the disproportionate distribution of dividends rules, which will be settled depending on the investee's cash availability.

(iv) CBA Energia

On April 29, 2022, at the Annual General Meeting, additional dividends were declared of R\$ 98,232 to be settled by December 31, 2022 depending on cash availability. Due to the disproportionality of the dividend for the preferred shareholders (66.67% of total shares) who received a 10% premium, the company was attributed a dividend of R\$ 67,535.

On June 15, November 4 and December 21, 2022, dividends of R\$ 95,612 were received, of which R\$ 22,511 related to mandatory minimum dividends and R\$ 73,101 to the additional dividends.

On December 31, 2022, the amount of R\$ 18,999 was provisioned as mandatory dividends, in accordance with the disproportionate distribution of dividends rules, which will be settled depending on the investee's cash availability.

(v) Pinheiro Machado

On November 30, 2022, at the Annual General Meeting, interim dividends for 2022 in the amount of R\$ 22,386 were declared by the investee. Due to the disproportionality of the dividend for the preferred shareholders (50% of total shares) who received a 50% premium, the company was attributed a dividend of R\$ 13,432, which was settled on December 14, 2022.

(vi) Ventos de São Vinícius Energias Renováveis S.A.

On November 21, 2022, dividends of R\$ 6,252 were received, related to mandatory minimum dividends.

On December 31, 2022, the amount of R\$ 7,895 was provisioned as mandatory dividends, which will be settled depending on the investee's cash availability.

(m) Change of company name - Auren Comercializadora

On June 28, 2022, in order to align the governance of Votener Comercializadora de Energia Ltda. ("Votener") and Auren, Votener's statutes were updated. The documents of incorporation were also modified to reflect the new company's name of Auren Comercializadora de Energia Ltda. ("Auren Comercializadora").

(n) Acquisition of investment - Flora Energia

On October 26, 2022, subsidiary Auren Comercializadora, made its third investment in innovation, technology and data science companies and entered into an investment and share subscription agreement whereby 36,450 new class A preferred shares were fully subscribed and paid up, equivalent to a 10.5% interest in Flora Energia Renovável Inteligente S.A. ("Flora Energia"). The transaction was completed on October 31, 2022, with payment via bank transfer in the amount of R\$ 7,000.

Flora Energia is a startup that operates in the Distributed Generation (GD) segment shared through a marketplace platform, which connects micro generation plants to end customers, offering a scalable technological solution that allows the gathering and use of data on generation and consumption of energy.

	Flora
Net equity on the acquisition date	7,044
Percentage acquired	10.50%
Investment on the net equity of Flora	740
Goodwill on investment acquisition (Note 14 (a))	6,260
Amount paid on acquisition of Aquarela	7,000
Equity in results for the period (Note 14 (a))	(33)
Investment value at 12/31/2022	6,967

2 Presentation of parent company and consolidated financial statements and summary of accounting practices

2.1 Declaration of conformity

(a) Parent company and consolidated financial statements

The parent company and consolidated financial statements were prepared and are being presented in accordance with the accounting practices adopted in Brazil, in effect on December 31, 2022, which include the pronouncements issued by the Brazilian Accounting Pronouncements Committee ("CPC"), as approved by the Brazilian Securities Commission ("CVM") and the Federal Accounting Council ("CFC"), and in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations "IFRIC", and present all information of relevance to the parent company and consolidated financial statements, which is consistent with the information used by the Company's Management in the performance of its duties.

(b) Approval of financial statements

The Company's Board of Directors approved the issuance of these parent company and consolidated financial statements on February 16, 2023.

2.2 Basis of presentation

The preparation of the financial statements considered the going concern basis of accounting, historical cost as the basis of value, and in the case of certain financial assets and liabilities, they were adjusted to reflect the measurement at fair value.

The financial statements require the use of certain critical accounting estimates and also the exercise of judgment by the Company's Management in applying its accounting practices. The areas that require a higher level of judgment and are more complex, as well as the areas in which assumptions and estimates are significant for the financial statements, are disclosed in Note 2.4 below.

2.3 Functional currency and presentation currency

The functional and presentation currency of the Company and its subsidiaries is the Brazilian Real/Reais (R\$).

2.4 Critical accounting estimates and judgments

Based on assumptions, the Company and its subsidiaries make estimates regarding the future. Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered reasonable under the circumstances. Revisions to estimates are recognized prospectively.

Accounting estimates will seldom be the same as the actual results. The estimates and assumptions that present a significant risk, likely of causing a material adjustment in the carrying amounts of assets and liabilities for the coming year, are contemplated in the Notes below:

Note	Account
10	Accounts receivable from customers
11	Assets indemnifiable from the Federal Government
15	Fixed assets
16	Intangible assets
17	Leases
20	Deferred income tax and social contribution
21	Energy future contracts
22	UBP – Use of public asset
23	Social and environmental obligations and asset decommissioning
24	Provision for reimbursement
25	Provision for litigation
26	Post-employment benefits

2.5 Consolidation

The Company consolidates all entities over which it has control, that is, when it is exposed or entitled to variable returns or has the ability to direct its operations.

(a) Subsidiaries

The subsidiaries are fully consolidated from the date on which the control is transferred to the Company.

Transactions, balances and results of transactions between subsidiaries are eliminated. In the acquisition, the accounting policies of the subsidiaries are changed when necessary, to ensure consistency with the policies adopted by the Company.

Following the merger of VGE on February 3, 2022, Auren Comercializadora is a wholly owned subsidiary of the Company and was consolidated in these consolidated condensed interim financial statements as at and for the year ended December 31, 2022.

Due to the process of incorporation of CESP shares mentioned in note 1.1.2 (e) Auren now holds a 100% stake in CESP's share capital and, thus, from the consolidated condensed interim financial statements as of March 31, 2022, it ceased to present the share of non-controlling shareholders in the disclosure of net equity.

(b) Associates

Investments in associates are accounted for by the equity method and are initially recognized at cost; this includes goodwill and capital gain determined on acquisition, net of impairment provisions.

Dilution gains and losses, from the reverse (downstream) mergers, are recognized in the statement of income.

Following the reverse merger of VGE on February 3, 2022, Auren became an equity investor in its related companies, listed below:

- (i) 50% equity interest in Pinheiro Machado, represented by all its preferred shares;
- (ii) 66.6667% equity interest in CBA Energia, represented by all its preferred shares;
- (iii) 66.6667% equity interest in Pollarix, represented by all its preferred shares.

Additionally, the subsidiary Auren Comercializadora holds 50% of the total and voting capital of Way2 Serviços de Tecnologia S.A. ("Way2"), 28.27% of the total and voting capital of Aquarela and 10.5% of the total and voting capital of Flora Energia.

(c) Joint operation

In a joint operation the joint operator's parties holding shared control of the business have rights over its assets and are subject to obligations for liabilities related to the business.

Joint transactions are recorded in the financial statements to represent the Company's contractual rights and obligations. Hence, assets, liabilities, income and expenses related to joint operating interests are recorded individually in the financial statements.

The Company's subsidiaries that participate in Piauí I, II and III wind farms have an equity interest in the jointly controlled companies Consórcio Ventos do Piauí, Consórcio Ventos do Piauí II and Consórcio Ventos do Piauí III ("consortia").

These consortia were formed for the construction, maintenance, operation and use of certain common assets, especially the collector substation, the sectioning/elevator substation, the transmission line and the medium voltage network, among others, serving all consortia members.

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(d) Companies included in the consolidation of the financial statements

	Total capital	Voting capital	Total capital	Voting capital	Type of investment	Headquarters location	Main activity
Wind power generation							
Ventos do Piauí I Wind Complex ("Piauí I"):							
Ventos de São Vicente Participações Energias Renováveis S.A.	100%	100%	100%	100%	Direct	São Paulo - Brazil	Holding
Ventos de São Adeodato Energias Renováveis S.A. (i)	77.36%	100%	77.36%	100%	Indirect	Piauí - Brazil	Electricity generation
Ventos de Santo Afonso Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Piauí - Brazil	Electricity generation
Ventos de Santo Agostinho Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Piauí - Brazil	Electricity generation
Ventos de Santa Albertina Energias Renováveis S.A. (i)	84.96%	100%	84.96%	100%	Indirect	Piauí - Brazil	Electricity generation
Ventos de Santo Alberto Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Piauí - Brazil	Electricity generation
Ventos de São Casimiro Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Piauí - Brazil	Electricity generation
Ventos de São Vínicius Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Piauí - Brazil	Electricity generation
Ventos do Piauí Consortium	100%	100%	100%	100%	Indirect	Piauí - Brazil	Construction, maintenance, operation and use of certain common assets
Ventos do Piauí II Wind Complex ("Piauí II"):							
Ventos de Santo Anselmo Energias Renováveis S.A. (i)	51%	100%	51%	100%	Direct	Ceará - Brazil	Holding
Ventos de Santo Antero Energias Renováveis S.A.	50%	0%	50%	0%	Indirect	Ceará - Brazil	Electricity generation
Ventos de São Crispim Energias Renováveis S.A.	50%	0%	50%	0%	Indirect	Ceará - Brazil	Electricity generation
Ventos de Santo Alderico Energias Renováveis S.A.	50%	0%	50%	0%	Indirect	Ceará - Brazil	Electricity generation
Ventos de Santo Angelo Energias Renováveis S.A. (i)	51%	100%	100%	100%	Direct	Ceará - Brazil	Holding
Ventos de Santa Alexandrina Energias Renováveis S.A.	50%	0%	50%	0%	Indirect	Ceará - Brazil	Electricity generation
Ventos de São Ciriaco Energias Renováveis S.A.	50%	0%	50%	0%	Indirect	Ceará - Brazil	Electricity generation
Ventos de São Caio Energias Renováveis S.A.	50%	0%	50%	0%	Indirect	Ceará - Brazil	Electricity generation
Ventos de Santo Isidoro Energias Renováveis S.A. (ii)	51%	100%	51%	100%	Direct	Ceará - Brazil	Holding
Ventos de Santo Apolinário Energias Renováveis S.A.	50%	0%	50%	0%	Indirect	Ceará - Brazil	Electricity generation
Ventos do Piauí II Consortium	100%	100%	100%	100%	Indirect	Piauí - Brazil	Construction, maintenance, operation and use of certain common assets
Ventos do Piauí III Wind Complex ("Piauí III"):							
Ventos de São João Paulo II Energias Renováveis S.A.	100%	100%	100%	100%	Direct	Ceará - Brazil	Holding
Ventos de Santo Alfredo Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brazil	Electricity generation
Ventos de São Ciro Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brazil	Electricity generation
Ventos de São Bernardo Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brazil	Electricity generation
Consortium Ventos do Piauí III	100%	100%	100%	100%	Indirect	Piauí - Brazil	Construction, maintenance, operation and use of certain common assets
Ventos do Araripe III Wind Complex ("Araripe III"):							
Ventos de Santo Estevão Holding S.A.	100%	100%	100%	100%	Direct	São Paulo - Brazil	Holding
Ventos de Santo Augusto I Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brazil	Electricity generation
Ventos de Santo Augusto II Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brazil	Electricity generation
Ventos de Santo Augusto VI Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brazil	Electricity generation
Ventos de Santo Augusto VII Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brazil	Electricity generation
Ventos de Santo Augusto VIII Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brazil	Electricity generation
Ventos de Santo Estevão I Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brazil	Electricity generation
Ventos de Santo Estevão II Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brazil	Electricity generation
Ventos de Santo Estevão III Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brazil	Electricity generation
Ventos de Santo Estevão IV Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brazil	Electricity generation
Ventos de Santo Estevão V Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brazil	Electricity generation
Ventos de Santo Onofre IV Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brazil	Electricity generation
Ventos de São Virgílio 01 Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brazil	Electricity generation
Ventos de São Virgílio 02 Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brazil	Electricity generation
Ventos de São Virgílio 03 Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brazil	Electricity generation
Water power generation							
CESP - Companhia Energética de São Paulo	100%	100%	40%	94%	Direct	São Paulo - Brazil	Generation and sale of electricity
Commercialization							
Auren Comercializadora de Energia Ltda.	100%	100%	0%	0%	Direct	São Paulo - Brazil	Electricity trading
CESP Comercializadora de Energia S.A.	100%	100%	40%	94%	Indirect	São Paulo - Brazil	Electricity trading
Solar generation							
Jaiba V Holding S.A.	100%	100%	100%	100%	Direct	São Paulo - Brazil	Holding
Jaiba C Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Mnas Gerais - Brazil	Electricity generation
Jaiba CE Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Mnas Gerais - Brazil	Electricity generation
Jaiba CN Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Mnas Gerais - Brazil	Electricity generation
Jaiba CO Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Mnas Gerais - Brazil	Electricity generation
Jaiba CS Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Mnas Gerais - Brazil	Electricity generation
Jaiba L1 Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Mnas Gerais - Brazil	Electricity generation
Jaiba L2 Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Mnas Gerais - Brazil	Electricity generation
Jaiba NE2 Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Mnas Gerais - Brazil	Electricity generation
Jaiba NE3 Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Mnas Gerais - Brazil	Electricity generation
Jaiba NO2 Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Mnas Gerais - Brazil	Electricity generation
Jaiba S Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Mnas Gerais - Brazil	Electricity generation
Jaiba SE2 Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Mnas Gerais - Brazil	Electricity generation
Jaiba SO Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Mnas Gerais - Brazil	Electricity generation
Sol do Piauí Energy Generation Ltd.	100%	100%	100%	100%	Direct	Ceará - Brazil	Electricity generation
SF401 Participações Societárias S.A.	100%	100%	100%	100%	Indirect	São Paulo - Brazil	Holding

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	2022		2021		Type of investment	Headquarters location	Main activity
	Total capital	Voting capital	Total capital	Voting capital			
Others							
MRTV Comercializadora de Energia Ltda.	100%	100%	100%	100%	Direct	São Paulo - Brazil	Electricity trading
Hélios I Geração de Energia Ltda.	100%	100%	100%	100%	Direct	Piauí - Brazil	Electricity generation
Hélios II Geração de Energia Ltda.	100%	100%	100%	100%	Direct	Piauí - Brazil	Electricity generation
Hélios III Geração de Energia Ltda.	100%	100%	100%	100%	Direct	Piauí - Brazil	Electricity generation
Hélios V Geração de Energia Ltda.	100%	100%	100%	100%	Direct	Piauí - Brazil	Electricity generation
Sol do Piauí II Geração de Energia Ltda.	100%	100%	100%	100%	Direct	Piauí - Brazil	Electricity generation
Sol do Piauí III Geração de Energia Ltda.	100%	100%	100%	100%	Direct	Piauí - Brazil	Electricity generation
Sol do Piauí IV Geração de Energia Ltda.	100%	100%	100%	100%	Direct	Piauí - Brazil	Electricity generation
Hélios IV Geração de Energia Ltda.	100%	100%	100%	100%	Direct	Piauí - Brazil	Electricity generation
Serra da Ibiapaba 1 Geração de Energia Ltda.	100%	100%	100%	100%	Indirect	Ceará - Brazil	Electricity generation
Serra da Ibiapaba 2 Geração de Energia Ltda.	100%	100%	100%	100%	Indirect	Ceará - Brazil	Electricity generation
Serra da Ibiapaba 3 Geração de Energia Ltda.	100%	100%	100%	100%	Indirect	Ceará - Brazil	Electricity generation
Serra da Ibiapaba 4 Geração de Energia Ltda.	100%	100%	100%	100%	Indirect	Ceará - Brazil	Electricity generation
Serra da Ibiapaba 5 Geração de Energia Ltda.	100%	100%	100%	100%	Indirect	Ceará - Brazil	Electricity generation
Serra da Ibiapaba 6 Geração de Energia Ltda.	100%	100%	100%	100%	Indirect	Ceará - Brazil	Electricity generation
Serra da Ibiapaba 7 Geração de Energia Ltda.	100%	100%	100%	100%	Indirect	Ceará - Brazil	Electricity generation
Serra da Ibiapaba 8 Geração de Energia Ltda.	100%	100%	100%	100%	Indirect	Ceará - Brazil	Electricity generation
Serra da Ibiapaba 9 Geração de Energia Ltda.	100%	100%	100%	100%	Indirect	Ceará - Brazil	Electricity generation

- (i) In 2022 and 2021, the Company sold its interests in investees São Adeodato, Santa Albertina, Santo Anselmo, Santo Angelo and Santo Isidoro, for which there are contractual clauses that assure control by the Company over the returns on these investments, hence they are fully consolidated.

3 New accounting standards, amendments and interpretations of standards issued by the CPC and IASB

3.1 New standards issued and amendments to accounting standards adopted by the Company and its subsidiaries

The following amendments to standards issued by the IASB were adopted for the first time from January 1, 2022:

New standards and amendments	Nature of the amendment
CPC 27 – Property, Plant and Equipment	Provides guidance on accounting for transactions involving the sale of items produced before the asset is available for use – proceeds before intended use.
CPC 25 – Provisions, Contingent Liabilities and Contingent Assets	Clarifies that, for the purpose of evaluating whether a contract is onerous, the cost of fulfilling the contract includes the incremental costs of fulfilling such contract and an allocation of other costs directly related to its fulfillment.
CPC 15 - Business Combinations	Replaces the references of the old version of the conceptual framework with the most recent one issued in 2018.

Annual Improvements to IFRS Standards 2018-2020

- (i) IFRS 9/CPC 48 – Financial Instruments – clarifies which fees should be included in the 10% test for the derecognition of financial liabilities.
- (ii) IFRS 16/CPC 06 (R2) - Leases - amendment of example 13 to exclude the example of lessor payments related to leasehold improvements.
- (iii) IFRS 1/CPC 37 (R1) - First-time adoption of the International Financial Reporting Standards - simplifies the application of that standard by a subsidiary that adopts IFRS for the first time after its parent company in relation to the measurement of the accumulated amount of foreign exchange variations.
- (iv) IAS 41/CPC 29 - "Agriculture" - Removal of the requirement to exclude taxes (IR/CS) from cash flow estimates when measuring the fair value of biological assets and agricultural produce, thus aligning the fair value measurement requirements in IAS 41 with those of other IFRS standards.

The Company and its subsidiaries analyzed the amendments to these accounting standards and did not identify any impacts on their operating and accounting policies.

3.2 New standards issued and amendments to accounting standards not yet adopted by the Company and its subsidiaries

The following amendments to standards issued by the IASB will be adopted for the first time in the years starting after January 1, 2023.

New standards and amendments	Nature of the amendment
CPC 50 – Insurance Contracts	Initial adoption.
CPC 32 – Income Taxes	Deferred tax related to assets and liabilities arising from a single transaction, such as: leases and decommissioning and restoration liabilities.
CPC 26 (R1) – Presentation of Financial Statements	Provides more guidance on materiality, judgments and changes in the disclosures of accounting policies.
CPC 23 – Accounting Policies, Changes in Accounting Estimates and Errors	Provides guidance on the distinction between accounting policies and accounting estimates.
CPC 36 (R3) – Consolidated Financial Statements and CPC 18 (R2) – Sale or Contribution of Assets between an Investor and its Associate or Joint venture	Provides guidance for situations involving the sale or contribution of assets between an investor and its associates.

The Company and its subsidiaries are analyzing the amendments to the aforementioned accounting standards in order to assess possible impacts on their operating and accounting policies. Regarding the analysis of CPC 32 - Income Taxes, in line with IFRIC 23 - Uncertainty over Income Tax Treatments (ICPC 22), the analysis of impacts related to uncertainties is detailed in Note 20.

4 Presentation of information by business segment

The Company discloses financial information by operating segments, consistent with that provided to the chief operation decision maker, respecting their areas of activity:

1. Wind power generation (wind farms for Ventos do Piauí I, II and III and Ventos de Araripe III)
- 2 Hydro power generation (CESP Geradora and other water assets from the downstream merger)
3. Sale of energy (Auren Comercializadora and CESP Comercializadora)
4. Holding and Pipeline projects (Auren's and other projects in the structuring/construction phase: solar generation and others, companies shown in note 2.5 (d)).

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(a) Income statement and Ebitda (unaudited) – By business segment

	2022					
	Wind power generation	Hydro power generation	Commercialization (I)	Holding + Pipeline	Eliminations	Consolidated
Net revenue	550,751	1,705,142	4,126,316	-	(866,503)	5,515,706
Electricity and operation costs	(321,241)	(965,996)	(3,951,889)	-	866,503	(4,372,623)
Gross profit	229,510	739,146	174,427	-	-	1,143,083
General and administrative expenses	(11,645)	(107,085)	(120,032)	(131,634)	-	(370,396)
Other operating income (expenses), net	91,739	324,175	554,143	(43,761)	(438,577)	487,719
Operating profit (loss)	309,604	956,236	608,538	(175,395)	(438,577)	1,260,406
Depreciation and amortization	165,570	403,911	2,151	43,926	-	615,558
Provision for litigation	-	(59,519)	-	-	-	(59,519)
Expenses with judicial deposits	-	2,486	-	-	-	2,486
Dividends and interest on equity received	-	235,042	-	-	-	235,042
Gain by migration post-retirement benefits	-	(20,148)	-	-	-	(20,148)
Reversal of impairment of fixed assets and intangible assets	-	(230,924)	-	-	-	(230,924)
Adjusted EBITDA (unaudited)	475,174	1,287,084	610,689	(131,469)	(438,577)	1,802,901
Depreciation, amortization and amortization of capital gains						(615,558)
Other additions (exclusions) and exceptional items						73,063
Share of results of investee						130,659
Net financial income						1,662,275
Income tax and social contribution						(374,726)
Net income for the period						2,678,614

	2021					
	Wind power generation	Hydro power generation	Commercialization (I)	Holding + Pipeline	Eliminations	Consolidated
Net revenue	331,301	1,512,972	1,092,771	-	(312,930)	2,624,114
Electricity and operation costs	(243,799)	(987,316)	(1,093,226)	-	312,930	(2,011,411)
Renegotiation of hydrological risk	-	781,974	-	-	-	781,974
Gross profit (loss)	87,502	1,307,630	(455)	-	-	1,394,677
General and administrative expenses	(8,133)	(115,041)	(10,388)	(35,035)	-	(168,597)
Other operating income (expenses), net	22	124,594	13,266	(4,061)	-	133,821
Operating profit (loss)	79,391	1,317,183	2,423	(39,096)	-	1,359,901
Depreciation, amortization and amortization of capital gains	134,383	420,800	208	38,563	-	593,954
Renegotiation of hydrological risk	-	(781,974)	-	-	-	(781,974)
Reversal of provision for litigation	-	(425,693)	-	-	-	(425,693)
Judicial deposits written off	-	60,256	-	-	-	60,256
Fixed asset impairment reversal	-	248,520	-	-	-	248,520
Adjusted EBITDA (unaudited)	213,774	839,092	2,631	(533)	-	1,054,964
Depreciation, amortization and amortization of capital gains						(593,954)
Other additions (exclusions) and exceptional items						898,891
Net financial income						(767,047)
Income tax and social contribution						(281,208)
Net income for the year						311,646

(i) The companies VGE and CESP, before the formation of Auren, individually held contracts for the purchase and sale of energy in their respective traders and of the generation assets. In 2022, Auren has been restructured in the Commercialization segment with the objective of consolidating these contracts at Auren Comercializadora. In this context, the following initiatives were implemented:

1. Transfer of all future energy purchase and sale contracts with third parties (except transactions with contractual or regulatory restrictions) from generation assets to Auren Comercializadora.

2 Creation of intercompany contracts for the sale of surplus energy with the aim of equalizing Auren's energy balance.

This consolidation brought opportunities to simplify the management of these contracts, segregate the risk profiles and return of the generation and commercialization business, and capture the relevant synergies in the optimization of this portfolio.

As Auren Comercializadora classifies and measures contracts for the purchase and future sale of energy with third parties and intercompany as financial instruments at fair value through profit or loss, a gain of R\$ 438,576 in "Other operating income (expenses), net" in the Commercialization segment resulting from the effect of the initial market marking of these intercompany contracts as of September 2022, which were eliminated in income consolidated.

Considering also that the Company's accounting policies are consistent with those of Company and thus, consolidation of contracts did not any affect consolidated results. Hence, future energy purchase and sale contracts continue to be classified according to their initial classification, thus:

Wholesale contracts: are contracts classified outside the scope of CPC 48 since they continue to be maintained for the purpose of receiving or delivering non-financial items, and are not marked to the market, and

Trading contracts: are contracts classified within the scope of CPC 48 and are classified as financial instruments recognized at fair value on the date on which a contract is concluded and subsequently marked on the marked.

The eliminations column includes R\$ 438,576 for the segmented related to the elimination of non-recurring effects. In the consolidated result, the remaining mark to market effect refers to the trading activity.

5 Business combinations

Business combinations are recorded using the acquisition method at the time of the transfer of control to the Company. The transferred consideration is measured at fair value, as well as the identifiable net assets acquired, identifying any goodwill supported by the expectation of future profitability or gains from advantageous purchases.

Pursuant to CPC 15 (R1) / IFRS 3 – Business Combinations, the Company measures the fair value of assets acquired and liabilities assumed at the time of business combinations carried out in the year, with the support of external consultants.

Still according to this rule, when the initial allocation in a business combination is not final the provisional amounts are reported. The acquirer retrospectively adjusts the provisional amounts recognized at the date of acquisition to reflect any new information relating to facts and circumstances existing on the date of acquisition, affecting the measurement of the recognized values. The acquirer also recognizes additional assets or liabilities when new information becomes available for circumstances existing at the date of acquisition, which, had they been known on that date, would have resulted in the recognition of those assets and liabilities on that date. The measurement period ends as soon as the acquirer obtains the final information and circumstances existing on the date of acquisition, or when he concludes that more information cannot be obtained. However, the measurement period cannot exceed one year from the date of acquisition.

(a) VGE reverse merger

On February 3, 2022, Auren carried out a reverse merger of VGE (Note 1.1.2 (b)), merging with its assets and liabilities, including its equity investments in Pinheiro Machado, CBA Energia, Pollarix and Auren Comercializadora companies.

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Under IFRS 3 / CPC 15 (R1) - "Business Combination", VSA requested an independent appraisal for the fair values of assets owned by VGE at the date of the transaction. The amounts derived from the independent appraiser's report were recognized as a capital reserve in Auren and the balance at book value was as considered as share capital:

	Appraised fair value	Deferred taxes	Net value
VGE's economic fair value			
Capital gains CBA Energy	259,114	(88,099)	171,015
Capital gains Pollarix	738,226	(250,997)	487,229
Capital gains Pinheiro Machado	122,233	(41,558)	80,675
	<u>1,119,573</u>	<u>(380,654)</u>	<u>738,919</u>
Goodwill from Auren Comercializadora	<u>420,969</u>	<u>-</u>	<u>420,969</u>
VGE's economic fair value, net of taxes	<u>1,540,542</u>	<u>(380,654)</u>	<u>1,159,888</u>
Net equity at VGE's remaining book value	<u>1,131,678</u>	<u>-</u>	<u>1,131,678</u>
Equity variation between valuation date and capital increase	<u>100,693</u>	<u>-</u>	<u>100,693</u>
Auren's total equity increase	<u>2,772,913</u>	<u>(380,654)</u>	<u>2,392,259</u>

In the condensed consolidated parent company and consolidated interim financial statements disclosed in the quarters of 2022, the amounts corresponding to the recognition of capital gains related to the right to grant water investments were presented in Note 16 – Intangible assets. However, the Company reassessed this allocation and understood that, as these are investments in associates, which are not included in the consolidation, the adjustment to fair value of these assets, in the amount of R\$ 1,119,573, should be reallocated to Note 14 – Investments, for a better presentation.

The capital gains recognized are being amortized over the concession periods for each plant in which the associates have an equity interest.

Assumptions used in the fair value measurement of the purchase price allocation

The economic and financial assessment of VGE's assets was based on the cash flow method (on the base date of December 31, 2021), updated to January 31, 2022 for the purposes of the reverse merger on February 3, 2022.

Free cash flows to the firm ("FCFF") were discounted at present value by the weighted average cost of capital (Weighted Average Cost of Capital - WACC) of each investment ranging from 14.3% to 10.1% p.a. and deducted from non-operating assets and liabilities on the base date.

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Investment	Assumptions used for revenue valuation.
Auren Comercializadora	Volume: projection calculated by the year 2037, maximum term of existing contracts. Average price: for existing contracts, the weighted average price of contracts was used, for the new ones the average curve of the DCIDE plus R\$ 6.65 / MWh.
CBA Energia	Volume: projection calculated from the physical guarantee until March 2040, concession deadline. Average price: for the years 2021 to 2027 based on contracts already signed and from 2028 based on the average curve of DCIDE, plus IPCA.
Pollarix	Volume: projection calculated from the physical guarantee until November 2042, concession deadline. Average price: for the years 2021 to 2032 based on contracts already signed and from 2033 based on the average curve of DCIDE, plus IPCA.
Pinheiro Machado	Volume: projection calculated from the physical guarantee until November 2032, concession deadline. Average price: for the years 2021 to 2027 based on contracts already signed and from 2028 based on the average curve of DCIDE, plus IPCA.

Item	Assumptions used for the valuation of investments
Taxes	For all investments: IRCS: Taxable profit regime, based on a 34% rate and carryforward tax losses; Projected based on gross revenue rates (historical average): – PIS / COFINS: 9,25% Sector charges (TFSEE, R&D and CFURH).
Depreciation	For all investments: Existing and new assets: the average book rate (historical average) was considered, depreciation and linear amortization
Capex	For all investments: The projected CAPEX considered only the investment needed for the maintenance of the assets.
Opex	For all investments: Segregated between fixed and variable costs and expenses according to the average history of each asset plus IPCA.

(b) Merger of CESP shares

The February 15, 2022 CESP EGM approved the contribution of all shares issued by CESP by its parent company Auren, excluding Auren treasury shares held in CESP or which are the subject of the exercise of the right of withdrawal by CESP shareholders ("Incorporation of Shares"), under the corporate reorganization (1.1.2 (d)). With the implementation of the Stock Merger, CESP became a wholly owned subsidiary of Auren, with all shares of its issue held by Auren, and CESP's non-controlling shareholders received new shares issued by Auren.

For the Incorporation of Shares, an Independent Committee was formed to assess CESP's economic value, which resulted in a net equity of R\$ 9,142,189, as at December 31, 2021. The participation of CESP's non-controlling shareholders was 59.9942%, which corresponds to an economic value of R\$ 5,484,783; the difference between the accounting balance of CESP's net equity, at the date of the operation, and the economic value was the goodwill, as shown below:

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Merger of CESP shares	Value
Economic fair value of CESP assessed by the Independent Committee	9,142,189
CESP's economic fair value - interest of non-controlling shareholders 59.9942%	5,484,783
Goodwill in capital transaction	(693,388)
Interest of CESP non-controlling shareholders recognized in Auren's investment	4,791,395
Constitution of capital reserve in Auren referring to asset capital gains from acquisition in 2018	56,641
Deferred taxes on asset capital gains from acquisition in 2018	(19,258)
Constitution of capital reserve in Auren referring to asset capital gains	37,383
Value per share	17.8296
Redemption of Preferred Shares - in a thousand shares	4,405
Redemption of shares of non-controlling shareholders	(78,547)
Total increase in Auren's equity	4,750,231

6 Revenue

Accounting policy

Revenue is presented net of taxes, rebates and discounts, as well as the elimination of sales between subsidiaries and associates in the consolidated, and is recognized at fair value.

The Company and its subsidiaries follow the conceptual framework of IFRS 15/CPC 47 "Revenue from contracts with customers", based on the five-step model: (i) identification of contracts with customers; (ii) identification of performance obligations in the contracts; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligation provided for in the contracts and (v) recognition of revenue when the performance obligation is met.

The five-step model states that an entity should recognize revenue when transferring promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The contracts for the sale of energy of the Company's subsidiaries are carried out in the free and regulated Brazilian market, with CCEE as a regulator agent responsible for the recording and liquidation of the Brazilian Integrated System (BIS).

The accounting measurement of the volume of energy to be billed results from the processing of the physical measurement, adjusted to the apportionment of losses reported by the CCEE.

The accounting recognition of revenue results from the amounts to be billed to customers in accordance with the methodology and prices established in each contract, adjusted to the amounts of energy actually generated, when applicable. These adjustments result from the CCEE mechanism that verifies the net exposure of the Company's subsidiaries (sales, generation, purchases and consumption), named energy balance.

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Electricity sale

The Company's subsidiaries operate in the following electricity markets:

Bilateral contracts: the sale of energy to consumers and commercial agents in a free-to-sell environment.

Wind Energy Auctions: revenue from the generation of energy from the wind farms, in the scope contracted by the regulated market, according to participation in new energy auctions ("LEN") and reserve energy auctions ("LER").

Water Energy Auctions: the sale of energy from hydro power generation, by subsidiary CESP, to distributors under contracts signed in the regulated environment, according to participation in auctions.

Trading operations: represented by energy trading in the free market.

Short-term energy CCEE: the accounting of the short-term market, being differences between resources and energy requirements, valued at the Settlement Price of Differences ("PLD").

	Consolidated			
	2,022		2,021	
	MWh (*)	R\$ Thousand	MWh (*)	R\$ Thousand
Gross revenue				
Energy sale				
Bilateral contracts	6,170,217	1,558,758	6,568,790	1,677,667
Trading operations	10,491,948	2,262,571	1,336,516	363,742
Related parties - trading (Note 27)	3,908,186	1,324,601	381,287	109,172
Bilateral contracts - related parties (Note 27)				
Water Energy Auctions	2,018,053	572,162	2,018,053	522,038
Wind Energy Auctions	2,324,854	532,174	2,318,001	472,920
Provision for reimbursement (Note 24)	-	(59,266)	-	(192,724)
Short-term energy - CCEE	-	43,467	-	95,159
	24,913,258	6,234,467	12,622,647	3,047,974
Other revenues				
Derivative financial instruments	-	-	-	(114,905)
Quota supply - UHE Paraibuna	-	18,850	-	-
Carbon credit sale	-	4,385	-	17,028
Services - related parties (Note 27)	-	3,059	-	-
Other revenues	-	6,882	-	3,342
	-	33,176	-	(94,535)
	24,913,258	6,267,643	12,622,647	2,953,439
Deductions on gross revenue				
PIS and COFINS on operating revenues	-	(540,367)	-	(266,804)
ICMS on operating revenues	-	(145,345)	-	(87)
Financial Compensation for the Use of Water Resources - CFURH	-	(40,043)	-	(37,618)
Research and development - R&D	-	(17,110)	-	(15,706)
Quota for the global reversal reserve - RGR	-	(1,321)	-	(1,773)
Inspection fee for electricity services - TFSEE	-	(7,368)	-	(7,180)
Service tax - ISS	-	(383)	-	(157)
	-	(751,937)	-	(329,325)
Net revenue	24,913,258	5,515,706	12,622,647	2,624,114

(*) MWh - Megawatt-hour, unaudited.

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7 Costs and expenses

	Consolidated					
	2022					2021
	Electricity cost (Note 7.1)	Operation cost	General and Administrative Expenses	Other net operating income (expenses)	Total	Total
Purchased energy	(3,394,115)	-	-	-	(3,394,115)	(1,129,626)
Reversal of impairment of assets indemnifiable by the Federal Government (Note 11)	-	-	-	634,614	634,614	-
Depreciation and amortization	-	(561,492)	(18,600)	-	(580,092)	(558,995)
of non-indemnifiable assets - lands and others (Note 11)	-	-	-	(385,890)	(385,890)	-
Write-off of non-indemnifiable assets - canal and lock (Note 11)	-	-	-	(248,724)	(248,724)	-
Reversal (provision) of impairment of fixed and intangible assets (Note 15 c)	-	-	-	230,924	230,924	(248,520)
Electricity network charges	(246,492)	-	-	-	(246,492)	(199,109)
Payroll	-	(30,040)	(187,110)	-	(217,150)	(96,331)
Energy futures contracts (Note 21)	-	-	-	167,106	167,106	13,235
third-party services	-	(31,569)	(112,419)	-	(143,988)	(97,470)
Insurance indemnity (Note 1.1.1(a))	-	-	-	93,405	93,405	46,253
Operation and maintenance services - O&M	-	(75,313)	-	-	(75,313)	(51,407)
Reversal (provision) for litigation (Note 25)	-	-	-	59,519	59,519	425,693
Contract early settlement value	-	-	-	(54,000)	(54,000)	-
Amortization of capital gain	-	-	-	(35,466)	(35,466)	(34,959)
Gain by migration post-employment benefits (Note 26)	-	-	-	20,148	20,148	-
Materials, maintenance and conservation	-	(9,294)	(9,707)	-	(19,001)	(14,977)
Insurance	-	(10,170)	(7,854)	-	(18,024)	(9,362)
Rentals and leases	-	(10,435)	(5,469)	-	(15,904)	(10,189)
Tax recovery	-	-	-	9,962	9,962	-
Taxes, fees and contributions	-	(2,018)	(4,414)	(30)	(6,462)	(9,055)
Judicial deposits written off	-	-	-	(2,486)	(2,486)	(60,256)
Reversal (provision) for socio-environmental obligations	-	-	2,314	(3,907)	(1,593)	(7,607)
Renegotiation of hydrological risk	-	-	-	-	-	781,974
Other income (expenses), net	-	(1,685)	(27,137)	2,544	(26,278)	(3,505)
	(3,640,607)	(732,016)	(370,396)	487,719	(4,255,300)	(1,264,213)

	Parent company				
	2022				2021
	General and Administrative Expenses	Other net operating income (expenses)	Total	Total	
Personnel	(57,341)	-	(57,341)	(6,579)	
Third party services	(44,349)	-	(44,349)	(30,443)	
Depreciation and amortization	(8,460)	-	(8,460)	(3,604)	
Materials, maintenance and conservation	(5,699)	-	(5,699)	(648)	
Rentals and leases	(2,554)	-	(2,554)	-	
Taxes, fees and contributions	(1,092)	-	(1,092)	(4,430)	
Insurance indemnity	-	-	-	46,253	
Other expenses	(9,319)	(4,793)	(14,112)	(4,585)	
	(128,814)	(4,793)	(133,607)	(4,036)	

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7.1 Electricity cost

	Consolidated	
	2022	2021
Purchased energy		
Energy purchased for resale	(512,756)	(679,293)
Trading operations	(2,512,190)	(382,776)
Related parties - trading (Note 26)	(299,950)	(25,055)
Services of operation - trading	(28,598)	-
Hydrological risk renegotiation award	(28,852)	(26,213)
Short-term energy - CCEE	(8,716)	(15,874)
Other costs	(3,053)	(415)
	(3,394,115)	(1,129,626)
Renegotiation of hydrological risk		
Renegotiation of hydrological risk	-	781,974
	-	781,974
Use of the electricity grid		
Charges for the use of the electricity grid	(246,492)	(199,109)
	(246,492)	(199,109)
	(3,640,607)	(546,761)

8 Net financial result

Accounting policy

They comprise the amounts of interest on loans and financial investments, indexation and exchange variations and miscellaneous discounts that are recognized in income for the year on the accrual basis.

	Note	Consolidated		Parent company	
		2022	2021	2022	2021
Financial revenues					
Update of assets indemnifiable by the Federal Government	1.1.1 (e) e 11	2,421,617	-	-	-
Income on cash equivalents, financial investments and reserve account (i)		367,828	60,438	168,659	8,326
Adjustment to present value of the sale of investees		32,913	22,758	35,369	22,387
Interest accruals on judicial deposits	12	13,907	9,221	-	-
Reversal of interest accruals on provision for litigation		5,241	-	-	-
(-) PIS and COFINS on financial income		(13,740)	(1,606)	(7,989)	(393)
Adjustment to present value of assets indemnifiable by the Federal Government	11	1,860	-	-	-
Other financial revenues		9,286	2,662	432	136
		2,838,912	93,473	196,471	30,456
Financial expenses					
Interest paid on loans, financing and debentures (ii)	18	(314,991)	(226,481)	(42,294)	(1,464)
Interest/ indexation on loans, financing and debentures (iii)	18	(177,932)	(200,852)	-	-
Adjustment to present value on assets payable by the Federal Government	11	(231,822)	-	-	-
Interest/ indexation on provisions for litigation (iv)	25	(97,069)	(167,516)	-	-
Update of post-employment benefit balance	26	(159,869)	(158,122)	-	-
Contract clause premium - debentures		-	(22,500)	-	-
Bank contractual termination (v)		(27,999)	-	(27,999)	-
Charges on discount operations		(45,976)	-	-	-
Adjustment to present value of the sale of investees		(23,470)	(11,009)	(19,501)	(10,455)
Interest/ indexation on reimbursement provision (Note 23)	24	(12,199)	-	-	-
Appropriation of funding costs		(13,108)	(13,739)	(619)	-
Write-off of indexation accruals on judicial deposits		(2,497)	(14,929)	-	-
Adjustment to present value on social and environmental obligations and asset demobilization	23	(17,615)	(10,354)	-	-
Interest/ indexation on court settlements		(3,705)	(8,877)	-	-
Adjustment to present value on UBP	22	(5,400)	(5,631)	-	-
Interest/ indexation charges on suppliers		(5,383)	(3,457)	(5,383)	(3,457)
Other financial expenses		(37,602)	(17,053)	(1,491)	(556)
		(1,176,637)	(860,520)	(97,287)	(15,932)
		1,662,275	(767,047)	99,184	14,524

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- (i) The increase in the balance of income on cash equivalents, financial investments and reserve account refers substantially to CDBs and investment quotas, arising from the capital increase in Auren and the drawdown of a BNDES loan for VDP II and III.
- (ii) Interest on loans, financing and debentures, at December 31, 2022, was R\$ 360,073 (R\$ 254,894 at December 31, 2021), of which R\$ 45,082 was capitalized in fixed assets (R\$ 28,413 at December 31, 2021), resulting in a net effect on financial expenses of R\$ 314,991 (R\$ 226,481 at December 31, 2021).
- (iii) Credit line expenses are for financing not used by the Company.

9 Cash and cash equivalents, financial investments and liquidity fund – reserve account**(a) Accounting policy**

This includes cash, bank deposits and other short-term highly liquid investments with original maturities under three months, which are readily convertible into a known amount of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents in local currency comprise cash in current bank accounts and public or financial institution securities, indexed to the interbank deposit rate.

Most financial investments have immediate liquidity, however, they are classified as financial investments based on their original maturities, considering the expected use for the funds. Investments in Brazilian Reais comprise government bonds indexed to the interbank deposit rate.

	Consolidated		Parent company	
	2022	2021	2022	2021
Brazilian Reais				
Cash and banks	26,524	24,520	170	54
	26,524	24,520	170	54
Cash equivalents				
Bank Deposit Certificates - CDBs	1,789,167	1,251,551	828,529	324,943
Financial Treasury Bills - LFTs	-	49,085	-	-
Leveraged operations	-	35,020	-	-
Investment fund shares (b)	1,310,268	235,642	222,267	58,152
	3,099,435	1,571,298	1,050,796	383,095
Cash and cash equivalents	3,125,959	1,595,818	1,050,966	383,149
Financial investments				
Financial Treasury Bills - LFTs	105,347	77,751	-	-
	105,347	77,751	-	-
Liquidity fund - Reserve account (i)				
Current	6,840	6,153	-	-
Non-current	147,293	100,048	-	-
	154,133	106,201	-	-
	3,385,439	1,779,770	1,050,966	383,149

At December 31, 2022, financial investments have an average rate of return from 99% to 104% of the CDI rate (97.95% to 102.00% of the CDI rate at December 31, 2021).

Auren Energia S.A.**Explanatory notes****Years ended December 31**

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- (i) The loans and financing of the subsidiaries of Piauí I, Piauí II (except Santo Angelo, Santo Anselmo and Santo Isidoro), Piauí III (except São João Paulo II) and Araripe III require the maintenance of the liquidity fund in a reserve account as a guarantee, corresponding to 3 (three) times the value of the debt service provision.

(b) Investment fund quotas

The investment fund shares are owned by the Votorantim Group's exclusive fund and the Aquilae Fund. Operations are composed substantially of government securities and leveraged transactions, which had an average remuneration rate of 100.31% of CDI in the year ended December 31, 2022.

	Consolidated		Parent company	
	2022	2021	2022	2021
Investment fund shares				
Compromised operations	772,897	6,510	124,210	6,510
Public bonds	537,371	229,132	98,057	51,642
	1,310,268	235,642	222,267	58,152

9.1 Credit quality of financial assets

The table presents the credit quality of issuers and counterparties in transactions of cash and cash equivalent sums, liquidity fund - reserve account:

	Consolidated		Parent company	
	Rating local		Rating local	
	2022	2021	2022	2021
AAA	3,282,901	1,663,551	948,780	383,145
AA+	-	29,700	-	-
AA	102,524	86,510	102,186	4
No rating	14	9	-	-
	3,385,439	1,779,770	1,050,966	383,149

Ratings extracted from rating agencies (Standard & Poor's, Moody's, and Fitch Ratings) using their criteria.

10 Accounts receivables from customers**Accounting policy**

These correspond to amounts arising from the electric energy trading transaction in the normal course of the subsidiaries' activities. They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method minus expected losses.

On a monthly basis, the Company's Planning and Financial Management area analyzes the maturity position of the customer portfolio and selects customers with overdue balances in order to assess the specific situation of each one, as well as to judge the risk of loss involved. The result of this judgment establishes the financial amount to be accounted for as expected losses.

Trading operations: represented by accounts receivable from third parties in the active energy trading in the free market.

Bilateral contracts: represented by accounts receivable from industrial consumers and trading agents in a free-to-sell environment.

Water Energy Auctions: represented by accounts receivable from water generation to distributors under contracts signed in the regulated environment, according to participation in auctions.

Wind Energy Auctions: represented by accounts receivable from distributors within the scope of contracting in the regulated market, in LEN and LER auctions.

Short-term energy CCEE: the balance receivable arises from the accounting of the short-term market, being differences between resources and energy requirements, valued at the Settlement Price of Differences (PLD), which may represent an amount receivable or payable.

The amounts receivable traded by the Company's subsidiaries usually have a collection period between 45 and 60 days.

a) Composition

	Consolidated	
	2022	2021
<i>Trading operations</i>	217,145	41,054
Bilateral contracts	140,463	83,303
Related parties (Note 27)	114,689	11,171
Hydro Power Auctions	71,962	62,398
Wind Energy Auctions	58,245	118,007
Short-term energy - CCEE	15,356	12,698
	617,860	328,631

b) Aging list

	Consolidated	
	2022	2021
Yet to become due	612,693	326,894
Overdue up to 3 months	2,540	1,737
Overdue over 6 months	2,628	-
	617,860	328,631

Management reviewed the outstanding balances of accounts receivable from customers and concluded that there is no history of loss, so there is no evidence of estimated losses with doubtful settlement of accounts receivable from customers.

11 Assets indemnifiable by the Federal Government

As mentioned in item 1.1.1 (e), subsidiary CESP entered into a court agreement with the Federal Government, which established the receipt of compensation for the assets subject to indemnification for the Três Irmãos unit, payable in 84 monthly and consecutive installments, calculated according to the Constant Amortization System ("SAC"), with payment of the first installment by October 15, 2023.

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13 Asset subject to indemnification

Accounting policy

Correspond to adjustments made in the assets of the subsidiary CESP, accounted for between 2013 and 2015, in order to adjust the recorded value of the respective UHEs Ilha Solteira and Jupia to the undisputed amount, without prejudice to continuing to discuss their rights in court, in compliance with CPC 25 - Provisions, contingent liabilities and contingent assets. Assets subject to indemnification will be financially updated according to the terms and index defined for them.

CPC 25 defines a contingent asset as arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not entirely under the control of subsidiary CESP.

a) Composition and transactions

	Consolidated					
					2022	2021
	Três Irmãos	Ilha Solteira	Jupia	Jaguari	Total	Total
Composition of the asset subject to indemnification						
Asset subject to indemnification	3,529,080	2,165,858	642,318	27,589	6,364,845	6,364,845
Adjustment for impairment	-	(1,657,484)	(337,826)	(7,818)	(2,003,128)	(2,003,128)
Contingent asset adjustment	(1,811,718)	(506,346)	(304,492)	-	(2,622,556)	(2,622,556)
Opening balance on January 1st	1,717,362	2,028	-	19,771	1,739,161	1,739,161
Reversal of impairment of assets indemnifiable by the Federal Government (Note 7)	634,614	-	-	-	634,614	-
Write-off of non-indemnifiable assets - canal and lock (Note 7)	(248,724)	-	-	-	(248,724)	-
Write-off of non-indemnifiable assets - land (Note 7)	(385,890)	-	-	-	(385,890)	-
Reclassification to assets payable by the Federal Government (Note 11)	(1,717,362)	-	-	-	(1,717,362)	-
Final balance on December 31	-	2,028	-	19,771	21,799	1,739,161
Asset subject to indemnification	-	2,165,858	642,318	27,589	2,835,765	6,364,845
Adjustment for impairment	-	(1,657,484)	(337,826)	(7,818)	(2,003,128)	(2,003,128)
Contingent asset adjustment	-	(506,346)	(304,492)	-	(810,838)	(2,622,556)
Asset subject to indemnification (net)	-	2,028	-	19,771	21,799	1,739,161

Through Provisional Measure ("MP") No. 579/12, later converted into Law No. 12,783, of January 11, 2013, the Federal Government, as the granting authority, was allowed to extend electricity generation concessions. In this regulatory context, specifically in relation to subsidiary CESP's activities, the Federal Government offered to anticipate the renewal of the concessions of the Ilha Solteira and Jupia HPPs, due on July 7, 2015, to January 2013. The same treatment was extended to the concession of the Três Irmãos HPP, the first concession period of which had already expired in November 2011.

Due to the conditions established by the granting authority, subsidiary CESP decided, pursuant to its bylaws, not to renew the aforementioned concessions. Thus, subsidiary CESP continued to operate the Ilha Solteira and Jupia plants until the end of the concession, on July 7, 2015. In relation to the Três Irmãos HPP, the continuity of its operation took place in accordance with the regulations of the Granting Authority, as detailed below.

As a result of the intention of the State of São Paulo to plead the operation of the Jaguari HPP with the Federal Government, subsidiary CESP formalized its non-interest in the renewal of the concession of the Jaguari HPP with the Federal Government (MME/ANEEL), and subsidiary CESP maintained its responsibilities as a concessionaire until the end of the term of the Concession Agreement No. 003/2004, on May 20, 2020. From then on, subsidiary CESP started

to temporarily operate the Jaguari HPP under the physical guarantee quota system, maintaining this condition between May 21, 2020 and December 31, 2020. Due to the publication of MME Ordinance No. 449, of November 13, 2020, Furnas Centrais Elétricas S/A became the new company responsible for providing the electric energy generation service at the Jaguari HPP as of January 1, 2021.

b) Ilha Solteira and Jupia HPPs

As previously mentioned, subsidiary CESP operated the Ilha Solteira and Jupia HPPs until the end of the concession, on July 7, 2015. In this context, on October 1, 2015, MME Ordinance No. 458 was published, which defined the amount R\$ R\$ 2,028 as the indemnification related to the reversal of assets of the Ilha Solteira Plant, “considering the accumulated depreciation and amortization from the date of entry into operation of the facilities and until June 30, 2015”. For the Jupia HPP, the Federal Government understood that there would be no amount due as compensation.

In this context, disagreeing with the indemnification amounts established by the Federal Government, subsidiary CESP filed a lawsuit to discuss the matter, claiming the receipt, by way of reversal of the assets and facilities of the Ilha Solteira and Jupia HPPs, of an amount calculated based on the updated historical cost of assets. After a lower court decision that partially upheld the claim, both parties lodged appeals. Only the appeal of subsidiary CESP was partially granted in the 2nd level court, reason why both parties filed appeals with the 3rd level court, which are currently awaiting judgment.

Given the existence of a contingent asset, in compliance with CPC 25, subsidiary CESP constituted, in previous years, adjustments for the devaluation of these assets, in the amount of R\$ 810,838 (Ilha Solteira – R\$ 506,346 and Jupia – R\$ 304,492, respectively).

c) Jaguari HPP

On May 19, 2020, the MME published Ordinance No. 218/2020, which defined subsidiary CESP as the temporary operator of the Jaguari Hydroelectric Power Plant (“Jaguari HPP”), under the physical guarantee quota system, as of May 21 2020, until the assumption of a new concessionaire winning a bid to be carried out by the Federal Government. On November 13, 2020, the MME published Ordinance No. 409/2020, which designated Furnas Centrais Elétricas S.A., as responsible for the Provision of the Electric Power Generation Service, through the Jaguari HPP, as of January 1, 2021. Thus, subsidiary CESP reclassified the residual value of the fixed assets of the Jaguari HPP under the heading “Asset subject to indemnification” in the total amount of R\$ 19,771 at December 31, 2020, and awaits the definition of the indemnification amount to be determined by the Federal Government. So far, the Federal Government has not expressed itself in relation to the indemnification amount for the Jaguari HPP.

14 Investments

Accounting policy

The financial statements reflect the assets, liabilities and transactions of the Parent Company and its direct and indirect subsidiaries. Subsidiaries are consolidated when the Company is exposed to or has rights to variable returns from its involvement with the investee and has the ability to direct the investee's significant activities. Intercompany balances and transactions, which include unrealized profits, are eliminated.

Investments in subsidiaries are accounted for in the Parent Company using the equity method (MEP) from the date on which they become a subsidiary.

Investment impairment (goodwill)

Goodwill from investments is tested annually for impairment and allowances cannot be reversed. The investment amount is allocated to the CGUs for impairment testing purposes.

In the year ended December 31, 2022, the review of the measurement of the recoverable value of the assets was completed, based on the assumptions detailed below, and no indications of impairment were identified. Impairment tests were not performed for the goodwill recognized on the acquisitions of interests in Way2 and Aquarela, since the valuation of the assets and liabilities assumed occurred in the PPA (Purchase Price Allocation) of the operations; and Flora Energia was acquired in October 2022.

Assumptions used in the impairment test – Goodwill Ventos de Santo Estevão Holding

The goodwill recorded refers to the ANEEL Authorization and Power Purchase Agreement (Note 16), the calculation of the fair value of subsidiary Estevão Holding was based on the discounted cash flow method ("DCF"), on the base date of September 30, 2022. The discount rate was considered in nominal terms, with inflationary effects, calculated based on the WACC post-tax methodology, 6.22% p.a.

Item	Assumptions
General assumption	Forecast 2021-2049 provided by the Company was considered; Business: forecasts were made for each SPE until the end of the authorization period issued by ANEEL, without renewal at the end of the period.
Gross revenues	For each SPE: Gross revenue = volume of energy x average price; Volumes: the certified annual production with a probability of occurrence greater than or equal to 50% was considered
Taxes and deductions	They were forecast based on the rates of the presumed profit regime.
Depreciation	Existing and new assets: an average rate of 4% pa was considered
Opex	They were considered 100% fixed with revenue, varying only with the forecast inflation.
Capex	Fixed and intangible capex projection: only the management budget was considered;

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Assumptions used in the impairment test - Goodwill CESP

The goodwill recorded refers to the fixed assets of CESP in the classes "Land and terrain", "Buildings, constructions and improvements" and "Reservoirs, dams and pipelines" (Note 15). The calculation of the fair value of subsidiary CESP was based on the discounted cash flow ("DCF") method, on the base date of September 30, 2022. The discount rate was considered in nominal terms, with inflationary effects, calculated based on the WACC post-tax methodology, 6.69% p.a.

Item	Assumptions
General assumption	Projections prepared based on the business plan provided by CESP's management consider the most likely scenario in the management's perspective; Businesses: existing businesses (organic growth, no acquisitions) were considered, only related to the concession agreement currently in force and signed by CESP (33.3 years), without extension or perpetuity.
Gross revenues	Gross revenue = energy volume x energy price. Volumes: only the physical guarantee was considered, net of the GSF effect and losses (3.02%)
Taxes and deductions	IRCS: the taxable income regime was considered, based on a rate of 34% and tax losses; Forecast based on tax rates on gross revenues (historical average): – PIS / COFINS: 9.25% – R&D: 1.0% – Financial Compensation (CFURH): 7.0% – Global Reversion Reserve (RGR): 2.5% – Inspection Fee (TFSEE): 0.4%
Depreciation	Existing and new assets: average accounting rate (historical average) was considered, linear depreciation and amortization were considered.
Opex	They were segregated into fixed and variable expenses on the base date according to the analysis of the history and nature of each account; Energy purchase: projected according to existing contracts and the exposure of additional energy required, according to assumptions provided by CESP's management.
Capex	The total forecast amount was allocated between fixed assets and intangible assets based on the historical average of the balances of fixed assets and intangible assets.

Auren Energia S.A.**Explanatory notes****Years ended December 31**

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Assumptions used in the impairment test - Goodwill Auren Comercializadora

The goodwill recorded refers to the reverse merger of VGE, in which the fair value of the assets was measured (Note 16). The calculation of the fair value of subsidiary Auren Comercializadora was based on the discounted cash flow method ("DCF"), on the base date of September 30, 2022. The discount rate was considered in nominal terms, with inflationary effects, calculated based on the WACC post-tax methodology, 6.22% p.a.

Item	Assumptions
General assumption	Projections prepared based on the business plan provided by Auren Comercializadora's management consider the most likely scenario in the management's perspective; Businesses: existing businesses were considered.
Gross revenues	Gross revenue = energy volume x energy price. Volumes: only the physical guarantee was considered, net of the GSF effect and losses (3.02%)
Taxes and deductions	IRCS: the taxable income regime was considered, based on a rate of 34% and tax losses; Forecast based on tax rates on gross revenues (historical average): – PIS / COFINS: 9.25% – ICMS
Depreciation	Existing and new assets: average accounting rate (historical average) was considered, linear depreciation and amortization were considered.
Opex	They were segregated into fixed and variable expenses on the base date according to the analysis of the history and nature of each account; Energy purchase: projected according to existing contracts and the exposure of additional energy required, according to assumptions provided by Auren Comercializadora's management.
Capex	The total forecast amount was allocated between fixed assets and intangible assets based on the historical average of the balances of fixed assets and intangible assets.

Auren Energia S.A.**Explanatory notes****Years ended December 31**

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Assumptions used in the impairment test - Goodwill CBA Energia e Pollarix

The tested goodwill of associates CBA Energia and Pollarix refers to the amounts accounted for at VGE, in which with the reverse merger became part of the Company's investments balance. The calculation of the fair value was based on the discounted cash flow ("DCF") method, on the base date of September 30, 2022. The discount rate was considered in nominal terms, with inflationary effects, calculated based on the WACC post-tax methodology, 6.22% p.a.

Item	Assumptions
General assumption	Projections prepared based on the business plan provided by CBA Energia's and Pollarix's management consider the most likely scenario in the management's perspective; Businesses: existing businesses (organic growth, no acquisitions) were considered, only related to the concession agreement currently in force and signed by CBA Energia (18.3 years), without extension or perpetuity.
Gross revenues	Gross revenue = energy volume x energy price. Volumes: only the physical guarantee was considered, net of the GSF effect and losses (3.02%)
Taxes and deductions	IRCS: the taxable income regime was considered, based on a rate of 34% and tax losses; Forecast based on tax rates on gross revenues (historical average): – PIS / COFINS: 9.25%
Depreciation	Existing and new assets: average accounting rate (historical average) was considered, linear depreciation and amortization were considered.
Opex	They were segregated into fixed and variable expenses on the base date according to the analysis of the history and nature of each account; Energy purchase: projected according to existing contracts and the exposure of additional energy required, according to assumptions provided by CBA Energia's management.
Capex	The total forecast amount was allocated between fixed assets and intangible assets based on the historical average of the balances of fixed assets and intangible assets.

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a) Composition

						Consolidated	
	Information as of December 31, 2022				Income equity	Balance	
	Net equity	Net income (loss) for the year	Percentage of total interest (%)	Percentage of voting interest (%)	2022	2021	
Investments valued under the equity accounting method							
Associates							
CBA Energia Participações S.A.	333,729	116,368	66.67	-	76,116	227,723	
Pollarix S.A.	365,147	152,572	66.67	-	114,612	262,264	
Pinheiro Machado Participações S.A.	40,745	32,174	50.00	-	18,118	23,590	
WAY2 Serviços de Tecnologia Ltda.	8,127	(1,364)	50.00	50.00	(1,389)	4,065	
Aquarela Inovacao Tecnologica do Brasil S.A. (i)	3,907	(2,460)	28.27	28.27	(599)	1,104	
Flora Energia Renovável Inteligente S.A. (i)	6,729	(1,398)	10.50	10.50	(33)	707	
Discount							
CBA Energia Participações S.A.					-	316,249	
Pollarix S.A.					-	231,135	
WAY2 Serviços de Tecnologia Ltda. (ii)					-	22,892	
Aquarela Inovacao Tecnologica do Brasil S.A.					-	8,155	
Flora Energia Renovável Inteligente S.A.					-	6,260	
Added value							
CBA Energia Participações S.A. (iii)					(17,469)	241,645	
Pollarix S.A. (iii)					(46,935)	691,291	
WAY2 Serviços de Tecnologia Ltda. (ii)					(1,091)	13,109	
Pinheiro Machado Participações S.A. (iii)					(10,671)	111,562	
					130,659	2,161,751	

- (i) The equity in results of investment is proportional to the companies' acquisition date.
- (ii) Amount referring to the portion of goodwill allocated, which is being amortized over a period of 146 months.
- (iii) Refers to the fair value adjustment of the assets merged by Auren related to the right to grant water investments, in relation to the capital gains of investees CBA Energia, Pollarix and Pinheiro Machado (Note 5 (a)).

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	Information as of December 31, 2022				Income equity		Parent company	
	Net equity	Net income (loss) for the year	Percentage of total interest (%)	Percentage of voting interest (%)	2022	2021	Balance	
							2022	2021
Investments valued under the equity accounting method								
Subsidiaries								
CESP - Companhia Energética de São Paulo	10,141,328	2,446,616	100	100	2,440,370	176,358	10,141,328	3,033,865
Auren Comercializadora de Energia Ltda. (iii)	545,507	399,325	100	100	109,864	-	256,046	
Jaíba V Holding S.A. (vi)	498,441	1,391	-	-	(1,299)	-	-	41,870
Hélio IV Geração de Energia Ltda.	4,357	(13,663)	100	100	(13,663)	-	4,357	1
Sol do Piauí Geração de Energia Ltda.	26,598	291	100	100	291	(86)	26,598	253
MRTV Energia S.A.	1,030	45	100	100	45	(5)	1,030	994
Ventos do Araripe III								
Ventos de Santo Estevão Holding S.A.	509,648	48,259	100	100	48,259	(128,726)	509,648	444,388
Ventos do Piauí I								
Ventos de São Vicente Participações Energias Renováveis S.A.	328,656	33,243	100	100	33,243	26,323	328,656	303,310
Ventos do Piauí II								
Ventos de Santo Anselmo Energias Renováveis S.A. (i)	103,597	(4,040)	51	100	(4,040)	(812)	103,597	100,017
Ventos de São Crispim I Energias Renováveis S.A.	59,581	(3,618)	50	50	(1,809)	(369)	29,791	19,752
Ventos de Santo Ângelo Energias Renováveis S.A. (i)	93,728	(5,153)	51	100	(5,153)	(1,355)	93,728	93,664
Ventos de São Ciríaco Energias Renováveis S.A.	55,476	(3,649)	50	50	(1,825)	(362)	27,738	19,778
Ventos de Santo Alderico Energias Renováveis S.A.	49,850	(2,777)	50	50	(1,388)	(353)	24,925	19,814
Ventos de São Caio Energias Renováveis S.A.	51,846	(2,586)	50	50	(1,293)	(400)	25,923	19,716
Ventos de Santo Isidoro Energias Renováveis S.A. (i)	26,562	(2,063)	51	100	(2,063)	(321)	26,562	28,626
Ventos do Piauí III								
Ventos de Santa Alexandrina Energias Renováveis S.A.	43,159	(8,531)	50	50	(4,264)	(417)	21,581	19,851
Ventos de Santo Antero Energias Renováveis S.A.	54,813	(6,261)	50	50	(3,130)	(433)	27,407	19,781
Ventos de Santo Apolinário Energias Renováveis S.A.	42,881	(4,822)	50	50	(2,411)	(341)	21,441	19,851
Ventos de São João Paulo II Energias Renováveis S.A.	172,624	(8,072)	100	100	(8,072)	(2,376)	172,624	87,050
Associates								
Pollarix S.A. (ii e iii)	365,147	152,572	67	-	114,612	-	262,264	-
CBA Energia Participações S.A. (ii e iii)	333,729	116,368	67	-	76,116	-	227,723	-
Pinheiro Machado Participações S.A. (ii e iii)	40,745	32,174	50	-	18,118	-	23,590	-
Goodwill								
Auren Comercializadora de Energia Ltda.					-	-	420,969	-
CBA Energia Participações S.A.					-	-	316,249	-
Pollarix S.A.					-	-	231,135	-
Capital gain								
Ventos de Santo Estevão Holding S.A.					(5,759)	(5,760)	87,281	93,040
CESP - Companhia Energética de São Paulo					(26,702)	(11,683)	69,760	39,822
Pollarix S.A.					(46,935)	-	691,291	-
CBA Energia Participações S.A.					(17,469)	-	241,645	-
Pinheiro Machado Participações S.A.					(10,671)	-	111,562	-
					2,682,972	48,882	14,526,449	4,405,443

- (i) There was a sale of interest in these investees. However contractual clauses assure control by the Company over the returns on these investments, hence they are fully consolidated.

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- (ii) The equity in results of investment do not agree directly with the percentage corresponding to the downstream merger at December 31, 2022, as the calculation of equity considers disproportional dividends: (a) CBA Energia, pays preferred dividends 10% higher than common shares; (b) Pollarix pays preferred dividends 25% higher than common shares from the investment contribution; and (c) Pinheiro Machado, pays preferred dividends 50% higher than common shares. The Company only has preferred shares of these associates, therefore, there is no percentage of voting participation.
- (iii) The equity in earnings of Auren Comercializadora, CBA Energia, Pollarix and Pinheiro Machado refers to the months of February to December 2022, after the capital contribution and the transfer of shares to Auren, from the downstream merger of VGE on February 3, 2022 (Note 1.1.2 (b)).
- (iv) The equity result in Auren Comercializadora does not reflect the percentage of participation, as there is the purge of unrealized profits related to the derecognition of the market marking (Note 4 (a)) in the amount of R\$ 438,577, net of deferred taxes of R\$ 149,116, totaling R\$ 289,461.
- (v) As a result of the corporate reorganization on December 12, 2022, Jaíba V Holding S.A. ceased to be controlled by Auren and became controlled by CESP.

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b) Changes

		Consolidated	Parent company	
	Note	2022	2022	2021
Opening balance		-	4,405,443	3,943,471
Equity in results of investee		130,659	2,682,972	48,882
Equity valuation adjustment of remeasurement of CESP's post-employment benefits		-	196,147	207,820
Equity valuation adjustment of derivative financial instruments		-	-	24,914
Interest in loss of investee		-	-	(1,630)
Other comprehensive results		3,348	3,348	-
Reverse merger VGE - equity balances of investments				
CBA Energia Participações S.A.	1.1.2 (b)	221,726	221,726	-
Pollarix S.A.	1.1.2 (b)	248,073	248,073	-
Pinheiro Machado Participações S.A.	1.1.2 (b)	13,051	13,051	-
Auren Comercializadora de Energia Ltda.	1.1.2 (b)	-	122,230	-
VGE reverse merger - goodwill and investment balances				
CBA Energia Participações S.A.	1.1.2 (b)	316,248	316,248	-
Pollarix S.A.	1.1.2 (b)	231,135	231,135	-
Auren Comercializadora de Energia Ltda.	5 (a)	-	420,969	-
Merger of CESP shares - at economic value				
Contribution to economic value CESP	5 (b)	-	4,555,943	-
Capital gain	5 (b)	-	56,641	-
Added value on the right to grant water investments	5 (a)			
Pollarix S.A.		738,226	738,226	-
CBA Energia Participações S.A.		259,114	259,114	-
Pinheiro Machado Participações S.A.		122,233	122,233	-
Merged company included in the consolidation		42,544	-	-
Acquisition of investment - Aquarela Inovacao Tecnologica do Brasil S.A.	1.1.2 (k)	9,858	-	-
Acquisition of investment - Flora Energia Renewable Inteligente	1.1.2 (n)	7,000	-	-
Capital increase in affiliates and subsidiaries - via bank transfer	1.1.2 (i)	34,522	809,387	322,551
Capital increase in subsidiaries - via transfer of assets	1.1.2 (j)	-	11,920	192,781
Partial spin-off in subsidiary		-	-	(32,384)
Resolution of additional dividends				
CESP Companhia Energética de São Paulo		-	-	(102,572)
Ventos de São Vicente Energias Renováveis S.A.		-	-	(38,210)
CBA Energia Participações S.A.	1.1.2 (l)	(67,535)	(67,535)	-
Pollarix S.A.	1.1.2 (l)	(73,515)	(73,515)	-
Resolution of interim dividends				
Pinheiro Machado Participações S.A.	1.1.2 (l)	(13,432)	(13,432)	-
Pollarix S.A.	1.1.2 (l)	(16,622)	(16,622)	-
Resolution of minimum mandatory dividends of investees				
CESP Companhia Energética de São Paulo		-	(581,071)	(153,929)
Auren Comercializadora de Energia Ltda.		-	(83,348)	-
CBA Energia Participações S.A.		(18,999)	(18,999)	-
Pollarix S.A.		(25,883)	(25,883)	-
Ventos de São Vicente Energias Renováveis S.A.		-	(7,895)	(6,251)
Sol do Piauí		-	(47)	-
MRTV Energia S.A.		-	(10)	-
Closing balance		2,161,751	14,526,449	4,405,443

c) Information on investees

We present below summary financial information on the associates and subsidiaries for the years ended December 31, 2022 and 2021:

	2022								
	Assets Current	Assets non Current	Liabilities Current	Liabilities non Current	Net equity	Net Revenue	Operating costs and expenses	Financial result	Net income for the year
Subsidiaries									
CESP - Companhia Energética de São Paulo	1,125,016	15,024,004	(1,503,554)	(4,504,138)	(10,141,328)	1,705,141	(644,227)	1,385,702	2,446,616
Auren Comercializadora de Energia Ltda. (iii)	2,806,926	4,131,965	(2,443,592)	(3,949,792)	(545,507)	2,960,122	(2,524,663)	(36,134)	399,325
Jaíba V Holding S.A.	1,573	497,235	(354)	(13)	(498,441)		1,335	56	1,391
Hélio IV Geração de Energia Ltda.	1,126	78,824	(31,241)	(44,352)	(4,357)		(3,648)	(10,015)	(13,663)
Sol do Piauí Geração de Energia Ltda.	11,064	16,477	(943)		(26,598)		(342)	633	291
MRTV Energia S.A.	1,052		(22)		(1,030)		(13)	58	45
Ventos do Araripe III									
Ventos de Santo Estevão Holding S.A.	28,227	672,099	(9,445)	(181,233)	(509,648)		71,084	(22,825)	48,259
Ventos do Piauí I									
Ventos de São Vicente Participações Energias Renováveis S.A.	23,325	468,649	(11,538)	(151,780)	(328,656)		47,752	(14,509)	33,243
Ventos do Piauí II									
Ventos de Santo Anselmo Energias Renováveis S.A. (i)	21,852	82,220	(475)		(103,597)		(7,551)	3,511	(4,040)
Ventos de São Crispim I Energias Renováveis S.A.	27,834	256,769	(12,956)	(212,066)	(59,581)	5,662	(6,698)	(2,582)	(3,618)
Ventos de Santo Ângelo Energias Renováveis S.A. (i)	18,645	75,240	(157)		(93,728)		(8,573)	3,420	(5,153)
Ventos de São Ciríaco Energias Renováveis S.A.	29,155	257,455	(13,463)	(217,671)	(55,476)	5,476	(6,469)	(2,656)	(3,649)
Ventos de Santo Alderico Energias Renováveis S.A.	35,305	212,556	(11,334)	(186,677)	(49,850)	6,515	(6,501)	(2,791)	(2,777)
Ventos de São Caio Energias Renováveis S.A.	6,068	195,671	(9,322)	(140,571)	(51,846)	1,735	(2,967)	(1,354)	(2,586)
Ventos de Santo Isidoro Energias Renováveis S.A. (i)	5,127	21,440	(5)		(26,562)		(2,626)	563	(2,063)
Ventos do Piauí III									
Ventos de Santa Alexandrina Energias Renováveis S.A.	15,521	230,280	(18,515)	(184,127)	(43,159)	12,045	(10,625)	(9,951)	(8,531)
Ventos de Santo Antero Energias Renováveis S.A.	14,720	258,417	(14,500)	(203,824)	(54,813)	10,276	(10,425)	(6,112)	(6,261)
Ventos de Santo Apolinário Energias Renováveis S.A.	9,607	188,129	(13,893)	(140,962)	(42,881)	8,953	(8,025)	(5,750)	(4,822)
Ventos de São João Paulo II Energias Renováveis S.A.	1,067	171,566	(9)		(172,624)		(8,131)	59	(8,072)
Affiliates									
Pollarix S.A. (ii e iii)	41,929	369,238	(46,020)		(365,147)	35,936	114,029	2,607	152,572
CBA Energia Participações S.A. (ii e iii)	30,572	348,285	(45,128)		(333,729)	81,838	31,960	2,570	116,368
Pinheiro Machado Participações S.A. (ii e iii)	37	40,708			(40,745)		32,174		32,174

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In thousands of reais unless otherwise stated

	2021								
	Assets Current	Assets non Current	Liabilities Current	Liabilities non Current	Net equity	Net Revenue	Operating costs and expenses	Financial result	Net income for the year
Subsidiaries									
CESP - Companhia Energética de São Paulo	666,496	13,052,547	(796,147)	(5,339,334)	(7,583,562)	1,512,972	(455,456)	(616,689)	440,827
Jaíba V Holding S.A.	1,296	40,590	(16)		(41,870)				
Hélio IV Geração de Energia Ltda.	1				(1)				
Sol do Piauí Geração de Energia Ltda.	155	139	(41)		(253)		(93)	7	(86)
MRTV Comercializadora de Energia Ltda.	996		(2)		(994)		(4)	(1)	(5)
Ventos do Araripe III									
Ventos de Santo Estevão Holding S.A.	8,573	617,533	(8,071)	(173,647)	(444,388)		(97,663)	(31,063)	(128,726)
Ventos do Piauí I									
Ventos de São Vicente Participações Energias Renováveis S.A.	20,750	436,157	(9,753)	(143,844)	(303,310)		45,462	(19,139)	26,323
Ventos do Piauí II									
Ventos de Santo Anselmo Energias Renováveis S.A.	40,816	59,448	(247)		(100,017)		(1,702)	890	(812)
Ventos de São Crispim I Energias Renováveis S.A.	34,079	75,994	(2,362)	(68,207)	(39,504)		(705)	(129)	(834)
Ventos de Santo Ângelo Energias Renováveis S.A.	34,344	59,345	(25)		(93,664)		(1,452)	97	(1,355)
Ventos de São Ciriaco Energias Renováveis S.A.	35,805	74,947	(987)	(70,209)	(39,556)		(668)	(130)	(798)
Ventos de Santo Alderico Energias Renováveis S.A.	37,040	65,330	(2,131)	(60,613)	(39,626)		(645)	(122)	(767)
Ventos de São Caio Energias Renováveis S.A.	34,777	56,421	(1,053)	(50,713)	(39,432)		(753)	(102)	(855)
Ventos de Santo Isidoro Energias Renováveis S.A.	8,823	19,851	(48)		(28,626)		(514)	193	(321)
Ventos do Piauí III									
Ventos de Santa Alexandrina Energias Renováveis S.A.	38,334	73,637	(1,898)	(70,372)	(39,701)		(803)	(128)	(931)
Ventos de Santo Antero Energias Renováveis S.A.	38,135	81,840	(1,123)	(79,291)	(39,561)		(794)	(144)	(938)
Ventos de Santo Apolinário Energias Renováveis S.A.	36,984	60,784	(1,403)	(56,663)	(39,702)		(667)	(109)	(776)
Ventos de São João Paulo II Energias Renováveis S.A.	187	86,877	(14)		(87,050)		(2,378)	2	(2,376)

15 Fixed assets

Accounting policy

Stated at the historical cost of acquisition or construction, less accumulated depreciation. Historical cost also includes financing costs related to the acquisition or construction of qualifying assets.

Subsidiary CESP adopted fair value to determine the deemed cost of fixed assets upon first time adoption of IFRS (January 1, 2009). Under CPC 37/IFRS 1 deemed cost is the amount used as a substitute for cost (or depreciated or amortized cost) on a given date. Thus, some fixed assets with balances lower than book value and/or higher than their fair value, were adjusted to deemed cost through equity. The contra entry of this goodwill was recorded in the account "Equity Valuation Adjustments", in CESP's net equity.

Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that they will generate future economic benefits associated with the item and when the cost of the item can be reliably measured. The book value of replaced items or parts is written off.

Repairs and maintenance are recognized in income over the period in which they are incurred. The cost of major renovations is added to the asset's carrying amount when the future economic benefits exceed the initially estimated performance standard for the asset in question. Renovations are depreciated over the remaining economic useful life of the related asset.

For generation assets, depreciation is calculated using the straight-line method based on the annual rates established by ANEEL, which are practiced and accepted by the market as representing the economic useful life of the assets linked to the concession's infrastructure. In this way, assets are depreciated based on the useful lives defined by ANEEL, and in the case of hydro power plants, limited to the concession period of the plants. Residual values and economic useful lives of assets are reviewed at the end of each fiscal year and the effect of any changes in estimates is accounted for prospectively.

Gains and losses on disposals are determined by comparing the sale price with the book value and are recognized in "Other operating income (expenses), net" in the income statement.

a) Composition and movement

											Consolidated	
											2022	2021
	Land	Buildings, constructions and improvements	Machines, equipment and installations	Reservoirs, dams and pipelines	Wind turbines	Asset demobilization	Vehicles	Furniture and utensils	Easement costs	Construction in progress	Total	Total
Opening balance												
Cost	265,789	2,065,691	2,536,183	8,120,326	2,738,398	255,868	6,984	5,179	-	724,851	16,719,269	16,074,008
Accumulated depreciation	(21,681)	(1,492,078)	(1,624,459)	(4,086,143)	(552,989)	(52,671)	(5,327)	(3,105)	-	-	(7,838,453)	(7,377,255)
Adjustment to fair value of fixed assets in the purchase price allocation - CESP	858,924	-	312,619	(982,722)	-	-	-	-	-	-	188,821	188,821
Accumulated fair value adjustment amortization	(83,730)	-	(89,137)	83,512	-	-	-	-	-	-	(89,355)	(60,156)
Net opening balance	1,019,302	573,613	1,135,206	3,134,973	2,185,409	203,197	1,657	2,074	-	724,851	8,980,282	8,825,418
Additions (i)	-	-	-	-	-	21,128	-	-	-	1,605,707	1,626,835	773,869
Write-off	-	-	(809)	-	-	-	-	-	-	-	(809)	(9,820)
Depreciation	(7,792)	(48,009)	(40,875)	(215,204)	(147,535)	(23,561)	(277)	(382)	(870)	-	(484,505)	(461,198)
Amortization of fair value adjustment	(28,316)	-	(31,427)	30,036	-	-	-	-	-	-	(29,707)	(29,199)
Reversal (provision) of impairment (Note 15 (c))	-	-	-	-	-	-	-	-	-	625	625	-
Transfers (ii)	-	443	385	-	-	-	-	1,534	-	30,192	32,554	-
Reclassification to assets held for sale	5,949	44,101	50,619	130,255	-	-	-	-	-	-	230,924	50,932
Closing balance	(4,064)	(11,627)	202,538	91,282	1,949,432	-	-	2,148	6,369	(2,195,242)	40,836	(161,233)
Cost	-	-	-	-	-	-	-	-	-	-	-	(8,487)
Accumulated depreciation	985,079	558,521	1,315,637	3,171,342	3,987,306	200,764	1,380	5,374	5,499	166,133	10,397,035	8,980,282
Adjustment to fair value of fixed assets in the purchase price allocation - CESP	271,448	2,095,454	2,842,290	8,065,385	4,687,830	276,996	6,984	7,814	6,645	166,133	18,650,234	16,719,269
Accumulated fair value adjustment amortization	(33,247)	(1,536,933)	(1,718,708)	(4,024,869)	(700,524)	(76,232)	(5,604)	(2,440)	(1,146)	-	(8,322,958)	(7,838,453)
Net closing balance	858,924	-	312,619	(982,722)	-	-	-	-	-	-	188,821	188,821
	(112,046)	-	(120,564)	113,548	-	-	-	-	-	-	(119,062)	(89,355)
Average annual depreciation rates - %	985,079	558,521	1,315,637	3,171,342	3,987,306	200,764	1,380	5,374	5,499	166,133	10,397,035	8,980,282
Average annual depreciation rates - %	3	3	5	2	5	10	15	6	4			

- (i) The consolidated costs of loans and financing, net of income from financial investments, capitalized in fixed assets in the year ended December 31, 2022, totaled R\$ 45,082 (R\$ 28,413 at December 2021).
- (ii) In 2022, fixed assets in progress transfers, of R\$ 2,195,242, were made to "Wind turbines", "Machines, equipment and installations" and "Buildings, constructions and improvements", upon start of commercial operation of Ventos de Piauí II and III wind farms, except for Ventos de São Ciro and Ventos de São Caio, once fixed assets had been itemized by a specialized company. Transfers of "Software" were made of the intangible assets.

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Explanatory notes

In thousands of reais unless otherwise stated

	Parent company				
	Machines, equipment and installations	Furniture and utensils	Construction in progress	2022	2021
				Total	Construction in progress
Balance at the beginning of the fiscal year					
Cost	-	-	3,331	3,331	159,969
Accumulated depreciation	-	-	-	-	-
Net balance at the beginning of the year	-	-	3,331	3,331	159,969
Additions					
Low	-	-	-	-	-
Depreciation	(9)	(30)	-	(39)	-
Reverse embedding effect	-	-	625	625	-
Transfers (ii)	336	1,152	(1,622)	(134)	(160,397)
Balance at the end of the year	327	1,122	7,049	8,498	3,331
Cost	336	1,152	18,478	19,966	3,331
Accumulated depreciation	(9)	(30)	-	(39)	-
Net balance at the end of the year	327	1,122	18,478	19,927	3,331

b) Construction in progress

	Consolidated	
	2022	2021
Projects		
Construction of wind farms - VDP II and III Complexes	5,907	680,195
Construction of solar parks (Note 1.1.1 (d))	62,623	-
Corumbá Project - GO (i)	30,540	-
modernization	47,111	43,995
Pipelines	19,952	661
	166,133	724,851

- (i) The Corumbá Project aims to enable the use of small hydroelectric power plants ("PCHs") on the Corumbá River, in the state of Goiás. In 2017 and 2018, following a competitive bid conducted by ANEEL, of the total of 17 SHPs of the project, subsidiary Auren Comercializadora was awarded 11 SHPs, with a total installed capacity of approximately 265 MW and 160 average MW of assured energy. Currently, the Company is in the process of obtaining preliminary licenses.

c) Impairment o Hydro Power and Wind Power Plants

The carrying amount of an asset is immediately reduced to its recoverable amount when the carrying amount is greater than the estimated recoverable amount, in accordance with the criteria adopted by the Company and its subsidiaries to determine the recoverable amount.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

In the year ended December 31, 2022, Auren's subsidiaries carried out the appropriate impairment tests for each CGU and did not identify an evidence of impairment. Subsidiary CESP identified signs of impairment in its assets and used the following assumptions in the quantitative tests:

Assumptions used in the impairment test

The recoverable amount of CESP's fixed assets was determined using the concept of value in use, which represents an economic evaluation using the discounted cash flow method, where future income and expenses arising from the use of fixed assets during their useful lives were estimated and until the end of the concessions. This cash flow was

realized at the level of Porto Primavera plant (CGU), is identified by the subsidiary's Management as the smallest identifiable group of assets that generate cash inflows and outflows.

The impairment calculation methodology considers:

- (i) Future cash flow from operations, discounted to present value, for each plant (CGU), considered as the lowest level of cash generation. This flow covers the remaining period of each of the concessions held by CESP, including the period of extension of the plants. The assumption related to subsidiary CESP's litigation was reviewed and considered in the accounting balances of the CGU (carrying amount) from the year 2022, since the balance sheet account changes the cash flow.
- (ii) In the case of the Porto Primavera plant, the concession contract does not provide for indemnification at the end of the concession in 2056. Consequently, no cash inflows as compensation were considered in the calculation.
- (iii) As the concession for Paraibuna HPP ended on May 5th and CESP is currently operating it on a temporary basis, this plant was not included in the scope of impairment tests for the year 2022.

The discount rate, in real terms, used to calculate the cash flow was 6.69% (7.46% pa in the year ended December 31, 2021), considered by the subsidiary's management to be compatible with the market. The main assumptions used in the impairment test are the GSF (Generation Scaling Factor) and the price for energy, the other assumptions are detailed in Note 14.

Impairment test results

After determining the recoverable value of each CGU, subsidiary CESP compared it with the book value of the respective plants. For Porto Primavera HPP there was a reversal of an impairment provision in the amount of R\$ 230,924 (at December 31, 2021, a provision was recognized in the amount of R\$ (299,452) referring to the renegotiation of the hydrological risk recognized in intangible assets and reversal of provision for impairment in the amount of R\$ 50,932 in fixed assets, totaling the net amount of R\$ (248,520), recognized in the income for the year under Other operating income (expenses), net (Note 7) .

			Consolidated
			2022
Plant	Fixed and intangible book value	Use Value	Impairment Provision
HPP Porto Primavera	7,235,558	7,004,634	230,924
	7,235,558	7,004,634	230,924
			Consolidated
			2021
Plant	Fixed and intangible book value	Use Value	Impairment reversal
HPP Porto Primavera	7,806,578	7,558,058	(248,520)
HPP Paraibuna	41,493	41,493	-
	7,848,071	7,599,551	(248,520)

Below are the impacts reflecting the projected scenarios due to the sensitivity of the main long-term assumptions used in the impairment test:

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Sensitivity analysis		Consolidated	
GSF	-2 p.p.	Current	+2 p.p.
Impairment	326,577	230,924	135,271
Energy price	-R\$ 5.00 / MWh	Current	+R\$ 5.00 / MWh
Impairment	(188,949)	(230,924)	(272,898)

16 Intangible assets

Accounting policy

Rights over natural resources

The costs with the acquisition of acquired rights related to the exploitation of wind resources are capitalized and amortized using the straight-line method over their useful life.

After the wind farm starts operating, these expenses are amortized and treated as a production cost.

Software

Licenses acquired and development costs directly attributable to the software are recorded in intangible assets. These costs are amortized over their estimated useful life of five years.

Costs associated with software maintenance are recognized as an expense when incurred.

Renegotiation of hydrological risk

Refers to the extension of the concession period of the Porto Primavera HPP, after the approval of the extension period for the concession of the hydro power plants participating in the Energy Reallocation Mechanism ("MRE"), by ANEEL, on September 14, 2021, according to calculations by the Electric Energy Commercialization Chamber ("CCEE"), referring to the new conditions for renegotiating the hydrological risk of electricity generation established by Law 14,052, published on September 9, 2020, which amended Law 13,203, of December 8, 2015.

Goodwill

Goodwill is represented by the positive difference between the amount paid and/or payable for the acquisition of a business and the net fair value of the assets and liabilities of the acquired entity. Goodwill on acquisitions of subsidiaries is recorded as "Intangible assets" in the consolidated financial statements. Goodwill is tested annually for probable impairment and recorded at cost minus accumulated impairment losses, which are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

The goodwill is allocated to the CGUs for impairment testing purposes. The allocation is made to the CGUs or groups of CGUs that are expected to benefit from the business combination from which the goodwill originated. The recoverable amount is sensitive to the discount rate used in the discounted cash flow method, as well as expected future cash receipts and the growth rate used for extrapolation purposes.

Annually, the Company reviews the net book value of goodwill, in order to assess whether there has been any impairment. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. The amounts recorded as goodwill at the time of the business combination were allocated to the Aneel Authorization and Purchase Price Allocation items.

As determined by CPC 01, goodwill must be tested for impairment at least once a year, so the Company adopts the premise of carrying out its tests during the fourth quarter of each year, as this period coincides with the approval of the strategic planning for the coming years, which has the basic premises for carrying out the tests.

UBP - Use of Public Asset

Corresponds to the values established in the concession contracts related to the exploration rights of the hydroelectric generation potential (onerous concession), with a contract signed in the form of Use of a Public Asset - UBP.

An accounting record is made at the time of signing the concession agreement, regardless of the disbursement schedule established in the agreement. The initial recording of this liability (obligation) and of the intangible asset (concession right) corresponds to the amounts of future obligations brought to present value.

Amortization of intangible assets is calculated using the straight-line method over the remaining term of the concession. The financial liability is updated by the adjustment to present value as a result of the passage of time and reduced by the payments made.

Grant right

Decree No. 9,271, of January 25, 2018, regulated the granting of a concession contract in the Electricity Sector associated with the privatization of a public service concession holder for electricity generation and, in its article 3, established that the draft contract of concession must be approved by ANEEL and be part of the Auction Notice for the privatization of the legal entity (Porto Primavera HPP).

Amortization of intangible assets is calculated using the straight-line method over the remaining term of the concession.

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In thousands of reais unless otherwise stated

a) Composition and transactions

	Consolidated										
	2022									2021	
	Development and natural resource rights	ANEEL Authorization	Power Purchase Agreement	Renegotiation of hydrological risk	Software, trademarks and patents	Granting rights	Auren Comercializadora goodwill (i)	UBP	Intangible in progress (ii)	Total	Total
Opening balance											
Cost	255,687	17,633	97,003	496,897	31,165	1,398,703	-	183,119	117,494	2,597,701	1,911,781
Accumulated amortization	(11,277)	(2,180)	(19,416)	(33,185)	(24,127)	(124,902)	-	(16,182)	-	(231,269)	(141,013)
Net opening balance	244,410	15,453	77,587	463,712	7,038	1,273,801	-	166,937	117,494	2,366,432	1,770,768
Additions (i)	-	-	-	-	-	-	420,969	-	12,354	433,323	956,219
Write-offs	(7,721)	-	-	(36,873)	(4,204)	(38,060)	-	(4,996)	-	(91,854)	(96,255)
Amortization	-	(564)	(5,195)	-	-	-	-	-	-	(5,759)	(5,760)
Amortization of fair value adjustment	-	-	-	-	-	-	-	-	-	-	(299,452)
Impairment provision	-	-	-	-	207	-	-	-	-	207	-
Reverse incorporation effect	(63,500)	-	-	-	-	-	-	(6,066)	(5,881)	(75,447)	-
Merged company included in the consolidation	-	-	-	-	1,742	-	-	-	-	1,742	40,076
Transfers (ii)	74,985	-	-	-	2,284	-	-	-	(118,105)	(40,836)	836
Closing balance	248,174	14,889	72,392	426,839	7,067	1,235,741	420,969	155,875	5,862	2,587,808	2,366,432
Cost	267,172	17,633	97,003	496,897	40,372	1,398,703	420,969	177,053	5,862	2,921,664	2,597,701
Accumulated amortization	(18,998)	(2,744)	(24,611)	(70,058)	(33,305)	(162,962)	-	(21,178)	-	(333,856)	(231,269)
Net closing balance	248,174	14,889	72,392	426,839	7,067	1,235,741	420,969	155,875	5,862	2,587,808	2,366,432
Annual average amortization rates - %	3	-	-	8	5	3	-	3	-	-	-

- (i) The write-off in the “Development and natural resource rights” class, in the amount of R\$ (63,500), refers to the adjustment to the acquisition cost of the solar project, a clause provided for in the SPA (Share purchase agreement) signed in September 2021.
- (ii) Transfers made from intangible assets to fixed assets, referring to solar projects which started the construction of the plants and are allocated to construction in progress, in the amount of R\$ (43,120), and transfer of construction in progress, in fixed assets, to software in the amount of R\$ 2,284.
- (iii) Refers to the adjustment to the fair value of the assets incorporated by Auren, in the amount of R\$ 420,969, referring to Auren Comercializadora goodwill, according to note 5 (a) of business combination.

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In thousands of reais unless otherwise stated

	Parent company				
	2022		2021		
	Development and natural resource rights	Software	Intangible in progress	Total	Total
Opening balance					
Cost	210,926	-	74,637	285,563	123,261
Accumulated amortization	(3,815)	-	-	(3,815)	(294)
Net opening balance	207,111	-	74,637	281,748	122,967
Additions (i)	-	-	5,204	5,204	162,302
Write-off	(63,500)	-	(79,841)	(143,341)	-
Amortization	(6,444)	(73)	-	(6,517)	(3,521)
Amortization of fair value adjustment	-	-	-	-	-
Reverse incorporation effect	-	-	-	-	-
Provision for impairment	-	-	-	-	-
Reverse merged effect	-	207	-	207	-
Transfers (ii)	-	134	-	134	-
Closing balance	137,167	268	-	137,435	281,748
Cost	147,426	423	-	147,767	285,563
Accumulated amortization	(10,259)	(155)	-	(10,332)	(3,815)
Net closing balance	137,167	268	-	137,435	281,748
Annual average amortization rates - %	3	5	-	-	-

- (i) The write-off in the "Development and natural resource rights" class, in the amount of R\$ (63,500), refers to the adjustment to the acquisition cost of the solar project, a clause provided for in the SPA (Share purchase agreement) signed in September 2021.
- (ii) The amount of R\$ (79.841) was transferred from the Company to subsidiary Helios IV, which refers to projects acquired from third parties.

17 Leases

Accounting policy

The Company and its subsidiaries maintain controls for the identification of lease contracts that allow the assessment of the applicability of the lease standard for each contract signed. As permitted by the standard, the scope of the analysis did not consider: (i) short-term leases (less than 12 months); and (ii) contracts amounting to less than USD 5 thousand (approximately R\$ 30). Upon identification of the right-of-use assets within the scope of the contracts identified, the following were not considered either: (i) agreements with variable payments; (ii) agreements in which the leased asset was considered as being non-identifiable; (iii) agreements in which the Company and its subsidiaries do not have the right to obtain substantially all the economic benefits arising from asset use; and (iv) agreements in which the Company and its subsidiaries do not possess substantial control to define the manner in which the asset can be used. For leases considered to be out of scope, the accounting takes place monthly on the basis of the use of the right to use the leased asset, directly in profit or loss.

For contracts considered to be the scope of the leases standard, the Company and its subsidiaries record, in competence that can be exercised the right to use the leased asset, a lease liability that reflects future agreed payments, against a right-of-use asset. The asset is amortized monthly over the lease term, which is defined based

on the combination of the non-cancellable term, term covered by the extension option, term covered by the termination option and, mainly, Management's intention regarding the term of permanence in each contract.

The liability is adjusted, on the basis of the contract record, to the present value of the obligation based on the internal rate of the contract or the incremental rate, which should reflect the cost of acquisition by the Company and its subsidiaries of debt with characteristics similar to those determined by the contract of lease, with respect term, value, guarantee and economic environment. Liabilities are settled according to the payment flow made to the lessor.

The amortization expense of the right of use is recorded as part of the cost of goods sold, administrative and selling expenses and as other operating expenses, according to the characteristics of the use of the leased asset, and the interest expense for the adjustment to the present value of the lease liability is recorded in the financial result.

a) Right of use over lease agreements

	Consolidated					Parent company			
	2022		2021			2022		2021	
	Real estate, commercial buildings and rooms	Land and terrain	Vehicles	Total	Total	Real estate, commercial buildings and rooms	Vehicles	Total	Total
Opening balance									
Cost	8,943	-	275	9,218	8,826	-	275	275	275
Accumulated amortization	(3,687)	-	(248)	(3,935)	(2,393)	-	(248)	(248)	(165)
Net Opening balance	5,256	-	27	5,283	6,433	-	27	27	110
New contracts	4,074	40,601	-	44,675	-	2,719	-	2,719	-
Write-off	(4,278)	-	(16)	(4,294)	-	-	-	-	-
Contract remeasurement	-	13	-	13	392	-	-	-	-
Amortization	(3,706)	(349)	(27)	(4,082)	(1,542)	(1,877)	(27)	(1,904)	(83)
Reverse merger effect	1,815	-	-	1,815	-	1,815	-	1,815	-
Incorporated company included in the cc	281	-	16	297	-	-	-	-	-
Closing balance	3,442	40,265	-	43,707	5,283	2,657	-	2,657	27
Cost	10,835	40,614	275	51,724	9,218	4,534	275	4,809	275
Accumulated amortization	(7,393)	(349)	(275)	(8,017)	(3,935)	(1,877)	(275)	(2,152)	(248)
Net closing balance	3,442	40,265	-	43,707	5,283	2,657	-	2,657	27
	-	-	-	-	-	-	-	-	-
Average annual amortization rates - %	69%	3%	20%	-	-	69%	20%	-	-

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b) Leases – Liability

	Consolidated		Parent company	
	2022	2021	2022	2021
Opening balance	5,498	6,607	31	118
New contracts (i)	44,675	-	2,719	-
Write-off	(4,618)	-	-	-
Settlements	(5,012)	(1,748)	(2,184)	(93)
Contract remeasurement	13.00	392	-	-
Realization of the adjustment to present value	1,559	247	163	6
Reverse merger effect	1,921	-	1,921	-
Incorporated company included in the consolidation	268	-	-	-
Closing balance	44,304	5,498	2,650	31
Current	1,911	1,824	424	31
Non-current	42,393	3,674	2,226	-
	44,304	5,498	2,650	31

- (i) The new contracts refer substantially to the leases of the areas where the structures of the Jaíba V solar complex will be built, they are under construction (note 1.1.1 (d)). The incremental interest rate, at the average cost of liabilities, for land is 4.48%; for buildings: 7.95%; and for vehicles: 7.70%.

c) Maturity profile

Consolidated					
Up to 1 year	Between 1 and 2 years	Between 3 and 5 years	Between 6 and 10 years	Over 10 years	Total
4,125	980	1,903	1,671	35,625	44,304

Parent company					
Up to 1 year	Between 1 and 2 years	Between 3 and 5 years	Between 6 and 10 years	Over 10 years	Total
424	693	1,533	-	-	2,650

To carry out the measurement and remeasurement of its lease liability and the right of use, the Company used the discounted cash flow technique without considering future inflation projected in the flows to be discounted. This prohibition can generate significant distortions in the information to be provided, given the current reality of long-term interest rates in the Brazilian economic environment.

As requested by CVM Circular Letter 01/2020, the Company presents below the estimated effects considering projected future inflation:

	Consolidated 2022
Asset of right of use	
According to CPC 06 (R2) / IFRS 16 (actual flow)	43,707
With effect of inflation (nominal flow)	56,619
Lease obligations	-
According to CPC 06 (R2) / IFRS 16 (actual flow)	44,304
With effect of inflation (nominal flow)	55,591

18 Loans, financing and debentures

Accounting policy

These are initially recognized at fair value, net of transaction costs incurred, and subsequently are stated at amortized cost. Any difference between the amounts raised (net of transaction costs) and the total amount payable is recognized in the statement of income during the period in which the loans and financing are outstanding, using the effective interest rate.

a) Composition

Consolidated										
2022										
Type	Average interest rate	Current				Non-current				Fair value
		Charges	Funding cost	Principal	Total	Charges	Funding cost	Principal	Total	
BNDES	TJLP+2.53%	5,557	(7,217)	111,551	109,891	-	(59,115)	1,421,286	1,362,171	1,249,965
BNDES	TLP+4.56%	268	(1,615)	56,810	55,463	-	(35,472)	1,645,106	1,609,634	960,185
Debentures	IPCA+4.61% / CDI+1.56%	39,964	(6,878)	78,175	111,261	43,758	(39,092)	2,577,131	2,581,797	2,491,510
		45,789	(15,710)	246,536	276,615	43,758	(133,679)	5,643,523	5,553,602	4,701,660

Consolidated										
2021										
Type	Average interest rate	Current				Non-current				Fair value
		Charges	Funding cost	Principal	Total	Charges	Funding cost	Principal	Total	
BNDES	TJLP+2.53%	5,433	(7,217)	101,861	100,077	-	(66,333)	1,521,611	1,455,278	1,287,718
BNDES	TLP+4.56%	-	(72)	198	126	-	(18,824)	568,641	549,817	405,799
Debentures	IPCA+4.61% / CDI+1.56%	38,011	(6,256)	77,001	108,756	1,464	(46,517)	2,541,873	2,496,820	2,544,450
		43,444	(13,545)	179,060	208,959	1,464	(131,674)	4,632,125	4,501,915	4,237,967

Parent company					
2022					
Type	Average interest rate	Non-current			
		Charges	Funding cost	Principal	Fair value
Debentures	CDI+1.48%	43,758	(1,243)	300,000	352,456
		43,758	(1,243)	300,000	352,456

Parent company					
2021					
Type	Average interest rate	Non-current			
		Charges	Funding cost	Principal	Fair value
Debentures	CDI+1.48%	1,464	(1,790)	300,000	312,965
		1,464	(1,790)	300,000	312,965

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BNDES – National Bank for Economic and Social Development

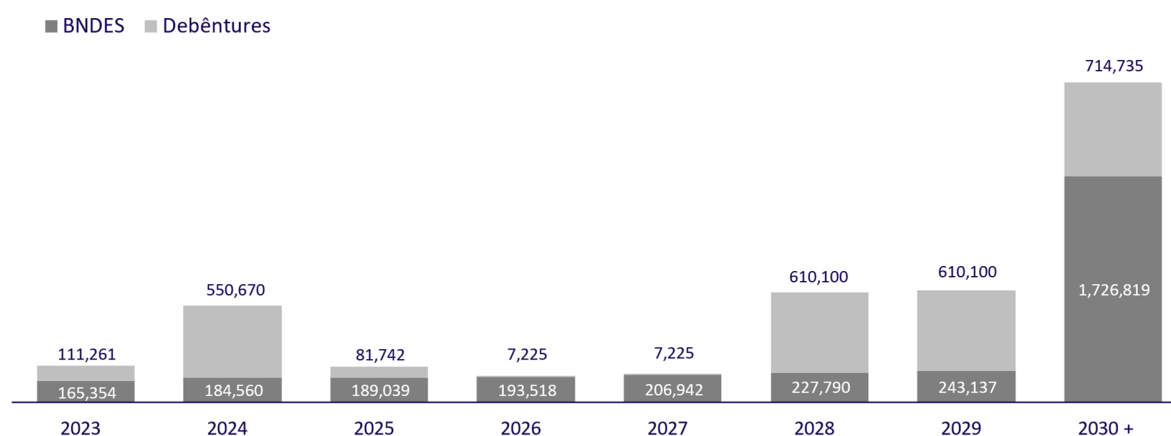
CDI – Interbank Deposit Certificate

IPCA – Broad National Consumer Price Index

TLP – Long-term Interest Rate

TJLP – Long-Term Interest Rate, set by the National Monetary Council

b) Maturity profile



c) Transaction

	Consolidated		Parent company	
	2022	2021	2022	2021
Opening balance	4,710,874	3,749,688	299,674	-
Fundraising	1,032,175	838,860	-	300,000
Interest accrual	360,073	254,894	42,294	1,464
Indexation accrual	177,932	200,852	-	-
Appropriation of funding costs	13,108	13,739	619	-
Addition of funding costs	(17,264)	(20,988)	(72)	(1,790)
Interest paid	(266,424)	(221,180)	-	-
Settlements	(180,257)	(104,991)	-	-
Closing balance	5,830,217	4,710,874	342,515	299,674

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d) Main transactions in 2022

Until December 31, 2022, the total amount of R\$ 1,031,799 was released, referring to the financing contracted with BNDES for the construction of the wind farms of the VDP II and III complexes, as detailed in the table below:

Date	Company	Modality	Due date	Currency	Value	Cost
Mar/2022	Ventos de Santo Apolinário Energias Renováveis S.A.	BNDES TLP	2045	BRL	76,600	IPCA + 4,56%
Apr/2022	Ventos de Santa Alexandrina Energias Renováveis S.A.	BNDES TLP	2045	BRL	102,324	IPCA + 4,56%
Apr/2022	Ventos de Santo Alfredo Energias Renováveis S.A.	BNDES TLP	2045	BRL	60,970	IPCA + 4,56%
May/2022	Ventos de Santo Antero Energias Renováveis S.A.	BNDES TLP	2045	BRL	104,000	IPCA + 4,56%
May/2022	Ventos de São Bernardo Energias Renováveis S.A.	BNDES TLP	2045	BRL	97,794	IPCA + 4,56%
May/2022	Ventos de Santo Alderico Energias Renováveis S.A.	BNDES TLP	2045	BRL	75,638	IPCA + 4,56%
Jun/2022	Ventos de São Crispim I Energias Renováveis S.A.	BNDES TLP	2045	BRL	114,473	IPCA + 4,56%
Jun/2022	Ventos de São Ciriaco Energias Renováveis S.A.	BNDES TLP	2045	BRL	112,161	IPCA + 4,56%
Aug/2022	Ventos de São Ciro Energias Renováveis S.A.	BNDES TLP	2045	BRL	80,517	IPCA + 4,56%
Aug/2022	Ventos de São Caio Energias Renováveis S.A.	BNDES TLP	2045	BRL	78,089	IPCA + 4,56%
Nov/2022	Ventos de Santa Alexandrina Energias Renováveis S.A.	BNDES TLP	2045	BRL	11,464	IPCA + 4,56%
Nov/2022	Ventos de São Bernardo Energias Renováveis S.A.	BNDES TLP	2045	BRL	15,366	IPCA + 4,56%
Nov/2022	Ventos de Santo Antero Energias Renováveis S.A.	BNDES TLP	2045	BRL	19,067	IPCA + 4,56%
Dec/2022	Ventos de São Crispim I Energias Renováveis S.A.	BNDES TLP	2045	BRL	19,114	IPCA + 4,56%
Dec/2022	Ventos de São Ciriaco Energias Renováveis S.A.	BNDES TLP	2045	BRL	19,068	IPCA + 4,56%
Dec/2022	Ventos de Santo Alderico Energias Renováveis S.A.	BNDES TLP	2045	BRL	28,640	IPCA + 4,56%
Dec/2022	Ventos de Santo Alfredo Energias Renováveis S.A.	BNDES TLP	2045	BRL	16,514	IPCA + 4,56%

e) Guarantees

Subsidiary	Type	Guarantee
Piauí I	BNDES	Votorantim S.A. (i) and Ventos de São Vicente Participações Energias Renováveis S.A. guarantee Reserve accounts; Pledge of assets and shares; Fiduciary assignment of credit rights and rights arising from authorizations.
Piauí I	Debentures	Votorantim S.A. guarantee
Piauí II and III	BNDES	Auren Energia S.A. guarantee; Reserve accounts; Pledge of assets and shares; Fiduciary assignment of credit rights and rights arising from authorizations.
Araripe III	BNDES onlending	Auren Energia S.A. and Ventos de Santo Estevão Holding S.A. guarantee; Reserve accounts; Pledge of assets and shares; Fiduciary assignment of credit rights and rights arising from authorizations.
Araripe III	Debentures	Guarantee SPEs(ii); Corporate Guarantee Auren Energia S.A.; Reserve accounts; Pledge of assets and shares; Fiduciary assignment of credit rights and rights arising from authorizations.

(i) Guarantees will be released after the fulfillment of certain obligations under the contracts.

f) Restrictive covenants

Loans, financing and debentures obtained by the Company and its subsidiaries are required to comply with certain financial restrictive clauses, under penalty of early maturity of the related debts. Failure to comply with the obligations or restrictions may lead to default in relation to other contractual obligations (cross default), depending on each loan, financing and debenture agreement.

The subsidiary CESP has debenture agreements, the Deed of Issue of which does not provide for any type of financial restrictive clause, normally applicable to this type of operation. However, other restrictive clauses contained in the

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Deed of Issue are constantly monitored. Debenture obligations, including pecuniary obligations, may be declared overdue in advance, which could result in an adverse impact on CESP's cash flow.

Additionally, loans and financing in force at December 31, 2022 contain financial restrictive clauses, which require the obligation to maintain the Debt Service Coverage Index (DSCR) at 1.2 times at each year's close.

The Company's Management and its subsidiaries monitor these rates systematically and constantly so that the conditions are met, and at December 31, 2022 there is no non-compliance with these restrictive clauses.

19 Suppliers

	Consolidated		Parent company	
	2022	2021	2022	2021
Current				
Energy purchased for resale	308,443	105,398	-	-
Energy purchased for resale - Related parties (Note 27)	22,650	2,770	-	-
Material and service providers	139,964	88,167	3,919	3,910
Material and service suppliers - Related parties (Note 27)	5,282	1,950	202	1,155
Acquisition of projects and investments	50,196	3,081	50,196	3,081
Charges for use of the power grid (i)	22,484	24,212	-	-
	549,019	225,578	54,317	8,146
Non-current				
Acquisition of projects and investments	-	74,216	-	74,216
	-	74,216	-	74,216
	549,019	299,794	54,317	82,362

- (i) As mentioned in note 16 item 1, there was an adjustment to the acquisition cost of the solar project, a clause provided for in the SPA (Share purchase agreement) signed in September 2021, which resulted in a write-off of the balance of acquisition of projects and investments in the amount of R\$ 30,970, recognition of receivables under the line item of other assets in the amount of R\$ 32,530, against the write-off of intangible assets, in the amount of R\$ 63,500.

20 Current and deferred income tax and social contribution

Accounting policy

The Company and its subsidiaries are subject to income tax and social contribution. Income tax and social contribution expenses for the year comprise current and deferred tax and contribution. Income tax and social contribution are recognized in the income statement, except to the extent that they relate to items recognized directly in equity. In this case, tax and social contribution are also recognized in equity or comprehensive income.

Current and deferred income tax and social contribution charges are calculated based on tax laws enacted, or substantially enacted, on the balance sheet date. Management periodically assesses the positions taken in the calculation of income taxes and social contribution in relation to situations in which the applicable tax regulations give rise to interpretations. It establishes provisions, when appropriate, based on estimated amounts paid to tax authorities. Current income tax and social contribution are presented net, by taxpayer, in liabilities when there are amounts payable, or in assets when amounts paid in advance exceed the total due at the balance sheet date.

Deferred income tax and social contribution assets are recognized only in proportion to the probability that future taxable income will be available and against which the temporary differences can be utilized. Deferred income tax assets and liabilities are presented net in the balance sheet when there is a legal right and the intention to offset them when calculating current taxes, generally related to the same legal entity and the same tax authority. Thus, deferred tax assets and liabilities in different entities are generally presented separately, rather than on a net basis.

The provision for income tax and social contribution is calculated individually by entity based on tax rates and rules in force. The Company also recognizes provisions for situations in which it is probable that additional amounts of taxes will be due. When the result of this valuation differs from the amounts initially estimated and recorded, these differences affect current and deferred tax assets and liabilities in the period in which the definitive amount is determined.

The subsidiaries of Piauí I and its consortium, except Ventos de São Vicente Participações de Energias Renováveis S.A., of Araripe III, except Ventos de Santo Estevão Holding S.A., and of Piauí II and III and their consortia, except Ventos de Santo Anselmo, Santo Ângelo, São João Paulo II and Santo Isidoro Energias Renováveis S.A., opted to pay income tax and social contribution under the presumed profit regime based on the rate of 8% (IRPJ) and 12% (CSLL) on energy sales revenues.

20.1 Uncertainty over income tax treatments

Income tax rules and regulations may be interpreted differently by tax authorities, and different interpretations may occur between tax authorities and companies. Therefore, IFRIC 23 - Uncertainty over Income Tax Treatments (ICPC 22) specifically addresses the accounting and disclosure of uncertainties related to income taxes, current and deferred income tax and social contribution, seeking more transparency, consistency and comparability of financial statements.

Uncertainty over income tax treatments represent the risk that the tax authority does not accept a certain tax treatment applied by the company's Management, mainly related to different interpretations about the applicability and amounts of deductions from and additions to the IRPJ and CSLL calculation basis. Based on the best method to estimate the resolution of the uncertainty, the company evaluates each uncertain tax treatment separately or in a set of topics where there is interdependence as to the expected outcome.

Based on technical assessments, if it is probable that the tax authorities will accept an uncertain tax treatment, the amounts recorded in the financial statements are consistent with the tax bookkeeping and, therefore, no uncertainty is reflected in the measurement of current or deferred income taxes. If it is not probable, the uncertainty is reflected in the measurement of income taxes in the financial statements.

In 2022, the Company and its subsidiaries did not identify accounting effects with the probability of the uncertain tax treatment being accepted, therefore, no uncertainty was reflected in the measurement of current or deferred income taxes.

(a) Reconciliation of IRPJ and CSLL expenses

The income tax and social contribution amounts shown in the income for the years ended December 31, 2022 and 2021 present the following reconciliation based on the statutory nominal rate:

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In thousands of reais unless otherwise stated

	Consolidated		Parent company	
	2022	2021	2022	2021
Profit before income tax and social contribution	3,053,340	592,854	2,648,549	59,370
Nominal rates	34%	34%	34%	34%
IRPJ and CSLL calculated at nominal rates	(1,038,136)	(201,570)	(900,507)	(20,186)
Reconciling items				
Share of results of investee	44,424	-	946,814	16,620
Tax loss and carryforwards not recognized as asset	(20,362)	(17,560)	(3,252)	(294)
Temporary tax differences not recognized as assets	(7,168)	(20,081)	(7,269)	129
Subsidiaries taxed by under the presumed profit regime	(29,073)	(44,207)	-	-
Tax incentive	489	434	-	16
Impairment	30,423	-	-	-
Monetary restatement of assets payable by the Federal Government	823,350	-	-	-
Write-off of assets payable by the Federal Government	(215,769)	-	-	-
Write-off of deferred tax related to reverse merger	(4,820)	-	(4,820)	-
Deferred charges recorded on tax loss and negative basis of previous periods - Auren Comercializadora	42,024	-	-	-
Other permanent differences net	(108)	1,776	(5,115)	3,084
IRPJ and CSLL expense/benefit	(374,726)	(281,208)	25,851	(631)
Current	(89,684)	(40,325)	-	50
Deferred	(285,042)	(240,883)	25,851	(681)
IRPJ and CSLL expense/ benefit	(374,726)	(281,208)	25,851	(631)

(b) Composition of deferred tax balances

The balances recorded until December 31, 2022 of deferred credits on income tax losses, negative basis of deferred social contribution and temporary differences of CESP and Auren Comercializadora are supported by financial projections prepared by the Company's Management, in the case of CESP, for the concession period, which are reviewed annually, consistently demonstrate the realization of tax loss carryforwards, negative basis for social contribution and temporary differences.

The projections with the deadline for each concession adopt as basic billing assumptions the physical quantity of energy (MWh) and prices contracted with distributors through energy auctions, energy supply contracts to free consumers, maintenance of the level of expenses operations and consider the reduction of financial expenses, which prove the achievement of future taxable profits.

The estimate used for the analysis is based on the Strategic Planning, which demonstrates that the subsidiaries will generate taxable profits in excess of the total amount of tax credits, being possible to recover the deferred credits in their entirety until 2042 at CESP and until 2036 at Auren Comercializadora.

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	Consolidated		Parent company	
	2022	2021	2022	2021
Income tax and social contribution				
Tax credits				
Tax loss carryforwards	1,096,946	1,035,256	-	-
Provision for impairment	510,046	588,560	-	-
Regulatory asset provision	275,685	461,031	-	-
Provision for lawsuits	402,776	451,982	-	-
Post-employment benefits accruals	-	74,085	-	-
Energy future contracts	-	2,790	-	-
Hedge accounting	-	4,318	-	-
Other provisions	161,047	72,149	-	-
Tax liabilities on temporary differences	-	-	-	-
Recognition and realization of goodwill	(383,305)	(34,445)	(378,848)	(14,136)
Gain on CESP advantageous purchase (negative goodwill) (i)	(312,805)	(312,805)	(312,805)	(312,805)
Renegotiation of hydrological risk	(242,052)	(254,587)	-	-
Judicial deposit accruals	(16,257)	(18,291)	-	-
Disposal of investees	(9,070)	(4,774)	(8,586)	(4,057)
Energy futures contracts	(66,215)	-	-	-
Post-employment benefits accruals	(2,203)	-	-	-
Effect in other comprehensive income	-	-	-	-
Post-employment benefits (i)	431,940	532,985	-	-
Assigned cost of fixed assets	441,576	458,615	-	-
Hedge accounting	(264)	-	(264)	-
Net	2,287,845	3,056,869	(700,503)	(330,998)
Deferred tax net assets same legal entity	3,000,824	3,408,893	-	-
Deferred tax net liabilities same legal entity	(712,979)	(352,024)	(700,503)	(330,998)

(c) Changes in deferred income tax and social contribution balances

	Consolidated		Parent company	
	2022	2021	2022	2021
Opening balance	3,056,869	3,597,442	(330,998)	(330,317)
Effects on income	(285,042)	(240,883)	25,851	(681)
Reverse merger VGE - equity balances	4,820	-	4,820	-
Reverse merger VGE - concession added value	(380,654)	-	(380,654)	-
Merger of CESP shares - asset value added	-	-	(19,258)	-
Merged company included in the consolidation	(6,839)	-	-	-
Hedge accounting	(264)	(32,082)	(264)	-
Employee pension entity	(101,045)	(267,608)	-	-
Closing balance	2,287,845	3,056,869	(700,503)	(330,998)

(d) Realization of deferred income tax and social contribution

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, including the use of tax planning strategies.

Based on the technical study on the generation of future taxable profits, the following is an estimate of the realization of the deferred tax asset recorded on the tax loss carryforwards and negative basis at December 31, 2022:

	Consolidated					
	2023	2024 and 2026	2027 and 2029	2030 and 2032	From 2033	Total
Realization of deferred charges with effect on income						
Tax credits on temporary differences						
Tax loss carryforwards	46,184	163,925	103,901	206,677	576,258	1,096,946
Other temporary adjustments	87,501	140,384	65,227	32,251	746,401	1,071,764
	133,685	304,309	169,128	238,928	1,322,659	2,168,710

21 Energy futures contracts

Accounting policy

The subsidiary Auren Comercializadora carries out trading operations, future energy purchase and sale contracts (trading) are classified within the scope of CPC 48, therefore they are classified as financial instruments recognized at fair value on the date the respective contract is entered into and are subsequently marked to market at their fair value, with a corresponding entry in "Other operating income (expenses), net".

The fair value of these financial instruments is estimated based, in part, on price quotations published in active markets, to the extent that such observable market data exist, and, in part, by the use of valuation techniques, which consider: (i) prices established in the purchase and sale operations; (ii) risk margin in the supply and (iii) projected market price in the availability period. Whenever the fair value at initial recognition for these contracts differs from the transaction price, a fair value gain or loss is recognized under Other operating income (expenses), net.

(a) Composition

	Consolidated					
	2022			2021		
	Assets	Liabilities	Total	Assets	Liabilities	Total
Current	1,979,160	(1,808,351)	170,809	270,815	(282,619)	(11,804)
Non-current	3,630,278	(3,606,338)	23,940	341,292	(337,697)	3,595
	5,609,438	(5,414,689)	194,749	612,107	(620,316)	(8,209)

(b) Changes in balances

	Consolidated	
	2022	2021
Net opening balance	(8,209)	(21,444)
Mark-to-Market	109,946	(74,561)
Realization	57,160	87,796
Other operating income (expenses), net (Note 7)	167,106	13,235
Merged company included in the consolidation	35,852	-
Net Closing balance	194,749	(8,209)

22 UBP – Use of Public Asset

Accounting policy

In accordance with the UBP concession agreement that regulates the operation of the Porto Primavera HPP, CESP has the obligation to pay a UBP of 2.50% on gross revenue for 5 years.

The UBP amount is originally recognized as a financial liability (obligation) and as an intangible asset (right to use a public asset), which corresponds to the amount of total annual expenses over the contract period discounted to present value (present value of future payment cash flows).

The concession began on April 15, 2019 with a term of 37 years. The payment of the UBP is monthly from the 13th month after the start of the contract.

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(a) Composition and changes in balances

	Consolidated			
	2022	2021		
	(-) Adjustment to present value		Net Liabilities	Net Liabilities
	UBP			
Opening balance	140,547	(10,554)	129,993	155,364
Realization current value adjustment (Note 8)	-	5,400	5,400	5,631
Reassessment of the disbursement flow (note 16)	(5,630)	(436)	(6,066)	11,153
Payments	(42,773)	-	(42,773)	(42,155)
Closing balance	92,144	(5,590)	86,554	129,993
Current	43,465	-	43,465	42,462
Non-current	48,679	(5,590)	43,089	87,531
	92,144	(5,590)	86,554	129,993

23 Social and environmental obligations and asset decommissioning**(a) Accounting policy****Asset decommissioning obligations**

In accordance with CPC 27 - Property, plant and equipment, the measurement of asset decommissioning obligations involves judgment for several assumptions. From an environmental perspective, these comprise future obligations to restore/recover the environment, to ecologically similar conditions to the existing ones, before the start of the project or activity or to take compensatory measures, agreed with the competent bodies, due to the impossibility of returning to these pre-existing conditions. These obligations arise from the beginning of the environmental degradation of the occupied area, object of the operation or from formal commitments assumed with the environmental agency, whose degradation needs to be compensated. The dismantling and removal of an asset from operation occurs when it is permanently deactivated, through its stoppage, sale or disposal.

Obligations consist primarily of costs associated with wind farm closures. The asset decommissioning cost, equivalent to the present value of the obligation (liabilities), is capitalized as part of the asset's book value, which is depreciated over its useful life. These liabilities are recorded as provisions and are reviewed annually by the subsidiaries.

Environmental license

In subsidiary CESP, the socio and environmental costs related to the Operating License 121/2000 of the Porto Primavera HPP renewed in 2018 are related to monitoring and conservation activities in the areas close to the HPP facilities, including reforestation and social programs. For these costs, the best estimate for future disbursements is prepared, adjusted to present value and recorded as a contra entry to fixed assets. These costs will be amortized over the term of the operating license (10 years).

Term of adjustment of conduct

The environmental liability must be recognized when there is an obligation at an environmental cost that has not yet been disbursed, provided that it meets the criteria for recognition as an obligation. Therefore, this type of liability is defined as a present obligation that arose from past events. These obligations are related to the Terms of Adjustment of Conduct ("TAC") signed with the Public Prosecutor Office and which are not contained in the conditions of the Operating License.

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Explanatory notes

In thousands of reais unless otherwise stated

(b) Composition and changes in balances

							Consolidated	
							2022	2021
	Asset decommissioning	Environmental license	Conduct adjustment term	Social and environmental obligations	(-) Adjustment to present value	Total	Total	
Opening balance	721,998	217,492	53,916	6,052	(685,117)	314,341	263,813	
Additions with effect on assets (Note 15) (i)	595,467	-	-	-	(571,017)	24,450	49,858	
Remeasurements (Note 15) (ii)	225,592	38,365	-	-	(267,280)	(3,323)	-	
Additions (Note 7)	-	-	3,906	-	(1,793)	2,113	7,607	
Reversals (Note 7)	-	-	-	(2,314)	-	(2,314)	-	
Payments	-	(29,410)	(7,174)	-	-	(36,584)	(17,291)	
Realization current value adjustment (Note 8)	-	-	-	-	17,615	17,615	10,354	
Closing balance	1,543,057	226,447	50,648	3,738	(1,507,592)	316,298	314,341	
Current	-	32,782	7,778	3,738	-	44,298	44,065	
Non-current	1,543,057	193,665	42,870	-	(1,507,592)	272,000	270,276	
	1,543,057	226,447	50,648	3,738	(1,507,592)	316,298	314,341	

- (i) In 2022, there was the recognition of the provision for decommissioning of assets of the wind farms of Ventos do Piauí II and III Complexes. These long term obligations (over than 30 years), require estimated current costs to be readjusted for inflation (IPCA rate represents the best estimate of future costs) and discounted to present value using the NTN-B with a maturity coinciding with the authorizations terms.
- (ii) At December 31, 2022, a review was made of the assumptions related to the provision for decommissioning of assets of Ventos do Piauí I and Ventos do Araripe III wind farms, which resulted in a reduction in the balance of asset decommissioning obligations, in the amount of R\$ (28,757) (R\$ 8,797 for Ventos do Piauí I and R\$ 19,960 for Ventos do Araripe III). Furthermore, there was a remeasurement of the environmental license provision in the subsidiary CESP, with the provision amounting to R\$ 38,365 being recognized and adjusted to present value in the amount of (R\$ 12,931), having an effect on property, plant and equipment in the amount of R\$ 25,434.

24 Provision for reimbursement

Accounting policy

The CCEE reimbursement provision account reflects the effects on wind energy generation outside the established tolerance limits (energy actually generated and energy contracted). Such variations outside the limits imply the recording by estimate of contractual assets or liabilities and are recognized in income as a positive or negative adjustment to revenue, under the heading "Gross revenue from energy sales". The Management of the Company and its subsidiaries understand that the analysis of compliance with these limits is a significant estimate.

(a) Annual reimbursement

LER contracts: If the energy supplied in the year is less than 90% of the energy contracted annually, the total reimbursement value will include a) the reimbursement value equivalent to the application of the contractual price in force at the time of calculation on the amount in MWh that is below 90%, b) and a penalty, equivalent to the application of 15% of the current contractual price on the amount in MWh that is below 90%. If the energy supplied exceeds 130% of the energy contracted, the subsidiaries will receive the amount equivalent to 70% of the contractual price in force over the amount in MWh. In both cases, the financial settlement takes place in 12 monthly installments from the second month of the next annual cycle, upon settlement of the monthly invoices issued by the subsidiaries to CCEE.

LEN contracts: If the energy supplied in the year is below 90% of the energy contracted annually, the amount of the reimbursement will be equivalent to the highest value between the contractual price in force, in the base calculation cycle, and the average PLD for the same period, applied to the quantity in MWh that is below 90%. The financial settlements, depending on the auction, occur either in 12 monthly installments or via partial or full deduction of

revenue, in which case, the number of installments may vary if the amount to be deducted is greater than the monthly revenue, both from the second month of the next contractual year. If the energy supplied is greater than the energy contracted, the ranges will be between 130% and 100%, according to current year of calculation of the four-year reimbursement, with the tolerance limits being: 130% in the first year, 120% in the second year, 110% in the third year or 100% in the fourth year. For these cases, the Company will receive the amount equivalent to the application of the PLD on the quantity in MWh according to the tolerance limit, in a single installment from the second month of the next contractual year, upon settlement of the monthly invoices issued by the Company's subsidiaries to CCEE.

(b) Four-year reimbursement

LER contracts: If the energy supplied is less than 100% of the energy contracted at the end of each four-year period, the total reimbursement value will include a) The reimbursement value equivalent to the application of the current contractual price on the amount in MWh that is less than 100% and greater than 90% of the contracted amount, b) and a penalty, equivalent to the application of 6% of the current contractual price applied to the amount in MWh that is below 100% and greater than 90% of the contracted amount, given that the annual reimbursement captures deviations below 90%. If the energy supplied exceeds 100% of the energy contracted, the subsidiaries will receive the amount equivalent to the application of the PLD - settlement price of differences over the amount in MWh, or they can carry the balance to the next four-year period, or sell to another seller of the same auction. The financial settlement for energy supplied below the limits occurs in 12 monthly installments and the financial settlement for energy generated above the limits occurs in 24 monthly installments, both from the second month of the last contractual year of each four-year cycle, upon settlement of monthly bills issued by the subsidiaries to the CCEE.

LEN contracts: If the energy supplied is less than 100% of the energy contracted at the end of each four-year period, the reimbursement amount will be equivalent to the highest value between the contractual price in force in the last year of the calculation base cycle plus 6% and the average PLD for the four-year period calculation applied to the amount in MWh that is less than 100% and greater than 90% of the amount, given that the annual reimbursement captures deviations of less than 90%. The financial settlement, depending on the auction, takes place either in 12 monthly installments, or via partial or full deduction of revenue, in which case, the number of installments may vary if the amount to be deducted is greater than the monthly revenue, in both cases from February of the year following the last contractual year of each four-year period, upon settlement of the monthly invoices issued by the Company's subsidiaries to CCEE. There is no four-year financial settlement for energy supplied above the limits, since, in this case, the amounts will be settled according to the criteria included in the annual reimbursement.

(c) Composition and changes in balances

			2022	2021
	Annual reimbursement	Four-year reimbursement	Total	Total
Opening balance	204,824	128,703	333,527	140,803
Additions (Note 6)	26,584	32,682	59,266	192,191
Realizations (Note 6) (i)	-	-	-	533
Interest accruals (Note 8)	9,474	2,725	12,199	-
	36,058	35,407	71,465	192,724
Closing balance	240,882	164,110	404,992	333,527
Current	240,882	121,351	362,233	325,557
Non-current	-	42,759	42,759	7,970
	240,882	164,110	404,992	333,527

- (i) ANEEL issued Order No. 2,303/2019 ordering that CCEE suspend the reimbursements in the Contracting of Electric Energy in the Regulated Environment and in the Contracting of Reserve Energy for contractual years from August 2019, until such

time as a final decision is rendered from Public Hearing No. 034/2019, which aims to regulate the procedures and criteria for determining the constrained-off operation restriction of wind farms.

On March 23, 2021, ANEEL published Normative Resolution No. 927 of 2021, and, on April 29, 2022, Order No. 1,151/2022, which together regulated the methodology for calculating energy not supplied due to constrained-off of wind farms, a necessary condition for resuming the collection of reimbursements. However, on May 13, 2022, the CCEE issued notice 355/22 informing that it is carrying out the adjustments and systemic tests, as well as the exchange of information and validation of input parameters with the National Electric System Operator (ONS). CCEE will present to the market the operational schedule of the recalculations, through a new notice.

On December 23, 2022, CCEE issued notice 970/22, which informs the reimbursement recalculation schedule that will begin in June 2023 and will be carried out in 2 to 4 monthly installments and which includes only the months from January 2018 to September 2021. For the period from October 2021, a new schedule will still be informed, as ANEEL Public Hearing 22/2022 has not been completed.

25 Provision for litigation

Accounting policy

The subsidiaries, mostly CESP, have administrative and judicial proceedings in different spheres, courts and instances, of a labor, tax, civil and environmental nature. Management provisions for those claims when it estimates the risk of loss is probable, under the advice of its legal counsel.

Provisions for losses classified as probable are recognized in the accounts, provided that: (i) there is a present obligation (legal or not formalized) arising from past events; (ii) it is probable that there will be an outflow of resources to settle the obligation; and (iii) the amount of the obligation can be reliably estimated. Provisions for which the likelihood of loss is classified as possible are not recognized in the accounts, they are disclosed in the explanatory notes. The risk estimates attributed to legal proceedings are based on the assessment and the advice of its internal and external legal counsel.

As from 2022, as part of the development of the lawsuit related to the provisioning of the lawsuits to which its subsidiaries are parties, the Company began to segregate the balances between current and non-current, based essentially on the procedural evolution of the lawsuits (advanced stage of execution or enforcement of decision).

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation, reflecting current market assessments of the time value of money and the risks specific to the obligation. Changes in the estimate of provisioned amounts are recognized in the income statement.

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(a) Composition and changes in balances

						Consolidated
						Possible loss
	Civil	Labor	Environmental	Tax	2022 Total	2021 Total
Opening balance	1,164,728	92,104	66,909	5,671	1,329,412	1,748,306
Indexation accruals (Note 8)	89,160	5,722	1,951	236	97,069	167,516
Provision / (reversal) (Note 7)	(110,752)	19,996	31,379	(142)	(59,519)	(425,693)
(-) Payments	(96,404)	(39,703)	(46,355)	(455)	(182,917)	(160,717)
Merged company included in the consolidation	355	1,605	-	-	1,960	-
Closing balance	1,047,087	79,724	53,884	5,310	1,186,005	1,329,412
Current	116,013	49,104	2,986	2,273	170,376	-
Non-current	931,073	30,621	50,898	3,037	1,015,629	1,329,412
Closing balance	1,047,086	79,725	53,884	5,310	1,186,005	1,329,412

Litigation liabilities are subject to constant changes because their measurement is linked to the progress of lawsuits. Thus, the Company and its subsidiaries seek to reflect in their financial statements, with the shortest possible delay, the current status of their liability portfolio.

(b) Lawsuits with risk of loss considered possible

The breakdown by nature of lawsuits with a likelihood of loss assessed as possible in which the Company and its subsidiaries are involved, for which there is no provision recorded, is shown below:

		Consolidated	Possible loss
		2022	2021
Main lawsuits			
Civil	Expropriations, indemnities and obligations to act, mainly due to the implementation of projects whose execution was or is under the responsibility of subsidiary CESP. Indemnities, repossession and land expropriation in subsidiaries of the DP I, II and III and VDA wind farms.	786,881	1,307,288
Tax	Requests for refund, tax foreclosure, administrative proceedings and tax assessment notices in wind farm subsidiaries and CESP.	480,057	436,983
Environmental	Measures to remedy environmental damage whose execution was or is under the responsibility of subsidiary CESP. Alleged non-compliance with the operating license and alleged preparation of reports not mentioning noises monitoring and stroboscopic effect in the subsidiary of the VDP I wind farm.	345,683	347,162
Labor	Subsidiary liability, mainly due to the contracting of third parties.	34,680	51,404
		1,647,301	2,142,837

The main change in the civil sphere in the year ended December 31, 2022 is due to the agreements reached in several indemnity lawsuits, which discussed alleged impacts caused by the construction of the Porto Primavera HPP of subsidiary CESP. Regardless of the prognosis, the Company and its subsidiaries remain alert to opportunities for agreements and negotiations that prove to be attractive and viable, seeking to reduce litigation liabilities and always in accordance with technical criteria and financial discipline.

The Management of the Company and its subsidiaries, under the advice of their legal counsel, believe that the provisioned amounts are sufficient to cover probable losses.

26 Post-employment benefits

Subsidiary CESP sponsors medical assistance and retirement plans for its employees and former employees and their respective beneficiaries in order to supplement the benefits provided by the official social security system. Vivest (formerly Fundação CESP) is the entity responsible for managing the benefit plans sponsored by CESP.

The benefit plans were set up in the form of a Defined Benefit (BD) and also a Defined Contribution (CD) plan. The subsidiary CESP's most relevant BD benefit plan is the so-called BSPS (Settled Proportional Supplementary Benefit) created in 1997.

Accounting policy

The values of actuarial commitments related to the BD plan (contributions, costs, liabilities and/or assets) and CD are calculated annually by an independent actuary with a base date that coincides with the end of the year and are recorded as provided for in CPC 33 (R1) / IAS 19 - Employee Benefits.

The liability recognized in the balance sheet with respect to defined benefit plans is the present value of the defined benefit obligation at the balance sheet date, minus the fair value of plan assets.

Actuarial gains and losses are recorded directly in net equity under "Other Comprehensive Income". These actuarial gains and losses are determined at the end of each year based on an independent actuary's report.

Differences between PREVIC and CPC 33 methodologies

The comparison of the calculation methodologies according to CPC 33 and the PREVIC methodology - CNPC Resolution No. 30/2018 and PREVIC Ordinance No. 300, of 04/12/2019, is shown below:

Methodology	Report CPC 33 (R1)	PREVIC
Actuarial Liability Method	The Projected Unit Credit actuarial method was used to determine the present value of the plan obligation.	The Aggregate actuarial method was used to determine the present value of the plan obligation.
Discount Rate Method	Rate defined based on the long-term notes (NTN-Bs) at 12/31/2022	Rate defined based on the corridor established by Previc Ordinance No. 337/2020

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A comparison of the actuarial assumptions in the two methodologies for measuring the actuarial liability at December 31, 2022 is also presented:

Assumptions	Report CPC 33 (R1)	PREVIC
Annual discount rate	9.65% p.a (6.2% p.a. real)	4.83% p.a.
Annual long-term inflation rate	3.25% p.a.	3.75% p.a.
Salary growth rate	N/A due to settlement	N/A due to settlement
Reference unit growth rate	3.25% p.a.	N/A
General mortality	AT-2000 Basic segregated by gender	AT-2000 Basic segregated by gender
Mortality table for the disabled	AT - 1949 - Male aggravated by 10%	AT 49 aggravated by 10%
Table of entry into disability	Mercer Disability segregated by gender, smoothed by 50%	Mercer Disability smoothed by gender by 50%
Turnover rate	N/A due to settlement	N/A due to settlement
Table of entry into retirement	Length of Time with Social Security - Male: 35 years / Female: 30 years Time of plan affiliation - 15 years	Length of Time with Social Security - Male: 35 years / Female: 30 years Time of plan affiliation - 15 years
Family composition	ExpCF_2014	ExpCF_2014

Considering the assumptions above, the actuarial liability at December 31, 2022 of subsidiary CESP, calculated based on CPC 33, is R\$ 1,263,931, while the actuarial liability estimate based on the PREVIC methodology corresponding exclusively to the portion of the sponsor CESP would be R\$ 1,710,430.

Statement of liabilities to be recorded in accordance with CPC 33 (R1) / IAS 19

Based on the actuarial valuation prepared by an independent actuary on December 31, 2022, following the criteria determined by CPC 33 (R1) / IAS 19, the composition of assets and liabilities related to the coverage of defined benefit plans - BD is as follows:

Actuarial assumptions

	2022			2021		
	BSPS	BD	CV	BSPS	BD	CV
Premises:						
Rate used for discounting the actuarial liability to present value	9.65%	9.65%	9.65%	8.68%	8.68%	8.68%
Expected rate of return on plan assets	9.65%	9.65%	9.65%	8.68%	8.68%	8.68%
Actual rate used for discounting the actuarial liability to present value	6.20%	6.20%	6.20%	5.26%	5.26%	5.26%
Salary growth rate			N/A			N/A
Long-term inflation rate	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Turnover rate			N/A			N/A
Mortality table	AT 2000 segregated by sex			AT 2000 segregated by sex		
Table of entry into disability	Mercer Disability segregada por sexo, suavizada em 50%			SMOOTH LIGHT SMOOTHED BY 30%		
Mortality table for the disabled	AT - 1949 - Male aggravated by 10%			AT - 1949 - Male aggravated by 10%		
Number of participants:						
Number of active participants	24	57	55	33	92	87
Number of inactive participants - retired without disability	3,582	1,636	911	4,309	1,935	1,037
Number of inactive participants - retirees due to disability	107	45	15	148	65	25
Number of inactive participants - pensioners	982	184	61	1,224	230	84

Actuarial valuation

In the actuarial evaluation of the plans, the projected unit credit method was adopted. The net asset of the benefit plans is evaluated by market values (market marking).

BSPS Plan - Coverage in force until December 31, 1997

This is coverage in the defined benefit modality related to a Benefit Paid Off on December 31, 1997, thus covering only the participants enrolled up to that date, and which was based on the coverage of 100% of the final salary average. The responsibility for actuarial insufficiencies is exclusive to sponsor CESP.

BD Plan - Coverage in force after December 31, 1997

This is coverage in the defined benefit modality, on the basis of 70% of the final average salary for those enrolled after December 31, 1997 and proportional service time accumulated after December 31, 1997 for those enrolled up to date. The responsibility for actuarial shortfalls follows current legislation, which refers to the proportion of contributions made to the plan by the Sponsor and participants (including beneficiaries), which results in less than 50% of as the responsibility of sponsor CESP.

CV Plan - Coverage in force after December 31, 1997

This is additional supplementation that will be granted together with the other benefits to be based on the balance of the participant's total retirement account, multiplied by a conversion factor, which will depend on the participant's option. The options for receiving income are:

1. Monthly lifetime income without continuation to beneficiaries;
2. Monthly lifetime income with continuation to beneficiaries;
3. Monthly income for a certain period that may be of 10, 15 or 20 years;
4. Monthly income as a percentage of the balance from 0.10% to 2.00%

The participant may choose to receive up to 25% of the account balance in single payment, provided that the remaining balance does not generate an income of less than 10% of the reference unit of subsidiary CESP.

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In thousands of reais unless otherwise stated

Calculation and movements

Sensitivity Analysis	Consolidated			
	BSPS	BD	CV	Total
Effect on defined benefit obligation if:				
Discount rate is reduced by 0.5%	5,449,864	885,216	135,899	6,470,979
Discount rate is increased by 0.5%	5,048,261	803,392	123,192	5,974,845

Projected cash flows	Consolidated			
	BSPS	BD	CV	Total
Estimated employer contributions to the plan in the following year	52,767	-	1,191	53,958
Expected benefit payments from the plans:				
2023	492,608	65,686	6,443	564,737
2024	484,104	64,552	6,332	554,988
2025	474,679	63,296	6,208	544,183
2026	464,797	61,978	6,079	532,855
2027	454,607	60,619	5,946	521,172
2028 to 2031	2,086,612	278,238	27,291	2,392,141

	Consolidated					
	BSPS		BD		CV	
Fair value of benefit plan assets	2022	2021	2022	2021	2022	2021
Assets						
Available	-	-	-	-	-	-
Receivable	5,384,917	579,328	837,013	149	133,879	10,438
Investment	4,112,423	5,199,132	828,726	986,255	116,147	131,406
	9,497,340	5,778,460	1,665,739	986,404	250,026	141,844
Liabilities						
Obligations	-	(142,279)	-	(4,900)	-	(1,020)
non-pension funds	(500)	-	(1,309)	-	-	-
DC account balances	-	-	(4,255)	(7,421)	(4,320)	(21,406)
Fair value	9,496,840	5,636,181	1,660,175	974,083	245,706	119,418

(a) Reconciliation of assets and liabilities

	Consolidated				
	2022		2021		
	BSPS	BD	CV	Total	Total
Net actuarial liability value	5,241,721	841,793	129,217	6,212,731	7,897,265
Fair value of plan assets	(4,036,147)	(814,419)	(98,234)	(4,948,800)	(6,111,766)
Total net liabilities	1,205,574	27,374	30,983	1,263,931	1,785,499

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(b) Statement of actuarial liabilities

	Consolidated			
				2022
	BSPS	BD	CV	Total
Current service cost (Note 25(d))	6,677,895	1,068,343	151,027	7,897,265
Current service cost (Note 26 (d))	-	-	87	87
Interest on the actuarial obligation (Note 26 (d))	539,926	87,727	12,885	640,538
Effect of migration of actuarial gains (Note 26 (d))	(20,148)	-	-	(20,148)
Benefits paid effect of migration on obligation	(1,209,173)	(155,492)	(16,779)	(1,381,444)
Benefits paid by the plan	(561,217)	(72,103)	(9,350)	(642,670)
(Actuary gains) / losses (Note 26 (e))	(185,563)	(86,682)	(8,654)	(280,899)
Total liability for the year	5,241,720	841,793	129,216	6,212,729
Initial balance of the fair value of plan assets	(5,032,732)	(972,822)	(106,212)	(6,111,766)
Interest on plan assets (Note 26 (d))	(394,171)	(77,768)	(8,730)	(480,669)
Sponsor Contributions	(57,470)	-	(699)	(58,169)
Benefits paid effect of migration on assets	922,540	141,312	11,577	1,075,429
Benefits paid by the plan	561,217	72,103	9,350	642,670
Yield on plan assets (Note 26 (e))	(35,528)	22,755	(3,520)	(16,293)
Fair value of plan assets	(4,036,144)	(814,420)	(98,234)	(4,948,798)
Total net liabilities	1,205,576	27,373	30,982	1,263,931

	Consolidated			
				2021
	BSPS	BD	CV	Total
Opening balance of present value of bonds	7,145,620	1,131,378	172,399	8,449,397
Current service cost (Note 25(d))	-	1,564	188	1,752
Past service cost (Note 25(d))	-	1,861	-	1,861
Interest on the actuarial obligation (Note 25(d))	451,340	72,250	10,982	534,572
Participant Contributions	-	1,179	-	1,179
Benefits paid by the plan	(529,866)	(63,747)	(10,487)	(604,100)
(Actuary gains) / losses (Note 25(e))	(389,199)	(76,142)	(22,055)	(487,396)
Total liability for the year	6,677,895	1,068,343	151,027	7,897,265
Initial balance of the fair value of plan assets	(4,994,967)	(947,860)	(94,191)	(6,037,018)
Interest on plan assets (Note 25(d))	(310,256)	(60,327)	(5,867)	(376,450)
Participant Contributions	-	(1,179)	-	(1,179)
Sponsor Contributions	-	(527)	(1,006)	(1,533)
Benefits paid by the plan	529,866	63,747	10,487	604,100
Yield on plan assets (Note 25(e))	(257,375)	(26,676)	(15,635)	(299,686)
Fair value of plan assets	(5,032,732)	(972,822)	(106,212)	(6,111,766)
Total net liabilities	1,645,163	95,521	44,815	1,785,499

(c) Changes in balances of actuarial liabilities

	Consolidated	
	2022	2021
Opening balance for the year	1,785,499	2,412,379
Current service cost (Note 26 (d))	87	3,613
Interest on the actuarial obligation (Note 26 (d))	159,869	158,122
Contributions paid	(58,169)	(1,533)
Actuarial measurement update (Note 26 (e))	(297,192)	(787,082)
CD plan migration effect (Note 1.1 c):	-	-
Settlement	(306,015)	-
Effect of migration of actuarial gains (Note 26 (d))	(20,148)	-
Closing balance	1,263,931	1,785,499

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(d) Effects on income for the year

	Consolidated			
			2022	2021
	BSPS	BD	CV	Total
Current service cost	-	-	87	87
Past service cost	-	-	-	-
Interest cost on the obligation	539,926	87,727	12,885	640,538
Expected return on plan assets	(394,171)	(77,768)	(8,730)	(480,669)
Effect of migration of actuarial gains (Note 26 (d))	(20,148)	-	-	(20,148)
(Revenue) / estimated expense for the year	125,607	9,959	4,242	139,808
				161,735

(e) Effects on other comprehensive income (OCI)

	Consolidated			
			2022	2021
	BSPS	BD	CV	Total
Actuarial loss from the evolution of liabilities, including routine settlements	351,716	(11,081)	7,723	348,358
Actuarial loss from changes in assumptions	(537,279)	(75,601)	(16,377)	(629,257)
Asset income (greater)/less than recognized net interest	(35,528)	22,755	(3,520)	(16,293)
Transactions in ORA during the year (Note 26 (c))	(221,091)	(63,927)	(12,174)	(297,192)
				(787,082)
Effects of deferred taxes	75,171	21,735	4,139	101,045
Net effect on other comprehensive income (Note 28.5)	(145,920)	(42,192)	(8,035)	(196,147)
				(519,474)

(f) Estimated expense / (revenue) for 2023 (unaudited)

Below is the estimated expense for the following year, based on the actuarial assessment of an independent actuary at December 31, 2022:

	Consolidated			
			2023	
	BSPS	BD	CV	Total
Interest cost on the obligation	529,047	84,329	12,750	626,126
Expected return on plan assets	(366,269)	(75,495)	(9,199)	(450,964)
Estimated expense for the year	162,778	8,834	3,550	175,162

27 Related parties

Accounting policy

Transactions with related parties are carried out by the Company and its subsidiaries under strictly commutative conditions, observing the usual market prices and conditions and, therefore, do not generate any undue benefit to their counterparties or losses to the Company and its subsidiaries. In the normal course of operations, the Company and its subsidiaries enter into agreements with related parties (associates, joint ventures and shareholders), mainly related to the purchase and sale of energy and services.

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	Consolidated									
	Asset		Liabilities		Sales and service (Note 6)		Purchase and service		Financial result	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Cash and cash equivalents										
Banco Votorantim S.A.	1,153	65,344	-	-	-	-	-	-	1,698	2,850
	1,153	65,344	-	-	-	-	-	-	1,698	2,850
Accounts receivable from customers (Note 10) - Sale of energy and services										
Auren Comercializadora de Energia Ltda.	-	10,558	-	-	-	98,639	(3,939)	(30,341)	-	-
Votorantim Cimentos S.A.	53,302	-	-	-	573,301	-	-	-	-	-
Votorantim Cimentos N/NE S.A.	4,343	-	-	-	124,957	-	-	-	-	-
Companhia Brasileira de Alumínio	42,808	-	-	-	462,584	-	-	-	-	-
CBA Itapissuma	-	-	-	-	3	-	-	-	-	-
Citrosuco S.A. Agroindústria	4,486	613	-	-	48,152	10,533	-	-	(318)	-
Citrosuco Serviços Portuários S.A.	-	-	-	-	4,240	-	-	-	-	-
Mineração Dardanelos Ltda.	-	-	-	-	20,342	-	-	-	-	-
Pollarix S.A.	5,071	-	-	-	48,692	-	-	-	-	-
CBA Energia Part. S.A.	1,882	-	-	-	14,336	-	-	-	-	-
Baesa-Energética Barra Grande S.A.	1,100	-	-	-	11,856	-	-	-	-	-
Campos Novos Energia S.A.	1,651	-	-	-	17,783	-	-	-	-	-
Nexa Resources	46	-	-	-	862	-	-	-	-	-
Metalex Ltda.	-	-	-	-	552	-	-	-	-	-
	114,689	11,171	-	-	1,327,660	109,172	(3,939)	(30,341)	(318)	-
Dividends to be received										
CBA Energia Part. S.A.	20,307	-	-	-	-	-	-	-	-	-
Pollarix S.A.	25,883	-	-	-	-	-	-	-	-	-
	46,190	-	-	-	-	-	-	-	-	-
Disposal of invested interest (I)										
Companhia Brasileira de Alumínio	53,250	46,331	43,212	36,373	-	-	-	-	4,924	9,958
CBA Itapissuma	14,087	12,259	12,053	10,285	-	-	-	-	1,301	1,974
Votorantim Cimentos S.A. (Nota 1.1.2 (h))	49,678	-	36,661	-	-	-	-	-	3,536	-
Citrosuco S.A. Agroindústria	7,910	11,399	18,098	17,524	-	-	-	-	-	(183)
	124,925	69,989	110,024	64,182	-	-	-	-	9,761	11,749
Donations										
Instituto Votorantim	-	-	-	-	-	-	(2,346)	(1,650)	-	-
	-	-	-	-	-	-	(2,346)	(1,650)	-	-
Suppliers (Note 19) - energy purchases and services										
Auren Comercializadora de Energia Ltda.	-	-	-	2,770	-	-	-	-	-	-
Companhia Brasileira de Alumínio	-	-	22,689	-	-	-	(221,838)	-	-	-
Citrosuco S.A. Agroindústria	-	-	675	-	-	-	(9,546)	-	-	-
Votorantim Cimentos N/NE S.A.	-	-	-	-	-	-	(13,195)	-	-	-
Baesa-Energética Barra Grande S.A.	-	-	1,117	-	-	-	(10,912)	-	-	-
Campos Novos Energia S.A.	-	-	1,675	-	-	-	(16,368)	-	-	-
Votorantim S.A. (v)	-	-	1,703	912	-	-	(20,526)	(8,324)	-	-
Votorantim Geração de Energia S.A.	-	-	-	1,038	-	-	(1,042)	(13,979)	-	-
L.C.G.S.P.E. Empreendimentos e Participações Ltda. (iii)	-	-	-	-	-	-	(2,562)	(2,752)	-	-
Interávia Taxi Aéreo Ltda.	-	-	-	-	-	-	(17)	-	-	-
Compart Serviços e Assessorias Ltda.(iv)	-	-	70	-	-	-	(2,369)	-	-	-
Reservas Votorantim Ltda.	-	-	3	-	-	-	(185)	-	-	-
Citrovita Agro Industrial Ltda.	-	-	-	-	-	-	(1,300)	-	-	-
Way2 Serviços de Tecnologia S.A.	-	-	-	-	-	-	(90)	-	-	-
	-	-	27,932	4,720	-	-	(299,950)	(25,055)	-	-
Dividends payable										
Votorantim Geração de Energia S.A.	-	-	-	6,976	-	-	-	-	-	-
Votorantim S.A.	-	-	239,735	-	-	-	239,198	-	-	-
CPP Investments	-	-	203,179	6,976	-	-	-	-	-	-
Non-controlling shareholders (vi)	-	-	192,545	235,740	-	-	-	-	-	-
	-	-	635,459	249,692	-	-	239,198	-	-	-
	286,957	146,504	773,415	318,594	1,327,660	109,172	(67,037)	(57,046)	11,141	14,599

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	Parent company							
	Assets		Liabilities		Purchases and services		Financial income (Note 8)	
	2022	2021	2022	2021	2022	2021	2022	2021
Dividends receivable								
CESP - Companhia Energética de São Paulo	970,450	153,929	-	-	-	-	-	-
Auren Comercializadora de Energia Ltda.	83,347	-	-	-	-	-	-	-
Ventos de São Vicente Participações Energias Renováveis S.A.	7,914	6,270	-	-	-	-	-	-
CBA Energia Part. S.A.	20,308	-	-	-	-	-	-	-
Pollarix S.A.	25,883	-	-	-	-	-	-	-
Ventos de Santo Estevão Holding S.A.	764	764	-	-	-	-	-	-
Sol do Piauí	47	-	-	-	-	-	-	-
MRTV Comercializadora de Energia Ltda	10	-	-	-	-	-	-	-
	1,108,723	160,963	-	-	-	-	-	-
Disposal of investment in investees (i)								
Companhia Brasileira de Alumínio	53,250	46,331	43,212	36,373	-	-	(130)	11,252
Votorantim Cimentos S.A.	49,678	-	36,661	-	-	-	-	-
CBA Itapissuma	14,087	12,259	12,053	10,285	-	-	(34)	2,316
	117,015	58,590	91,926	46,658	-	-	(164)	13,568
Donations								
Instituto Votorantim	-	-	-	-	(600)	(53)	-	-
	-	-	-	-	(600)	(53)	-	-
Suppliers								
Votorantim Geração de Energia S.A. (v)	-	-	-	1,038	(1,042)	(13,979)	-	-
Reservas Votorantim Ltda.	-	-	-	-	(185)	-	-	-
Votorantim S.A.	-	-	133	117	(868)	(467)	-	-
Compart Serviços e Assessorias Ltda. (iv)	-	-	69	-	(2,298)	-	-	-
Interlândia Táxi Aéreo Ltda.	-	-	-	-	(17)	-	-	-
L.C.G.S.P.E. Empreendimentos e Participações Ltda. (iii)	-	-	-	-	(2,562)	(2,752)	-	-
	-	-	202	1,155	(6,972)	(17,198)	-	-
Dividends payable								
Votorantim S.A.	-	-	239,735	-	-	-	-	-
Votorantim Geração de Energia S.A.	-	-	-	6,976	-	-	-	-
CPP Investments	-	-	203,179	6,976	-	-	-	-
Acionistas não controladores (vi)	-	-	192,267	-	-	-	-	-
	-	-	635,181	13,952	-	-	-	-
Loans with subsidiaries (ii)								
Ventos de Santa Alexandrina Energias Renováveis S.A.	-	-	-	-	-	-	345	-
Ventos de Santo Apolinário Energias Renováveis S.A.	5,050	-	-	-	-	-	507	-
Ventos de Santo Alderico Energias Renováveis S.A.	17,891	-	-	-	-	-	666	-
Ventos de Santo Antero Energias Renováveis S.A.	-	-	-	-	-	-	308	-
Ventos de São Crispim I Energias Renováveis S.A.	11,748	-	-	-	-	-	188	-
Ventos de São Ciriaco Energias Renováveis S.A.	12,362	-	-	-	-	-	186	-
Ventos de Santo Alfredo Energias Renováveis S.A.	4,124	-	-	-	-	-	124	-
Ventos de São Caio Energias Renováveis S.A.	9,057	-	-	-	-	-	57	-
Ventos de São Ciro Energias Renováveis S.A.	17,162	-	-	-	-	-	162	-
Ventos de São Bernardo Energias Renováveis S.A.	-	-	-	-	-	-	168	-
	77,394	-	-	-	-	-	2,711	-
	1,303,132	219,553	727,309	61,765	(6,972)	(17,198)	2,547	13,568

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- (i) Refer to the outstanding balances of the sale of interest in subsidiaries by Auren to CBA, Citrosuco S.A. Agroindústria ("Citrosuco") and Cimentos, which are net of the adjustment to present value.
- (ii) Loan with subsidiaries on May 14, 2022: Settlement period is 180 days, counted from the signature date, plus interest and indexation accruals as defined in the contract.
- (iii) These refer to the provision of maintenance services for the plants.
- (iv) Project management services and IT infrastructure.
- (v) Refers to shared activities by the Excellence Center of the parent company VSA related to administrative activities, human resources, accounting, taxes, technical assistance and IT. These activities benefit all Votorantim Group companies and are reimbursed to VSA based on the proportion of the cost of activities actually provided to the Company.
- (vi) As a subsequent act to the Company's IPO, and in order to allow non-controlling shareholders of CESP to participate in Auren, a proposal was presented for the incorporation of all shares issued by CESP by Auren.

In the condensed consolidated and individual financial statements disclosed throughout the quarters of 2022, the balance of R\$ 235,452 was maintained as related parties due to non-controlling interests, therefore we revisited the terms of the corporate reorganization, which was changed from March 2022 and the mandatory minimum dividends paid to CESP's non-controlling shareholders for the year 2021 were adjusted to the Company, as detailed in Note 1.1.2 (e).

27.1 Remuneration of key management staff

The expenses related to key management staff are shown in the table below:

	Consolidated		Parent company	
	2022	2021	2022	2021
Fixed and variable remuneration (i)	28,927	8,876	20,152	1,745
Social charges	7,542	2,617	5,769	956
	36,469	11,493	25,921	2,701

- (i) The remuneration includes fixed remuneration (salaries and fees, vacations and 13th month salary), variable remuneration (bonuses and profit sharing), and benefits of medical and dental care, food and meal vouchers and life insurance.

In March 2022, the following governance bodies were formed: (i) Statutory Board, composed of four members; (ii) Board of Directors, composed of six members, with the term of office ending on the date of the annual general meeting that will examine the financial statements for the year ending December 31, 2023; and (iii) Statutory Audit Committee, composed of three members, with the term of office ending in March/2024.

28 Equity

28.1 Share capital

The paid-up capital at December 31, 2022 was R\$ 5,940,137 (R\$ 3,000,836 at December 31, 2021), divided into 1,000,000,000 common shares (1,985,094,892 common shares at December 31, 2021). The Company's main shareholders, at December 31, 2022, were:

	Consolidated and parent company		
	Paid-up share capital	Number of shares - in units	
		Ordinary	%
Shareholders			
Votorantim S.A.	2,242,015	377,434,774	37.74%
Canada Pension Plan Investment Board	1,904,401	320,598,904	32.06%
	4,146,416	698,033,678	69.80%
Other			
Outstanding shares	1,793,721	301,966,322	30.20%
	1,793,721	301,966,322	30.20%
	5,940,137	1,000,000,000	100.00%

28.2 Capital reserve

At December 31, 2022 the Company presented a capital reserve of R\$ 5,703,189, referring to the reverse merger of VGE (Note 1.1.2 (b)) for R\$ 1,260,581, and the merger of CESP shares (Note 1.1.2 (e)), for R\$ 4,442,608.

28.3 Profit reserve

	Parent Company and Consolidated	
	2022	2021
Legal reserve (i)	197,085	63,365
Profit retention (ii)	3,618,039	1,798,576
	3,815,124	1,861,941

- (i) The legal reserve is constituted by the appropriation of 5% of the net income for the fiscal year or the remaining balance, limited to 20% of the capital stock. Its purpose is to preserve the integrity of the share capital. It may only be used to offset losses or increase capital. If the Company presents a loss for the year, no appropriations are made to the legal reserve.
- (ii) The balance of income that does not have compulsory allocation to other reserves and that is not allocated to the payment of dividends is allocated to the retained earnings account, provided for in the Company's bylaws (reserve for investments), which will have the purpose of ensuring to finance additional investments of fixed and working capital and expansion of its social activities and of its subsidiaries and associates, until such reserve reaches the amount equivalent to 80% (eighty percent) of the capital figure, pursuant to article 196 of Law No. 6,404/76 and subsequent amendments.

28.4 Profit distribution

Distributions are recognized as a liability in the financial statements at the end of the year, based on the bylaws.

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Any amount above the mandatory minimum is only provisioned on the date of approval by the shareholders at the General Meeting. If the Company presents a loss for the year, there will be no distribution of dividends.

The Company and the subsidiaries allocate 25% of net income as minimum mandatory dividends, after appropriations to the legal reserve.

For the year ended December 31, 2022, Management presents the proposal for the distribution of the annual dividend of R\$ 635,169, provisioned in liabilities.

(a) Calculation

	Parent company and Consolidated	
	2022	2021
Net income for the year	2,674,400	58,739
(-) Legal reserve - 5%	(133,720)	(2,937)
Adjusted profit for the year (Balance for distribution of dividends)	2,540,680	55,802
(-) Mandatory minimum dividends - 25% according to the bylaws	635,169	13,952
(=) Balance of retained earnings	1,905,511	41,850
(-) Profit retention	(1,905,511)	(41,850)
(=) Balance	-	-

(b) Basic and diluted earnings per share

	Parent company	
	2022	2021
Net income for the year (a)	2,674,400	58,739
Weighted average number of shares, in batches of one thousand (b)	1,098,675	1,985,095
Earnings per share (a / b)	2.4342	0.0296

The Company does not have equity instruments or contracts with a dilutive effect, therefore, diluted profits per share for 2022 and 2021 are equal to the basic earnings per share above.

(c) Dividend per share

	Parent company	
	2022	2021
Proposed dividends (a)	635,169	13,952
Number of common shares, in batches of one thousand (b)	1,000,000	1,985,095
Dividend per share (a / b)	0.6352	0.0070

28.5 Equity valuation adjustment

The balance of other components of comprehensive income (loss) of R\$ (205,372) at December 31, 2022 refers to the proportional adjustments for the CESP actuarial liability recognized pursuant to CPC 33 (R1) – Employee benefits

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by subsidiary CESP (R\$ (405,374) at December 31, 2021 referring to employee benefits and derivative financial instruments of subsidiary CESP).

	Parent company	
	2022	2021
Opening balance	(405,374)	(636,478)
Provision for hedge accounting	507	-
Provision for operating hedge accounting - subsidiaries	-	24,914
Gain on post-employment benefit in the year - subsidiaries	196,147	207,820
Loss (gain) of interest in investee	-	(1,630)
Other comprehensive income	3,348	-
	<u>200,002</u>	<u>231,104</u>
	-	-
Closing balance	<u>(205,372)</u>	<u>(405,374)</u>

29 Financial instrument and risk management**29.1 Financial instruments by category****(a) Financial assets – classification, recognition and measurement**

The Company and its subsidiaries classify their financial assets under the following categories: amortized cost, fair value through profit or loss and fair value through other comprehensive income. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the company's financial assets on initial recognition.

(i) Amortized cost

Financial instruments held in a business model whose objective is to obtain contractual cash flows and their contractual terms give rise to cash flows that are exclusively the payment of principal and interest. Instruments in this classification are measured at amortized cost.

(ii) Fair value through profit or loss

Characterized by their active and frequent trading in the financial markets. These instruments are measured at fair value, and their variations are recognized in profit or loss for the year.

(iii) Fair value through other comprehensive income

Financial instruments that meet the criteria of contractual terms, that give rise to cash flows that are exclusively the payment of principal and interest and that are maintained in a business model, the objective of which is achieved both by obtaining contractual cash flows and by selling of the financial asset. Instruments in this classification are measured at fair value through other comprehensive income, when applicable.

(b) Financial liabilities – classification, recognition and measurement

The Company and its subsidiaries classify their financial liabilities under the following categories: (i) measured at amortized cost and (ii) fair value through profit or loss. Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated on initial recognition at fair value through profit or loss and changes thereto, including interest, are recognized in profit or loss. Changes in other financial liabilities

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measured at amortized cost, including interest and exchange variation, are recognized in profit or loss under “Financial revenue (expenses)” except for exchange variation recognized as “Exchange variation”. Financial liabilities are derecognized when the obligations are settled, cancelled or expire. The difference between the extinct carrying amount and the consideration paid (including assets transferred or liabilities assumed) is recognized in the income statement.

The financial instruments by category are shown below:

		Consolidated		Parent company	
	Level	2022	2021	2022	2021
Assets					
At amortized cost					
Accounts receivable from customers (Note 10)	1	617,860	328,631	-	-
Related parties (Note 27)	1	124,925	69,989	194,409	58,590
Asset subject to indemnification (Note 13)	1	21,799	1,739,161	-	-
		764,584	2,137,781	194,409	58,590
			-		-
At fair value through profit or loss					
Cash equivalents (Nota 9)	1	3,099,435	1,571,298	1,050,796	383,095
Financial investments (Note 9)	1	105,347	77,751	-	-
Liquidity fund - Reserve account (note 9)	1	154,133	106,201	-	-
Assets payable by the Union (Note 11)	1	3,909,017	-	-	-
Energy futures contracts (Note 21)	1	5,609,438	612,107	-	-
		12,877,370	2,367,357	1,050,796	383,095
			-		-
At fair value through other comprehensive income					
Derivative financial instruments	2	936	-	-	-
		936	-	-	-
			-		-
		13,642,890	4,505,138	1,245,205	441,685
			-		-
Liabilities					
At amortized cost					
Loans, financing and debentures (note 18)	2	5,830,217	4,710,874	342,515	299,674
Suppliers (Note 19)	1	549,019	299,794	54,317	82,362
Leases (Note 17(b))	1	44,304	5,498	2,650	31
Related parties (Note 27)	1	110,024	64,182	91,926	46,658
		6,533,564	5,080,348	491,408	428,725
		-	-	-	-
At fair value through profit or loss					
Energy futures contracts (Note 21)	2	5,414,689	620,316	-	-
		5,414,689	620,316	-	-
			-		-
At fair value through other comprehensive income					
Derivative financial instruments	2	158	12,699	-	-
		158	12,699	-	-
			-		-
		11,948,411	5,713,363	491,408	428,725

The Company and its subsidiaries classify the fair values under the following measurement hierarchy:

Level 1 - Quoted (unadjusted) prices in active markets for identical assets and liabilities;

Level 2 - Information, in addition to quoted prices, included in Level 1 that are adopted by the market for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);

Level 3 - Inputs for assets or liabilities that are not based on data adopted by the market (unobservable inputs).

29.2 Financial risk factors

The activities of the Company and its subsidiaries expose them to various financial risks, namely: (a) credit risk, (b) liquidity risk, (c) hydrological and GSF risk, (d) regulatory risk, (e) socio-environmental risk (f) non-performance risk of wind farms, and (g) foreign exchange risk.

To mitigate the different effects of each risk factor, the Company and its subsidiaries follow the Auren Risk Management Policy, with the objective of establishing governance and its macro guidelines in the financial risk management process, as well as measurement and monitoring indicators.

The financial risk management process aims to preserve liquidity and protect cash flow and its operational (revenues and costs) and financial (financial assets and liabilities) components against adverse market events, such as currency price fluctuations and interest rates and against adverse credit events.

(a) Credit risk

Financial investments (cash allocation) create exposure to the credit risk of counterparties and issuers. The Company and its subsidiaries have a policy of working with issuers that have, at the least, been evaluated by two of the following rating agencies: Fitch Ratings, Moody's or Standard & Poor's. The minimum rating required for counterparties is "A" (on a local scale) or "BBB-" (on a global scale), or equivalent.

For financial assets whose issuers do not meet the minimum credit risk ratings described above, the allocation must be previously approved by the Board of Directors. The credit quality of financial assets is described in Note 9.1. The ratings disclosed in this note are always the most conservative of the agencies mentioned.

(b) Liquidity risk

Liquidity risk is managed aiming to guarantee sufficient liquid resources to honor the financial commitments of the Company and its subsidiaries on time and at no additional cost. One of the main instruments for measuring and monitoring liquidity is the cash flow projection, observing a minimum period of 12 months of projection from the reference date.

Liquidity and indebtedness management adopts metrics compatible with investment grade companies provided by global risk rating agencies.

The following table analyzes the main financial liabilities of the Company and its subsidiaries, by maturity ranges, corresponding to the remaining period in the balance sheet until the contractual maturity date.

	Consolidated					
	Up to 1 year	Between 1 and 2 years	Between 3 and 5 years	Between 5 and 10 years	Over 10 years	Total
As of December 31, 2022						
Loans, financing and debentures (i)	545,211	1,155,917	1,474,040	3,703,685	1,419,897	8,298,750
Suppliers	549,019		-	-	-	549,019
Leases (i)	6,749	10,684	16,097	24,025.00	94,177	151,732
Derivative financial instruments	158		-	-	-	158
Energy futures contracts (i)	2,246,094	3,085,121	1,299,930	297,483	1,582	6,930,210
Sector charges	21,835	-	-	-	-	21,835
UBP - Use of a public asset (i)	43,465	37,279	11,400	-	-	92,144
	3,412,531	4,289,001	2,801,467	4,025,193	1,515,656	16,043,848

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Explanatory notes

In thousands of reais unless otherwise stated

						Consolidated
	Up to 1 year	Between 1 and 2 years	Between 3 and 5 years	Between 5 and 10 years	Over 10 years	Total
As of December 31, 2021						
Loans, financing and debentures (i)	405,743	447,521	1,809,329	3,439,091	839,050	6,940,734
Suppliers	225,578	43,245	30,971.00	-	-	299,794
Energy futures contracts (i)	318,420	304,326	118,357.00	-	-	741,103
Leases (i)	1,825	3,312	828	-	-	5,965
Sector charges	20,170	-	-	-	-	20,170
UBP - Use of a public asset (i)	42,462	84,939	13,147	-	-	140,548
	1,014,198	883,343	1,972,632	3,439,091	839,050	8,148,314

	Parent company					
	Up to 1 year	Between 1 and 2 years	Between 3 and 5 years	Between 5 and 10 years	Over 10 years	Total
As of December 31, 2022						
Loans, financing and debentures (i)	621	452,209	-	-	-	452,830
Suppliers	54,317		-	-	-	54,317
Derivative financial instruments	157					157
Leases (i)	424	442	803	981	-	2,650
	55,519	452,651	803	981		509,954

						Parent company
	Up to 1 year	Between 1 and 2 years	Between 3 and 5 years	Between 5 and 10 years	Over 10 years	Total
As of December 31, 2021						
Loans, financing and debentures (i)	-	-	388,918	-	-	388,918
Suppliers	8,146	43,245	30,971	-	-	82,362
Leases (i)	31	-	-	-	-	31
	8,177	43,245	419,889	-	-	471,311

(i) The amounts included in the table are the undiscounted contractual cash flows.

(c) Hydrological risk and GSF

The electricity generation of subsidiary CESP depends directly on hydrological conditions, since its entire generating complex is hydroelectric.

The plants that make up the hydro power generating park of subsidiary CESP participate in the Energy Reallocation Mechanism "MRE", which aims to make all participating generators sell the amount of their physical guarantee, regardless of their actual production, reallocating and transferring surplus energy from projects that generated above their physical guarantee to those that generated below.

When the sum of the generation of the plants that are part of the MRE is insufficient to meet the sum of their physical guarantees, there is a deficit situation (measured by the hydrological risk "GSF"), which results in negative financial exposures for these generators, regardless of the individual generation level of each plant.

The occurrence of unfavorable hydrological conditions, together with the obligation of the generators to deliver energy, may result in exposure to the short-term energy market at the Settlement Price of Differences ("PLD"), whose prices, in periods of unfavorable hydrological conditions, tend to be high, and may substantially and materially affect their business, financial condition and operating results.

(d) Regulatory risk

The activities of the subsidiaries are regulated and supervised by ANEEL. Any change in the regulatory environment may have an impact on the activities of the Company's subsidiaries.

(e) Socio-environmental risk

The Company and its subsidiaries are subject to numerous environmental laws, regulations, treaties and conventions, which determine the removal and cleaning of contamination from the environment, or relating to environmental protection. Violations of existing environmental regulations expose violators to substantial fines and monetary sanctions and may require technical measures or investments to ensure compliance with mandatory emission limits.

The Company periodically carries out surveys in order to identify potentially impacted areas and records, based on the best cost estimate, the estimated values for monitoring and preventing potentially impacted locations.

The Company and its subsidiaries consider that they are in compliance with all environmental standards applicable to their operations.

(f) Risk of non-performance of wind farms

The subsidiaries of Ventos de Araripe III and Ventos do Piauí I wind complexes have specific performance clauses in their wind power generation authorization contracts, which delimit a minimum generation throughout the year and four-year period, linked to the physical guarantee committed in the auctions in which these subsidiaries are traded. Wind farms are exposed to climatic factors, such factors can cause fluctuations in wind speed, thus generating the risk of non-compliance with what is determined in the contract and there is the possibility of compromising the future revenues of the Company's subsidiaries.

(g) Market risk

It is associated with the occurrence of losses resulting from fluctuations in the market values of the Company's own positions, including possible operations subject to exchange rate variation, interest rates and market prices and volume.

(i) Foreign exchange risk

Exchange rate risk is associated with the possibility of changes in exchange rates, which affects the financial result and balances indexed to foreign currency. The Company's exchange risk protection seeks to achieve a low level of exchange exposure in its assets and liabilities and commitments denominated in foreign currency, which are permanently monitored.

(ii) Interest rate risk

The Company's interest rate risk arises from operating contracts, loans, financing and debentures. These contracts issued at variable rates expose the Company to the risk of interest rate fluctuations affecting the Company's cash flow, which are permanently monitored.

(iii) Market price and volume risk

The Company is exposed to different risks directly linked to its energy trading operation, one of the main ones being the risk characterized by changes in the price and quantity of energy.

For the control and management of market risks inherent to the business, the Company establishes a risk limit in order to guarantee that potential losses do not become financial losses.

The purpose of monitoring exposure to market risk for the Company is to inform the appropriate authorities for decision-making and definition of action plans, if necessary.

29.3 Sensitivity analysis statements

The main risk factors that impact the pricing of financial instruments in cash equivalents, financial investments, liquidity fund - reserve account, loans, financing and debentures, and derivative financial instruments are (i) interest rates CDI, TLP and IPCA. The sensitivity scenarios have been developed using market sources and specialist sources.

The scenarios at December 31, 2022 are described below:

Scenario I - Considers market quotations of December 31, 2022, according to the base scenario defined by management to March 31, 2023;

Scenario II - Stressing by + or - 25% in the market curves of December 31, 2022;

Scenario III - Stressed by + or - 50% in the market curves of December 31, 2022.

					Consolidated				
					Impact on the result				
					Scenario I		Scenario II & III		
Fatores de risco	Nature of operation	Balance	Unity	Shock in the curves at 12/31/2022	Scenario result I	-25%	-50%	+25%	+50%
Interest rates									
BRL - CDI 13,65%	Cash equivalents, financial investments and liquidity fund - reserve account	3,358,914.86	BRL thousands	-1bps	(417)	(114,623)	(229,246)	114,623	229,246
BRL - CDI 13,65%	Principal of derivative financial instruments (i)	1,653.00	BRL thousands	-1bps	(5)	(81)	(171)	73	138
BRL - CDI 13,65%	Loans and financings (i)	569,920.00	BRL thousands	-1bps	71	19,449	38,897	(19,449)	(38,897)
BRL - TJLP 7,37%	Loans and financings (i)	1,538,393.00	BRL thousands	17 bps	(2,615)	28,345	56,690	(28,345)	(56,690)
BRL - IPCA 5,79%	Loans and financings (i)	3,741,522.00	BRL thousands	-29 bps	10,850	54,159	108,317	(54,159)	(108,317)

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					Parent company				
					Impact on the result				
					Scenario I	Scenario II & III			
	Nature of operation	Balance	Unity	Shock in the curves at 12/31/2022	Scenario result I	-25%	-50%	+25%	+50%
Interest rates									
BRL-CDI 13,65%	Cash equivalents	1,050,796	BRL thousands	-1bps	(131)	(35,858)	(71,717)	35,858	71,717
BRL-CDI 13,65%	Loans and financings (ii)	343,758	BRL thousands	-1bps	43	11,731	23,461	(11,731)	(23,461)

* *bps* - basis points

- (i) The balances presented do not agree directly to the Note disclosures for derivatives, as the scenarios use interest rates on the principal amount of financial operations.
- (ii) Loans, financing and debentures do not include funding costs.

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For future energy contracts, the main risk factor impacting their pricing is the exposure resulting from the difference between the prices of future purchase and sale contracts and market prices. Such exposures present considerable volatilities, reflecting variations in the results of the Company and its subsidiary Auren Comercializadora.

To assess the possible variability of the result of marking to market the future energy contracts, a simulation was performed on the basis of the market price behavior over the last ten years. The possible result scenarios were divided into four quartiles. The first and third quartiles at a significance level of 75% of the sample analyzed, meaning that there is a possibility, that for every four occurrences, the result of future energy contracts is below the estimated value.

The following table demonstrates the sensitivity analysis for future energy contracts at position on December 31, 2022 under the following scenarios:

- I. Base scenario, as defined by Management for December 31, 2022;
- II. Represents the variation between the base scenario and the 25% percentile of the distribution;
- III. Represents the variation between the base scenario and the 75% percentile of the distribution.

Risk factors	Nature of the operation	Balance	Unit	Consolidated		
				Hypothetical impacts on the income		
				Scenario I	Scenario II	Scenario III
Purchase and sale contracts - fair value	Energy futures contracts	194,749	BRL thousands	194,749	185,225	204,639

30 Insurance

The Company and its subsidiaries maintain General Civil Liability (RCG), Civil Liability of executives and directors (D&O) insurance policies, in addition to Property Risk insurance coverage, with the coverage, indemnity limits and duration periods indicated in the table below. Such policies have coverage, conditions and limits, considered by Management to be adequate for the inherent risks of the operation (unaudited).

Mode	Main coverages	Maximum limit of Indemnity (LMI) - BRL Thousand	Due Date
Equity	Property Damage and Business Interruption	1,368,484	Until Jun/2023
RCG	RC Operations, Employer, Sudden Pollution, Pain and Suffering, among others	45,000	Until Feb/2024
D&O	Compensation to Administrators, Reimbursement to the Borrower, among others	100,000	Until Mar/2023

The total premium paid by the Company and its subsidiaries for contracting the insurance is approximately R\$ 19,915 at December 31, 2022 (R\$ 11,404 at December 31, 2021).

31 Long term commitments

The main commitments of the Company and its subsidiaries related to long-term contracts are shown below:

							Consolidated
	2023	2024	2025	2026	2027	A partir de 2028	Total
Network usage charges	297,255	294,165	294,165	294,165	294,165	7,862,992	9,336,907
Financial Compensation for the Use of Water Resources (CFURH)	44,269	55,240	55,057	55,057	55,057	1,504,887	1,769,567
Operation and maintenance services - O&M (iii)	112,218	112,218	112,218	112,218	112,218	943,781	1,504,871
Rentals and leases (i)	15,307	8,875	12,790	12,135	12,872	306,120	368,099
Electric Energy Services Inspection Fee (TFSEE)	8,645	8,645	8,645	8,645	8,645	223,934	267,159
Hydrological risk renegotiation	30,540	30,623	30,540	30,540	30,540	15,270	168,053
Projects under Development/Construction (ii)	2,102,394	56,636	-	-	-	-	2,159,030
	2,610,628	566,402	513,415	512,760	513,497	10,856,984	15,573,686

- (i) The subsidiaries of the wind and solar parks have future commitments signed with the lessors of the land where the parks were built, the main assumption is a percentage of the net revenue of the parks to be paid, prorated proportionally to the area of the land belonging to each lessor, such lease commitment is linked to these projects until the end of the authorizations issued by ANEEL, as shown in Note 1, Operations.
- (ii) The Company and its subsidiaries have a medium-term plan to invest in the construction of new solar parks, for which commitments have already been made to suppliers related to the civil works in the parks and the acquisition of solar panels, estimated to be settled by 2024.
- (iii) The subsidiaries of the wind farms have future commitments signed with the suppliers GE, Siemens Gamesa and Vestas for the service of operation and maintenance of the operational equipment of the parks, which are effective until 2032, 2037 and 2040, respectively.

32 Subsequent events

32.1 Approval of additional dividends

The Board of Directors approved, on February 16, 2023, the management proposal of dividends in the amount of R\$ 1,500,000, equivalent to R\$ 1,50 per share, to be submitted for approval by the Company's Annual and Extraordinary Shareholders' Meeting to be held on April 28, 2023, considering: (i) Company's mandatory minimum dividend, in the amount of R\$ 635,139, equivalent to R\$ 0.635 per share, corresponding to 25% of adjusted net income for the year; and (ii) Company's additional dividend, in the amount of R\$ 864,831, corresponding to the profit retention in the years ended on December 31, 2022 (investment reserve) equivalent to R\$ 0.865 per share.