

A large, abstract, wavy graphic in shades of purple and blue with iridescent highlights, resembling a liquid wave or a stylized 'S' shape, spans the middle of the page.

Earnings Release

1Q23

May 2023

Webcast

May 5, 2023

(in Portuguese with simultaneous translation into English)
10 a.m. (Brasília) | 9 a.m. (New York) | 2 p.m. (London)

[Click here](#) to access the webcast

Presentation available at ri.aurenenergia.com.br

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On March 31, 2023:

- **AURE3:** R\$14.67
- **Market Cap:** R\$14.7 billion





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1Q23 Highlights

Financial Highlights ^(a)			
R\$ million	1Q23	1Q22	Var.
Net Revenue	1,414.5	1,384.2	2.2%
EBITDA	451.9	302.4	49.5%
Adjusted EBITDA^(b)	396.2	353.9	12.0%
<i>Adjusted EBITDA Margin</i>	<i>28.0%</i>	<i>25.6%</i>	<i>+2.4 p.p</i>
Hydroelectric	229.9	301.7	-23.8%
Wind	139.1	82.1	69.5%
Trading	62.7	(2.6)	N.M.
<i>Holding</i>	<i>(35.5)</i>	<i>(27.3)</i>	<i>30.2%</i>
Net Profit	230.0	(5.5)	N.M.
Operational Cash Flow^(c)	298.2	200.8	48.5%
Free Cash Flow	171.4	1,421.0	-87.9%
Net Debt^(d)	2,761.8	1,661.2	66.3%
Leverage^(e)	1.6x	1.5x	0.1x

^(a) The financial performance of 1Q22 reflects Auren's consolidated unaudited, pro forma results, which reflect the effects of corporate restructuring.

^(b) EBITDA adjusted by: (i) provision for or reversal of litigations and judicial deposits; (ii) provision for or reversal of impairment; (iii) dividends received from investees whose results are not consolidated by the Company; (iv) result of mark-to-market adjustment of energy agreements; and (iv) other non-recurring events.

^(c) Operational Cash Flow, after debt service.

^(d) Gross Debt less cash (cash, cash equivalents and financial investments), including the fair value of derivatives (assets and liabilities) and leases classified in accordance with CPC06/IFRS 16 – Leases.

^(e) Net Debt / Adjusted EBITDA of the last 12 months.

- **Increase of 17.5% in hydroelectric generation** in 1Q23 compared to 1Q22, due to favorable inflows during the period and the respective improvement in flow at HPP Porto Primavera;
- **Wind power generation increased 18.0%** on a comparable basis, mainly due to the normalization of generation in Ventos do Araripe III in April 2022 and better winds during the period;
- **12% growth in Adjusted EBITDA** in 1Q23, which totaled R\$369.2 million, with 2 p.p. of Adjusted EBITDA margin expansion, reaching 28.0%;
- **Net income of R\$230.0 million** in 1Q23, reversing the net loss of R\$5.5 million in 1Q22;
- **First tranche of the R\$180 million** loan from Banco do Nordeste (**BNB**) for the **Sol de Jaíba** fotovoltaic project;
- Operating Cash Flow after debt service of R\$298 million, representing **cash conversion ratio⁽¹⁾ of 75%**;
- **Leverage**, as measured by the ratio of net debt to Adjusted EBITDA, was **1.4x**, with strong cash position of R\$3.4 billion.

⁽¹⁾ Cash conversion ratio = Operating Cash Flow after debt service/Adjusted EBITDA.



Management Message

In the first quarter of 2023, we evolved consistently in our journey of creating a leading renewable energy platform in Brazil by further improving our differentials in operational management and efficiency.

Construction progressed on our solar project, Sol de Jaíba, and our hybrid project, Sol do Piauí, which together will add 548 MW_{ac} of installed capacity and 167 MW_{avg} of physical guarantee. This quarter, the Banco do Nordeste (BNB) released R\$180 million for the solar project, at the cost of IPCA index + 4.48% p.a. and term of 24 years.

Despite the challenging scenario for the construction of new projects, the construction schedule and budget of the solar and hybrid projects are strictly in accordance with the original plan, which guarantees competitive returns from the project. Total investment in these complexes is R\$2.2 billion, with an estimated cost of R\$3.3 million/MWp for Sol de Jaíba and R\$4.3 million/MWp for Sol do Piauí.


As for operational performance, the main highlight of the quarter was wind generation, due to above-expected performance of winds during the period. The consolidated generation of wind farms was 0.5% above P50 and 10.6% above P90. On a comparable basis, generation at Ventos do Piauí I and Ventos do Araripe III was 18% higher than in 1Q22.

Hydroelectric generation also shown an important increase, totaling 939 MW_{avg}, 17.5% higher than the 799 MW_{avg} in 1Q22, result of taking advantage of the high affluence in the Paraná River basin. The rainy season positively impacted the maintenance of reservoir levels, favoring hydroelectric generation and recovery of the system's storage level.

As a consequence of the improvement in energy supply conditions, the short-term average price (Differences Settlement Price – PLD) was once again near the minimum PLD in all submarkets.

On the trading segment, we increased the sale of products targeted at smaller customers. With all the energy already sold for the next 3 years, we mitigated the risk of exposure to low energy prices, according to the market conditions observed in recent months. In addition, we remain focused on expanding our commercial partnerships, in line with our strategy of building an ecosystem of strategic partners and preparing for the free energy market transformations.

On the ESG front, we published this quarter Auren's first Annual Report, which is a milestone in registering our advances in sustainability and which brings our initiatives and results driven by our businesses. The report, prepared according to the standards of the Global Reporting Initiative (GRI), narrates our advances based on the best practices of ESG Agenda and in line with the public commitments undertaken towards the UN Sustainable Development Goals (SDGs).



Finally, we reinforce our commitment to Auren's growth strategy, we remain determined to evaluate opportunities aligned with our strategy, diligently and responsibly, aiming at creating value for our shareholders, customers, partners and communities where we operate.

Fabio Zanfelicce

Chief Executive Officer

Mario Bertoncini

VP of Finance and Investor Relations
Officer

Operating Performance

In March 2023, Auren's operational installed capacity totaled 3,030 MW. Of this total, 2,057 MW refers to hydropower, including 517 MW of assets in which the Company holds non-controlling interest, and 973 MW refers to wind power, considering the startup of wind complexes Ventos do Piauí II and III in 4Q22.

Hydroelectric generation

The Company holds 100% 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.

Power generation at HPP Porto Primavera came to 939.3 MWavg in 1Q23, up 17.5% from 1Q22 (799.3 MWavg).

Table 1 – Generation by hydroelectric power plants 100% owned by the Company

	Installed Capacity (MW)	Physical Guarantee (MWavg)	Energy Generation (MWavg)		
			1Q23	1Q22	Var. (%)
HPP Porto Primavera	1,540.0	886.8	939.3	799.3	17.5%

In 1Q23, most water basins in the Southeast/Midwest subsystem registered flows above the historical average, and hence, due to the consistent recovery of reservoirs in the basin of Grande River, combined with the rainfall observed, the National Electricity System Operator (ONS) declared condition of flood control in this water basin, which is the main source of storage for the Paraná River, where the HPP Porto Primavera is located. Thus, for a controlled occupation of the flood control volume of reservoirs, there was water drawdown in water levels at the plants on the Grande, Paranaíba, Tietê and Paraná rivers. Therefore, HPP Porto Primavera operated with drawdowns, which did not happen in the last seven years.

As a result, the energy production of the Porto Primavera HPP was 4.6% higher than the seasonal physical guarantee in the period.

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

	ENA (MWavg)			ENA (% MLT) ⁽²⁾		
	1Q23	1Q22	Var. (%)	1Q23	1Q22	Var. (%)
January	77,841	71,394	9.0%	119%	108%	11 p.p.
February	73,925	76,408	-3.3%	105%	108%	-3 p.p.
March	71,117	52,552	35.3%	103%	76%	27 p.p.
Jan - Mar	74,307	66,464	11.8%	109%	97%	12 p.p.

⁽²⁾ Long-term average (MLT). Information available at http://www.ons.org.br/Paginas/resultados-da-operacao/historico-da-operacao/energia_afluente_subsistema.aspx

Average availability index of plants managed by Auren remained significantly above the reference values defined by the Brazilian Electricity Regulatory Agency (ANEEL), demonstrating the quality of asset operations and maintenance, as well as adequate management of operating risks. In 1Q23, HPP Porto Primavera maintained its average availability index at 96.5%, 0.6 p.p. higher than 1Q22 (95.9%).

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

	Installed Capacity (MW)	Number of Generation Units – UG	UG Unity Capacity (MW)	Verified Availability	ANEEL Reference Values
HPP Porto Primavera	1,540.0	14	110.0	96.5%	92.3%
HPP Picada	50.0	2	25.0	95.7%	94.6%

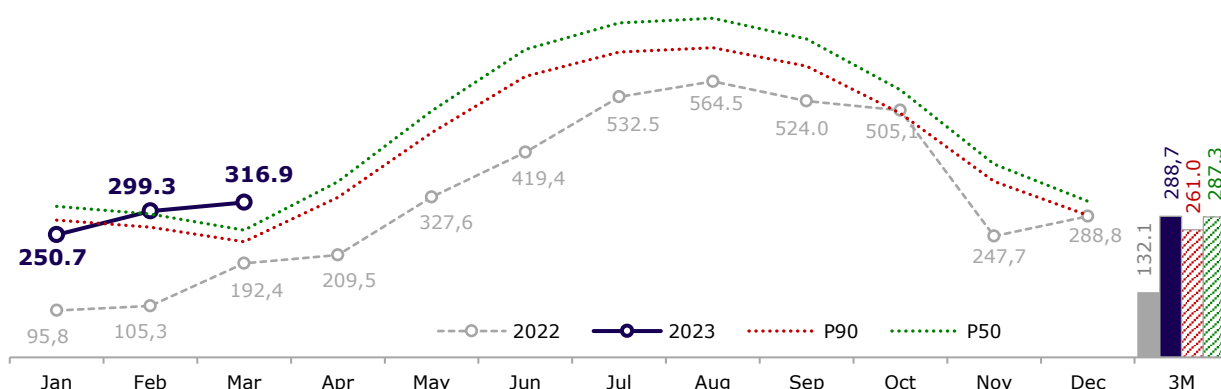
Wind Power Generation

Power generation at the wind farms operated by Auren totaled 289 MWavg in 1Q23, up 118.5% from 1Q22 (132 MWavg), due to the full operation of wind farms Ventos do Piauí II and III, which added 133 MWavg to total wind power generation in the period, the full operation of the Ventos do Araripe III substation and better winds. On a same-asset basis, the increase in power generation would be 18.0% in 1Q23 vs. 1Q22.

Table 4 – Generation by Wind Complexes

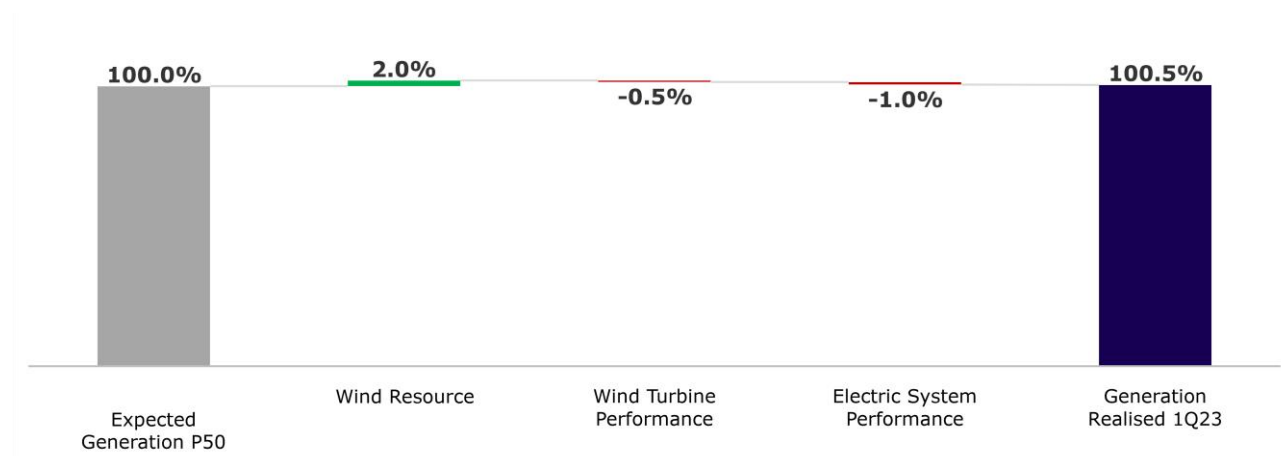
	Installed Capacity (MW)	Physical Guarantee (MWavg)	Certification (MWavg) Jan - Mar		Power Generation (MWavg)		
			P50	P90	1Q23	1Q22	Var. (%)
Ventos do Araripe III	357.9	151.1	95.7	90.4	98.7	73.9	33.5%
Ventos do Piauí I	205.8	106.3	57.7	54.6	57.1	58.1	-1.8%
Ventos do Piauí II	206.8	104.6	69.1	60.1	69.8	-	-
Ventos do Piauí III	202.4	99.7	64.7	56.0	63.1	-	-
Total	972.9	461.7	287.3	261.0	288.7	132.1	118.5%

Chart 1 – Wind Complexes: Power Generation and Certified Values for the 50th (P50) and 90th Percentile (P90) (MWavg)



Assessing the aggregated results of the wind assets in terms of the technical parameters of the project, the wind resource was 2.0% above the long-term average for the 20-year horizon (estimated horizon of energy production based on P50). The wind turbines, in turn, performed 0.5% below expectations, due to preventive maintenance prioritized in periods of low winds in Ventos do Piauí I and Ventos do Araripe III. Another factor that impacted generation in the period was the internal electrical system⁽³⁾ of the park, which was 1.0% below expectations, mainly affected by the limitations of generation flow due to restriction of the National Interconnected System – SIN⁽⁴⁾ in the order of 1.0%.

Chart 2 – Wind Complexes: performance compared to the technical parameters of the project with an average generation expectation of P50 on a 100 basis



⁽³⁾ Electrical system refers to the internal system composed of the medium voltage network (34.5kV), the collector substation (34.5/230kV), the transmission line to the disconnecting substation (230/500kV) and the SIN - Interconnected System National.

⁽⁴⁾ Mostly refer to restrictions motivated by the need to control flows from the North and Northeast regions to the Southeast, due to the unavailability of the Xingú/Estreito bipole and hydraulic restrictions on the São Francisco River and at the HPP Belo Monte.

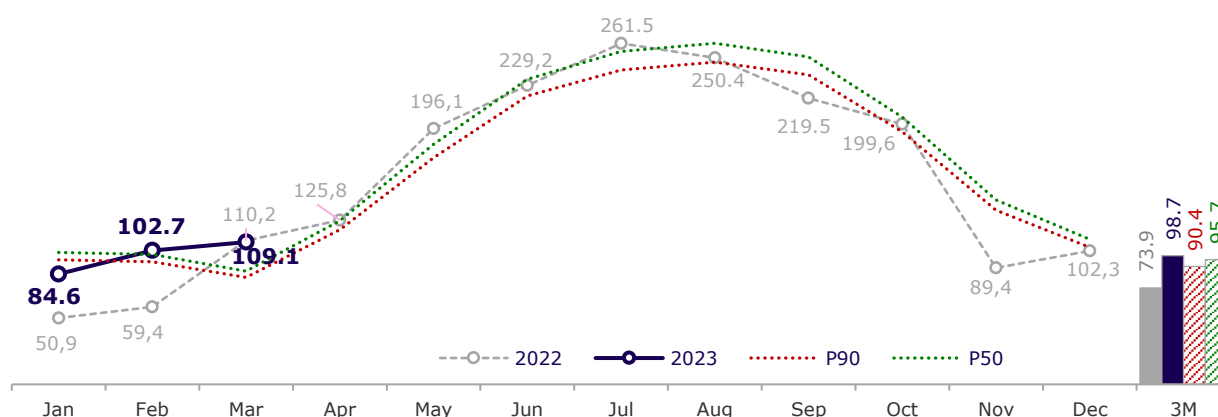
Ventos do Araripe III

In 1Q23, generation by Ventos do Araripe III was 9.1% higher than expected in the 90th percentile (P90) and 3.1% higher than average expected generation (P50), due to above-average winds during the period.

Table 5 – Quarterly generation by the Ventos do Araripe III wind complex

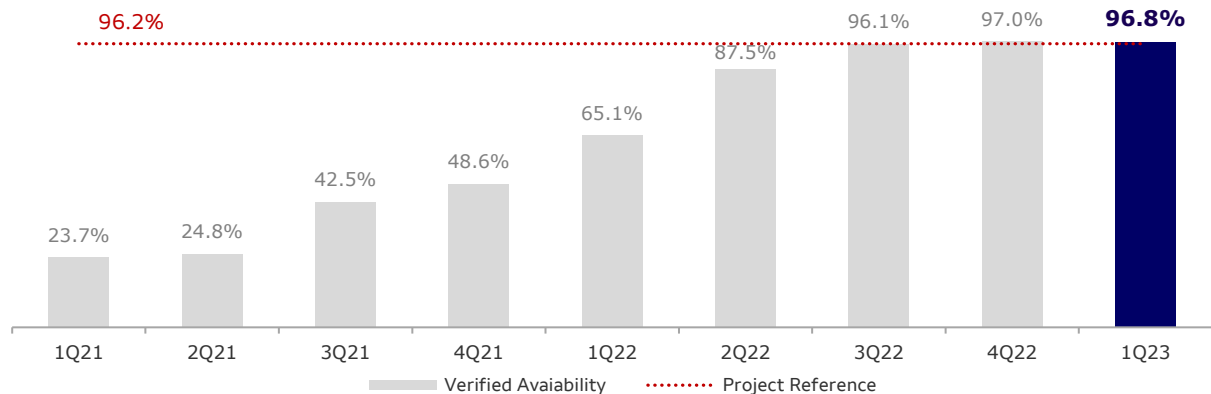
Period	Generation (MWavg)	Expected Generation (P90) (MWavg)	Var. (P90)	Expected Generation (P50) (MWavg)	Var. (P50)
1Q22	73.9	90.4	-18.2%	95,7	-22,8%
1Q23	98.7		9.1%		3,1%

Chart 3 - Ventos do Araripe III: Power generation and certified values for the 50th Percentile (P50) and 90th Percentile (P90) (MWavg)



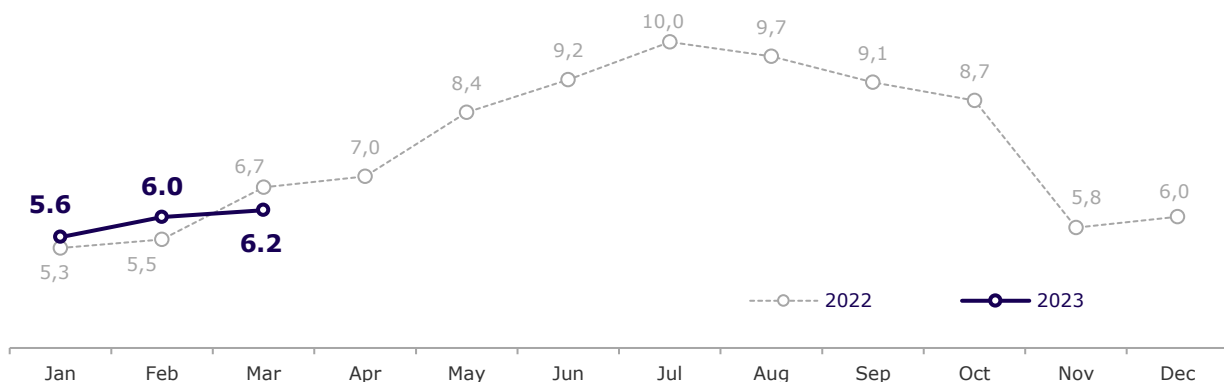
Average time availability index of the complex reached 96.8% in 1Q23, up 48.7 p.p. from 1Q22 (65.1%), indicating the normalization of the asset's availability. The asset has been fully operational since April 2022.

Chart 4 - Ventos do Araripe III: Average Time Availability (%)



In 1Q23, average wind speed was 5.9 m/s, in line with 1Q22 (5.8 m/s).

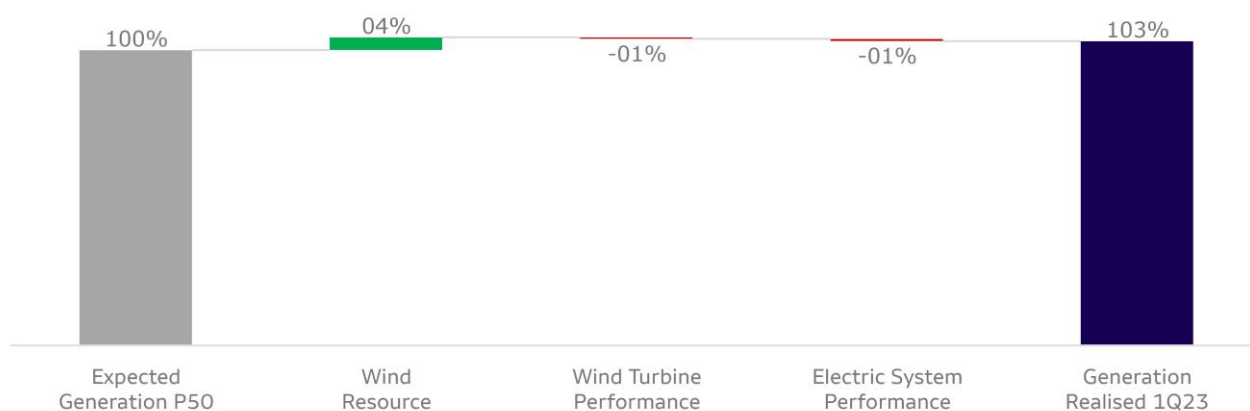
Chart 5 - Ventos do Araripe III: Monthly Average Wind Speed (m/s)



Assessing the results based on the technical parameters of the project, winds were 4.4% above the long-term average for a 20-year horizon (estimated period of power generation based on P50). Wind turbines, on the other hand, performed 0.6% below expectations due to preventive maintenance and unavailability for blade repairs. Another factor that adversely affected generation in the period was the internal power grid⁽⁵⁾ of the farm, whose generation was 0.7% below expectation due to above-expected internal technical losses and limited distribution of the power generated due to SIN restrictions.

⁽⁵⁾Power grid refers to the internal system consisting of the medium voltage network (34.5kV), the collector substation (34.5/230kV) and the transmission line up to the sectioning substation (230/500kV).

Chart 6 - Ventos do Araripe III: Performance of the wind farm compared to the technical parameters of the project, with average expected generation of P50 (base: 100)



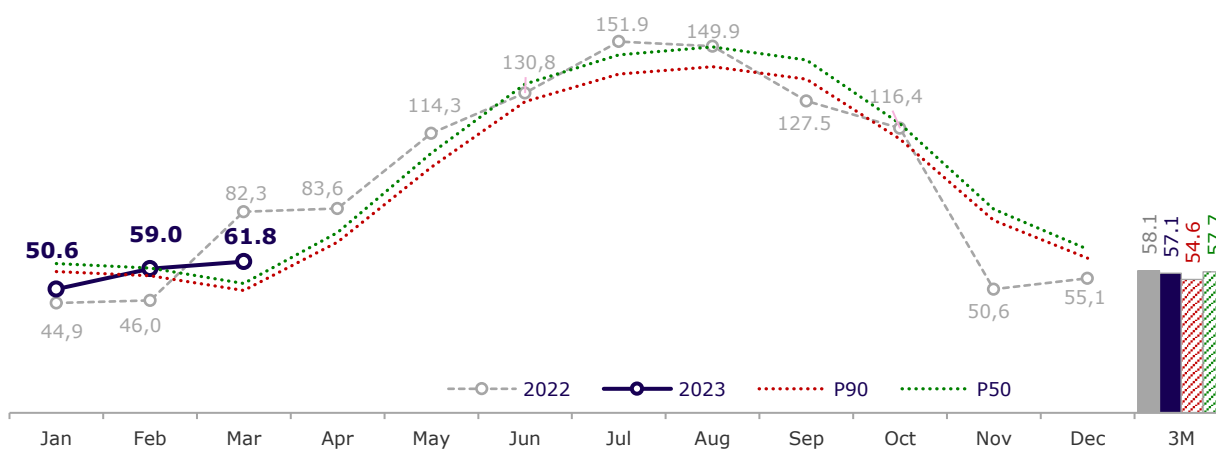
Ventos do Piauí I

In 1Q23, generation from Ventos do Piauí I was 4.6% higher than expected in the 90th percentile (P90) and 1.0% lower than average expected generation (P50).

Table 6 – Quarterly generation by the Ventos do Piauí I wind complex

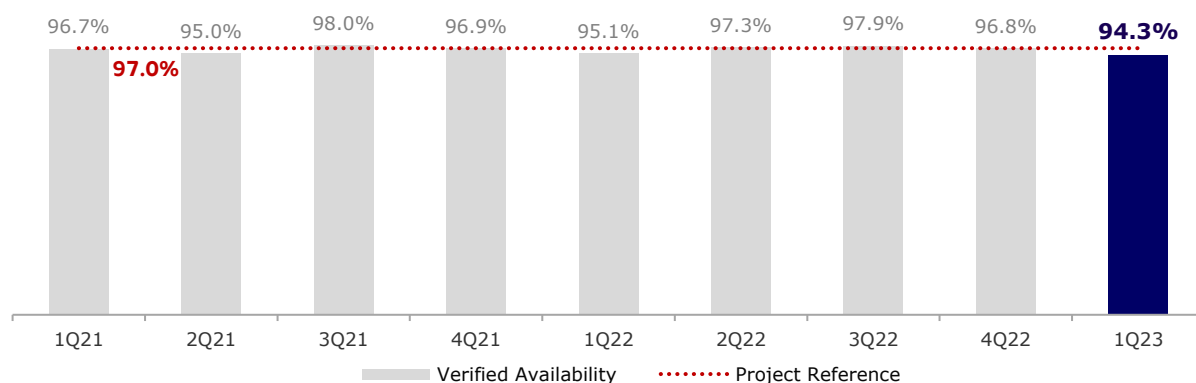
Period	Generation (MWavg)	Expected Generation (P90) (MWavg)	Var. (P90)	Expected Generation (P50) (MWavg)	Var. (P50)
1Q22	58.1	54.6	6.5%	57.7	0.8%
1Q23	57.1		4.6%		-1.0%

Chart 7 - Ventos do Piauí I: Power Generation and certified values for the 50th Percentile (P50) and 90th Percentile (P90) (MWavg)



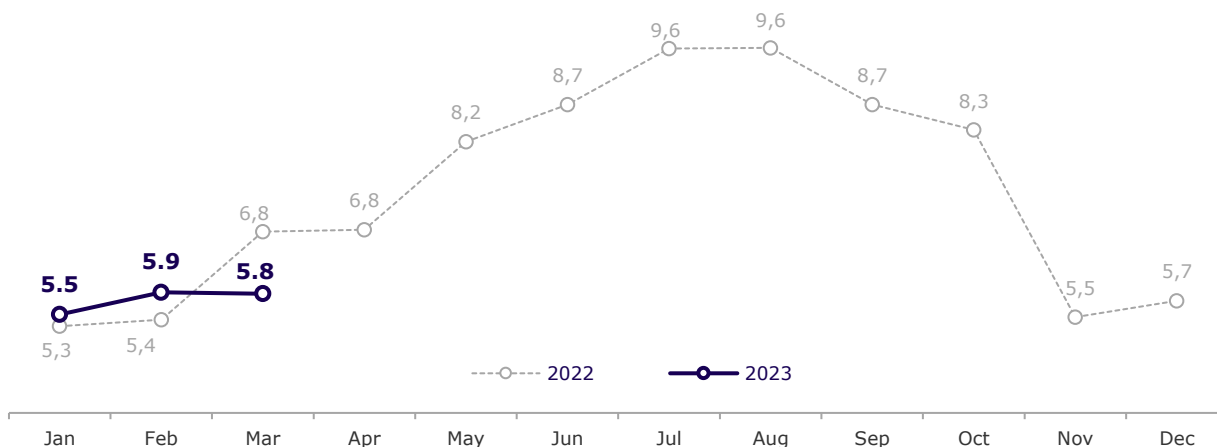
Average time availability index of Ventos do Piauí in 1Q23 was 94.3%, mainly due to the shutdown for scheduled maintenance of the collector substation. This preventive maintenance is carried out every five years.

Chart 8 - Ventos do Piauí I: Average Time Availability (%)



In 1Q23, average wind speed was 5.7 m/s, in line with 1Q22 (5.8 m/s).

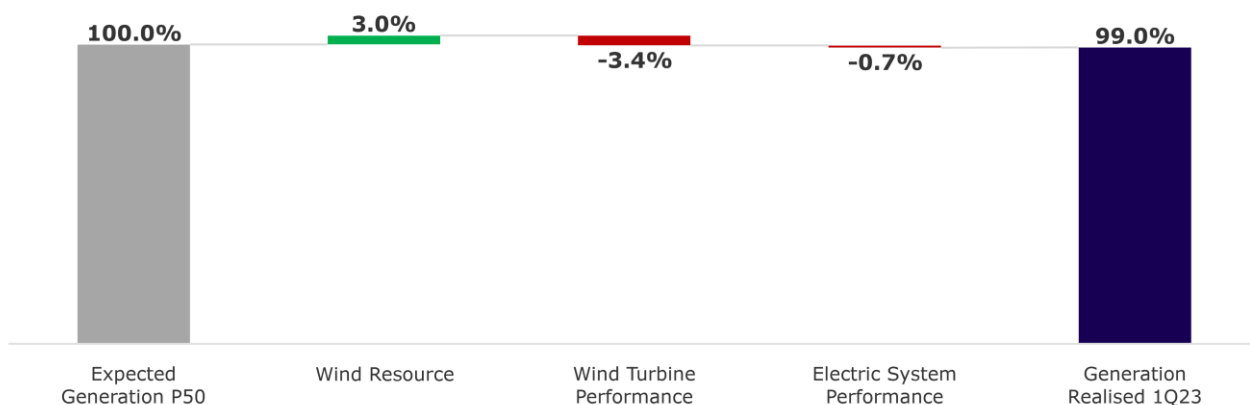
Chart 9 - Ventos do Piauí I: Monthly Average Wind Speed (m/s)



Assessing the results based on the technical parameters of the project, winds were 3% above the long-term average for a 20-year period (estimated period of power generation in P50). Wind turbines, on the other hand, performed 3.4% below expectations due to preventive maintenance, inspection of blades at wind turbines and corrective

maintenance on major components. The performance of the farm's internal power grid⁽⁶⁾ was 0.7% below expectation due to the maintenance shutdowns at the collector substation and the limited distribution of power generated due to SIN restrictions.

Chart 10 - Ventos do Piauí I: Performance of the wind farm compared to the technical parameters of the project, with average expected generation of P50 (base: 100)



Ventos do Piauí II

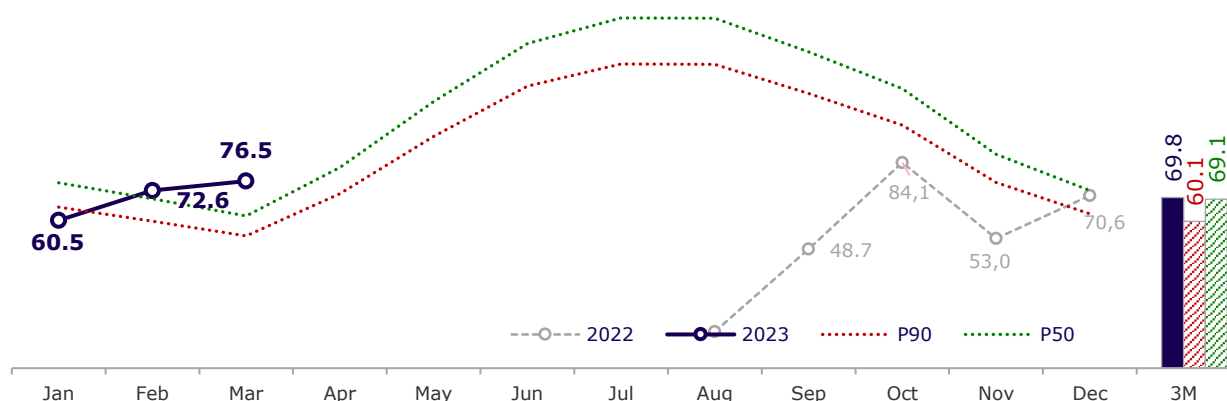
Generation in 1Q23 was 69.8 MWavg, 0.9% higher than expected in the 50th percentile (P50) and 16.2% higher than P90.

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

Period	Generation (MWavg)	Expected Generation (P90) (MWavg)	Var. (P90)	Expected Generation (P50) (MWavg)	Var. (P50)
1Q23	69,8	60,1	16,2%	69,1	0,9%

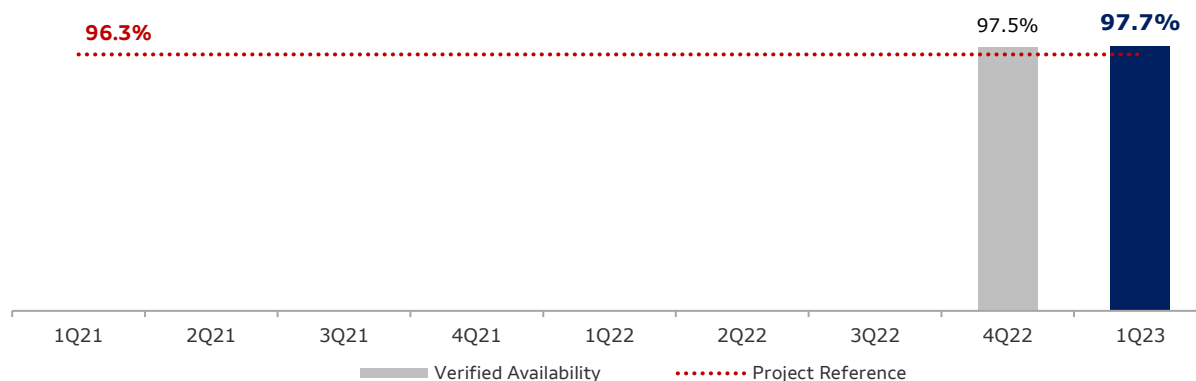
⁽⁶⁾Power grid refers to the internal system consisting of the medium voltage network (34.5kV), the collector substation (34.5/230kV) and the transmission line up to the sectioning substation (230/500kV).

Chart 11 - Ventos do Piauí II: Power generation and certified values for the 50th Percentile (P50) and 90th Percentile (P90) (MWavg)



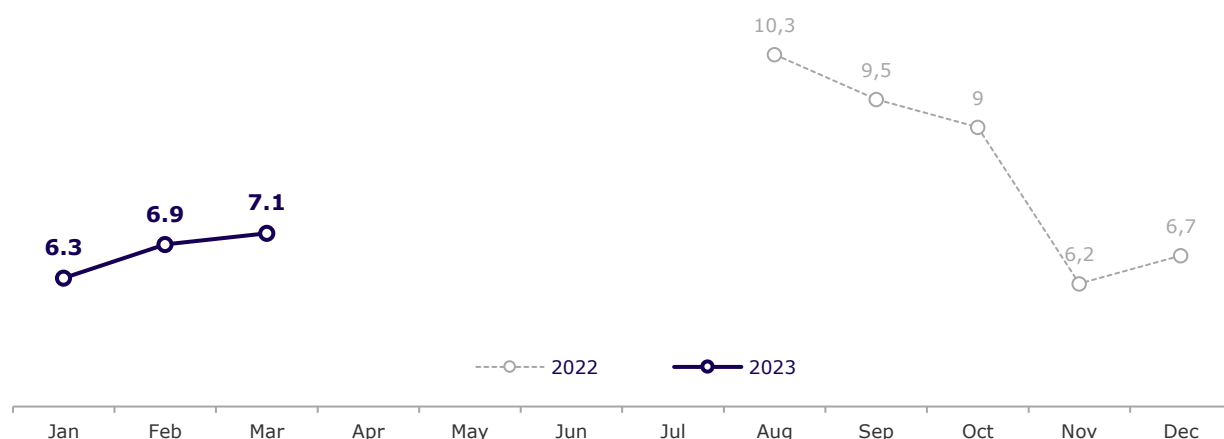
Average time availability index of the complex reached 97.7% in 1Q23, higher than in 4Q22, when the farm was being commissioned and in the process of operational startup.

Chart 12 - Ventos do Piauí II: Average Time Availability (%)



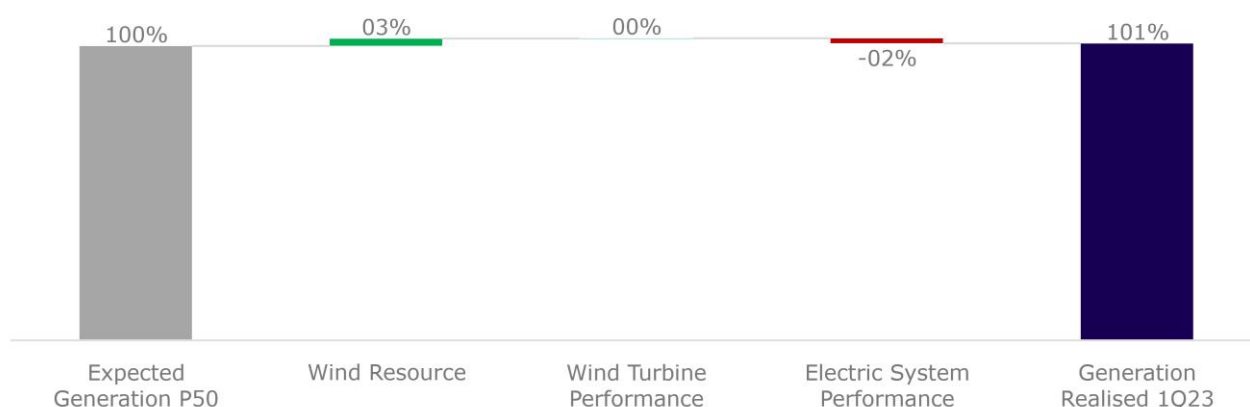
In 1Q23, average wind speed was 6.8 m/s.

Chart 13 - Ventos do Piauí II: Monthly Average Wind Speed (m/s)



Assessing the results based on the technical parameters of the project, winds were 2.5% above the long-term average for a 20-year period (estimated period of power generation in P50). The performance of wind turbines was in line with expectations, unlike the that of the internal power grid⁽⁷⁾, which was 1.8% below expectations. The performance of the power grid adversely affected generation during the period due to forced unavailability in the substation at the farm in January, as well as above-expected internal technical losses and limited distribution of the power generated due to SIN restrictions.

Chart 14 - Ventos do Piauí II: Performance of the wind farm compared to the technical parameters of the project, with average expected generation of P50 (base: 100)



Ventos do Piauí III

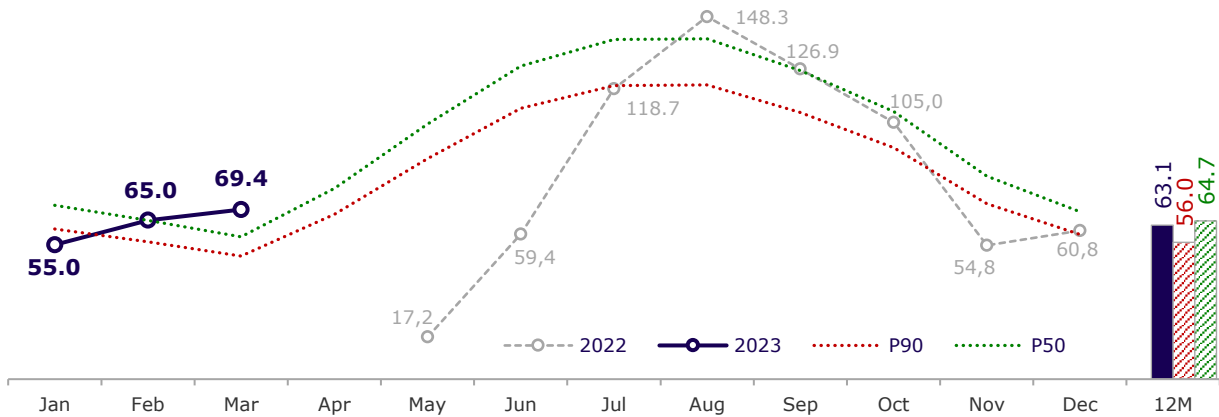
In 1Q23, generation was 63.1 MWavg, 12.7% higher than expected in the 90th percentile (P90) and 2.6% lower than average expected generation (P50).

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

Period	Generation (MWavg)	Expected Generation (P90) (MWavg)	Var. (P90)	Expected Generation (P50) (MWavg)	Var. (P50)
1Q23	63,1	56,0	12,6%	64,7	-2,6%

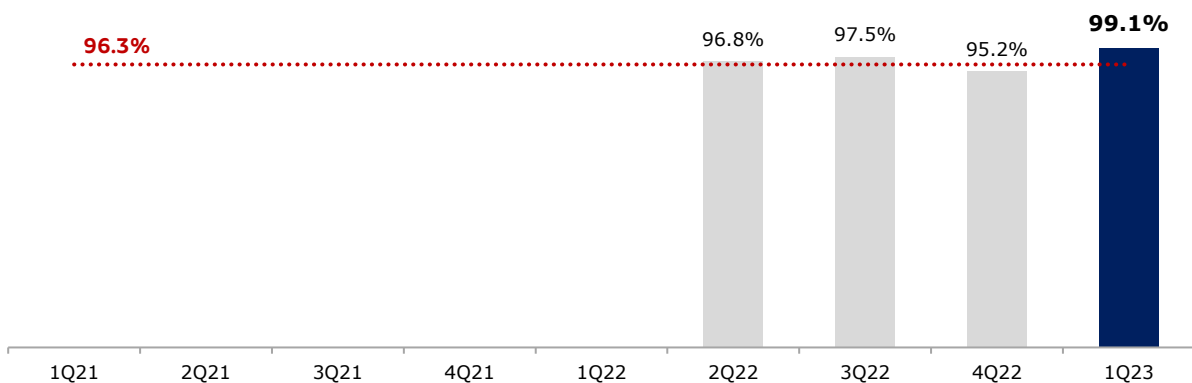
⁽⁷⁾Power grid refers to the internal system consisting of the medium voltage network (34.5kV), the collector substation (34.5/230kV) and the transmission line up to the sectioning substation (230/500kV).

Chart 15 - Ventos do Piauí III: Power generation and certified values for the 50th Percentile (P50) and 90th Percentile (P90) (MWavg)



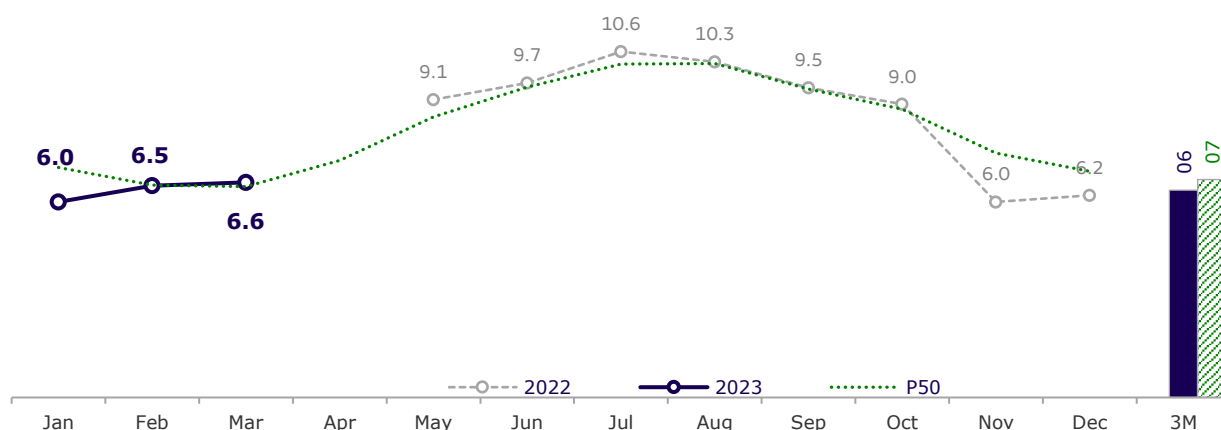
Average time availability index of the complex reached 99.1% in 1Q23, outperforming previous quarters, when the farm was being commissioned and in the process of operational startup.

Chart 16 - Ventos do Piauí III: Average Time Availability (%)



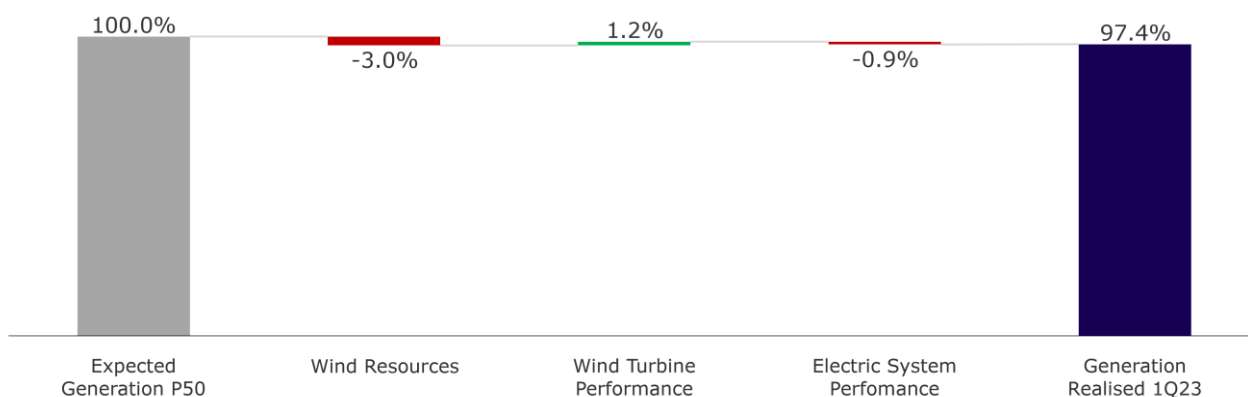
In 1Q23, average wind speed was 6.4 m/s.

Chart 17 - Ventos do Piauí III: Monthly Average Wind Speed (m/s)



Assessing the results based on the technical parameters of the project, winds were 3.0% below the long-term average for a 20-year period (estimated period of power generation in P50). Wind turbines, on the other hand, performed 1.2% above expected, while the internal power grid⁸ of the farm performed 0.9% below expected. The performance of the power grid was affected by above-expected internal technical losses and limited distribution of the power generated due to SIN restrictions.

Chart 18 - Ventos do Piauí III: Performance of the wind farm compared to the technical parameters of the project, with average expected generation of P50 (base: 100)



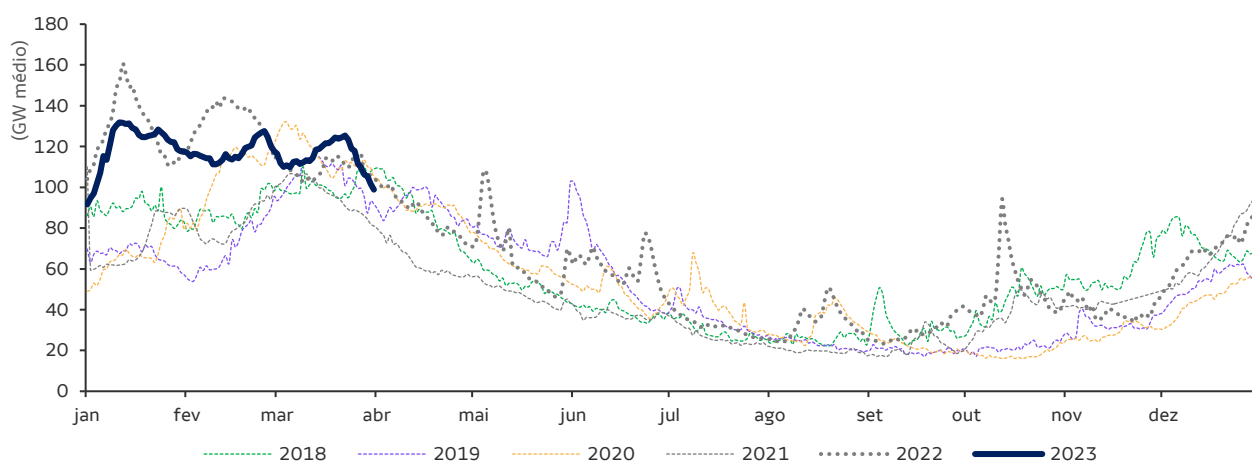
⁽⁸⁾Power grid refers to the internal system consisting of the medium voltage network (34.5kV), the collector substation (34.5/230kV) and the transmission line up to the sectioning substation (230/500kV).

Commercial Performance

Energy Market

In 1Q23, heavy rainfall was observed in the main basins of the SIN and, consequently, average quarterly Affluent Natural Energy (ENA) came to 106% of the Long-Term Average (MLT). Though hydrological conditions were close to average, ENA was slightly lower year on year (106% in 1Q23 vs. 110% in 1Q22).

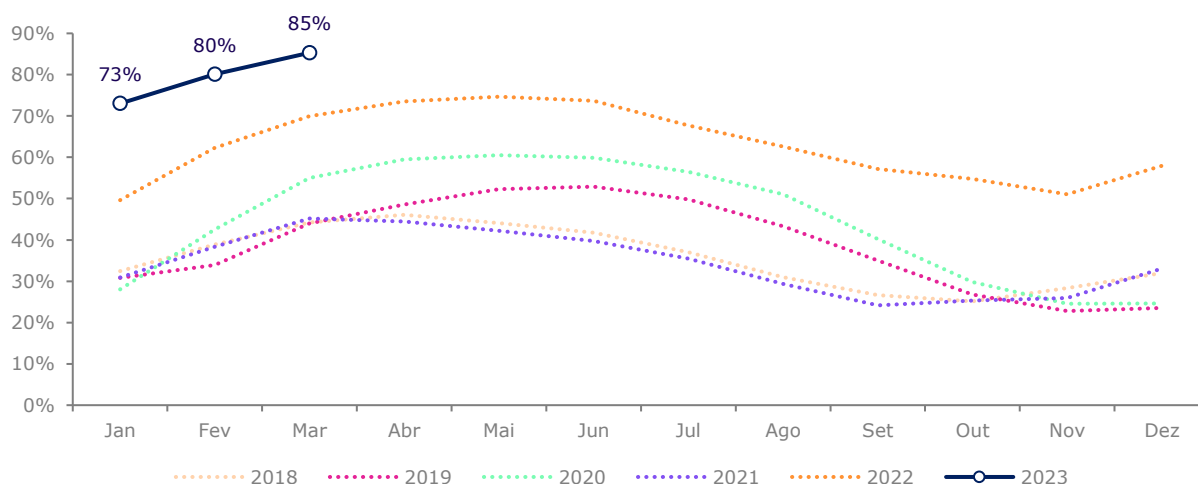
Chart 19 – Affluent Natural Energy for the National Interconnected System (GWavg)



Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	1Q	Year
2018	92%	82%	86%	87%	67%	65%	64%	68%	84%	104%	116%	95%	87%	85%
2019	65%	62%	90%	92%	98%	101%	77%	63%	54%	51%	65%	72%	73%	77%
2020	66%	91%	99%	91%	83%	82%	92%	88%	60%	44%	59%	64%	85%	80%
2021	69%	71%	82%	63%	63%	63%	57%	53%	60%	89%	90%	96%	74%	72%
2022	125%	113%	93%	87%	86%	103%	70%	90%	81%	117%	80%	96%	110%	98%
2023	118%	102%	98%										106%	

Hydrological conditions continued to favor the increase in reservoir levels during 1Q23. As a result, at the end of 1Q23, SIN's equivalent reservoir level reached 85.3% of maximum capacity, the highest level since 2011. As such, energy supply conditions were quite favorable at the start of 2023.

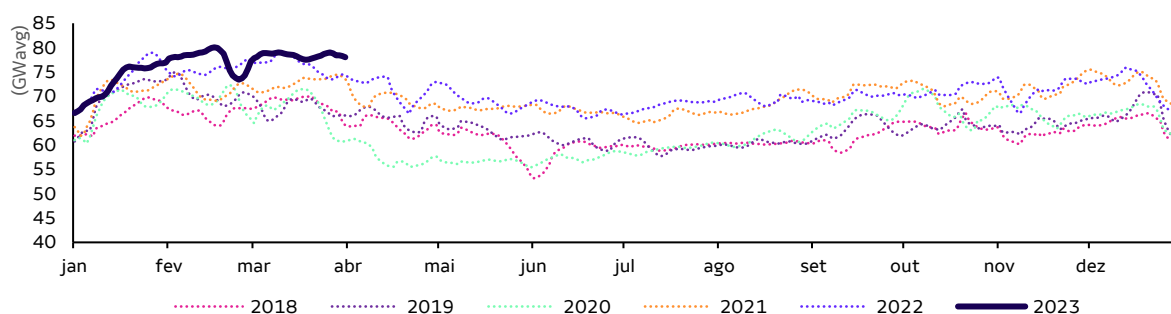
Chart 20 – Reservoir Levels of the National Interconnected System (% Maximum Energy Stored)



Gross energy consumption⁽⁹⁾ decreased 0.2% in 1Q23 vs. 1Q22, due to long weekends and lower temperatures than in the same period last year, especially in January and February.

In addition, the expansion and healthy performance of Distributed Micro and Mini Generation (MMGD) also helped reduce the load served by centralized dispatch by approximately 3.1⁽¹⁰⁾ GWavg in 1Q23.


Chart 21 - Energy Consumption in the SIN (GWavg)



Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	1Q	Year
2018	66.4	66.3	68.0	63.8	59.9	59.4	59.5	60.5	61.4	63.8	63.9	65.3	66.9	63.2
2019	71.1	69.9	66.6	65.4	62.7	59.9	59.3	60.2	63.0	65.1	65.3	65.2	69.2	64.5
2020	68.3	68.4	65.9	56.9	55.5	57.2	59.0	60.5	65.3	67.4	66.2	68.1	67.5	63.2
2021	69.8	70.2	72.0	67.8	66.2	65.7	64.8	67.1	70.1	68.2	70.3	70.1	70.7	68.5
2022	71.7	73.8	74.3	69.2	66.4	65.0	65.9	66.9	67.3	68.5	68.1	68.3	73.2	68.8
2023	70.7	73.8	74.8	-	-	-	-	-	-	-	-	-	73.0	-

⁽⁹⁾Energy consumption of the SIN considering the deduction of the load by Distributed Micro and Mini Generation.

⁽¹⁰⁾According to the National Electricity System Operator (ONS) in the Monthly Operation Program of April 2023.



As a result of the favorable hydrological scenario, the abundant equivalent levels of SIN's reservoirs and energy supply conditions, the short-term average price (PLD) in the four submarkets (Southeast/Midwest, South, Northeast and North) remained at the minimum regulatory amount of R\$69.04/MWh in 1Q23.

As for hydroelectric displacement (GSF), according to the Electricity Trading Chamber (CCEE), the average amount in 1Q23 was 101.4%, as against 95.6% in 1Q22, which was still affected by the water crisis.

Energy Balance

Auren's current operational generation portfolio consists of assets with total physical guarantee of 1,581 MWavg⁽¹¹⁾, which includes the total physical guarantee of Ventos do Piauí II and III.

In connection with the ordinary revision of the physical guarantee of centrally dispatched hydroelectric plants, MME Ordinance 709/2022 defined the new assured energy values, which came into force on January 1, 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 as part of CESP's privatization process.

In December 2022, the Ministry of Mining and Energy (MME) published Ordinance 1,851/SPE/MME/2022 with the revised physical guarantees of wind power plants based on power generation verified in accordance with MME Ordinance 416/2015. Due to damages and the resulting unavailability of transformers at the collector substation, Ventos do Araripe III's generation was limited in 2020 and 2021. In this regard, the complex had its physical guarantees reduced by 27 MWavg as from January 1, 2023.

Note that all the energy generated by Ventos do Araripe III is sold in the Regulated Contracting Environment (ACR) and, despite the revision of physical guarantee, the volume of energy sold and revenue from the agreements (20th New Energy Auction – LEN, 18th LEN and 6th Reserve Energy Auction – LER) remain unchanged.

Energy generated by Auren's assets is traded under agreements entered into in the Free Contracting Environment (ACL) and the Regulated Contracting Environment (ACR). Currently, assets with agreements in the ACR are Porto Primavera HPP and the Ventos do Piauí I and Ventos do Araripe III wind complexes.

⁽¹¹⁾ Considers own assets and Auren's interest in hydroelectric assets, excluding Paraibuna and the interest in Machadinho, since there is no energy exposure risk in this consortium.

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

Table 9 presents the Company's Energy Balance and information on energy selling prices in the Regulated Contracting Environment (ACR) and Free Contracting Environment (ACL).

Table 9 – Consolidated Energy Balance Auren

		2023	2024	2025	2026	2027
Physical Guarantee ⁽¹⁾ of Auren's own assets (a)	(MWavg)	1,309	1,390	1,470	1,470	1,470
Purchases for resale (b)	(MWavg)	1,779	1,251	989	799	635
Resale Purchase Price ⁽²⁾	(R\$/MWh)	194	220			
Auren's Own Resources (c) = (a) + (b)	(MWavg)	3,088	2,641	2,459	2,269	2,106
ACR Sales (d)	(MWavg)	493	493	493	493	493
ACL Sales (e)	(MWavg)	2,553	2,030	1,810	1,232	787
Auren's Own Requirements (f) = (d) + (e)	(MWavg)	3,046	2,523	2,303	1,725	1,280
Auren's Own Requirements Price ⁽³⁾	(R\$/MWh)	207	216			
Energy Balance (g) = (c) – (f)	(MWavg)	42	117	155	544	826

⁽¹⁾ The values consider: (i) the physical guarantee of own assets (UHE Porto Primavera and Wind Complexes); (ii) the amount of 167 average MW referring to the Sol do Piauí and Sol de Jaíba projects, expected to start operations throughout 2024. Physical guarantees are net of losses in the basic network (3% assumption was adopted). The physical guarantee subject to the hydrological risk (GSF) is 630 MW average, due to the renegotiation of the hydrological risk of 230 MW average in Porto Primavera; does not consider resources from UHE Paraibuna.

⁽²⁾ The amounts considered are net of PIS, COFINS and P&D

⁽³⁾ The amounts considered are net of PIS, COFINS and P&D and include all sales in the ACR and ACL.

Table 10 – Details of sales contracts in the Regulated Environment (ACR)

ACR Sales (b)	Energy Volume (MWavg)	Auction Price (R\$/MWh)	Reference Date	Gross Price Readjusted (R\$/MWh) ⁽¹⁾	Net Price PIS /COFINS / P&D (R\$/MWh)
1st LEN - HPP Porto Primavera	148	116.0	12/01/05	292.3	262.4
2nd LEN - HPP Porto Primavera	82	125.0	06/01/06	309.5	277.8
22th LEN - Ventos do Piauí I	93	190.0	08/21/15	283.0	272.7
20th LEN - Ventos do Araripe III	15	145.0	11/01/14	232.9	224.4
18th LEN - Ventos do Araripe III	103	127.0	12/01/13	215.1	207.2
6th LER - Ventos do Araripe III	52	143.0	10/01/14	227.3	219.0
Preços Médios ACR (R\$/MWh)				268.6	249.6

⁽¹⁾ Price base date: April 01, 2023.

Table 11 – Energy Balance of Auren's Consolidated Portfolio (MWavg)

Energy (MWavg)	2023	2024	2025	2026	2027
Auren's Own Resources ⁽¹⁾	3.088	2.641	2.459	2.269	2.106
Minority Interest Resources ⁽²⁾	319	310	306	306	278
Total Resources (a)	3.407	2.951	2.765	2.575	2.383
Auren's Own Requirements	3.046	2.523	2.303	1.725	1.280
Minority Interest Requirements ⁽²⁾	275	275	275	275	275
Total Requirements (b)	3.321	2.798	2.578	2.000	1.554
Consolidated Energy Balance (c) = (a) – (b)	86	152	186	575	829

⁽¹⁾ The values consider: (i) the physical guarantee of own assets (HPP Porto Primavera and Wind Complexes); (ii) the amount of 167 average MW referring to the Sol do Piauí and Sol de Jaíba projects, expected to start operations throughout 2024. Physical guarantees are net of losses in the basic network (3% assumption was adopted). The physical guarantee subject to the hydrological risk (GSF) is 630 MW average, due to the renegotiation of the hydrological risk of 230 MW average in HPP Porto Primavera; does not consider resources from HPP Paraibuna.

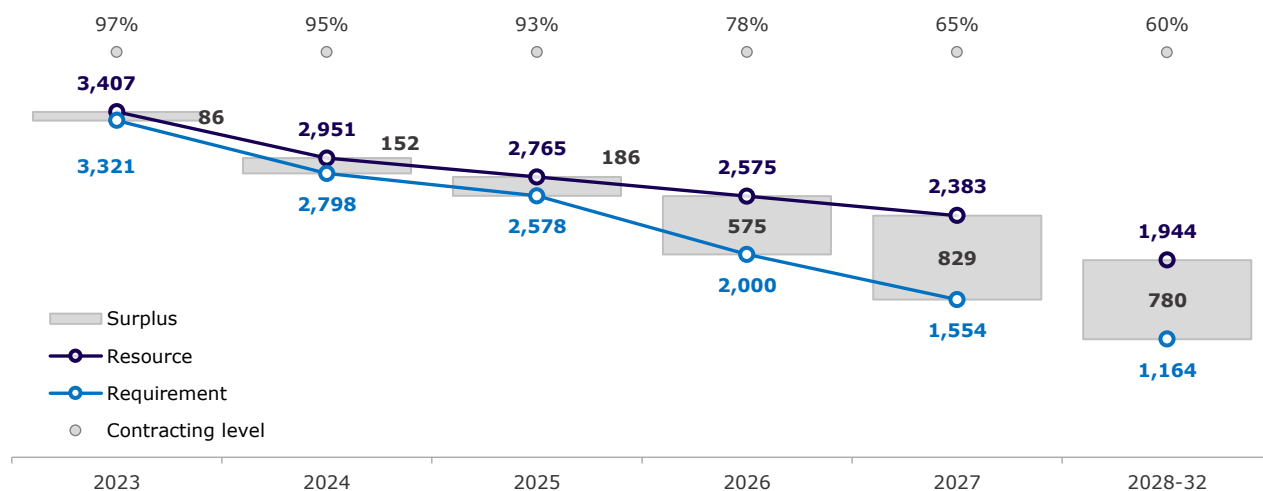
⁽²⁾ Considering resources (physical guarantee and purchase agreements) and requirements (sales) equivalent to Auren's economic interest in assets where Auren holds a preferred equity interest (Pollarix, CBA Energia Participações and Pinheiro Machado Participações).

The physical energy guarantee of HPP Porto Primavera contracted in the ACR (230 MWavg) 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 684/2015.

In the whole portfolio, considering the Generation and Trading segments, sales volume is close to 3.1 GWavg in 2023, twice the amount of Auren's physical guarantee for the same period.

As disclosed in the 3Q22 results, 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 and energy supply conditions of the SIN. Therefore, for the 2023-2025 period, the contracted level is approximately 95% of its resource composed by the entire physical guarantee of its assets and energy purchase agreements already signed. Note that this contracted 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 22 - Contracting Profile of Auren's Consolidated Portfolio (Generation and Trading)⁽¹²⁾ (MWavg)



The contracted level indicated in Chart 13 above already includes the physical guarantee of Sol do Piauí and Sol de Jaíba, whose construction was approved in 3Q22 and is currently in progress. Note that, for the period 2028-2032, the average contracted level of Auren's consolidated portfolio is 60%.

⁽¹²⁾Considering: (i) the net physical guarantees of losses in the basic network, considered as 3%; (ii) the expected physical guarantees in Sol do Piauí and Sol de Jaíba; and (iii) the 2024 volume considers the startup of Sol do Piauí and Sol de Jaíba.

Financial Performance

The financial performance in 1Q23 reflects Auren's consolidated unaudited, pro forma results, which reflect the effects of corporate restructuring⁽¹³⁾. Starting from 2Q22, the audited consolidated results are presented.

In 1Q23, the Company started to adjust the mark-to-market (MtM) value of its energy purchase and sale agreements in order to anticipate the results of future margins in its financial statements, in order to determine its Adjusted EBITDA and more accurately report its performance, thus eliminating any effect of the future fair value measurement of these agreements. Consequently, the information related to 1Q22 was equally adjusted for comparison purposes.

Table 12 – Financial Highlights

R\$ million	1Q23	1Q22	Var. (%)
Net Revenue	1,414.5	1,384.2	2.2%
Gross Profit	333.4	292.3	14.1%
Gross Margin	23.6%	21.1%	+2.5 p.p.
EBITDA	451.9	302.4	49.4%
Reversal of Provision for Litigation and Write-off of judicial deposits	(17.3)	46.2	N.M.
Energy futures contracts (MtM)	(38.4)	5.3	N.M.
Adjusted EBITDA	396.2	353.9	12.0%
Adjusted EBITDA Margin	28.0%	25.6%	+2.4 p.p.
Financial Result	(17.2)	(166.4)	-89.7%
Net Profit	230.0	(5.5)	N.M.

Net Revenue

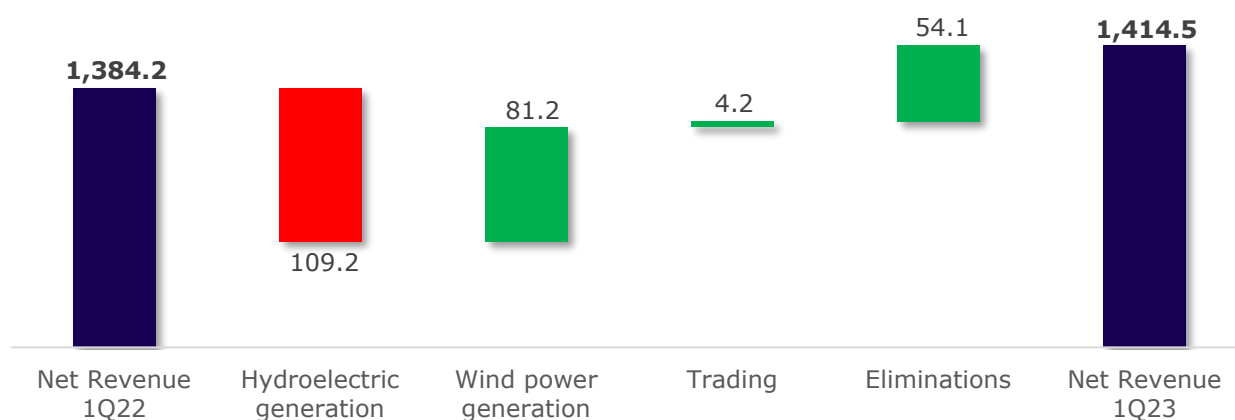
Net operating revenue amounted to R\$1,414 million in 1Q23, up 2% from 1Q22 (R\$1,384 million), due to:

- (a) **Hydroelectric Generation:** Decrease of R\$109 million (25%) from 1Q22, of which R\$99 million refer to the assignment of contracts to Auren Comercializadora in late 20022, partially offset by inflation adjustments to prices of ACR agreements and agreements that remained in the portfolio, as well as the reduction in the average price of wholesale operations. The aforementioned assignment of contracts is reflected in the Trading segment and, therefore, does not affect Auren's consolidated results;

⁽¹³⁾The pro forma unaudited consolidated results of 1Q22 were re-presented and changes were considered in this disclosure, as well as in the interactive spreadsheet available on the website.

- (b) **Wind Power Generation:** Increase of R\$81 million (71%) from 1Q22, mainly due to the operational startup of Ventos do Piauí II and III and the resumption of operations of Ventos do Araripe III, as well as inflation adjustment on contractual prices;
- (c) **Trading:** Stable in relation to 1Q22, totaling R\$1,019 million (vs. R\$1,015 million in 1Q22), despite the positive effect of the migration of contracts of CESP Comercializadora and the 27% increase in the volume of trading operations (1,126 MWavg in 1Q23 vs. 886 MWavg in 1Q22), offset by lower market prices (R\$152/MWh in 1Q23 vs. R\$232/MWh in 1Q22); and
- (d) **Eliminations:** Positive effect of R\$54 million in relation to 1Q22, mainly due to the higher volume of intercompany operations between generation assets and the Trading company. For a better understanding of these operations, see the section “Important Information” in this document.

Chart 23 - Net Revenue in 1Q23 vs. 1Q22 (R\$ million)



The Statement of Income detailing the breakdown of Net Revenue by segment in the quarter is available in the “Appendices” section.

Operating Costs and Expenses

Operating costs and expenses⁽¹⁴⁾ totaled R\$1,131 million in 1Q23, down 8% from 1Q22 (R\$1,235 million), explained by:

⁽¹⁴⁾This total includes Energy Purchase Costs, Electricity Network Use Charges, Operating Costs and Net Operating Revenues (Expenses).

(a) Energy purchase costs: Decrease of R\$53 million or 6% (R\$814 million in 1Q23 vs. R\$867 million in 1Q22), due to:

- **Hydroelectric Generation:** Reduction of R\$42 million in energy purchased compared to 1Q22, due to the termination of energy purchase agreements for the equalization of energy balance, in line with the strategy of assigning contracts to Auren Comercializadora;
- **Trading:** Reduction of R\$66 million (-7%), totaling R\$927 million in 1Q23 vs. R\$992 million in 1Q22, mainly due to lower market prices; and
- **Intercompany eliminations:** Increase of R\$54 million in 1Q23, due to the higher volume of energy traded in intercompany operations. More details of these operations are available in the "Important Information" section.

(b) Electricity network use charges: Increase of R\$13 million (24%) from 1Q22, explained by the adjustment of the TUST and TUSDg tariffs in the Hydroelectric Generation segment, which represented a cost increase of R\$6 million compared to 1Q22, and the startup of Ventos do Piauí II and III, which added R\$7 million in the Wind Power Generation charges in the quarter;

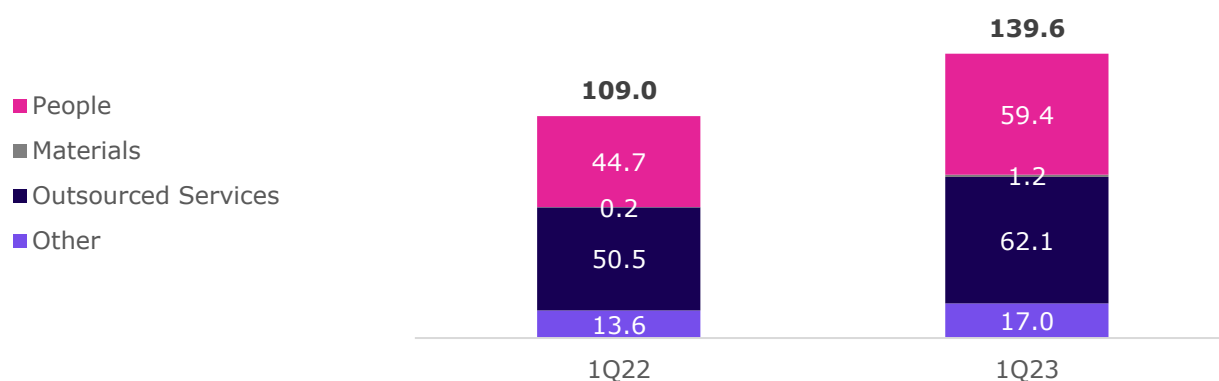
(c) PMSO⁽¹⁵⁾ Costs and Expenses: Increase of R\$31 million (28%) from 1Q22 (R\$140 million in 1Q23 vs. R\$109 million in 1Q22), explained by:

- **Personnel (P):** Increase of R\$15 million (R\$59 million in 1Q23 vs. R\$45 million in 1Q22, mainly due to inflationary adjustments of approximately R\$5 million, expenses related to projects under implementation of another R\$5 million, whose construction is ongoing, and increases as a result of the formation of Auren, especially related to changes in the organizational design and restructuring of operational teams, with effects mainly in the Trading and Holding segments;
- **Materials and outsourced services (MS):** Increase of R\$13 million (R\$63 million in 1Q23 vs. R\$51 million in 1Q22), mainly explained by the addition of the wind complexes Ventos do Piauí II and III, which added R\$6.0 million in expenses, in addition to readjustments in the maintenance contracts of wind turbines in the wind farms that were already in operation of R\$ 6.5 million; and

⁽¹⁵⁾The analysis of PMSO expenses includes "Operating Costs" and "Operating Revenues (Expenses)" presented in the Statement of Income – Segmented, available in the Appendices section of this document.

- **Other expenses (O):** Increase of R\$3 million from 1Q22 (R\$17 million in 1Q23 vs. R\$14 million in 1Q22), explained by higher costs with insurance, leases and fees in the segment wind energy, due to the entry into operation of Ventos do Piauí II and III.

Chart 24 - PMSO Expenses (R\$ million)



- (d) Other operating revenues and expenses¹⁶:** Reduction of R\$95 million (R\$113 million in 1Q23 vs. R\$204 million in 1Q22), due to the positive effect of R\$63 million in the provision for litigation, mainly reflecting higher reversals in civil cases, and R\$44 million in the change in mark-to-market adjustment of future energy agreements.

Adjusted EBITDA

As mentioned previously, since 1Q23 Adjusted EBITDA is being calculated by excluding the effects of mark-to-market adjustment of energy agreements, as shown in the reconciliation below. For comparison purposes, the historical numbers were adjusted on the same basis.

Table 13 – Reconciliation of Consolidated Adjusted EBITDA

R\$ million	1Q23	1Q22	Var. (%)
EBITDA	451.9	302.4	49.5%
Reversal of provision and Write-off of judicial deposits	(17.3)	46.2	N.M.
Energy futures contracts (MtM)	(38.4)	5.3	N.M.
EBITDA Ajustado	396.2	353.9	12.0%
Margem EBITDA Ajustada	28.0%	25.6%	+2.4 p.p.

¹⁶ Other operating income/(expenses): mainly includes depreciation and amortization, mark-to-market (MtM) of energy contracts, and provision (reversal) for litigation.

Adjusted EBITDA increased 12% (R\$42 million) from 1Q22, totaling R\$396 million, with adjusted EBITDA margin of 28%, up 2 p.p. from 1Q22 (26%). The variation in adjusted EBITDA in the quarter is mainly due to:

- (a) Hydroelectric Generation:** Reduction of R\$72 million (24%), totaling R\$230 million in 1Q23 vs. R\$302 million in 1Q22, mainly due to the assignment of agreements to Auren Comercializadora, partially offset by the increase in the average price of agreements adjusted by the IPCA index, as well as the lower average price of wholesale operations;
- (b) Wind Power Generation:** Increase of R\$57 million (69%) in Adjusted EBITDA, which totaled R\$139 million in 1Q23 (vs. R\$82 million in 1Q22), reflecting the operational startup of Ventos do Piauí II and III, the better generation performance by the farms and inflation adjustment on contractual prices;
- (c) Trading:** Increase of R\$65 million, compared to negative Adjusted EBITDA of R\$3 million in 1Q22, already excluding the positive effect of R\$66 million from mark-to-market adjustments on energy agreements in the quarter. This increase reflects the migration of agreements between the Hydroelectric Generation and Trading segments and the positive result of energy trading operations; and
- (d) Holding Company and Pipeline:** Expense of R\$35 million in 1Q23, in line with previous quarters. The increase in relation in 1Q22 was due to higher personnel expenses related to the restructuring of operational teams, higher variable compensation and consulting services.

Chart 25 – Adjusted EBITDA in 1Q23 vs. 1Q22 (R\$ million)

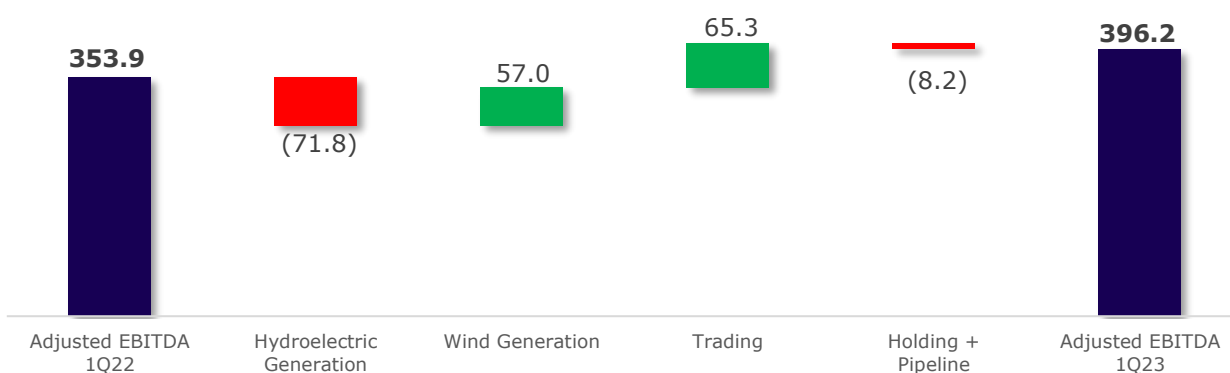


Table 14 – Adjusted EBITDA by segment

R\$ million	1Q23	1Q22	Var. (%)
Hydro Generation	229.9	301.7	-23.8%
Wind Generation	139.1	82.1	69.5%
Trading	62.7	(2.6)	N.M.
Holding and Pipeline	(35.5)	(27.3)	30.1%
Adjusted EBITDA	396.2	353.9	12.0%
Adjusted EBITDA Margin	28.0%	25.6%	+2.4 p.p

Financial Result

Table 15 - Consolidated Financial Result

R\$ million	1Q23	1Q22	Var. %
Financial Income	254.8	89.1	1860%
Atualização monetária de ativos indenizáveis pela União	134.7	-	-
Rendimento sobre equivalentes de caixa, aplicações financeiras e conta reserva	101.4	63.8	59.0%
Ajuste a valor presente da operação de alienação de investidas	3.9	20.8	-81.1%
Atualização monetária sobre depósitos judiciais	3.6	2.9	24.5%
Reversão de atualização monetária sobre provisão para litígios	8.7	-	-
(-) PIS e COFINS sobre resultado financeiro	(3.7)	(2.3)	57.2%
Outras receitas financeiras	6.2	3.9	58.3%
Financial Expenses	(272.0)	(255.5)	6.5%
Debt Charges	(84.8)	(64.7)	30.9%
Monetary Adjustment	(96.8)	(61.6)	57.3%
Cost of issuances	(4.3)	(5.5)	-22.7%
Interest accruals on judicial deposits	(16.6)	(49.2)	-66.3%
Update of post-employment benefit balance	(43.8)	(38.1)	14.9%
Charges on discount operations	-	(8.1)	-
Adjustment to present value on assets payable by the Federal Government	(3.1)	(8.3)	-62.6%
Interest/ indexation on reimbursement provision	(6.7)	(5.8)	14.0%
Other financial expenses	(16.0)	(14.2)	13.4%
Total	(17.2)	(166.4)	-89.7%

In 1Q23, the net financial result was an expense of R\$17 million (vs. R\$166 million in 1Q22), due to:

- (a) **Financial income:** Positive effect of the monthly inflation adjustment to the balance receivable in connection with the indemnification at HPP Três Irmãos, which totaled R\$132 million in 1Q23. In addition, an increase of R\$38 million in returns on investments, explained by the higher cash volume invested in the period and the increase in the average Interbank rate (CDI) compared to in 1Q22.
- (b) **Debt charges and inflation adjustment:** Increase of R\$55 million from 1Q22, due to higher gross debt, which totaled R\$6.1 billion in 1Q23 vs. R\$4.8 billion in 1Q22, mainly due to:

- Disbursements to Ventos do Piauí II and III throughout 2022;
- End of capitalization of Ventos do Piauí II and III, which went operational during the quarter;
- Loan of R\$180 million from BNB for Sol de Jaíba in March 2023; and
- Lower impact of IPCA due to its approximately 1.08% decline, which applies to 67% of the Company's total consolidated debt.

(c) Contingent liabilities: Reduction of R\$27 million between the periods, reflecting the decrease in the provision for contingent liabilities by R\$231 million (R\$1,160 million in 1Q23 vs. R\$1,391 million in 1Q22), indexed to IGP-M (0.15% in 1Q23 vs. 5.49% in 1Q22), the main index to which lawsuits are indexed.

Net Income

Table 16 - Consolidated Net Income

R\$ million	1Q23	1Q22	Var. %
EBITDA	451.9	302.4	49.5%
Depreciation and Amortization	(168.3)	(152.9)	10.1%
Financial Result	(17.2)	(166.5)	-89.7%
Income Tax and Social Contribution	(66.7)	(8.6)	677.4%
Equity Income	30.2	20.1	50.7%
Net Income (Loss)	230.0	(5.5)	N.M.

Net income was R\$230 million in 1Q23 vs. net loss of R\$5 million in 1Q22, due to:

- (a) EBITDA:** Consolidated EBITDA (pre-adjustments) came to R\$452 million in 1Q23, an increase of R\$150 million (49%) from the R\$302 million in 1Q22;
- (b) Financial result:** Reduction of R\$149 million in net financial result compared to 1Q22, explained mainly by the financial income of R\$134 million from inflation adjustment on the balance receivable from the indemnification of HPP Três Irmãos.

Debt

The Company ended 1Q23 with gross debt of R\$6.1 billion, compared to R\$4.8 billion in 1Q22.

Cash and cash equivalents and financial investments ended 1Q23 at R\$3.4 billion, as against R\$3.2 billion in 1Q22.

As a result, the Company's consolidated net debt at the end of 1Q23 was R\$2.6 billion, with an average term of 7.3 years and a fixed average cost of the portfolio of 11.4% p.a. (IPCA + 4.6% p.a. or CDI -1.1% p.a.).

Leverage, as measured by the ratio of net debt to Adjusted EBITDA, ended 1Q23 at 1.6x, as against 1.5x in 1Q22.

Chart 26 – Gross Debt Amortization Schedule (R\$ million)

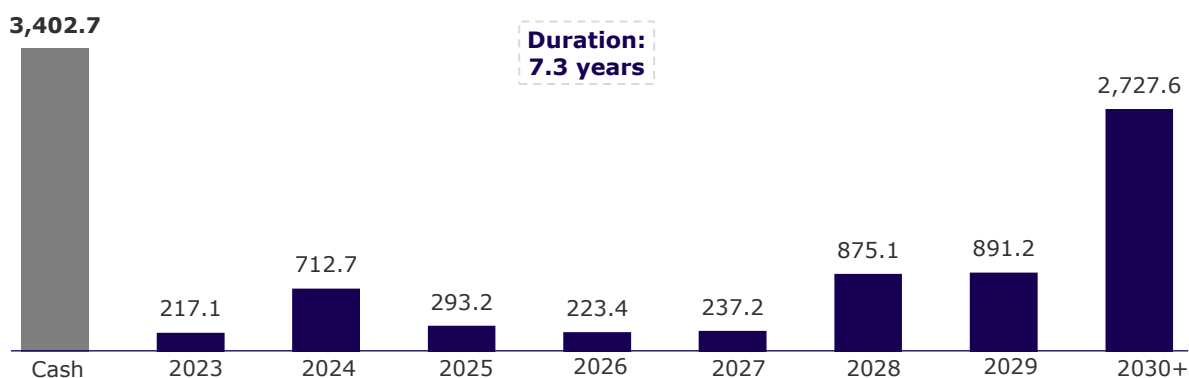
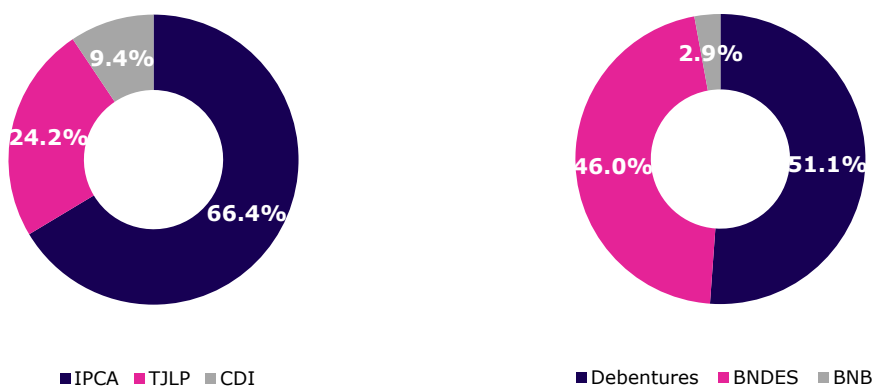


Chart 27 - Gross Debt by Index (%)



The breakdown of the Company's debt portfolio, as well as the credit ratings of the Company and its subsidiaries and debt instruments are included in the "Appendices" section.

Free Cash Flow

Table 17 – Consolidated Free Cash Flow

R\$ million	1Q23	1Q22	Var. %
Adjusted EBITDA	396.2	353.9	12.0%
Income Tax/CS Cash	(59.0)	(19.8)	199.0%
Working Capital and Others	50.5	(55.1)	-191.5%
CAPEX Sustaining	(5.5)	(2.3)	135.9%
Operating Cash Flow	382.1	276.7	38.1%
Debt Service	(83.9)	(75.8)	10.6%
Operating Cash Flow after Debt Servicing	298.2	200.8	48.5%
CAPEX Projects	(277.0)	(265.6)	4.3%
Litigation Settlement	(36.4)	(63.4)	-42.7%
Funding	225.6	76.6	194.5%
Amortization	(39.1)	(27.4)	42.7%
Capital Increase	-	1,500.0	-100.0%
Free Cash Flow	171.4	1,421.0	-87.9%

The change in cash flow between the quarters is explained mainly by:

- **Adjusted EBITDA:** Increase of 12.0% or R\$42.3 million in consolidated Adjusted EBITDA in 1Q23, which totaled R\$396.2 million, with Adjusted EBITDA margin increasing 2.4 p.p. (28.0% in 1Q23 vs. 25.6% in 1Q22);
- **Working capital:** Improvement of R\$105.6 million (R\$50.5 million in 1Q23 vs. -R\$55.2 million in 1Q22), mainly explained by: (i) the increase in returns on financial investments; (ii) payments in 1Q22 related to the acquisition of the Jaíba project; and (iii) waiver fee of CESP's debentures;
- **Project CAPEX:** R\$277.0 million in 1Q23, mainly due to the start of construction at the Sol de Jaíba and Sol do Piauí solar projects, as well as residual payments for the Ventos do Piauí II and III wind complexes.



Subsequent Events

(a) Distribution of Dividends

In connection with the Material Fact notice disclosed on February 16, 2023, the Annual and Extraordinary Shareholders Meeting held on April 28, 2023 approved, among others, the declaration and payment of mandatory and additional dividends for the fiscal year ended December 31, 2022, in the total amount of one billion, five hundred million reais (R\$1,500,000,000.00), equivalent to R\$1.50 per common share issued by the Company, as follows: (i) six hundred thirty-five million, one hundred sixty-nine thousand, nine hundred nineteen reais and fifty-seven centavos (R\$635,169,919.57) as mandatory dividends, corresponding to 25% of adjusted net income from fiscal year 2022; and (ii) eight hundred sixty-four million, eight hundred thirty thousand, eighty reais and forty-three centavos (R\$864,830,080.43) as additional dividends.

Shareholders of record on **May 4, 2023**, considering any trades made until such date, inclusive, will be entitled to receive the dividends declared. The shares of the Company will be traded ex-dividends as from **May 5, 2022**, inclusive.

The dividends will be paid in a single installment, in Brazilian real, on **May 15, 2023**. No inflation adjustment or interest will accrue on the amount between the date of announcement of dividends and the date of actual payment.

More information is available in the [Notice to Shareholders](#) published on April 28, 2023.

(b) Litigation Liabilities:

On May 3, 2023, a court settlement was approved in the civil sphere at the subsidiary CESP, which will result in the reversal of the provision for litigation, generating an effect on the result for the month of May 2023 of R\$ 87.8 net of tax effects.

Contingent Liabilities and Assets

Contingent Liabilities

In line with market best practices, the disclosure of Auren's contingent liabilities includes the amount involved in lawsuits whose likelihood of loss is considered probable or possible.

The Company is currently a party to lawsuits that represent a total contingent liability of R\$2.8 billion, of which R\$1.16 billion pertains to lawsuits whose likelihood of loss is considered probable, and the balance pertains to lawsuits whose likelihood of loss is considered possible.

Between 4Q22 and 1Q23, total contingent liabilities decreased R\$54 million, of which R\$39 million was reduced from probable contingent liabilities due to settlements, conclusion of lawsuits in favor of the Company and adjustments of estimates and prognosis of cases according to their progress. The remaining reduction was in possible contingent liabilities.

Chart 28 - Profile of Contingent Liabilities (% Total)¹⁵

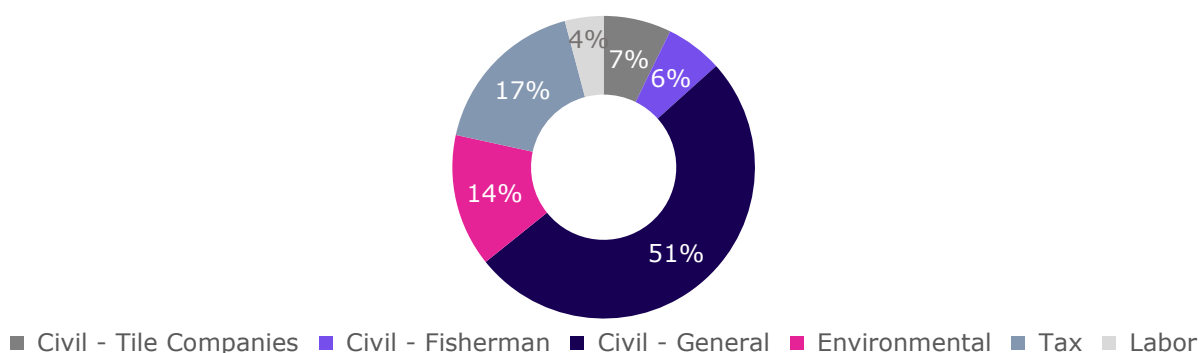
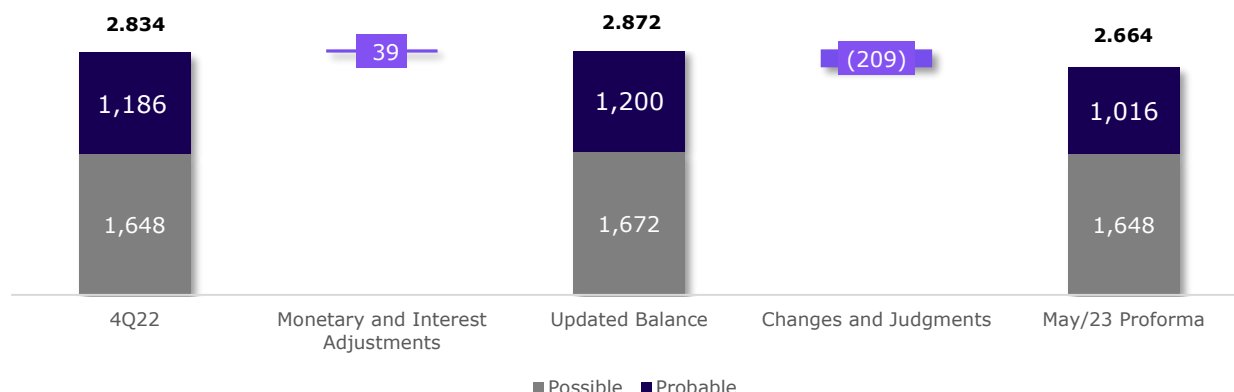


Chart 29 – Evolution of Lawsuits of Contingent Liabilities⁽¹⁷⁾ (R\$ million)



On May 3, 2023, a court settlement was approved in the civil sphere at the subsidiary CESP, which will result in the reversal of the provision for litigation, generating an effect on the result for the month of May 2023 of R\$87.8 million, net of tax effects.

The Company clarifies that the amount of contingent liabilities is constantly evaluated precisely because their measurement is linked to the Company's best risk estimates, including the actual progress of lawsuits.


Contingent Assets - Três Irmãos

Per the Material Fact notice of December 7, 2022, CESP, a wholly-owned subsidiary of the Company, entered into a judicial settlement with the Federal Government related to the indemnification of HPP Três Irmãos, which was ratified by the courts on January 10, 2023. The settlement establishes that CESP will receive an indemnification under the terms of MME Interministerial Ordinance 129/2014, of March 27, 2014, based on the historical amount of R\$1,717,362,148.59, duly adjusted by the SELIC rate under the compound interest method, to be paid in 84 consecutive monthly installments, calculated in accordance with the Constant Amortization System (SAC), with the first installment to be paid by October 15, 2023. The source of funds for indemnification is the Global Reversal Reserve (RGR).

This settlement implies the waiver, by CESP, of all other claims in Lawsuit 0045939-32.2014.4.01.3400. On January 17, 2022, the final and unappealable decision was ratified and the lawsuit was closed permanently.

On January 10, 2023, as per the Material Fact disclosed on the date, the Company became aware of the court approval, before the Court of the 17th Federal Court of the

⁽¹⁷⁾Amount shown includes the portfolio of lawsuits of the companies after corporate restructuring. The number presented in 3Q22 was pro forma, since the total disclosed considered the closing of a lawsuit expected in October 2022, but which took place only in this quarter.



Judiciary Section of the Federal District, of the court agreement entered into between CESP and the Federal Government.

As mentioned in “Financial Performance,” the booking of the Settlement generated net financial income of R\$143 million in 1Q23.

More information and the full Settlement are available in the Material Fact notice and the Notice to the Market published by the Company, as well as in the Notes to the Financial Statements for fiscal year 2022.

Market Security – 2nd phase of Public Consultation 11/2022

In the current scenario of the opening of the energy market, the security of operations in the free contracting environment becomes increasingly important. Indeed, the limit for entering the free market has been reduced year after year by virtue of the Ordinance 465/2019 of the Ministry of Mines and Energy. Currently, consumers with load higher than 0.5 MW can choose to contract free energy.

Parallel to this movement, the number of free consumers has been increasing sharply. According to the Electricity Trading Chamber (CCEE), the number of agents grew 11% from the previous year, reaching 14,000 agents in the free market in February 2023. Also, in the first two months of 2023 alone, approximately 400 processes for joining the CCEE¹⁸ were initiated.


In this context, the improvement of regulatory mechanisms to increase market security has been considered a strategic subject by the CCEE and ANEEL, and since 2019, there have been intensive efforts to draft and approve proposals for changing the trading rules for this purpose.

As for market monitoring, ANEEL launched the second phase of Public Consultation 11/2022 (with contributions accepted until April 17, 2023) about improving the monitoring of the energy market based on proposals submitted by CCEE that are similar to the prudential regulation models adopted by the financial system under the Brazilian Central Bank to avoid liquidity risks in energy trading.

One of the main changes will be the periodical submission by the agents to CCEE of information about net equity and assets, future exposure, and leverage, based on the methodology and risk parameters defined by ANEEL and discussed in a public consultation. To that end, the proposal also presents a technological solution, supported by confidential computing and encryption technologies and the adoption of auditable systems to ensure information reliability and security as it concerns confidential commercial issues and business strategies.

In this stage, the Regulatory Agency provided to the market a draft of the Normative Resolution on the implementation of “trial period” (*período sombra*) of 12 months, as well as the Algebraic Manual of Prudential Monitoring in order to test, assess and define the parameters needed to calculate the leverage factor and define the leverage threshold from which CCEE will start individualized monitoring of trading and generation agents and consumers.

⁽¹⁸⁾ Source – 1st meeting of interaction with agents – 2023.



CCEE also proposed, in its technical note 3.1, a document provided in the first phase of the consultation: i.) the definition of “abnormal” conduct (non-exhaustive list including operations involving privileged information, considerable increase in operations without a corresponding increase in capital or cash, prices in disagreement with the market, among other examples presented); and ii.) the need to create a structured inspection procedure for applying sanctions (from warnings and fines to removal from CCEE). This theme will be discussed in the new phase of said public consultation.

Another theme to be discussed subsequently, depending on the results obtained during the trial period, is settlement guarantees, about which CCEE proposed, in the same technical note, that agents in general have a financial guarantee paid equivalent to the potential risk related to two settlements in the Spot Market (MCP), plus a percentage calculated based on the agent’s leverage.

This topic is extremely important for the energy market and will be essential for the proper functioning of the Brazilian energy sector, especially regarding the expansion and development of the energy trading market. Among the main requirements for the prudential monitoring process to be effective are the principles of predictability, transparency and reproducibility, which are key for the market to trust and rely on the process.

Important Information

Segmentation of Results

The segmentation of results reflects:

- **Hydroelectric Generation:** Segment comprising CESP Geradora and other hydroelectric assets in which Auren holds indirect interest through CBA Energia (BAESA and ENERCAN), Pollarix (ENERCAN, Amador Aguiar I and II, Igarapava and Picada) and Pinheiro Machado (Machadinho), whose balances are recognized under equity income in the consolidated financial statements of the Company;
- **Wind Power Generation:** Segment consisting of the Ventos do Piauí I, II and III and Ventos de Araripe III wind power complexes;
- **Trading:** Segment comprising Auren Comercializadora (former Votener) and CESP Comercializadora; and
- **Holding Company and Pipeline:** Segment includes expenses with the Company's corporate structure and other projects in the structuring and construction phases, such as the Sol do Piauí and Sol de Jaíba projects.

To download the spreadsheet with segmented results, [click here](#).

Intercompany Operations


Intercompany operations involving Auren's companies are essentially concentrated between the hydroelectric generation (largely at CESP Geradora) and wind power generation segments (Ventos do Piauí I and Ventos do Araripe III wind complexes) and the Trading segment (Auren Comercializadora, former Votener, and CESP Comercializadora), and refer to contracts for the purchase and sale of a portion of energy generated by these companies for sale in the free market.

Also, specifically for cases involving CESP Geradora and CESP Comercializadora, purchase and sale transactions are carried out to manage the energy balance of the hydroelectric assets in order to mitigate the effects of the GSF on the Company's results.

These intercompany operations are eliminated (see the "Eliminations" column) for consolidating the results of Auren Energia.

Impacts of Intercompany Operations in 1Q23

Votorantim Energia and CESP, before the formation of Auren, individually had contracts for purchase and sale of energy in their respective trading companies and generation



assets. In 2022, Auren restructured its Trading segment to consolidate these contracts in Auren Comercializadora. In this context, the following initiatives were implemented in 2022:

- Transfer of all future energy purchase and sale contracts with third parties (except transactions with contractual or regulatory restrictions) from the generation assets to Auren Comercializadora; and
- Creation of intercompany contracts for the sale of surplus energy between Auren's Generation and Trading segments to equalize the Company's energy balance.

This consolidation created opportunities to simplify the management of such contracts, segregate the risk and return profiles of the Generation and Trading businesses and capture important synergies from optimizing this portfolio.

As the Company's accounting policies remain the same, considering its consolidated financial statements, such consolidation of contracts did not have any effect on consolidated results, and its future energy purchase and sale contracts continue to be classified according to their original classification:

- Wholesale contracts: Contracts classified outside the scope of CPC 48, as they are maintained for purposes of receipt or delivery of a non-financial item and are not subject to mark-to-market adjustment; and
- Trading contracts: Contracts classified within the scope of CPC 48, as financial instruments recognized at fair value on the date the respective contract is signed and, subsequently, are marked to market at their fair value.

Equity Income

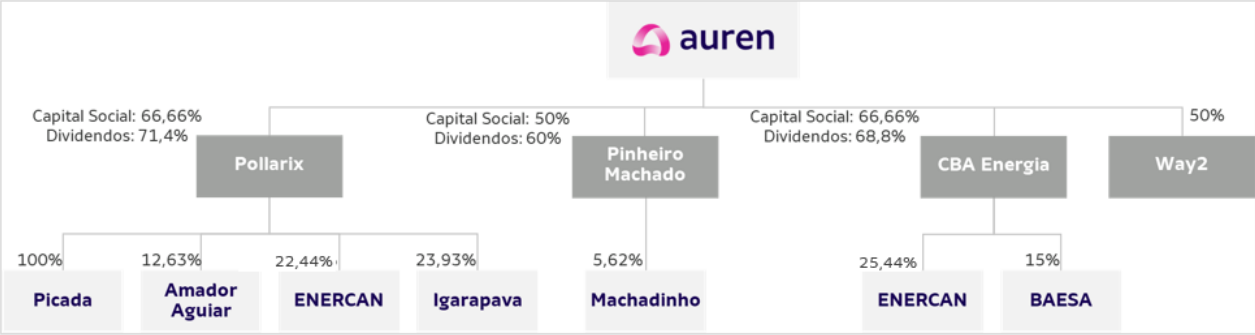
The results that make up the equity income booked by the Company are derived from its indirect interest held in hydroelectric assets (CBA Energia, Pollarix and Pinheiro Machado) and in Way2.

In addition to the intercompany operations mentioned in the previous section, the eliminations shown in the consolidated result include the results of each company in which Auren holds interest and which are consolidated for the purposes of the financial statements, such as CESP, Auren Comercializadora (former Votener) and the companies of the Ventos do Piauí I, II and III and Ventos do Araripe III and Sol de Jaíba wind power complexes.

The non-controlling interest held by Auren in CBA Energia, Pollarix and Pinheiro Machado and the interest held by Auren Comercializadora (former Votener) in Way2 are not

eliminated for accounting purposes as they do not meet the criteria for consolidating their interests.

Figure 1 - Indirect controlling interest held by the Company



Appendices

Statement of Income and Adjusted EBITDA – Segmented

■ 1Q23

	Consolidated			Hydroelectric Generation			Wind Power Generation			Commercialization			Holding			Elimination		
R\$ thousand	1Q23	1Q22	Var. %	1Q23	1Q22	Var. %	1Q23	1Q22	Var. %	1Q23	1Q22	Var. %	1Q23	1Q22	Var. %	1Q23	1Q22	Var. %
Gross Revenue	1,627.4	1,537.0	5.9%	378.4	497.2	-23.9%	205.4	119.6	71.7%	1,179.7	1,118.6	5.5%	-	-	-	(136.1)	(198.4)	-31.4%
Net Revenue	1,414.5	1,384.2	2.2%	325.4	434.6	-25.1%	195.7	114.4	71.0%	1,019.4	1,015.2	0.4%	-	-	-	(125.9)	(180.0)	-30.1%
Purchased energy costs	(814.0)	(866.5)	-6.1%	(7.9)	(49.9)	-84.2%	(5.4)	(4.5)	20.0%	(926.6)	(992.1)	-6.6%	-	-	-	125.9	180.0	-30.1%
Electricity network charges	(67.9)	(54.8)	23.9%	(54.3)	(48.8)	11.4%	(13.6)	(6.0)	125.5%	-	-	-	-	-	-	-	-	-
Operating costs	(199.3)	(170.6)	16.8%	(108.0)	(116.7)	-7.4%	(91.3)	(53.9)	69.6%	-	(0.0)	-	-	-	-	-	-	-
Hydrological risk exposure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross profit (loss)	333.4	292.3	14.0%	155.2	219.2	-29.2%	85.4	50.0	70.6%	92.8	23.0	302.8%	-	-	-	-	-	-
Operating revenues (expenses)	(49.8)	(142.8)	-65.1%	(5.7)	(71.3)	-92.1%	(5.2)	(1.6)	223.2%	34.8	(31.6)	-210.3%	(46.7)	(38.3)	21.8%	(27.1)	-	-
Equity income	30.2	20.1	50.7%	29.8	23.2	28.4%	-	-	-	0.4	(0.0)	-973.3%	-	(10.6)	-100.0%	-	7.4	-
Financial result	(17.2)	(166.4)	-89.7%	30.6	(148.9)	-120.6%	(88.1)	(42.7)	106.2%	8.3	(5.6)	-249.3%	32.0	30.7	4.0%	-	-	-
Net income (loss) before income tax and social	296.6	3.1	9480.0%	210.0	22.3	842.9%	(7.9)	5.7	-238.1%	136.4	(14.2)	-1063.6%	(14.7)	(18.2)	-19.0%	(27.1)	7.4	-464.5%
Income tax and social contribution	(66.6)	(8.6)	677.4%	(18.4)	(2.3)	-	(14.2)	(9.9)	43.9%	(49.0)	4.8	-1125.3%	14.9	(1.2)	-1348.2%	-	-	-
Net income (loss)	230.0	(5.5)	-4298.5%	191.6	20.0	6900.6%	(22.1)	(4.2)	431.8%	87.4	(9.4)	-504.6%	0.2	(19.4)	-101.0%	(27.1)	7.4	-464.5%
Net income (loss) before income tax and social	296.6	3.1	9480.0%	210.0	22.3	842.9%	(7.9)	5.7	-238.1%	136.4	(14.2)	N.M.	(14.7)	(18.2)	N.M.	(27.1)	7.4	N.M.
Equity income	(30.2)	(20.1)	50.7%	(29.8)	(23.2)	28.4%	-	-	-	(0.4)	0.0	-973.3%	-	10.6	N.M.	-	(7.4)	N.M.
Financial result	17.2	166.4	N.M.	(30.6)	148.9	-120.6%	88.1	42.7	106.2%	(8.3)	5.6	-249.3%	(32.0)	(30.7)	4.0%	-	-	-
Depreciation and amortization	168.3	152.9	10.1%	97.7	107.6	-9.2%	58.9	33.6	75.1%	0.6	0.6	-6.4%	11.2	11.0	1.1%	-	-	-
EBITDA	451.9	302.4	49.5%	247.2	255.5	-3.2%	139.1	82.1	69.5%	128.2	(7.9)	N.M.	(35.5)	(27.3)	N.M.	(27.1)	-	-
Provision (reversal) for litigation	(17.3)	46.2	N.M.	(17.3)	46.2	N.M.	-	-	-	-	-	-	-	-	-	-	-	-
Write-off of judicial deposits	(38.4)	5.3	-820.0%	-	-	-	-	-	-	(65.5)	5.3	-	-	-	-	27.1	-	-
Reversal of impairment of fixed and intangible assets	396.2	353.9	11.9%	229.9	301.7	-23.8%	139.1	82.1	69.5%	62.7	(2.6)	N.M.	(35.5)	(27.3)	N.M.	-	-	-
Dividends received	28.0%	25.6%	2.4p.p.	70.7%	69%	1.2p.p.	71.1%	71.7%	-0.6p.p.	6.2%	-0.3%	6.4p.p.	-	-	-	-	-	-
Benefit plan migration effect	-	-	-	-	-	-	-	-	-	0	0	-	0	0	-	0	0	-
EBITDA Ajustado	960.9	344.1	179.2%	381.9	236.1	61.8%	186.8	94.4	97.9%	84.9	(11.8)	N.M.	(35.1)	25.4	N.M.	(97.7)	-	-
Adjusted EBITDA Margin	28.0%	25.6%	2,4 p.p.	70.7%	69.4%	1.2p.p.	71.1%	71.7%	-0.6p.p.	6.2%	-0.3%	6.4p.p.	-	-	-	-	-	-

Indebtedness

As of 1Q23, the Company adopted the following criterion for calculating Net Debt: Gross Debt deducted from Cash (Cash, Cash Equivalents and Financial Applications), incorporating the fair value of derivatives (assets and liabilities) and Classified Leases of in accordance with standard CPC-06/IFRS16-Leases. Therefore, we present below the historical indebtedness, for comparison purposes:

R\$ million	1Q22	2Q22	3Q22	4Q22	1Q23
Short-term	204.4	226.9	236.6	276.6	285.5
Long-Term	4,623.9	5,358.7	5,492.2	5,553.6	5,835.2
Gross Debt	4,828.3	5,585.6	5,728.8	5,830.2	6,120.8
Derivatives	(0.0)	(0.1)	0.1	(0.8)	(1.6)
Leases	6.8	5.6	80.7	44.3	45.4
Total Gross Debt	4,835.0	5,591.1	5,809.5	5,873.7	6,164.5
Cash and cash equivalents, financial investments	3,173.8	3,347.7	2,981.0	3,231.3	3,402.7
Net Debt	1,661.2	2,243.5	2,828.6	2,642.4	2,761.8
Leverage (Net Debt/Adjusted EBITDA (12M))	1.5x	1.8x	2.0x	1.6x	1.6x

Debt by Instrument

	Gross Debt (R\$ million)	Index	Spread	Amortization	Maturity
Auren Energia	342.5				
1st Debenture	342.5	CDI	1.48%	Bullet	Dec/24
CESP	2,023.8				
11th Debenture	224.7	CDI	1.64%	7 years	Dec/25
12th Debenture	1,799.1	IPCA	4.30%	10 years	Aug/30
Ventos do Piauí I	752.9				
BNDES	616.1	TJLP	2.16%	16 years	Jun/34
1st Debenture	136.8	IPCA	5.47%	Bullet	Jun/24
Ventos do Piauí II e III	1,665.1				
BNDES	1,665.1	IPCA	4.56%	22 years	Mar/45
Ventos do Araripe III	1,045.8				
Repasse	406.0	TJLP	3.15%	12 years	Dec/29
BNDES	450.0	TJLP	2.49%	16 years	Jun/35
1st Debenture	189.9	IPCA	6.99%	14 years	Jul/32
Total	5,830.2				

Ratings

		Rating	Outlook	Revisison
Auren - Corporate	Fitch Ratings	BBB - AAA (bra)	Negative Stable	mar/22
CESP - Corporate	Standard & Poor's	BB - br.AAA	Stable	may/21
CESP - 12ª Debenture	Fitch Ratings	AAA (bra)	Negative Stable	jul/21
Ventos do Piauí I	Fitch Ratings	BB AAA (bra)	Stable	mar/22
Ventos do Araripe III	Fitch Ratings	BB AA- (bra)	Positive	oct/22

Asset Portfolio

■ Assets in Operation

Asset ⁽¹⁾	Source	Installed Capacity⁽²⁾ (MW)	Physical Guarantee⁽²⁾ (MWavg)	Economic Interest³
Porto Primavera	Hydro	1,540.0	886.8	100.0%
Barra Grande (BAESA)	Hydro	71.2	36.7	10.3%
Campos Novos (ENERCAN) ⁽⁴⁾	Hydro	153.9	66.9	17.5%
Campos Novos (ENERCAN) ⁽⁵⁾	Hydro	141.1	61.2	16.0%
Amador Aguiar I e II	Hydro	40.6	24.5	9.0%
Igarapava	Hydro	35.9	21.8	17.1%
Picada	Hydro	35.7	21.1	71.4%
Machadinho	Hydro	38.4	17.5	3.4%
Ventos do Piauí I	Wind	205.8	106.3	100.0%
Ventos do Piauí II	Wind	206.8	104.6	100.0%
Ventos do Piauí III	Wind	202.4	99.7	100.0%
Ventos do Araripe III	Wind	357.9	151.1	100.0%
Total		3,029.6	1,599.1	

⁽¹⁾ Includes assets in which the Company has investments: CBA Energia, Pollarix and Pinheiro Machado.

⁽²⁾ Installed capacity proportional to the indirect interest held by the Company in the assets.

⁽³⁾ Auren's indirect economic interest in the assets represents the percentage of dividends received by Auren from CBA Energia, Pollarix and Pinheiro Machado. Auren's preferred shares receive a differentiated dividend of 68.8% of the dividends paid by CBA Energia, 71.4% of the dividends paid by Pollarix and 60% of the dividends paid by Pinheiro Machado.

⁽⁴⁾ Holding company CBA Energia.

⁽⁵⁾ Holding company Pollarix.

- **Assets under Construction**

Asset	Source	Installed Capacity (MW)	Physical Guarantee (MWavg)	Economic Interest
Sol do Piauí	Hybrid	48.0	12.7	100.0%
Sol de Jaíba	Solar	500.0	154.2	100.0%
Total		548.0	166.9	

- **Pipeline**

Asset	Source	Installed Capacity (MW)	Physical Guarantee (MWavg)	Economic Interest
Hélios	Solar	1,210.0	355.3	100.0%
Corumbá	Hydro	81.6	51.5	51.0%
Ibiapaba	Wind	382.0	186.0	100.0%
Total		1,673.6	592.8	-