

(A free translation of the original in Portuguese)



**Parent company and consolidated
financial statements
at December 31, 2023**

Management Message

In 2023, we continued our journey to establish ourselves as one of the leading companies in renewable generation and energy trading in Brazil. This year marked several significant achievements for Auren, showcasing the consistency of our strategy, the robustness of our assets, solid corporate governance, and ongoing commitment to sustainable results.

Throughout the year, the hydrological scenario reflected the climatic effects of the El Niño phenomenon. In the 4Q23, the reservoir levels of the National Interconnected System (SIN) remained, on average, 15 p.p. above the levels observed in 2022. Economic growth and high temperatures throughout the year influenced energy consumption, resulting in a 5.5% increase, or 4 GW average, compared to the 2022, also affecting the PLD, with an average value of R\$ 72/MWh in the year, compared to R\$ 59/MWh in 2022.

Due to increased water availability, the energy generation of HPP Porto Primavera Plant in 2023 was 19.6% higher than the previous year. Regarding wind assets, the energy production totaled 442.1 MW average, exceeding the certification at the 90th percentile (P90) by 2.8%, representing a growth of 31.5% compared to 2022, explained by the operation of the Ventos do Piauí II and III wind farms during the previous year.

Also, in terms of generation portfolio, we celebrated, in November 2023, the commencement of operations of the Sol do Piauí solar project, adding 58 MWp to Auren's installed capacity. This is the first solar project authorized by ANEEL (National Electric Energy Agency) to operate in association, sharing the transmission system infrastructure with a wind complex, in this case, Ventos do Piauí I. The complementarity of energy generated by solar and wind sources ensures synergy in operation and greater stability in energy production, benefiting the national electrical system.

We continue to advance in the development of the Sol de Jaíba solar project, according to the initially established schedule and planning, with the energization of the first sets of photovoltaic modules starting in January 2024, adding 101 MWp to the already operational capacity. In total, the project will add 630 MWp of installed capacity and 154 MW average of physical guarantee to the Company. The completion of Sol do Piauí and the progress of the Sol de Jaíba project reinforces the Company's commitment to expanding a renewable and diversified generation matrix.

On the Commercialization segment, we maintained our leadership position in energy trading throughout 2023, with 4.2 GW average traded and a growing portfolio of

clients. We also strengthened our sustainable positioning with the evolution of the carbon credit trading segment, selling over 1.6 million credits from the Ventos do Piauí I and Ventos do Araripe III wind complexes, contributing to the global market through the voluntary greenhouse gas emission offset mechanism.

Additionally, in December, we announced the signing of an agreement with Vivo (Telefônica Brasil) to create a joint venture focused on retail energy trading, a significant advancement in our expansion strategy and preparation for the opening of the free energy market. We believe that Auren's expertise in energy generation and trading combined with Vivo's reach and distribution capacity will leverage the joint venture. Its focus will be on the retail market, which encompasses around 72 thousand businesses, including factories, offices, and commercial establishments connected to the medium and high-voltage network with demand under 500 kW.

Regarding financial performance, we concluded 2023 successfully, with a 12.1% growth in net revenue, totaling R\$ 6.2 billion, and Adjusted EBITDA of R\$ 1.8 billion, an increase of 9.6% compared to 2022. The positive results are mainly explained by the performance of the Commercialization segment, with a significant increase in traded energy volume and improved trading operation margins, and the Wind Generation segment, with the operation of the Ventos do Piauí II and III wind farms at the end of 2022.

Our discipline enabled the distribution of R\$ 3.0 billion in dividends to our shareholders this year, maintaining a solid cash position of R\$ 3.2 billion and a financial leverage of 1.8x net debt/Adjusted EBITDA at the end of the year. Thus, we concluded 2023 with a comfortable financial position for the continued assessment of new investment opportunities, in line with our growth and expansion strategy in the generation and commercialization segments.

We continue to advance in the evolution of our ESG (Environmental, Social, and Governance) agenda and, in 2024, we join the portfolio of the Corporate Sustainability Index (ISE) of the Brazilian stock exchange B3 S.A. – Brasil, Bolsa, Balcão (B3), in addition to the Efficient Carbon Index (ICO2) and Diversity Index (IDIVERSA). This represents another important recognition of Auren's best practices in the People, Planet and Prosperity pillars.

We start 2024 with the same dedication to innovate, with diligence and discipline for new investments. We thank our shareholders, employees, business partners, and other stakeholders for supporting our growth journey towards a cleaner and more sustainable future.

Fabio Zanfelice

Chief Executive Officer

Mario Bertoncini

VP of Finance and Investor Relations
Officer

Company Profile

Auren was born to build a more positive world. The Company was created from the integration of the energy assets of Votorantim S.A and CPP Investments, with the aim of positioning itself as one of the largest renewable generation and energy trading platforms in Brazil. Auren has a portfolio of more than 1,000 customers, with 4.2 GW average of energy sold in 2023, with a diversified portfolio of products and solutions focused on customer needs and based on continuous investment in market intelligence and digitalization. With more than 100 years of history and vast knowledge of the electricity sector, Auren is led by a team of experts ready to innovate and generate shared value for customers, partners, shareholders and society.

Corporate Governance

Since the Company's creation and the beginning of trading of shares on B3 S.A. – Brasil, Bolsa, Balcão ("B3"), on March 28, 2022, Auren has been part of the Novo Mercado segment, the listing segment with the highest standards of governance of the Brazilian Stock Exchange. In this context, the structuring and implementation of processes, together with the maturity of the control and policy environment resulting from the high standards of the Novo Mercado, strengthen transparency, information disclosure and the decision-making process of the management and the governance bodies of the Company.

Furthermore, Auren adopts the main practices recommended by the Brazilian Institute of Corporate Governance (IBGC), using as a basis the Code of Best Corporate Governance Practices, with its actions guided by the principles of integrity, transparency, equity, accountability, and corporate responsibility, in order to inspire Auren's relationships with its employees, customers, suppliers, investors and other stakeholders.

Additionally, Auren is a signatory to the corporate sustainability initiative promoted by the United Nations (UN) and it is also committed to the Ten Sustainable Development Goals (SDGs).

Ethics, integrity and transparency are the basis of Auren. Driven by this spirit, Auren also joined the 100% Transparency Movement of the UN Global Compact, which aims to encourage Brazilian companies to fight corruption and engage them in meeting the goal of becoming fully transparent by 2030.

Compliance

The year of 2023 marked the consolidation of the Company's new Compliance Program. Auren's Compliance Program was developed in accordance with the

parameters of the Anti-Corruption Law (Law No. 12,846/2013, as amended), and operates on the following fronts: (i) employees guidance and training; (ii) monitoring the relationship with public authorities; (iii) internal regulations preparation and review; (iv) monitoring of conflicts of interest; (v) management of reporting channels and internal investigations; and (vi) integrity due diligence on business partners.

Auren's Compliance Program in 2023 includes several initiatives. Among them, the following:

- Compliance visit and training in implementation projects (greenfield) in Piauí and Minas Gerais states, covering an audience of around 1,300 employees and third parties;
- Support for the Internal Commission for Accident and Harassment Prevention (from Portuguese, CIPA) in accordance with new Law No. 14,457/22, with training on moral and sexual harassment, as well as support during the Internal Week for the Prevention of Accidents at Work and the Environment (from Portuguese, SIPATMA);
- Training and internal communications on Compliance standards and best practices;
- Holding the second edition of Compliance Day, an event with mandatory participation that involves the entire Company, including the participation of the highest level of management, with lectures and debates focusing on ethics, integrity and ESG;
- Launch of mandatory annual training on Auren's Code of Conduct, which aims to guide all employees on the Company's guidelines of anti-corruption and conduct;
- Throughout the year, the Compliance area evaluated approximately 550 business partners based on integrity criteria, in addition to providing support in contracts preparation and evaluation on projects and for commercial partnerships.

Auren also celebrated, in 2023, the first year of its new Code of Conduct, applicable to employees, administrators, suppliers and other parties involved in Auren's business. The document addresses, among other issues, the fight against harassment and discrimination, social responsibility, diversity and inclusion, anti-bribery and anti-corruption practices, relationships with public authorities, health and safety at work, commercial and investor relationships, confidentiality and conflict of interests. The Code of Conduct reinforces the Company's rigor related to ethics and integrity in everyday life, reaffirming its commitment to the values of justice and integrity in all relationships.

More information about Corporate Governance developments and initiatives are available on the Investor Relations website (<https://ri.aurenenergia.com.br/>).

1. Operating Performance

In December 2023, Auren's operational installed capacity totaled 3,087 MW, of which 2,057 MW refers to hydropower, including 517 MW of assets in which the Company holds significant minority interest, and 982 MW refers to wind power and 48 MW refers to solar power, considering the startup of Sol do Piauí in November 2023.

1.1 Hydroelectric Generation

The company holds a full stake in HPP Porto Primavera and a minority stake in seven other hydroelectric assets - HPP Machadinho, HPP Campos Novos, HPP Barra Grande, HPP Amador Aguiar I and II, HPP Igarapava and HPP Picada.

Energy production at the Porto Primavera HPP reached 982.3 MW average in 4Q23, 19.4% higher than in 4Q22 (822.6 MW average), due to the prioritization of hydroelectric dispatch as a result of the favorable hydrological scenario and the high level of the SIN reservoirs. It is also worth noticing the increase in electricity consumption in the last quarter of the year, associated with high temperatures, which additionally contributed to the increase in hydroelectric generation.

Regarding production in 2023, the Porto Primavera HPP generated 922.4 MW average, 19.6% higher than in 2022 (771.0 MW average), due to the better water availability recorded, especially during the first half of 2023, which saw flows above historical averages due to the high levels of rainfall observed.

Table 01 – Generation by hydroelectric assets 100% owned by the Company

Power Plant	Installed Capacity (MW)	Physical Guarantee (MWavg)	Energy Generation (MWavg)					
			4Q23	4Q22	Var. (%)	2023	2022	Var. (%)
HPP Porto Primavera	1,540.0	886.8	982.3	822.6	19.4%	922.4	771.0	19.6%

Table 02 – Outflow Evolution from HPP Porto Primavera

Average Flows (m ³ /s)	4Q23	4Q22	Var. (%)	2023	2022	Var. (%)
Turbine Flow ¹	5,607	4,587	22.2%	5,325	4,267	24.8%
Pouring Flow ²	6	4	N.M. ³	1,036	4	N.M. ³
Total Outflow ⁴	5,613	4,591	22.3%	6,361	4,271	48.9%

¹; Plant discharge: flow that goes through the turbines of the plant to generate electricity.

² Spilled flow: flow that goes through the spillways of the hydroelectric plant not generating electricity, including flow from fish ladder.

³ N.M.: Non-measurable.

⁴ Released flow: total flow that goes through the plant, being the sum of plant discharge and spilled flow.

In 4Q23, the inflow to SIN reservoirs, particularly in the Southeast/Midwest subsystem, was 16 p.p. lower than in 4Q22 due to less rainfall during the period. Nevertheless, accumulated inflow in 2023 is close to the historical average (93%) and 11 p.p. higher than in 2022, as shown in Table 3.

Table 03 –Evolution of Affluent Natural Energy (ENA) from the Southeast/Midwest Subsystem

Period	ENA (MWavg)			ENA (% MLT) ⁵		
	2023	2022	Var. (%)	2023	2022	Var. (pp)
January	77,841	71,611	9%	119%	109%	10
February	73,925	77,964	-5%	105%	110%	-5
March	71,117	52,859	34%	103%	77%	26
April	55,160	40,929	35%	101%	75%	26
May	36,569	26,928	36%	92%	68%	24
June	30,862	24,273	27%	95%	75%	20
July	22,870	16,847	36%	89%	66%	23
August	18,510	16,060	15%	90%	78%	12
September	17,296	16,134	7%	88%	82%	6
October	22,523	24,480	-8%	95%	104%	-9
November	26,427	24,425	8%	84%	78%	6
December	28,086	42,977	-35%	59%	90%	-31
1Q	74,307	66,464	12%	109%	97%	12
2Q	40,817	30,541	34%	96%	72%	24
3Q	19,587	16,262	20%	89%	75%	14
4Q	25,671	30,695	-16%	79%	91%	-12
12M	39,905	36,056	11%	93%	84%	9

Average availability index of plants managed by Auren remained above the reference values defined by the Brazilian Electricity Regulatory Agency (ANEEL). In 4Q23, the average availability index of HPP Porto Primavera was 96.9%, 0.7 p.p. higher than in 4Q22 (96.2%). Compared to 2023, the availability index was 4.6 p.p. higher than the ANEEL reference values.

Table 04 –Availability of plants operated by Auren and reference values adopted by ANEEL

Power Plant	Installed Capacity (MW)	Number of Generation Units (GU)	Capacity of GUs (MW)	Verified Availability	ANEEL Reference Values
HPP Porto Primavera	1,540.0	14	110.0	96.9%	92.3%
HPP Picada	50.0	2	25.0	96.2%	94.6%

⁵ Average Long Term (MLT). Information available at http://www.ons.org.br/Paginas/resultados-da-operacao/historico-daoperacao/energia_afluente_subsistema.aspx.

1.2 Wind Generation

Electricity production at Auren's wind farms amounted to 404.5 MW average in 4Q23, 16.1% higher than in 4Q22 (348.3 MW average), mainly due to the full entry of Ventos do Piauí II and a wind resource 5.8% higher than in the last quarter of 2022, especially in December. In 2023, Auren's wind farms produced 442.1 MW average of electricity, 31.5% more than in 2022 (336.1 MW average).

Table 05 – Technical characteristics of wind complexes

Wind Complex	Installed Capacity (MW)	Number of wind turbines	Manufacturer	Model	Type of Maintenance Contract
Ventos do Araripe III	357.9	156	GE	2X (2.3 e 2.4MW)	Full Scope Agreement
Ventos do Piauí I	205.8	98	Siemens Gamesa	G114 (2.1 MW)	Full Scope Agreement
Ventos do Piauí II	211.5 ⁶	47	Vestas	V150 (4.5 MW)	Full Scope Agreement
Ventos do Piauí III	207.0 ⁷	46	Vestas	V150 (4.5 MW)	Full Scope Agreement
Total	982.2	347			

Table 06 – Generation by wind complexes

Wind Complex	Physical Guarantee (MWavg)	Certification (MWavg) Oct – Dec		Energy Generation (MWavg)					
		P50	P90	4Q23	4Q22	Var. (%)	2023	2022	Var. (%)
Ventos do Araripe III	178.5	152.7	144.2	142.6	130.9	9.0%	155.7	158.6	-1.8%
Ventos do Piauí I	106.3	89.6	84.7	81.1	74.3	9.1%	90.0	96.5	-6.7%
Ventos do Piauí II (*)	105.7	91.6	79.5	95.2	69.4	37.1%	101.9	22.8	347.7%
Ventos do Piauí III(**)	100.6	87.0	75.2	85.7	73.7	16.2%	94.5	58.0	62.8%
Total	491.1	420.8	383.7	404.5	348.3	16.1%	442.1	336.1	31.5%

(*) Ventos do Piauí II started operations in August 2022..

(**) Ventos do Piauí III project began its startup process in May 2022.

To calculate the 2022 generation in MW average, we considered the annual generation of Ventos do Piauí II and III, in MWh, divided by the number of hours in the year.

As shown in Table 7, total generation in 4Q23 was 3.9% lower than certification at the 50th percentile (P50) and 5.4% higher than certification at the 90th percentile (P90).

In 2023, total generation was 6.2% lower than certification at the 50th percentile (P50) and 2.8% higher than certification at the 90th percentile (P90).

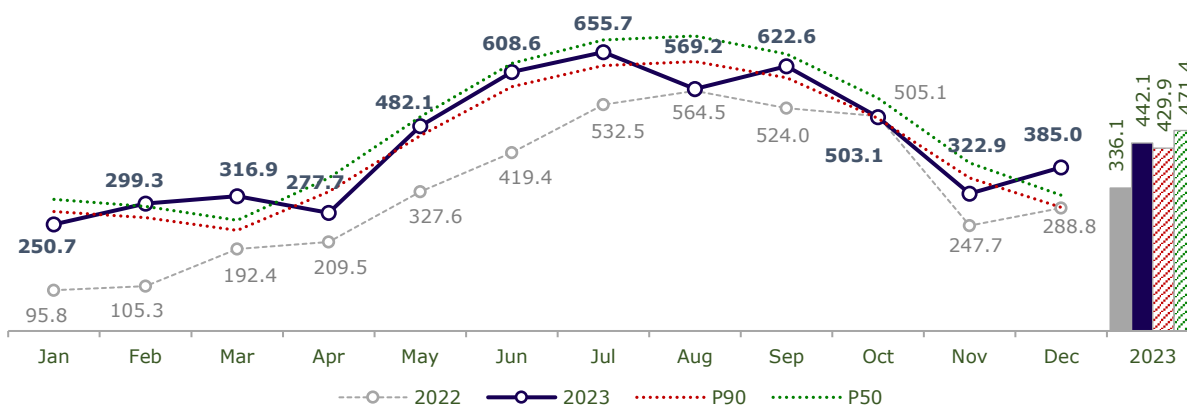
⁶ Installed capacity updated on August 21, 2023, after change in technical characteristics of wind turbines from 4.4 MW to 4.5 MW.

⁷ Installed capacity updated on August 21, 2023, after change in technical characteristics of wind turbines from 4.4 MW to 4.5 MW.

Table 07 – Generation by wind complexes in relation to certification

Wind Complex	Physical Guarantee (MWavg)	Certification (MWavg)				Generation (MWavg)		Var. (%)			
		Oct – Dec		Jan - Dec		4Q23	2023	4Q23		2023	
		P50	P90	P50	P90			P50	P90	P50	P90
Ventos do Araripe III	178.5 ⁸	152.7	144.2	171.8	162.3	142.6	155.7	-6.6%	-1.1%	-9.4%	-4.1%
Ventos do Piauí I	106.3	89.6	84.7	99.9	94.5	81.1	90.0	-9.5%	-4.3%	-9.9%	-4.8%
Ventos do Piauí II	105.7	91.6	79.5	102.0	88.6	95.2	101.9	3.9%	19.6%	0.0%	15.1%
Ventos do Piauí III	100.6	87.0	75.2	97.7	84.5	85.7	94.5	-1.6%	13.9%	-3.3%	11.9%
Total	491.1	420.8	383.7	471.4	429.9	404.5	442.1	-3.9%	5.4%	-6.2%	2.8%

Chart 01 – Performance of wind farms in 4Q23 compared to the project's technical parameters with an average generation expectation of P50 on a base 100

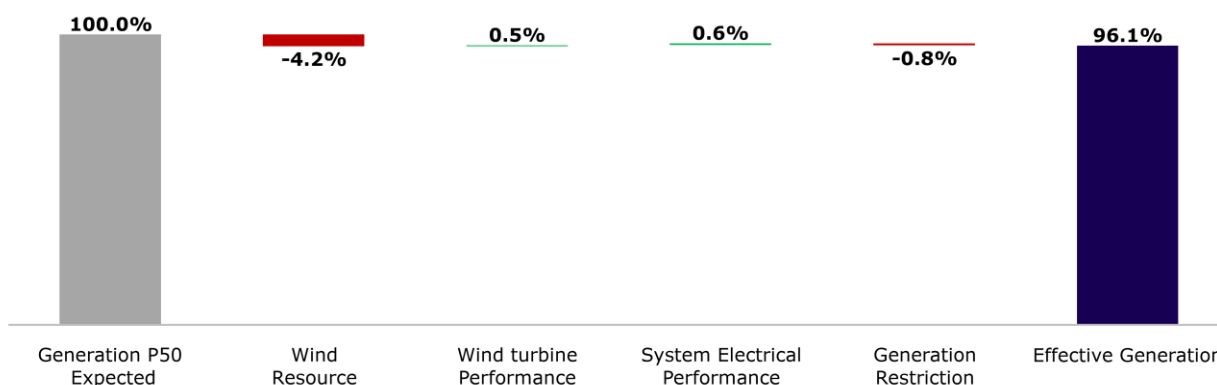


Evaluating the aggregate results of the wind assets in terms of the project's technical parameters, the wind resource in 4Q23 was 4.2% below the long-term average for the 20-year horizon (estimated energy production horizon based on the P50).

The wind turbines, in turn, performed 0.5% above expectations, as did the performance of the electricity system⁹ (+0.6%). The reduction in production caused by generation restrictions (curtailment) accounted for 0.8%, of which 0.3% can be compensated.

⁸ Physical guarantee after revocation of the ordinary revision in 2022, as per Ordinance 2,634 SNTEP/MME published on October 19, 2023 by the National Energy Transition and Planning Secretary of the Ministry of Mining and Energy.

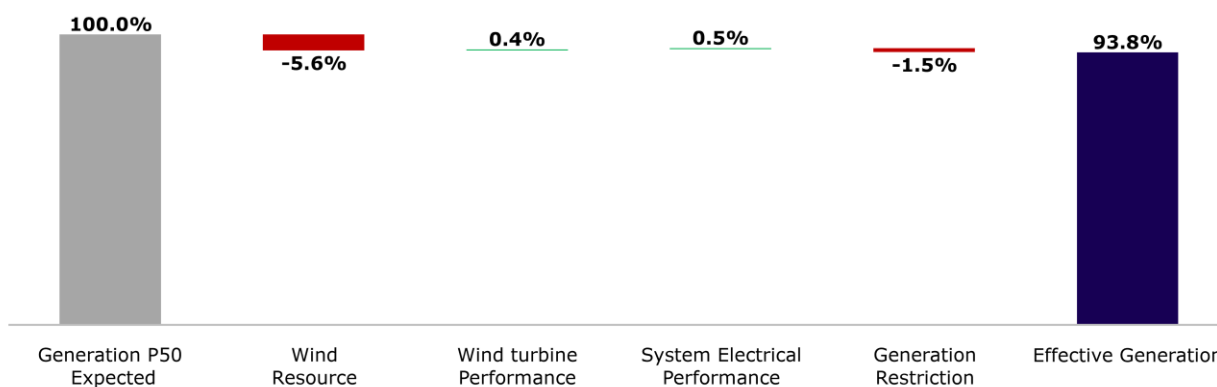
Chart 02 – Performance of wind farms in 2023 compared to the project's technical parameters, with an average generation expectation of P50 based on 100



Regarding 2023, evaluating the aggregate results of the wind assets in terms of the project's technical parameters, the wind resource was 5.6% under the long-term average for the 20-year horizon (estimated energy production horizon based on the P50).

The wind turbines, in turn, performed 0.4% better than expected, as did the performance of the electricity system¹⁰, which was 0.5% better. The reduction in production caused by generation restrictions (curtailment) in the SIN accounted for 1.5%, of which 1.1% can be reimbursed.

Chart 03 – Performance of wind farms in 2023 compared to the project's technical parameters, with an average generation expectation of P50 based on 100



Ventos do Araripe III

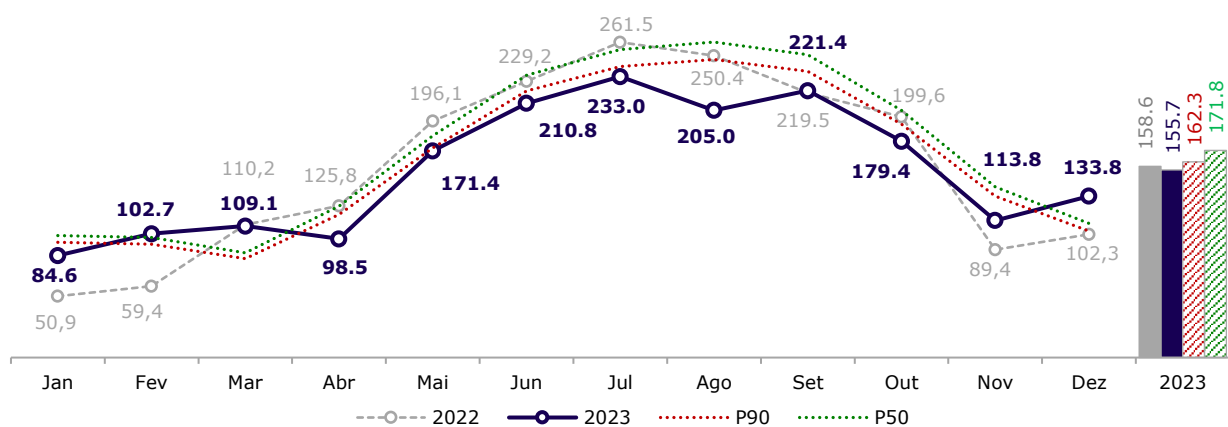
In 4Q23, generation by Ventos do Araripe III was 142.6 MW avg, 9.0% higher than in 4Q22 (130.9 MW avg). Generation was 1.1% lower than expected in the 90th percentile (P90) and 6.6% lower than average expected generation (P50), due to wind below expectations in the period.

In 2023, total generation by the complex was 155.7 MW average, 4.1% lower than P90 and 9.4% lower than P50.

Table 08 – Generation of the Ventos do Araripe III wind complex

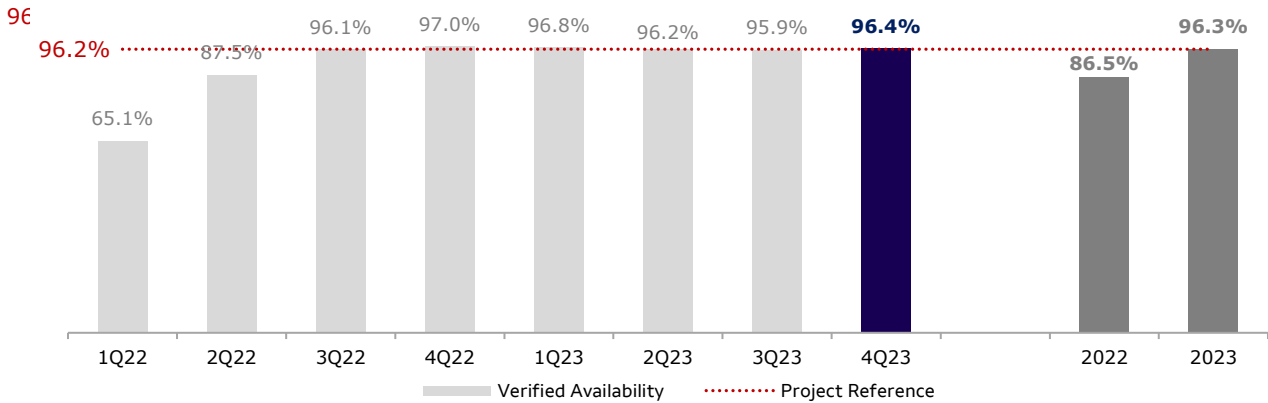
Period	Generation (MWavg)	Expected Generation (P90) (MWavg)	Var. (P90)	Expected Generation (P50) (MWavg)	Var. (P50)
1Q22	73.9	90.4	-18.2%	95.7	-22.8%
1Q23	98.7		9.1%		3.1%
2Q22	183.8	171.3	7.3%	181.3	1.4%
2Q23	160.4		-6.4%		-11.5%
3Q22	244.1	242.0	0.9%	256.1	-4.7%
3Q23	219.8		-9.2%		-14.2%
4Q22	130.9	144.2	-9.2%	152.7	-14.3%
4Q23	142.6		-1.1%		-6.6%
2022	158.6	162.3	-2.3%	171.8	-7.7%
2023	155.7		-4.1%		-9.4%

Chart 04 - Ventos do Araripe III: Power generation and certified values for the 50th percentile (P50) and 90th percentile (P90) (MW average)



The complex's average time availability index reached 96.4% in 4Q23, a reduction of 0.6 p.p. compared to the availability seen in 4Q22 (97.0%), but still performing above the project's reference.

Chart 05 – Ventos do Araripe III: Average Time Availability (%)



In 4Q23, the average wind speed was 7.2 m/s, 5.9% higher than the 6.8 m/s recorded in 4Q22. In 2023, the average wind speed was 7.5 m/s, 1.3% lower than the 7.6 m/s recorded in 2022.

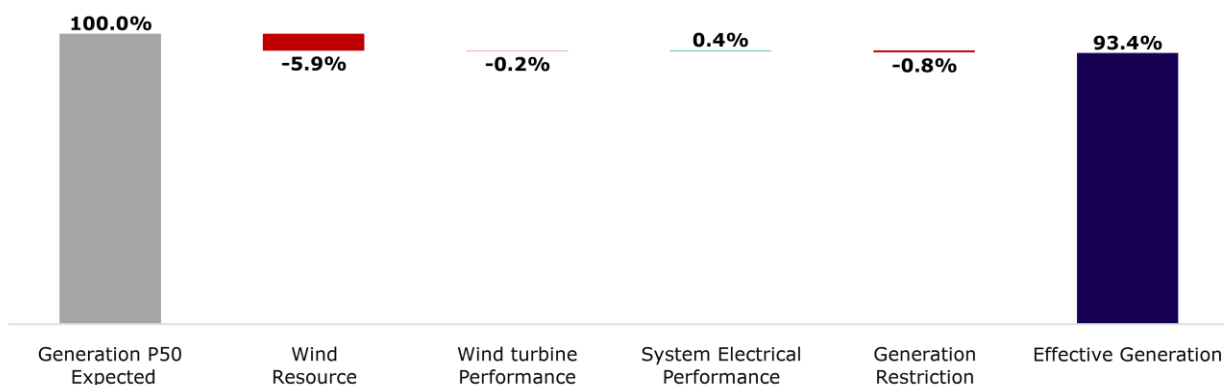
Chart 06 – Ventos do Araripe III: Monthly Average Wind Speed (m/s)



Evaluating the results in terms of the project's technical parameters, the wind resource in 4Q23 was 5.9% below the long-term average for the 20-year horizon (estimated horizon for energy production based on the P50), two effects contributed to a greater loss of energy supplied by the wind turbines, despite the wind occurring being close to the expected average: (i) although the difference between the expected and actual wind is small, the transformation of the resource into energy is

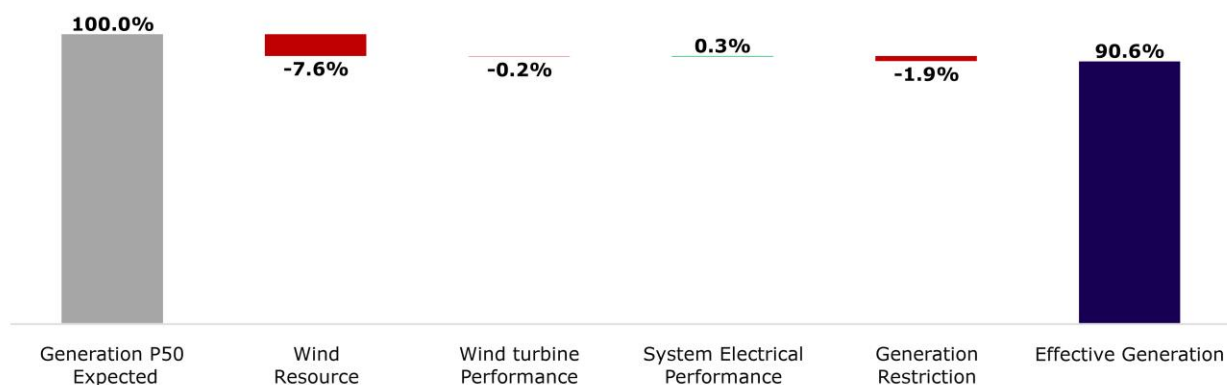
a function of the third power, which amplifies the difference; (ii) in this quarter, the wind remained at the operating extremities for longer than expected in the project. As a result, there was a greater impact on generation as the wind turbines do not operate below 3.5 m/s and do not add more power when the wind is above 11.5m/s. The availability of the wind turbines was 0.2% below the reference. The performance of the electricity11 system was 0.4% higher than expected, compensating for the performance of the wind turbines. However, limitations on the flow of production due to restrictions at the Basic Grid sectioning substation (CNP-II) and other generation restrictions impacted this quarter's result by 0.8%, of which 0.3% can be reimbursed.

Chart 07 – Ventos do Araripe III: 4Q23 Performance of the wind farm compared to the project's technical parameters, with average generation expectation of P50 (base 100)



Regarding to 2023, assessing the results and the technical parameters of the project, winds were 7.6% below the long-term average for a 20-year horizon (estimated period of power generation based on P50). The availability of wind turbines was 0.2% below reference, due to the maintenance of large components concluded in October. The performance of the power grid12 was 0.3% above expected. However, limitations on the distribution of power to SIN curtailment affected the annual results by 1.9%, of which 1.4% can be offset via reimbursement.

Chart 08 – Ventos do Araripe III: 2023 Performance of the wind farm compared to the project's technical parameters, with average generation expectation of P50 (base 100)



Ventos do Piauí I

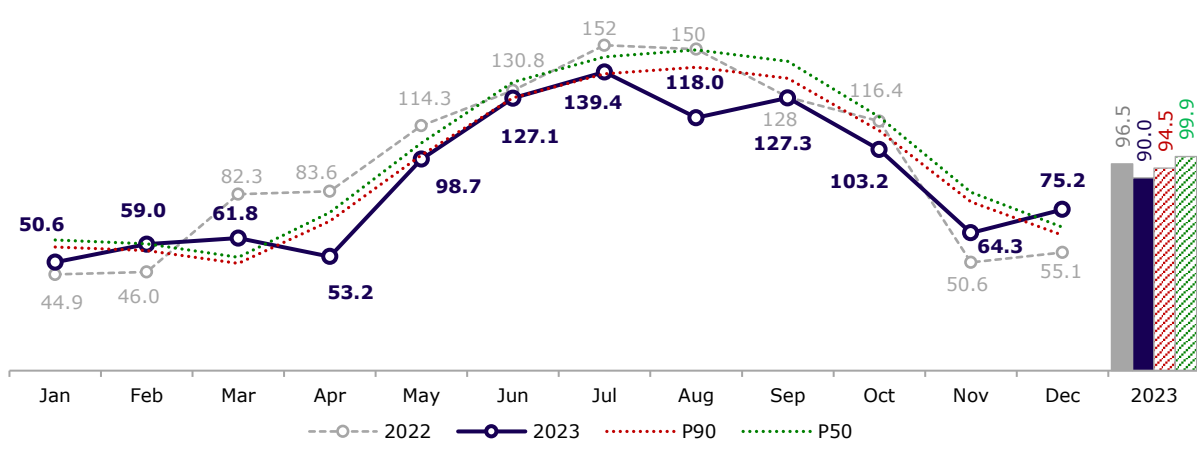
In 4Q23, generation by Ventos do Piauí I was 81.1 MW average, 9.1% higher than in 4Q22 (74.3 MW). Generation was 4.3% lower than expected in the 90th percentile (P90) and 9.5% lower than average expected generation (P50), due to wind below expectations in the period.

In 2023, total generation by the complex was 90.0 MW average, 4.8% lower than P90 and 9.9% lower than P50.

Table 09 – Generation of 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%
2Q22	109.6	99.2	10.5%	104.9	4.5%
2Q23	93.1		-6.1%		-11.2%
3Q22	143.3	138.9	3.2%	146.8	-2.4%
3Q23	128.2		-7.7%		-12.7%
4Q22	74.3	84.7	-12.3%	89.6	-17.1%
4Q23	81.1		-4.3%		-9.5%
2022	96.5	94.5	2.1%	99.9	-3.4%
2023	90.0		-4.8%		-9.9%

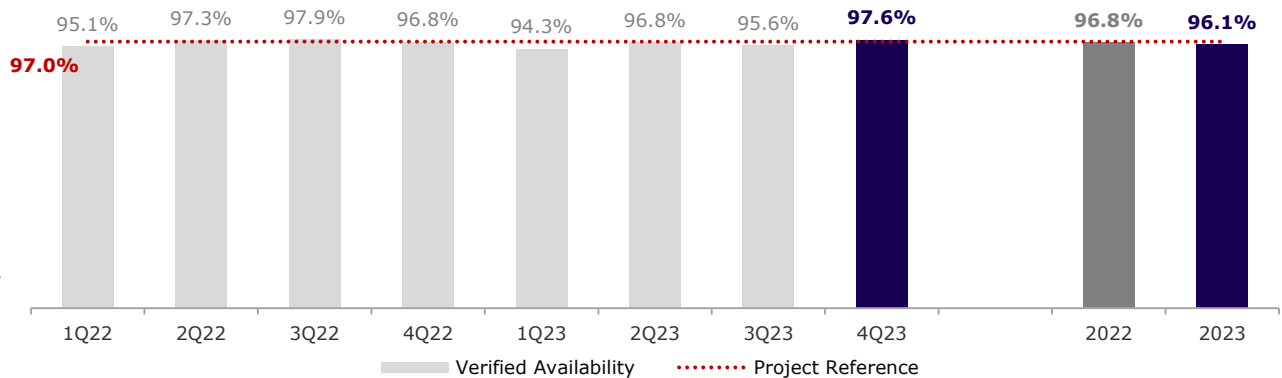
Chart 09 – Ventos do Piauí I: Power generation and certified values for 50th percentile (P50) and 90th percentile (P90) (MW average)



Average time availability index of Ventos do Piauí I complex reached 97.6% in 4Q23, 97.0% above the project reference.

In 2023, availability remained below expectations due to the change in components, which began in February and ended in September, and the general preventive maintenance of the substation in March. These effects affected availability by 1.5%.

Chart 10 - Ventos do Piauí I: Average Time Availability (%)



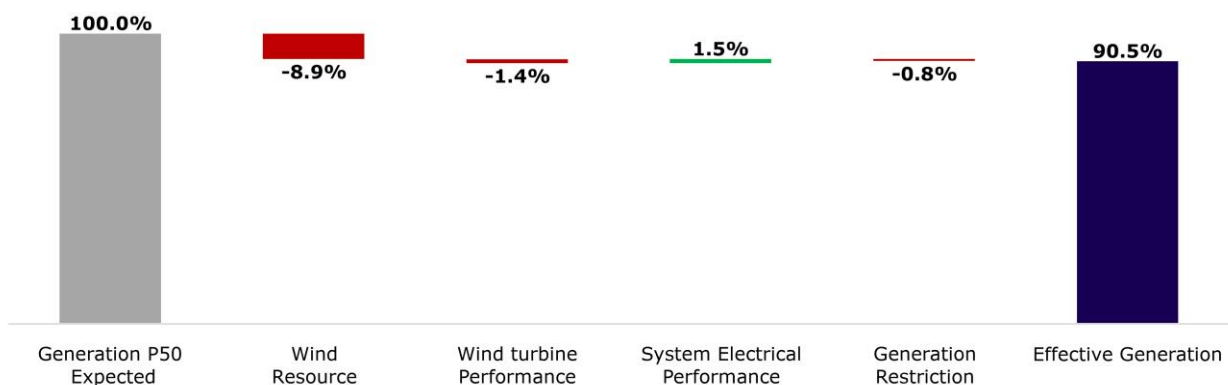
In 4Q23, the average wind speed was 6.9 m/s, 6.1% higher than the 6.5 m/s recorded in 4Q22. In 2023, the average wind speed was 7.2 m/s, 2.7% lower than the 7.4 m/s recorded in 2022.

Chart 11 - Ventos do Piauí I: Monthly Average Wind Speed (m/s)



Assessing the results and the technical parameters of the project, in 4Q23 winds were 8.9% under the long-term average for a 20-year horizon (estimated period of power generation based on P50). The availability of wind turbines was 1.4% under expectations, due to the low power curve in the periods of slow winds and interferences in the commissioning of the Sol do Piauí I photovoltaic plant (hybrid complex). The performance of the complex’s power grid⁹ was 1.5% above expected. Generation restrictions negatively affected the quarterly results by 0.8%, of which 0.3% can be reimbursed.

Chart 12 - Ventos do Piauí I: 4Q23 Performance of the wind farm compared to the project's technical parameters, with average generation expectation P50 (base 100)

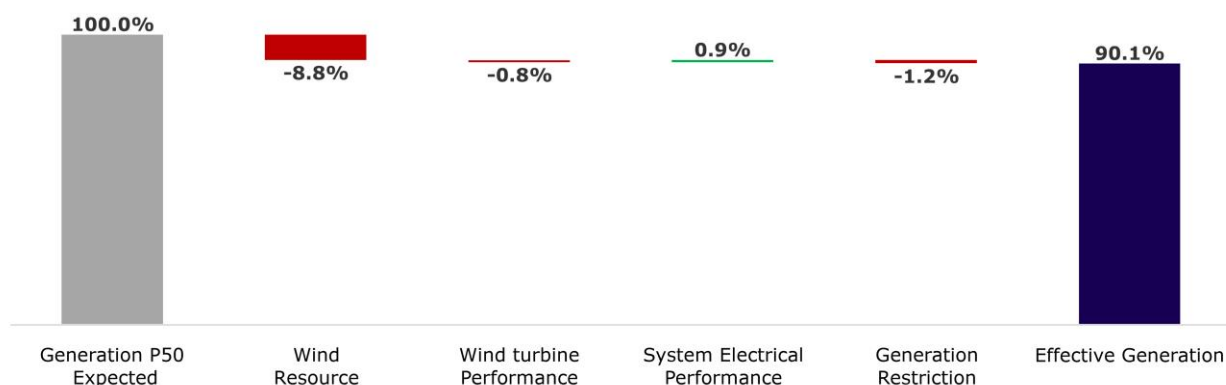


In relation to 2023, assessing the results based on the technical parameters of the project, winds were 8.8% below the long-term average for a 20-year horizon (estimated period of power generation based on P50). The availability of wind turbines was 0.8% below reference, due to the maintenance of large components

⁹ 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).

concluded in September. The performance of the power grid¹⁴ was 0.9% above expectations; however, limitations on the distribution due to SIN restriction affected annual results by 1.2%, of which 0.9% can be reimbursed.

Chart 13 – Ventos do Piauí I: 2023 Performance of the wind farm compared to the project's technical parameters, with average generation expectation P50 (base 100)



Ventos do Piauí II

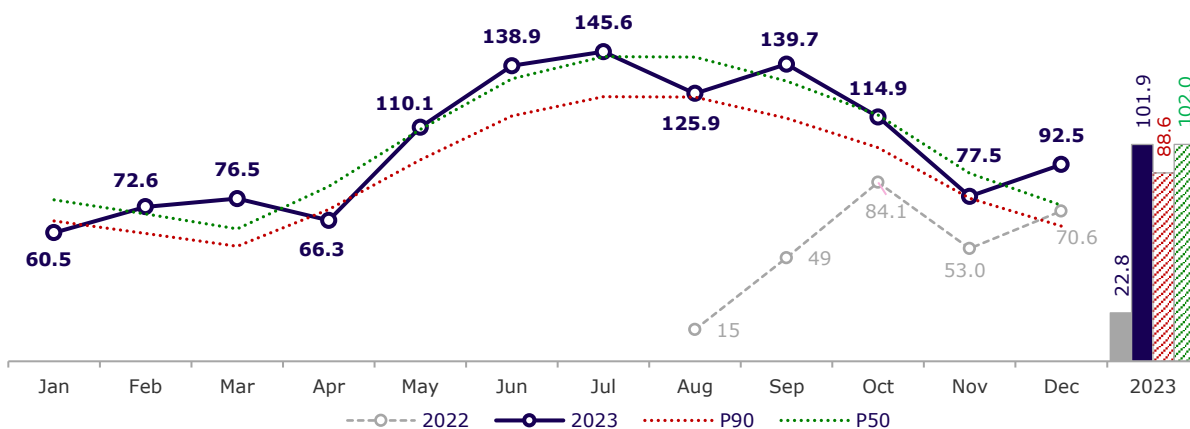
In 4Q23, generation from Ventos do Piauí II reached 95.2 MW average, 37% higher than the annualized generation of 69.4 MW average in 4Q2215. Production was 19.6% higher than expected generation at the 90th percentile (P90) and 3.9% higher than expected average generation (P50).

In 2023, the park's total generation reached 101.9 MW average, 15.1% higher than the P90 and in line with the P50.

Table 10 – Quarterly generation of the Ventos do Piauí II wind complex

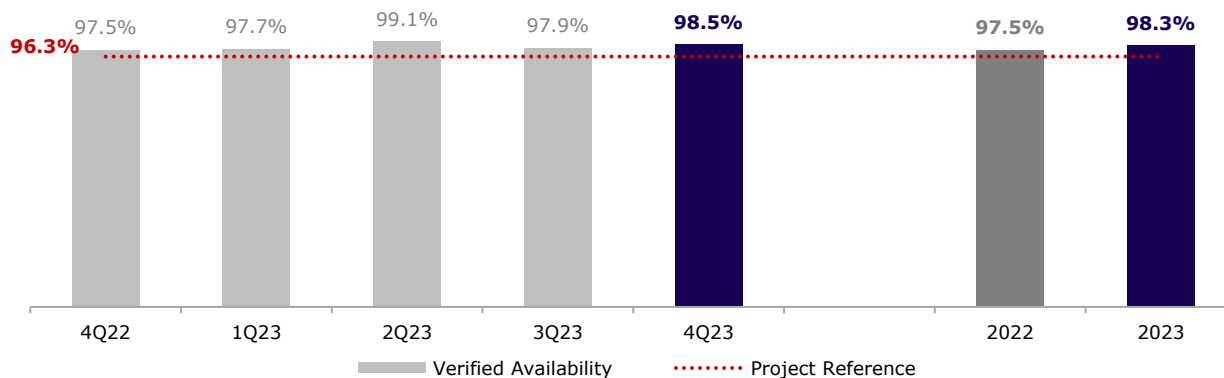
Period	Generation (MWavg)	Expected Generation (P90) (MWavg)	Var. (P90)	Expected Generation (P50) (MWavg)	Var. (P50)
1Q23	69.8	60.1	16.2%	69.1	0.9%
2Q23	105.1	93.8	12.0%	108.0	-2.7%
3Q22	20.9	121.1	-72.6%	139.4	-85%
3Q23	137.0		13.2%		-1.7%
4Q22	69.4	79.5	-12.7%	91.6	-24.1%
4Q23	95.2		19.6%		3.9%
2022	22.8	88.6	-74.3%	102.0	-77.6%
2023	101.9		15.1%		0.0%

Chart 14 - Ventos do Piauí II: Power generation and certified values for the 50th percentile (P50) and 90th percentile (P90) (MW average)



Average time availability index of the complexes reached 98.5% in 4Q23 and 98.3% in 2023, above the project's reference.

Chart 15 – Ventos do Piauí II: Average Time Availability (%)



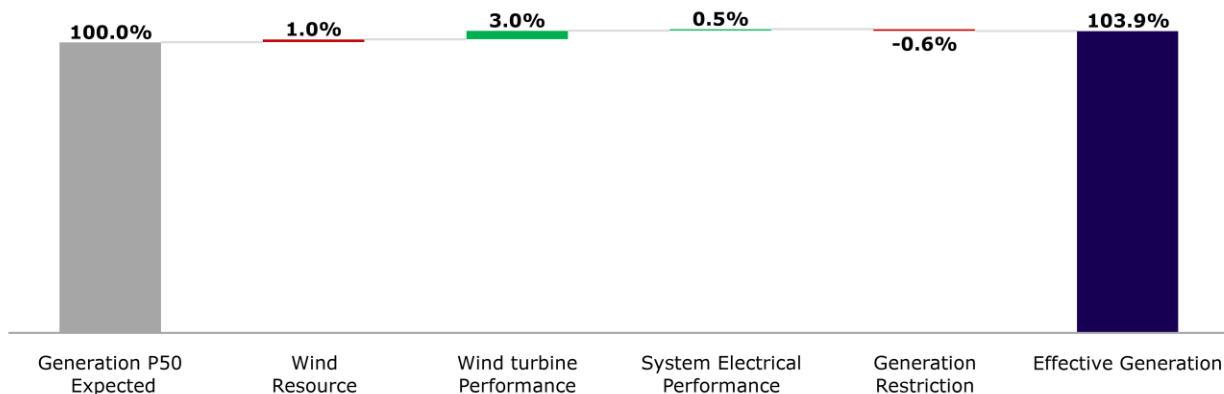
In 4Q23, average wind speed was 7.9 m/s, higher than in 4Q22 (7.3 m/s).

Chart 16 – Ventos do Piauí II: Monthly Average Wind Speed (m/s)



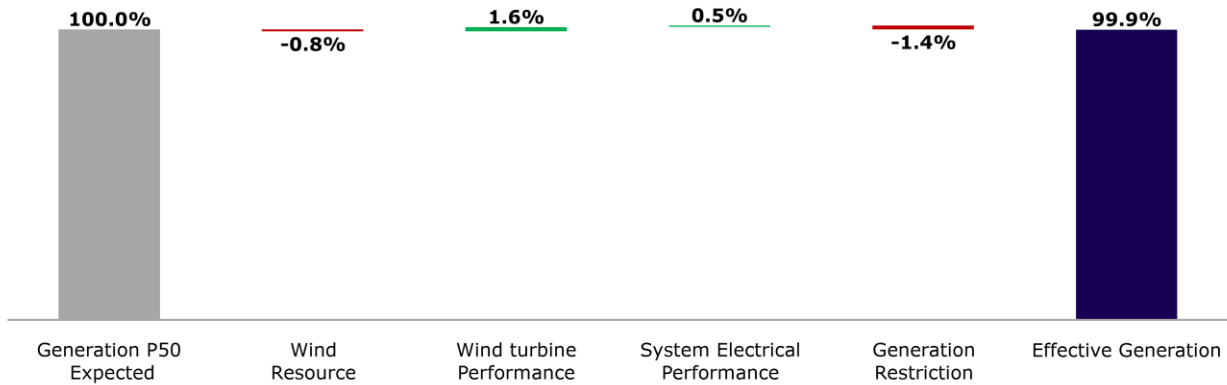
Assessing the results based on the technical parameters of the project, in 4Q23 winds were 1.0% under the long-term average for a 20-year horizon (estimated period of power generation based on P50). The availability of wind turbines, in turn, was 3.0% above expected, while the performance of the complex’s power grid16 was 0.5% above expected. Generation restrictions negatively affected the quarterly results by 0.6%, of which 0.2% can be reimbursed.

Chart 17 – Ventos do Piauí II: Performance of the wind farm in 4Q23 compared to the project's technical parameters, with an average generation expectation of P50 on a base of 100



In relation to 2023, assessing the results based on the technical parameters of the project, winds were 0.8% below the long-term average for a 20-year horizon (estimated period of power generation based on P50). The availability of wind turbines was 1.6% above the reference values. The performance of the complex’s power grid17 was 0.5% above expected. However, limitations on the distribution due to SIN restriction negatively affected the annual results by 1.4%, of which 1.0% can be reimbursed.

Chart 18 – Ventos do Piauí II: 2023 Performance of the wind farm compared to the project's technical parameters, with average generation expectation of P50 (base 100)



Ventos do Piauí III

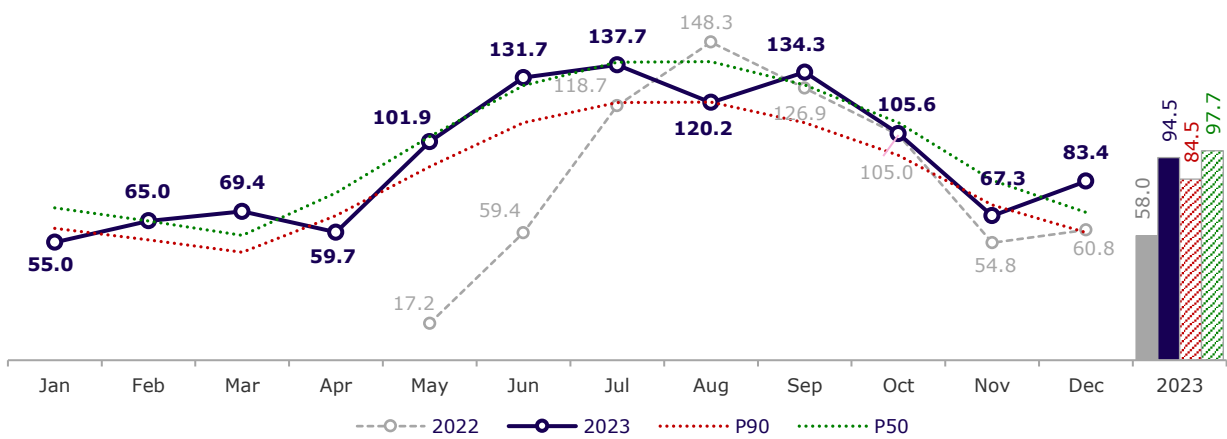
In 4Q23, generation by Ventos do Piauí III was 85.7 MW average, 16% higher than the annualized generation in 4Q2218. Generation was 13.9% higher than expected in the 90th percentile (P90) and 1.6% lower than average expected generation (P50), due to wind performance below expectations.

In 2023, total generation by the complex was 94.5 MW average, 11.9% higher than P90 and 3.3% lower than P50.

Table 11 – Quarterly generation of the Ventos do Piauí III wind complex

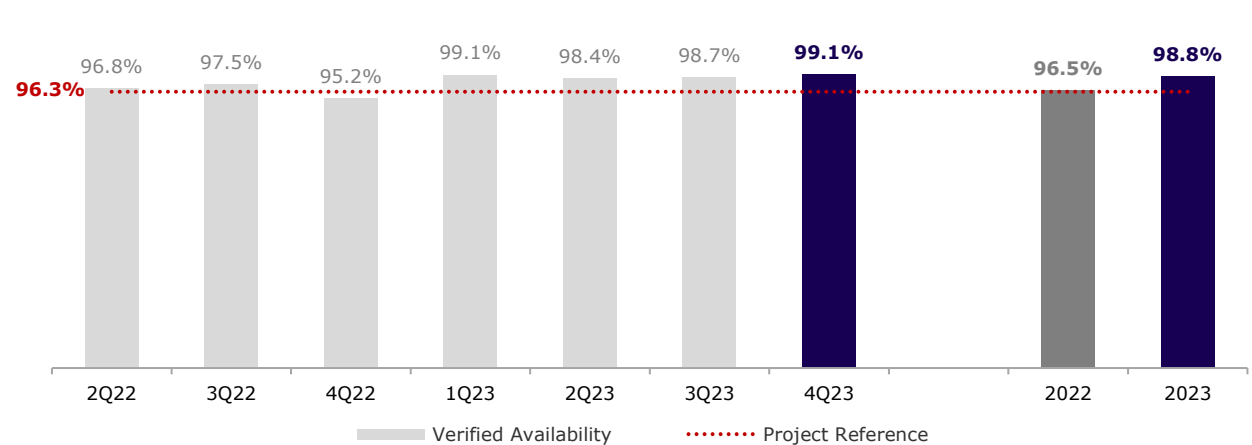
Period	Gneration (MWavg)	Expected Generation (P90) (MWavg)	Var. (P90)	Expected Generation (P50) (MWavg)	Var. (P50)
1Q23	63.1	56.0	12.6%	64.7	-2.6%
2Q22	25.4	89.5	-71.6%	103.5	-75.5%
2Q23	97.8		9.3%		-5.5%
3Q22	131.4	116.6	12.7%	134.9	-2.6%
3T23	130.7		12.9%		-3.1%
4Q22	73.7	75.2	-2.0%	87.0	-15.3%
4Q23	85.7		13.9%		-1.6%
2022	58.0	84.5	-31.3%	97.7	-40.6%
2023	94.5		11.9%		-3.3%

Chart 19 - Ventos do Piauí III: Power generation and certified values for the 50th percentile (P50) and 90th percentile (P90) (MW average)



Average time availability index totaled 99.1% in 4Q23 and 98.8% in 2023, above the project reference.

Chart 20 – Ventos do Piauí III: Average Time Availability (%)



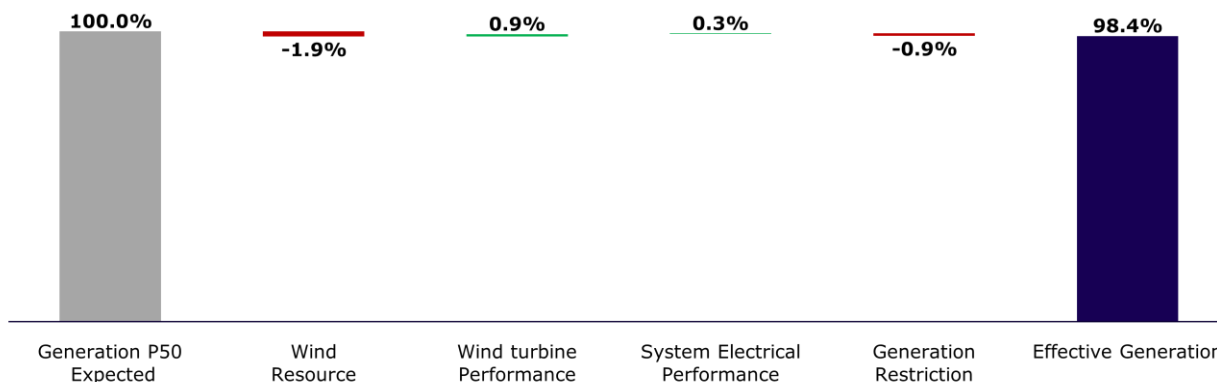
In 4Q23, average wind speed was 7.5 m/s, 5.3% higher than in 2022 (7.1%).

Chart 21 – Ventos do Piauí III: Monthly Average Wind Speed (m/s)



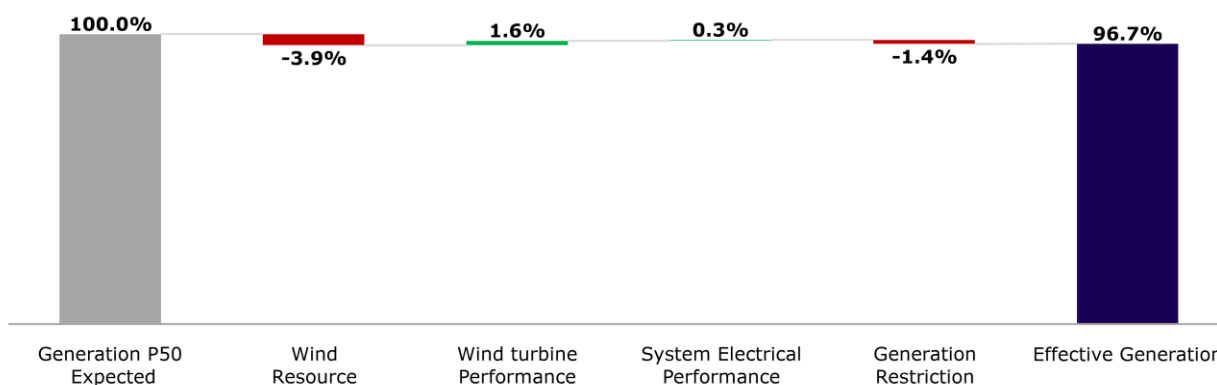
Assessing the results based on the technical parameters of the project, in 4Q23 winds were 1.9% below the long-term average for a 20-year horizon (estimated period of power generation based on P50). The availability of wind turbines, in turn, was 0.9% above expected, while the performance of the complex’s power grid19 was 0.3% above expected. Generation restrictions negatively affected the quarterly results by 0.9%, of which 0.4% can be reimbursed.

Chart 22 – Ventos do Piauí III: 4Q23 Performance of the wind farm compared to the project's technical parameters, with average generation expectation of P50 (base 100)



In relation to 2023, assessing the results based on the technical parameters of the project, winds were 3.9% under the long-term average for a 20-year horizon (estimated period of power generation based on P50). The performance of wind turbines was 1.6% above the reference values. The performance of the power grid20 was 0.3% above expected. Generation restrictions negatively affected the quarterly results by 1.4%, of which 1.0% can be reimbursed.

Chart 23 – Ventos do Piauí III: 2023 Performance of the wind farm compared to the project's technical parameters, with average generation expectation of P50 (base 100)



1.3 Solar Power Generation

Sol do Piauí Photovoltaic Plant

On November 1, 2023, ANEEL authorized the operational startup of the generation units of Sol do Piauí photovoltaic plant in test mode. With installed capacity of 48

MW, the Sol do Piauí plant is the first project authorized²¹ by ANEEL to operate in association with a wind complex – the Ventos do Piauí I wind complex, sharing the existing transmission infrastructure (line, substation and transmission system usage contracts). The plant started commercial operations on January 3, 2024.

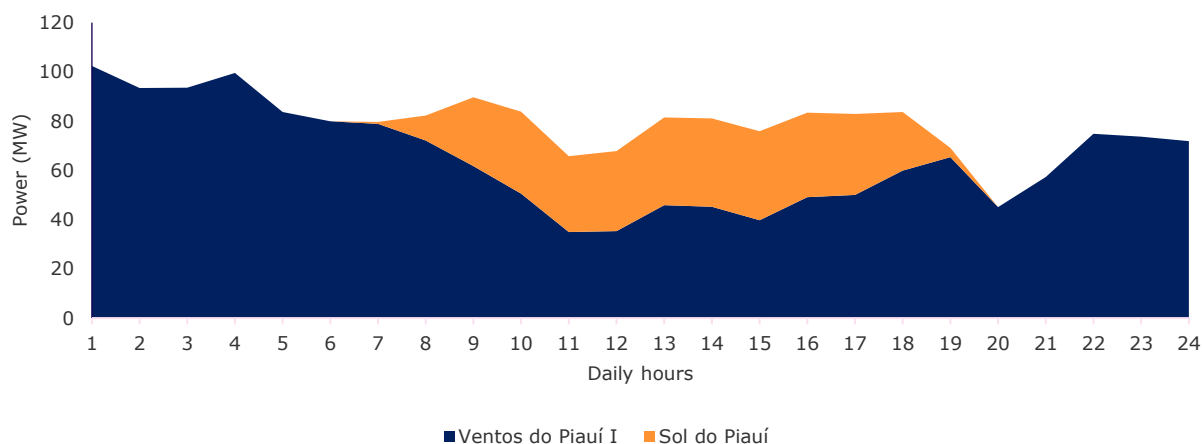
The construction and operation of associated projects also benefit the national electricity system by enabling the use of idle capacity in the existing transmission network to inject additional energy volumes without the need for additional investments to reinforce the transmission system.

Table 12 – Technical characteristics of the solar farm

Solar farm	Installed Capacity (MW)	Inverter Manufacturer	Modules Manufacturer	Number of Modules	Operation and Maintenance
Sol do Piauí	48.1	Sungrow	Canadian	107.184	Operated by Auren

The Sol do Piauí solar plant has a generation profile that is complementary to that of the Ventos do Piauí I wind complex, whose generation is primarily nocturnal, bringing synergy to the operation of the plants and a diverse energy generation portfolio, with more stable and constant daily generation, as shown in Chart 24.

Chart 24 – Daily generation profile of Ventos do Piauí I and Sol do Piauí (MW average)¹⁰



Considering the project characteristics, and its operation in association with the wind complex, Sol do Piauí has expected power generation of 11.2 MW average a year based on P90 and 12.3 MW average a year based on P50, with the following seasonality:

Table 13 Expectation of certified power generation for the 50th percentile (P50) and 90th percentile (P90) (MW average)

Certified Generation (MWavg)													
Percentil	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
P50	11.8	11.4	11.5	11.3	11.2	11.0	12.1	13.9	14.4	14.3	12.9	12.2	12.3
P90	10.6	10.3	10.4	10.2	10.1	9.9	10.9	12.6	13.0	12.9	11.6	11.0	11.2

The solar farm has been fully operational since December 22, and Sol do Piauí’s power generation reached 3.0 MW average in 4Q23. Despite operating in test mode, power generation came to 25.7% of the 90th percentile (P90) and 23.2% of the 50th percentile (P50). On an annualized basis, power generation came to 0.8 MW.

On January 3, 2024, the solar plant started commercial operation.

Table 14 – Quarterly generation by the Sol do Piauí wind complex

Period	Generation (MWavg)	Expected Generation (P90) (MWavg)	Var. (P90)	Expected Generation (P50) (MWavg)	Var. (P50)
4Q23 ¹⁰	14.0	11.0	27.3 %	12.2	14.8%

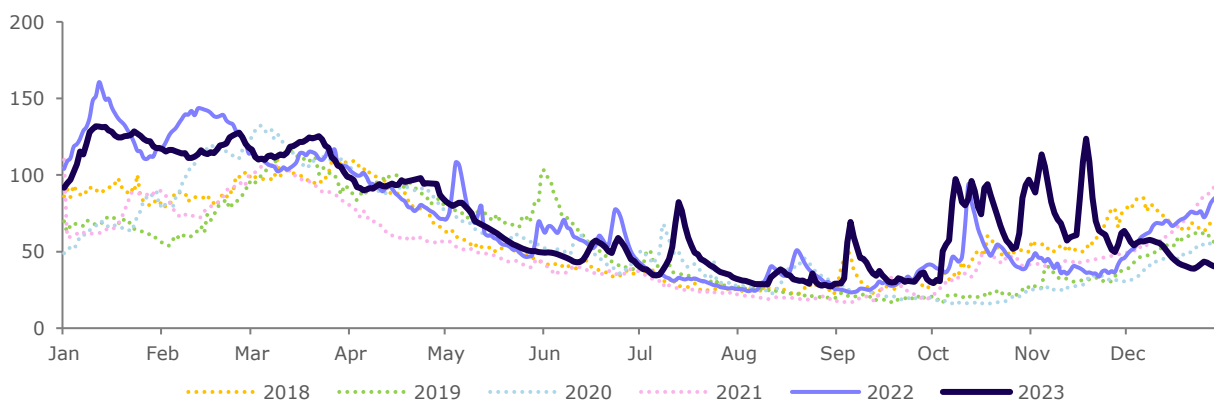
¹⁰ Amounts relating to the performance operation started on December 22, 2023.

2. Commercial Performance

2.1 Energy Market

With the effects of the El Niño climate phenomenon more evident, the 2023 hydrological scenario was marked by greater volatility when compared to 2022, especially characterized by heavy rainfall in the South in October and November, but in December there was reduced rainfall in the South and weak and sparse rainfall observed in the Centre-North of the country, leading to the Affluent Natural Energy (ENA) registering below the historical value in a large part of the SIN. Mainly due to the rainfall in October and November, gross ENA in 4Q23 was 21% higher than in 4Q22 (117% and 96%, respectively), and ENA in 2023 was higher than the Long-Term Average (MLT) and 4 p.p. higher than in 2022.

Chart 25 – Gross Affluent Natural Energy for the entire National Interconnected System (GW avg)

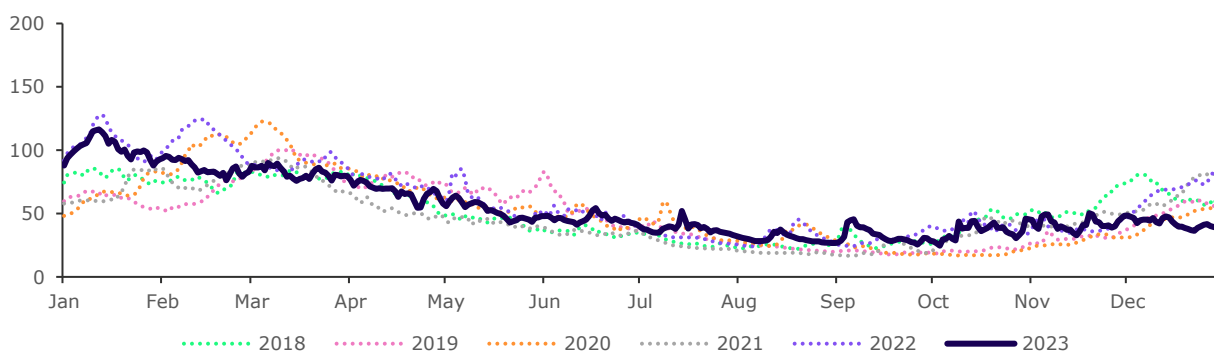


Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	4Q	9M	Year
2018	86%	76%	85%	87%	67%	64%	63%	67%	82%	102%	114%	94%	102%	80%	85%
2019	64%	61%	89%	92%	98%	100%	76%	62%	53%	51%	65%	72%	64%	80%	77%
2020	66%	91%	99%	92%	84%	82%	91%	86%	59%	44%	59%	64%	57%	85%	80%
2021	69%	71%	82%	64%	63%	63%	57%	53%	60%	89%	89%	96%	92%	67%	72%
2022	125%	113%	93%	86%	86%	103%	70%	90%	81%	116%	80%	96%	96%	98%	98%
2023	117%	101%	98%	94%	85%	85%	99%	84%	101%	168%	151%	65%	117%	98%	102%

Auren Energia S.A.
Management Report
December 31, 2023

From the point of view of storable ENA, which considers the natural flows minus the flows released into the reservoirs, we observed a lower performance, mainly caused by the flow released into the South subsystem, given that the reservoirs in that region are smaller and have a much lower storage capacity when compared to the Southeast/Central-West subsystem. For 4Q23, the difference between Gross ENA and Storable ENA was 45 p.p., and 15 p.p when considering the year 2023.

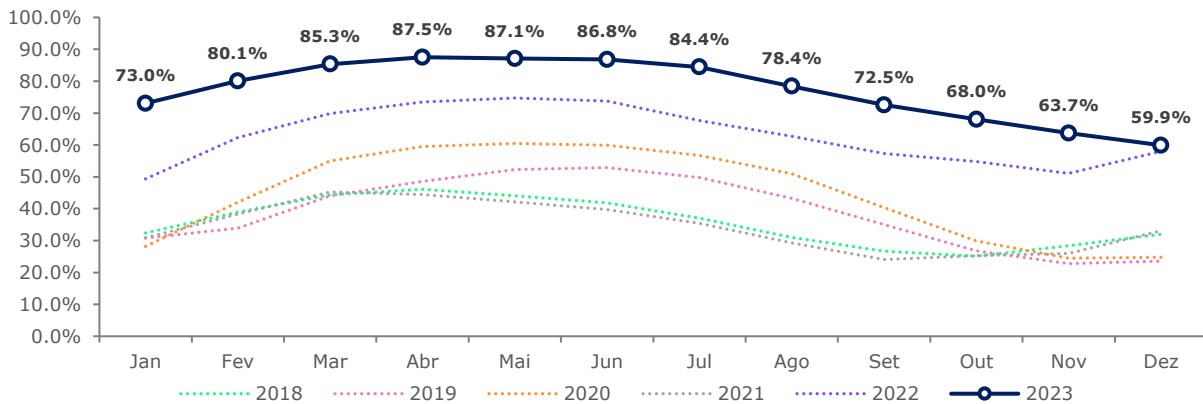
Chart 26 – Storable Affluent Natural Energy for the entire National Interconnected System (GW avg)



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	4Q	Year
2018	84%	71%	70%	67%	59%	61%	61%	66%	78%	100%	111%	91%	100%	85%
2019	60%	57%	79%	77%	89%	88%	74%	62%	53%	50%	62%	70%	62%	79%
2020	64%	88%	86%	73%	72%	79%	86%	85%	58%	43%	57%	63%	56%	83%
2021	67%	67%	71%	53%	56%	60%	55%	51%	58%	87%	88%	90%	89%	76%
2022	103%	95%	76%	75%	77%	83%	69%	89%	82%	93%	78%	94%	89%	97%
2023	99%	74%	70%	68%	69%	78%	83%	81%	89%	85%	84%	57%	72%	87%

Throughout 2023, the level of the reservoirs remained, on average, 15 p.p. above the previous year. Since mid-September, with record consumption and a Storable ENA below the historical average, especially in December, when there was a more accelerated depletion of the reservoirs compared to 2022, which led the SIN's storage level to end the year at 59.9%, versus 58.0% the previous year.

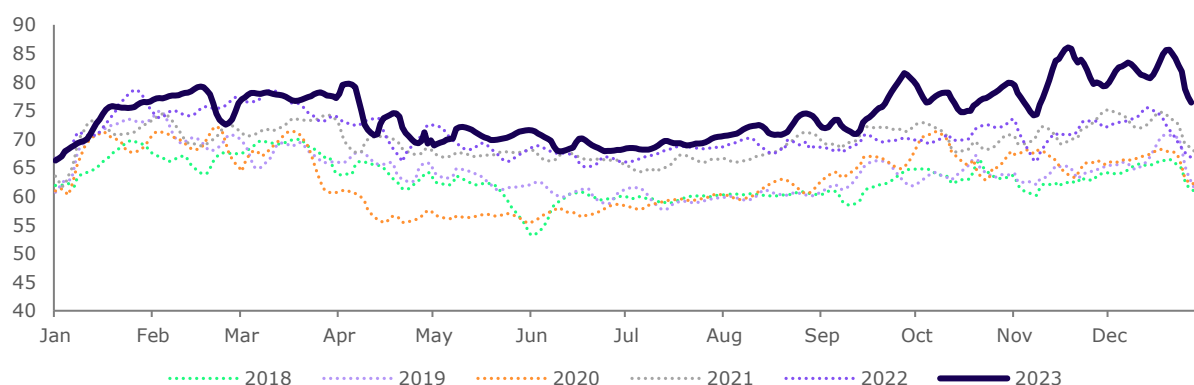
Chart 27 - Level of reservoirs in the National Interconnected System (% Maximum Stored Energy)



In the last four months of the year, there was a record of maximum instantaneous demand in the SIN, due, among other factors, to positive deviations in maximum air temperature. In the state of São Paulo, for example, maximum temperature records exceeded the historical average by 2.3°C in 4Q23, and in the second half of the year the positive anomaly reached 2.7°C in the state capital.

In this sense, in terms of the evolution of the energy load, there was a significant increase from the second half of September onwards, with significant impacts for 4Q23, resulting in an increase of 4 GW average or 5.5% in 2023 compared to the consumption recorded in 2022.

Chart 28 - Energy Consumption in the SIN (GWavg)¹¹



Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	4Q	Year
2018	66.4	66.4	68.1	63.8	59.9	59.4	59.5	60.5	61.5	63.8	64.0	65.3	64.4	63.2
2019	71.2	70.0	66.8	65.6	62.9	60.1	59.5	60.4	63.3	65.4	65.6	65.6	65.5	64.7
2020	68.6	68.8	66.4	57.3	56.0	57.6	59.5	61.0	66.0	68.1	67.0	68.9	68.0	63.8
2021	70.6	71.1	73.0	68.8	67.2	66.6	65.8	68.2	71.3	69.5	71.7	71.6	70.9	69.6
2022	73.3	75.4	76.1	71.0	68.2	66.7	67.7	68.8	69.5	70.9	70.8	71.0	70.9	70.8
2023	73.6	76.7	77.6	70.2	70.9	68.9	69.0	72.5	75.7	77.3	80.6	80.6	79.5	74.7

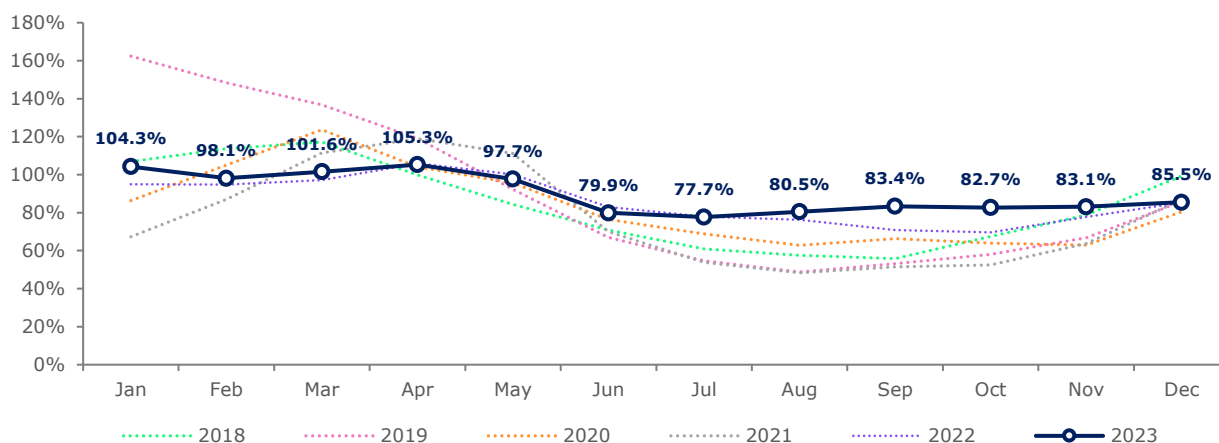
As for the atmospheric pattern, while 2022 was influenced by La Niña, 2023 was mostly affected by El Niño halfway through the year, causing heavy rainfall in the Southern submarket and above-average temperatures and lower rainfall in the Central-North region of Brazil. This weather pattern led to high power consumption in the second half of the year, in addition to high ENA in the Southern submarket, benefiting hydroelectric generation, though with lower potential of hydroelectric storage capacity in the SIN.

As in September 2023, in 4Q23 the Differences Settlement Price (PLD) of the four submarkets (Southeast/Midwest, South, Northeast and North) was higher than the minimum regulatory price in some days, due to the sharp increase in air temperatures in the period, among other factors, which increased the total power demand across the system. Average PLD was R\$ 77.71/MWh in 4Q23, higher than in 4Q22 (R\$ 56/MWh). In 2023, average PLD was R\$ 72.16 vs. R\$ 59/MWh in 2022.

As for hydroelectric displacement (GSF), according to the Electricity Trading Chamber (CCEE), the average amount was 83.8% in 4Q23 (vs. 77.5% in 4Q22) and 89.7% in 2023 (vs. 85.4% in 2022). The better use of hydropower is directly linked to the higher storage in 2023 compared to previous years.

¹¹ Energy consumption of SIN considers the estimated consumption supplied by Distributed Micro and Mini Generation systems.

Chart 29 – Hydroelectric displacement (GSF %)



Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	4Q	Year
2018	107%	114%	117%	100%	84%	71%	61%	57%	56%	68%	79%	99%	81%	82%
2019	162%	148%	137%	119%	92%	67%	55%	49%	53%	58%	67%	86%	69%	81%
2020	86%	105%	124%	104%	96%	76%	69%	63%	66%	64%	63%	81%	69%	80%
2021	67%	87%	111%	119%	111%	70%	54%	48%	52%	52%	64%	87%	66%	73%
2022	95%	95%	97%	106%	100%	83%	78%	76%	71%	70%	78%	85%	78%	85%
2023	104%	98%	102%	105%	98%	80%	78%	80%	83%	83%	83%	86%	84%	90%

2.2 Energy Balance

Auren’s current generation portfolio in operation consists of assets with total physical guarantee of 1,391 MW average²⁵ in December 2023.

Energy generated by Auren’s assets is traded under agreements 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.

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

Table 12 shows the Company’s Energy Balance and information on energy selling prices in the Regulated Contracting Environment (ACR) and Free Contracting Environment (ACL).

Table 15 – Consolidated Energy Balance of Auren’s Assets

		2023	2024	2025	2026	2027	2028-2032
Physical Guarantee ⁽¹⁾ of Auren’s own assets (a)	(MW average)	1,249	1,443	1,498	1,498	1,498	1,498
Purchases for Resale (b)	(MW average)	2,688	1,611	1,530	1,069	728	253
<i>Price ⁽²⁾ Purchases for Resale</i>	(R\$ /MWh)	158	192				
Auren’s Own Resources (c) = (a) + (b)	(MW average)	3,937	3,054	3,028	2,567	2,226	1,751
ACR Sales (d)	(MW average)	493	493	493	493	493	514
ACL Sales (e)	(MW average)	3,412	2,335	2,157	1,586	984	495
Auren’s Own Requirements (f) = (d) + (e)	(MW average)	3,905	2,828	2,651	2,079	1,477	1,009
<i>Auren’s Own Requirements Price⁽³⁾</i>	(R\$ /MWh)	181	205				
Energy Balance (g) = (c) – (f)	(MW average)	32	226	378	488	749	742
Contract Margin (h)⁽⁴⁾	(R\$ /MWh)	-	96		99		173

⁽¹⁾ The amounts consider:

(i) the physical guarantee of own assets (HPP Porto Primavera and wind complexes) net of the MRE adjustment factor (GSF);

(ii) the amount of 167 MW average referring to the projects Sol do Piauí and Sol de Jaíba, which should go operational in 2024;

(iii) the physical guarantees are net of losses in the basic network, considered as 3%;

(iv) the physical guarantee subject to hydrological risk (GSF) is 630 MW average, due to the renegotiation of the hydrological risk for the 230 MW average sold in the Regulated Contracting Environment (ACR) by HPP Porto Primavera;

(v) excluding HPP Paraibuna's resources.

⁽²⁾ The amounts are net of PIS, COFINS and R&D;

⁽³⁾ The amounts are net of PIS, COFINS and R&D and include the total sales in ACR and ACL;

⁽⁴⁾ The contracted margin is shown for 2024, the average for the three-year period 2025-2027 and the average for the five-year period 2028-2032.

No 4T23, houve aumento da garantia física, comparado ao trimestre anterior, por conta da Portaria Nº 2.634/SNTEP/MME publicada em 09 de outubro de 2023, que revogou a revisão de garantia física de Ventos do Araripe III.

Table 16 – Breakdown of energy sales agreements in the regulated environment (ACR)

ACR Sales	Volume (MWm)	Auction Price (R\$ /MWh)	Reference Date	Reajusted Gross Price (R\$ /MWh) ⁽¹⁾	Net Price PIS/COFINS/P&D (R\$ /MWh)
1st LEN - HPP Porto Primavera	148	116	12/01/2005	304.7	273.5
2nd LEN - HPP Porto Primavera	82	125	06/01/2006	323.2	290.1
22th LEN - Ventos do Piauí I	93	190	08/21/2015	283.0	272.7
20th LEN - Ventos do Araripe III	15	145	11/01/2014	232.9	224.4
18th LEN - Ventos do Araripe III	103	127	12/01/2013	215.1	207.2
6th LER - Ventos do Araripe III	52	143	10/01/2014	239.1	230.3
Average ACR Prices (R\$ /MWh)				275.9	256.2

⁽¹⁾ Baseline date of prices: January 01, 2024.

The physical energy guarantee of HPP Porto Primavera contracted in the ACR (230 MW average) is hedged against the exposure to hydrological risk. As consideration, the Company pays a monthly premium of R\$ 15.15/MWh, as per the amount established by ANEEL's Normative Resolution 684/2015.

In January 2023, a bidding process was initiated to export energy to Argentina and Uruguay, given the surplus energy generated by hydroelectric plants. The energy volume exported by the hydroelectric plants in Brazil up to the end of December was 4,466 GWh, of which 3,975 GWh was in the first half of the year, 489 GWh in the third quarter and only 2 GWh in the fourth quarter, due to lower energy needs of the countries and the necessary hydroelectric availability to supply the SIN. HPP Porto Primavera received R\$ 12.6 million from energy exports in 2023, of which R\$ 10.7 million was received in the first half of the year, R\$ 1.9 million in 3Q23 and an insignificant amount in 4Q23.

Table 17 - Energy Balance of Interests

		2023	2024	2025	2026	2027	2028-2032
Physical Guarantee of assets (a)	(MW avg)	218	256	256	256	256	256
Purchases (b)	(MW avg)	86	163	149	149	119	119
Resources (c) = (a) + (b)	(MW avg)	303	418	404	404	375	375
ACL Sales (d)	(MW avg)	283	379	375	375	375	375
Requirements (e)	(MW avg)	283	379	375	375	375	375
Energy Balance (f) = (c) - (e)	(MW avg)	20	40	29	29	0	0
Contracted Equity Margin (g)	(R\$ /MWh)	-	195		204		160

Table 18 – Auren’s Consolidated Energy Balance (MW average)

	2023	2024	2025	2026	2027	2028-2032
Own Resources ⁽¹⁾	3,937	3,054	3,028	2,567	2,226	1,751
Resources Holdings ⁽²⁾	303	418	404	404	375	375
Total Resources (a)	4,240	3,472	3,433	2,971	2,601	2,126
Own Requirements	3,905	2,828	2,651	2,079	1,477	1,009
Equity Requirements ⁽²⁾	283	379	375	375	375	375
Total Requirements (b)	4,188	3,207	3,026	2,454	1,852	1,384
Consolidated Balance Sheet (c) = (a) - (b)	52	266	407	517	749	742

⁽¹⁾ The amounts consider:

⁽ⁱ⁾ the physical guarantee of own assets (HPP Porto Primavera and wind complexes) net of the MRE adjustment factor (GSF);

⁽ⁱⁱ⁾ the amount of 167 MW average referring to the projects Sol do Piauí and Sol de Jaíba, which should go operational in 2024;

⁽ⁱⁱⁱ⁾ the physical guarantees are net of losses in the basic network, considered as 3%;

^(iv) the physical guarantee subject to hydrological risk (GSF) is 630 MW average, due to the renegotiation of the hydrological risk for the 230 MW average sold in the Regulated Contracting Environment (ACR) by HPP Porto Primavera;

^(v) excluding HPP Paraibuna's resources.

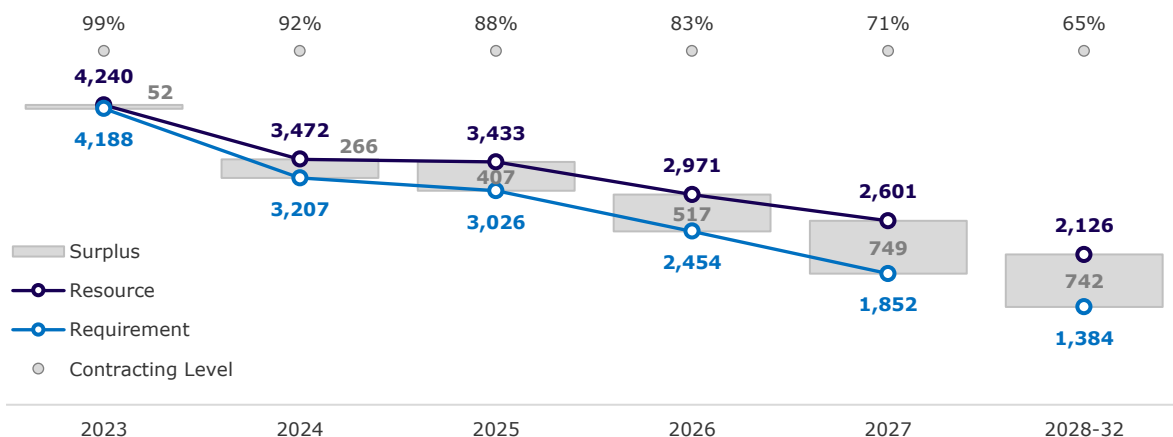
⁽²⁾ Considering the resources (physical guarantee and energy purchase agreements) and requirements (sales) equivalent to Auren's ownership interest in assets in which Auren holds a non-controlling interest (Pollarix, CBA Energia Participações e Pinheiro Machado Participações).

In the whole portfolio, considering the Generation (own assets and assets in which Auren holds minority interest) and Trading segments, sales volume is close to 4.2 GW average in 2023, more than twice Auren's physical guarantee for the period.

Auren is maintaining its strategy of high contracted levels for the coming years. For the 2023-2025 period, the average contracted level of the portfolio is approximately 93% 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 hydroelectric displacement (GSF). Therefore, net of GSF, the contracted level would be even higher.

Compared to 3Q23, the main change was an increase in Auren's long position by approximately 120 MW average for 2025, due to energy purchases at average prices ranging from R\$ 100 to R\$ 105/MWh, anticipating a potential increase in the curve of future prices, to sustain the strategy of sales to end clients. In addition, the volume of resources and requirement in ownership interests increased, thanks to adjustments in agreements between assets and trading companies, but which did not substantially change energy exposures.

Chart 30 – Energy Balance of Auren's consolidated portfolio (Generation, Trading and Interest)¹² (MW average)



The contracted level shown in Chart 30 above already includes the physical guarantee of Sol de Jaíba, whose implementation is ongoing. Note that, for the 2028-2032 period, the average contracted level of Auren's consolidated portfolio is 65%.

3. Financial Performance

Auren's solid performance in year 2023 resulted in an equally significant financial performance. The higher volume transacted in energy generated an increase in net revenue of 12.1% in 2023 compared to the same period last year.

In 2023, Adjusted EBITDA grew by 9.6% compared to the previous year.

The company ended 2023 with a net loss of R\$ 317.7 million, due to the accounting of expenses related to IR/CSLL of R\$ 912.4 million and PIS/COFINS of R\$ 124.8 million on the gain from the indemnification of the HPP Três Irmãos assets, whose revenue linked to the monetary restatement of these indemnified assets was accounted for at the end of the 2022 financial year.

¹² Considering: (i) the net physical guarantees for 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 de Jaíba and Sol do Piauí; (iv) the physical guarantee equivalent to Auren's interest in assets in which it holds non-controlling interest.

Table 19 - Financial Highlights

R\$ million	2023	2022	Var. (%)
Net Revenue	6,181.9	5,515.7	12.1%
Purchased energy costs	-4,020.5	-3,640.6	10.4%
Operating costs	-828.5	-732.0	13.2%
Gross Profit	1,332.9	1,143.1	16.6%
General and administrative expenses	-419.8	-370.4	13.3%
Other operating income (expenses), net	87.5	487.7	-82.1%
Equity equivalence	73.3	130.7	-43.9%
Net financial result	-238.0	1,662.3	-114.3%
Income tax and social contribution	-1,153.6	-374.7	207.9%
Net income	-317.7	2,678.7	-111.9%
Net income (loss) before income tax and social contribution	1,000.6	1,260.4	-20.6%
Depreciation and Amortization	677.3	615.6	10.0%
EBITDA	1,677.9	1,876.0	-10.6%
Provision (reversal) for litigation and write-off of judicial deposits	-139.7	-57.1	144.7%
Dividends received	229.6	235.0	-2.3%
Benefit plan migration effect	-	-20.1	-100.0%
Energy futures contracts	13.4	-167.1	-108.0%
Write-off of assets by inventory adjustment	12.3	-	100.0%
Reversal of impairment of indemnifiable assets by the Union	-	-230.9	-100.0%
Adjusted EBITDA	1,793.5	1,635.8	9.6%

Further information can be found in notes 4 - Presentation of information by business segment and 6 - Costs and Expenses, of these Financial Statements.

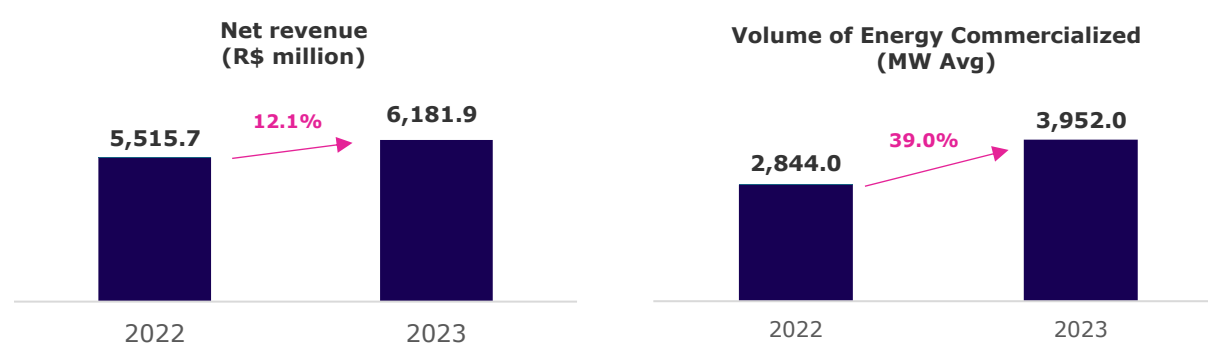
3.1 Net Revenue

Net revenue for 2023 totaled R\$ 6,181.9 million, an increase of 12,1% compared to the R\$ 5,515.7 million in 2022. The effects between Auren's business segments are explained below:

- (a) Commercialization:** an increase of R\$ 467.4 million or 11.5%, mainly due to the 79.6% increase in the volume of energy trading (2,151.5 MW average in 2023 versus 1,197.7 MW average in 2022);
- (b) Hydroelectric Generation:** reduction of R\$ 433.9 million or 25.4%, mainly due to the assignment of energy purchase and sale contracts to consolidate them under the Commercialization segment, carried out at the end of 2022 and the termination of wholesale contracts, effects partially offset by the entry of new contracts and inflation adjustments, which resulted in an increase in the average price of ACR contracts. the Commercialization segment and therefore does not impact Auren's consolidated result;

- (c) Wind Generation:** growth of R\$ 320.7 milhões ou 58.2%, mainly due to the generation of the Ventos do Piauí II and III wind farms, which began operating at the end of 2022, and the better result in the sale of carbon credits, as well as the readjustment of contracts for inflation;
- (d) Eliminations:** lower effect of eliminations of R\$ 311.6 million, explained mainly by the lower energy prices observed in intercompany operations, defined based on the market price curve for future years at the time of the assignment.

Chart 31 - Net revenue and Volume of Energy Commercialized in year



3.2 Operating Costs and Expenses

Operating costs and expenses¹³ totaled R\$ 5,181.3 million in 2023, an increase of R\$ 926.0 million compared to R\$ 4,255.3 million, mainly due to the higher cost of energy purchases of R\$ 349.4 million, given the higher volume of energy traded, and the lower result of other operating revenues of R\$ 400.0 million in the period, given the variation in the mark-to-market of energy contracts in the comparison of 2023 versus 2022, combined with the positive effects in 2022 of the reversal of the provision for impairment of fixed assets.

It is worth noticing that the increase in PMSO of R\$ 88.5 million in 2023 compared to the same period of the previous year, the main efficiency item in Operating Costs and Expenses, was mainly due to inflationary readjustments, the full start-up of Ventos do Piauí II and III and the one-off (expense-reducing) revenues that occurred in 2022, none of these effects being related to a reduction in efficiency .

The main effects on the business segments and further details are explained below:

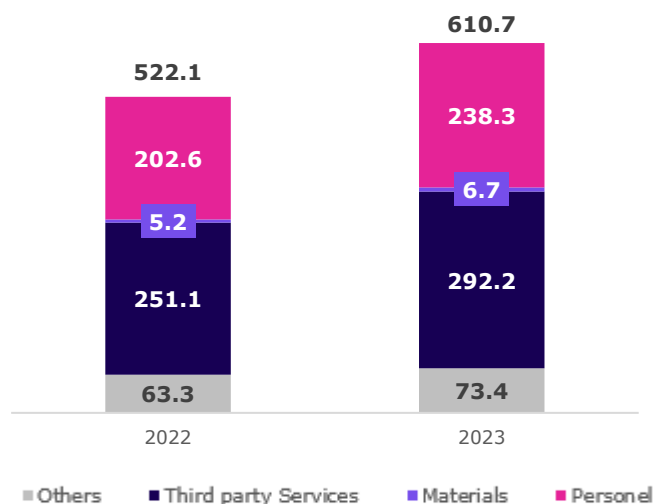
¹³ Total operating costs and expenses include: Power Purchase Costs, Electricity Grid Usage Charges, Operating Costs, General and Administrative Expenses, Depreciation and Amortization and Other Operating Income (Expenses), net

- (a) Energy purchase costs:** increase of R\$ 349.4 million or 10.3% compared to 2022 (R\$ 3,743.5 million em 2023 versus R\$ 3.394,1 million in 2022), explained by:
- **Hydroelectric Generation:** reduction of R\$ 242.9 million in energy purchased compared to 2022, due to the termination of energy purchase contracts to cover the segment's short exposure;
 - **Wind Generation:** an increase of R\$ 14.9 million in relation to 2022, mainly to equalize the ballast balance of wind farms, due to the revision of the physical guarantee of Ventos do Araripe III;
 - **Commercialization:** increase of R\$ 265.8 million or 3.5%, mainly explained by the higher volume of energy trading operations, albeit at lower prices than those practiced in the same period of the previous year, partially offset by the effect of closing wholesale contracts;
 - **Intercompany Eliminations:** lower elimination effect of R\$ 311.6 million in 2023, due to the lower energy prices observed in intercompany operations, defined on the basis of the market price curve for future years at the time of assignment;
- (b) Electricity Grid Usage Charges:** An increase of R\$ 30.5 million compared to 2022, explained by the increase in generation due to the start-up of the Ventos do Piauí II and III wind farms;
- (c) PMSO costs and expenses¹⁴:** increase of R\$ 88.5 million in 2023 compared to the previous year, totaling R\$ 610.7 million in 2023 versus R\$ 522.1 million in 2022, explained by:
- **Personnel (P):** an increase of R\$ 35.7 million or 17.6%, explained mainly by the effect of inflationary readjustments and a higher provision for bonuses compared to 2022. Personnel expenses totaled R\$ 238.3 million versus R\$ 202.6 million in 2022;
 - **Materials and Third Party Services (MS):** an increase of R\$ 42.6 million or 16.6% (R\$ 298.9 million in 2023 versus R\$ 256.3 million in 2022), mainly due to higher operation and maintenance expenses related to the start-up of Ventos do Piauí II and III, as well as initiatives related to growth;
 - **Others (O):** an increase of R\$ 10.1 million or 16.0% in the comparison between the years, explained mainly by higher

¹⁴ The analysis of PMSO expenses includes the items Operating Costs, General and Administrative Expenses and Other Operating Income (Expenses), excluding Other Income and Expenses

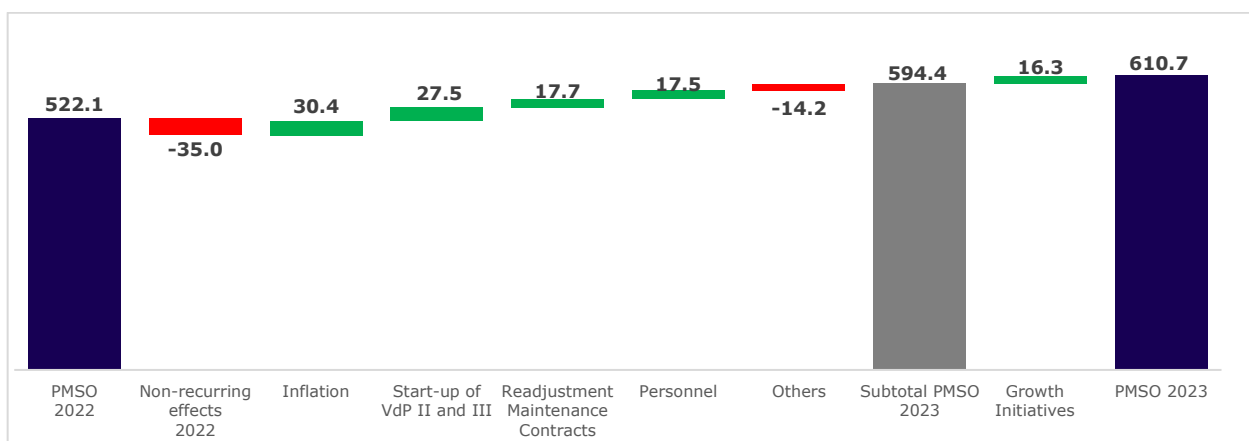
insurance and lease costs in the Wind Generation segment, due to the start-up of Ventos do Piauí II and III.

Chart 32 – Expenses with PMSO (R\$ million)



In 2023, PMSO expenses totaled R\$ 610.7 million, an increase of 17% compared to the R\$ 522,1 million reported in 2022, mainly due to the start-up of the Ventos do Piauí II and III wind farms, as well as readjustments, mainly inflationary, in the maintenance contracts for the farms that were already in operation in both periods and higher personnel expenses. The main effects are explained in the following chart:

Chart 33 – Evolution of PMSO expenses in 2023¹⁵ (R\$ million)



¹⁵ Initiatives associated with growth include the entry into commercial operation of the Ventos do Piauí II and III wind complexes by the end of 2022

- (d) Depreciation and Amortization:** an increase of R\$ 61.7 million or 10.6% (R\$ 677.3 million in 2023 versus R\$ 615.6 million in 2022), mainly due to the start-up of the Ventos do Piauí II and III wind farms ;
- (e) Other Income and Expenses¹⁶:** revenue of R\$ 127.1 million in 2023 versus revenue of R\$ 522.9 million in 2022. The variation between the periods is mainly explained by the positive variation of R\$ 180.5 million in the marking to market of future energy contracts and by the effects in 2022 related to the reversal of the provision for the homologation of the fishermen's Public Civil Action, the indemnification of lost profits from Ventos do Araripe III of R\$ 93.4 million and the reversal of impairment of fixed assets of the subsidiary CESP of R\$ 230.9 million.

3.3 Adjusted EBITDA

As of 2023, the company has presented Adjusted EBITDA excluding the mark-to-market (MTM) of future energy purchase and sale contracts, in addition to the other adjustments practiced this quarter or in previous periods, which are: (i) provision or reversal of litigation and write-off of judicial deposits; (ii) dividends received from minority stakes; (iii) gain from the migration of post-employment benefits; (iv) write-off of assets due to inventory adjustments; and (v) reversal of impairment of fixed assets.

The purpose of marking to market is to include in Accounting EBITDA the positive and negative effects of negotiations already signed with future energy deliveries, as well as the effects of exposure to market price variations in the directional position of the energy balance sheet. The presentation of Adjusted EBITDA without the effects of marking to market is intended to represent the Company's current performance in a more reliable way, in which it will be possible to identify the result for the current year, while also explaining, in a separate accounting item, the future effects of the trades already made as well as the effect of market price variations on the long or short directional position. For comparison purposes, the historical figures have been adjusted using the same criteria, as shown in the following reconciliation:

¹⁶ Other income and expenses mainly include mark-to-market (MtM) of energy futures contracts and provision (reversal) for litigation.

Table 20 – Reconciliation of Consolidated Adjusted EBITDA

R\$ million	2023	2022	Var. (%)
EBITDA	1,677.9	1,876.0	-10.6%
Provision (reversal) for litigation and Expenses with judicial deposits	(139.7)	(57.1)	144.7%
Dividends Received	229.6	235.0	-2.3%
Migration gain post-employment benefits	-	(20.1)	-100.0
Energy futures contracts	13.4	(167.1)	-108.0%
Write-off of assets by inventory adjustment	12.3	-	100.0%
Reversal of impairment of fixed assets	-	(230.9)	-100.0%
Adjusted EBITDA	1,793.5	1,635.8	9.6%
Adjusted EBITDA Margin	29.0%	29.7%	-0,7 p.p.

Adjusted EBITDA totaled R\$ 1,793.5 million in 2023, na increase of 9.6% compared to the R\$ 1,635.8 million reported in 2022, with an adjusted EBITDA margin of 29.0% versus 29.7% in 2022. Adjusted EBITDA for 2023 was up 9.6% on the previous year, mainly due to the higher generation from the Ventos do Piauí II and III wind farms and the combination of higher volume and improved margin from energy trading operations.

The main effects on the variation in the segments Adjusted EBITDA can be explained by:

- (a) Hydroelectric Generation:** reduction of 14.3% or R\$ 183.8 million in Adjusted EBITDA for the year (R\$ 1,103.3 million in 2023 versus R\$ 1,287.1 million in 2022), mainly due to the assignment of intercompany energy contracts to Auren Comercializadora, which has its counterpart reflected in the Commercialization segment and therefore does not impact Auren's consolidated result;
- (b) Wind Generation:** an increase of 30.5% or R\$ 144.9 million, totaling an Adjusted EBITDA of R\$ 620.1 million in 2023 versus R\$ 475.2 million in 2022, mainly due to the start-up of the Ventos do Piauí II and III wind complexes, better generation performance at the farms and contract readjustments for inflation;
- (c) Commercialization:** increase of R\$ 218.1 million in 2023, explained by the increase in the volume of energy trading, totaling an Adjusted EBITDA of R\$ 223.2 million versus R\$ 5 million in 2022;
- (d) Holding and Pipeline:** an increase of R\$ 21.6 million in 2023 expenses, totaling R\$ 153.1 million in 2023, compared to R\$ 131.5 million in 2022, mainly due to inflation adjustments and higher personnel expenses.

3.4 Financial Results

Table 21 – Consolidated Financial Result

R\$ millions	2023	2022	Var.%
Financial Income	945.5	2,840.0	-66.7%
Monetary restatement of assets indemnifiable by the Union	262.3	2,421.6	-89.2%
Income on cash equivalents, financial investments and reserve account	532.5	367.8	44.8%
Present value adjustment and monetary restatement of disposals of investees	25.0	32.9	-24.0%
Interest on own capital	11.7	-	100.0%
Monetary restatement of judicial deposits	12.8	13.9	-8.2%
Realization of adjustment to present value of indemnifiable assets	218.4	-	100.0%
Reversal of present value adjustment for securitization	4.3	5.2	-18.4%
Other financial income	26.1	12.2	113.0%
(-)PIS and COFINS on financial results	(147.5)	(13.7)	973.3%
Financial Expenses	(1,183.5)	(1,177.7)	0.5%
Interest on loans, financing and debentures	(392.4)	(315.0)	24.6%
Monetary restatement of loans, financing and debentures	(212.8)	(177.9)	19.6%
Settlement of funding costs	(16.9)	(13.1)	29.2%
Monetary restatement of provision for litigation	(46.1)	(102.3)	-54.9%
Present value adjustment on assets indemnifiable by the Union	-	(231.8)	-100.0%
Bank contract termination	-	(28.0)	-100.0%
Write-off of monetary restatement of judicial deposits	(2.9)	(2.5)	17.3%
Updating the balance of post-employment benefits	(175.2)	(159.9)	9.6%
Financial cost of securitization	(236.6)	-	100.0%
Charges on discount operations	-	(46.0)	-100.0%
Adjustment to present value of disposal of investees	(12.4)	(23.5)	-47.0%
Monetary update on reimbursement	(15.2)	(13.3)	14.5%
Other financial expenses, net	(72.8)	(64.5)	13.0%
Net Financial Result	(238.0)	1,662.3	N.M.

In 2023, the net financial result was a net expense of R\$ 238.0 million (versus net income of R\$1,662.3 million in 2022), due to:

- (a) Financial Income:** a reduction of R\$ 1,894.5 million or 66.7%, explained mainly by the effect of the recognition, in 2022, of the monetary restatement on the asset subject to indemnification of the HPP Três Irmãos, in the amount of R\$ 2,421.6 million and the recognition of PIS/COFINS on the financial result related to taxation on the indemnification, which occurred in 2023, totaling R\$124.8 million;

- (b) Financial Expenses:** an increase of R\$ 5.8 million or 0.5% compared to 2022, totaling R\$ 1,183.5 million (vs. 1,177.7 million in 2022).

3.5 Net Income

Table 22 – Consolidated Net Income

R\$ millions	2023	2022	Var. %
EBITDA	1,677.9	1,876.0	-10.6%
Depreciation and Amortization	(677.3)	(615.6)	10.0%
Financial Result	(238.0)	1,662.3	N.M.
Equity Income	73.3	130.7	-43.9%
Income Tax and Social Contribution	(1,153.6)	(374.7)	207.9%
Net Income (Loss)	(317.7)	2,678.7	-111.9%

The loss in 2023 totaled R\$317.7 million, versus a net profit of R\$2.7 billion in 2022, the result of:

- (a) EBITDA:** the consolidated EBITDA (pre-adjustments) of R\$1,667.9 million in 2023, represents a reduction of R\$198.1 million or -10.6% in relation to the R\$1,876.0 million recorded in 2022, mainly due to non-operational effects, notably the reversal of impairment in 2022 (R\$230.9 million);
- (b) Financial result:** reduction of R\$ 1.9 billion in the net financial result compared to 2022, attributed to the positive effect of the monetary restatement related to the indemnification of HPP Três Irmãos, which totaled R\$ 2.4 billion in financial revenue in 2022, as well as the recognition of PIS/COFINS on the financial result related to taxation on the indemnification, which occurred in 2023, totaling R\$ 124.8 million;
- (c) Equity equivalence:** a reduction of R\$57.4 million compared to 2022 (R\$73.3 million in 2023 versus R\$130.7 million in 2022), due to the lower profit recorded by non-consolidated investees.
- (d) Income Tax and Social Contribution :** an increase of R\$ 778.9 million compared to 2022 (expenses of R\$ 1,153.6 million in 2023 versus expenses of R\$ 374.7 million in 2022), mainly due to the recognition of IRPJ/CSLL taxation on the Três Irmãos indemnity, which totaled R\$ 912.4 million, of which R\$ 608.7 million refers to current expenses and

R\$ 303.7 million to the portion of deferred taxes reversed due to the offsetting of the calculation base;

3.6 Debt

The company's gross debt at the end of 2023 totaled R\$6.4 billion, compared to R\$5.8 billion in 2022, which corresponds to an increase of R\$522 million between the periods, mainly explained by the funding for the Ventos do Piauí II and III wind complexes and for the Sol de Jaíba and Sol do Piauí photovoltaic projects, which totaled R\$488 million.

The cash balance, cash equivalents and financial investments at the end of 4Q23 totaled R\$ 3,238.4 million, an increase of R\$ 7.1 million compared to R\$ 3,231.3 million in 2022.

At the end of 4Q23, the company's consolidated net debt totaled R\$ 3.2 billion, with an average maturity of 7.2 years and an average pre-fixed cost of the portfolio of 10.5% p.y. (IPCA +4.3% p.y. or CDI +0.3% p.y.). Financial leverage, measured by the ratio of net debt to Adjusted EBITDA, of 1.8x was stable compared to 2022.

Chart 34 – Gross Debt Principal Repayment Schedule (R\$ millions)

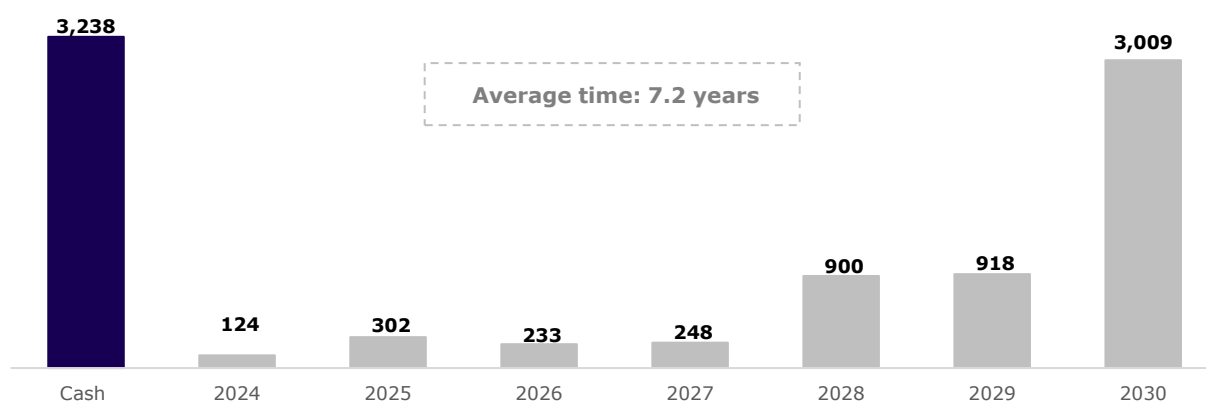
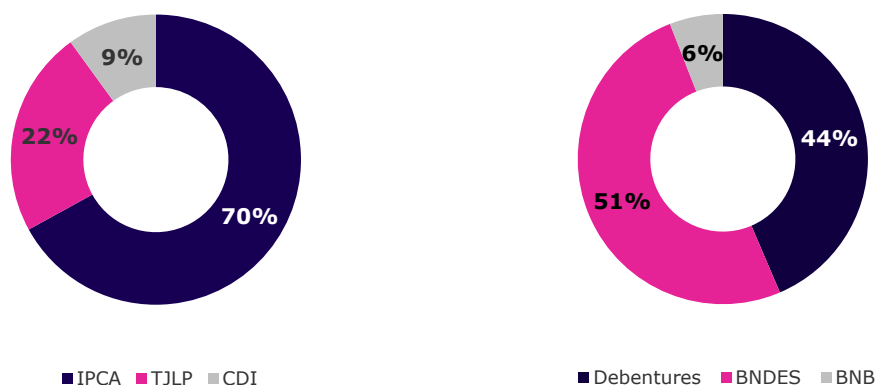


Chart 35 – Gross Debt Profile (%)



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\$ 13.31 and its market value was R\$ 13.3 billion.



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 parent company financial statements of Auren Energia S.A. ("Company"), which comprise the balance sheet as at December 31, 2023 and the statements of operations, 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, 2023 and the consolidated statements of operations, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

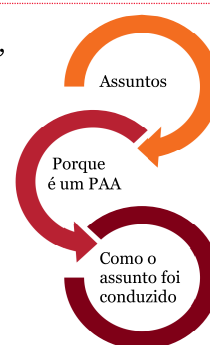
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company and of the Company and its subsidiaries as at December 31, 2023, and the financial performance and the cash flows for the year then ended, as well as the consolidated financial performance and the 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) (currently described as "IFRS Accounting Standards" by the IFRS Foundation).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company and Consolidated Financial Statements section of our report. 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.





Auren Energia S.A.

Our audit for the year ended December 31, 2023, was planned and executed on the basis that the Company's and its subsidiaries' operations 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.

Why it is a Key Audit Matter (KAM)	How the matter was addressed in the audit
<p>Indemnifiable assets (Note 1.2.1 (a) and (b))</p> <p>On June 16, 2023, the Company signed, as the consenting intervener, an agreement for the assignment of the acquisition of credit rights and other agreements, covering all the receivables from the judicial agreement between its subsidiary CESP - Companhia Energética de São Paulo ("CESP") and the Federal Government, having received R\$ 4,164,648 thousand, whereupon it fully derecognized the receivable.</p> <p>During 2023, as a result of the formal response to the Consultation Solution submitted to the Brazilian Federal Revenue Service ("RFB"), CESP paid R\$ 578,016 thousand, after offsets, for IRPJ/CSLL and R\$ 124,800 thousand for PIS/COFINS.</p> <p>These matters were treated as a key audit matter due to the significance of the amounts and inherent risks from the sensitivity of the estimates and assumptions, for the transfer of risks and benefits of the financial asset, the taxable periods and the likelihood of the RFB accepting the CESP's position.</p>	<p>Our audit response included, among other procedures:</p> <ul style="list-style-type: none"> • Reading and assessing the terms of the assignment and acquisition contract for receivables and other agreements, the bases for determining the transfer of risks and benefits from the financial asset. • Reviewing the tax and legal opinions and the arguments supporting CESP's position regarding the tax exemption. • Evaluating the assumptions used and agreeing the mathematical accuracy of the calculations of amounts paid for IRPJ/CSLL and PIS/COFINS. • Reviewing the disclosures in the explanatory notes. <p>We consider that the criteria and assumptions adopted by management for the derecognition of the financial asset and exemption from IRPJ/CSLL and PIS/COFINS of the amounts received as compensation Top of Form element to be consistent with the documentation examined, in the context of both the individual and consolidated financial statements, taken as a whole.</p>
<p>Pension and healthcare plans - Note 22</p> <p>The Company and its subsidiaries sponsor pension plans for their employees, retirees and their beneficiaries to supplement benefits provided by the government's social security system (Note 22).</p> <p>The net liability for these defined benefit plans totals R\$ 1,633,085, calculated using actuarial</p>	<p>Our audit response included, among other procedures:</p> <ul style="list-style-type: none"> • 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.



Auren Energia S.A.

Why it is a Key Audit Matter (KAM)	How the matter was addressed in the audit
<p>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.</p> <p>The actuarial calculations that are prepared by an independent actuary hired by management and take into consideration actuarial assumptions and participant census data.</p> <p>Management applies its judgement in estimating the present values for the plans which requires making assumptions.</p> <p>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.</p>	<ul style="list-style-type: none"> • 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. <p>Our procedures were carried out with the assistance of our actuarial specialists including a review of the disclosures in the financial statements.</p> <p>Our audit procedures indicated that the criteria for measuring post-employment benefits, as well as the note disclosures to be consistent with the documentation presented, in all material respects, within the context of the parent company and consolidated financial statements taken as a whole.</p>

Provision for litigations - Note 21

At December 31, 2023, the consolidated provisions for probable loss contingencies for judicial proceedings total R\$ 984,380. Further legal contingencies for tax, civil, environmental, labor, and expropriation contingencies totaling R\$ 1,605,518 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

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,



Auren Energia S.A.

Why it is a Key Audit Matter (KAM)	How the matter was addressed in the audit
<p>judgment of management in establishing the likelihood of an outflow of funds.</p> <p>The disclosures of the proceedings and the estimates of contingent liabilities requires judgments which rely on interpretations of doctrinal and jurisprudential factors.</p> <p>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.</p>	<p>prepared by management based on assessments carried out by the Company's internal and external legal advisors.</p> <ul style="list-style-type: none"> • 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. <p>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.</p>

Realization of income tax and social contribution deferred tax assets - Note 16

At December 31, 2023, the Company and its subsidiaries have deferred income tax and social contribution assets from loss carryforwards and temporary differences of R\$ 2,698,782. 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

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.



Auren Energia S.A.

Why it is a Key Audit Matter (KAM)	How the matter was addressed in the audit
<p>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.</p>	<p>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.</p>
<hr/>	
<p>Recoverability of fixed and intangible assets (impairment test) - Notes 12 and 13</p>	
<p>The consolidated financial statements at December 31, 2023, present fixed assets and intangible assets of R\$ 11,849,347 and R\$ 2,458,453. These refer substantially to investments in infrastructure made in connection with the public concession contracts.</p> <p>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.</p> <p>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.</p>	<p>Our audit response included, among other procedures:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>



Auren Energia S.A.

Other matters

Statements of Value Added

The parent company and consolidated statements of value added for the year ended December 31, 2023, 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 the 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 the 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

Management is responsible for the preparation and fair presentation of the parent company and consolidated financial statements 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) (currently described as "IFRS Accounting Standards" by the IFRS Foundation), 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 ability of the Company and its subsidiaries, as a whole, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries, as a whole, or to cease operations, or has no realistic alternative but to do so.

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



Auren Energia S.A.

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

Our objectives are to obtain reasonable assurance about 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 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 may cast significant doubt on the ability of the Company and its subsidiaries, as a whole, 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, as a whole, 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 remain solely responsible for our audit opinion.



Auren Energia S.A.

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

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

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

São Paulo, February 7, 2024

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/O-5

DocuSigned by:
Carlos Eduardo Guaraná Mendonça
Signed By: CARLOS EDUARDO GUARANA MENDONCA.40137163649
CPF: 40137163649
Signing Time: 07 February 2024 | 18:40 BRT
ICP-Brasil
Carlos Eduardo Guaraná Mendonça
Contador CRC 1SP196994/O-2

(A free translation of the original in Portuguese)

Contents

Financial performance.....	5
Parent company and consolidated financial statements	
Statement of income.....	12
Statement of comprehensive income	13
Statement of cash flows	14
Balance sheet	16
Statement of changes in equity.....	18
Statement of value added	19
Notes to the parent company and consolidated financial statements	
1 Business Environment	20
2 Presentation of parent company and consolidated financial statements and summary of accounting practices ...	26
3 Critical accounting estimates and judgments	31
4 Presentation of information by business segment	31
5 Revenue.....	33
6 Costs and expenses	35
7 Net financial result	36
8 Cash and cash equivalents, financial investments and liquidity fund - reserve account.....	37
9 Accounts receivables from customers	38
10 Assets indemnifiable by the Federal Government.....	39
11 Investments	39
12 Fixed assets	51
13 Intangible assets	54
14 Loans, financing and debentures	59
15 Suppliers	63
16 Current and deferred income tax and social contribution.....	63
17 Energy futures contracts.....	66
18 UBP - Use of Public Asset	67
19 Social and environmental obligations and asset decommissioning	68
20 Provision for reimbursement.....	69
21 Provision for litigation	71
22 Post-employment benefits.....	73
23 Related parties	77
24 Equity	82
25 Financial instrument and risk management	85
26 Insurance	91
27 Long term commitments	92
28 Subsequent events.....	92

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



(A free translation of the original in Portuguese)

	Note	Consolidated		Parent Company	
		2023	2022	2023	2022
Net revenue	5	6,181,890	5,515,706	-	-
Electricity cost	6	(4,020,503)	(3,640,607)	-	-
Operation cost	6	(828,443)	(732,016)	-	-
Gross profit		1,332,944	1,143,083	-	-
Operating income (expenses)	6				
General and administrative expenses		(419,797)	(370,396)	(201,575)	(128,814)
Other operating income (expenses), net		87,455	487,719	2,741	(4,793)
		(332,342)	117,323	(198,834)	(133,607)
Operating income (loss) before equity interests and financial result		1,000,602	1,260,406	(198,834)	(133,607)
Income from equity interests					
Share of results of investee	11 (b)	73,312	130,659	(201,585)	2,682,972
		73,312	130,659	(201,585)	2,682,972
Net financial income	7				
Financial revenues		945,489	2,840,006	143,388	196,471
Financial expenses		(1,183,496)	(1,177,731)	(96,317)	(97,287)
		(238,007)	1,662,275	47,071	99,184
Profit (loss) before income tax and social contribution		835,907	3,053,340	(353,348)	2,648,549
Income tax and social contribution	16 (a)				
Current		(753,427)	(89,684)	-	-
Deferred		(400,169)	(285,042)	35,659	25,851
Net income (loss) attributable to shareholders		(317,689)	2,678,614	(317,689)	2,674,400
Net income (loss) attributable to controlling shareholders		(317,689)	2,674,400	(317,689)	2,674,400
Net income attributable to non-controlling shareholders		-	4,214	-	-
Net income (loss) for the year		(317,689)	2,678,614	(317,689)	2,674,400
Weighted average number of shares - thousands		1,000,000	1,098,675	1,000,000	1,098,675
Basic and diluted earnings (loss) per thousand shares, in Reais		(0.3177)	2.4380	(0.3177)	2.4342

The accompanying notes are an integral part of these parent company and consolidated financial statements.
 12 of 92

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



(A free translation of the original in Portuguese)

	Consolidated		Parent Company	
	2023	2022	2023	2022
Net income (loss) for the year	(317,689)	2,678,614	(317,689)	2,674,400
Other components of the comprehensive income for the year to be subsequently reclassified to income				
Derivative financial instruments, net of tax effects	(516)	507	(516)	507
Gain of interest of investee	43	-	43	-
Other comprehensive income	(2,250)	3,348	(2,250)	3,348
Other components of the comprehensive income for the year that will not subsequently be reclassified to income				
Remeasurement of retirement benefits, net of tax effects	(201,226)	196,147	(201,226)	196,147
Total comprehensive income for the year	(521,638)	2,878,616	(521,638)	2,874,402
Comprehensive income attributable to controlling shareholders	(521,638)	2,874,402	(521,638)	2,874,402
Comprehensive income attributable to non-controlling shareholders	-	4,214	-	-
	(521,638)	2,878,616	(521,638)	2,874,402

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



(A free translation of the original in Portuguese)

	Note	Consolidated		Parent Company	
		2023	2022	2023	2022
Cash flow from operating activities					
Profit (loss) before income tax and social contribution		835,907	3,053,340	(353,348)	2,648,549
Adjustments for noncash items					
Depreciation and amortization	6	641,809	580,092	8,282	8,460
Amortization of capital gains	6	35,466	35,466	-	-
Retirement of fixed assets and right to use lease agreements		12,722	6,366	403	-
Write-off available-for-sale assets		50	-	-	-
Share of results of investees	11 (b)	(73,312)	(130,659)	201,585	(2,682,972)
Interest and indexation accruals		612,418	156,366	57,696	47,730
Cost of issuances	14 (c)	16,934	13,108	1,728	619
Write-off of indexation accruals of judicial deposits		2,928	4,983	-	-
Finance hedge on import		4,199	-	4,154	-
Energy futures contracts	6	13,402	(167,106)	-	-
Income on reserve fund		(20,432)	(13,636)	-	-
Financial cost of securitization	7	236,595	-	-	-
Provisions (reversals)					
Reversal of provision for litigation		(146,999)	(59,519)	-	-
Provision for reimbursement	5	40,828	59,266	-	-
Reversal of impairment of fixed assets and intangible assets	6	-	(230,924)	-	-
Provision of socio and environmental obligations	6	(2,611)	1,593	-	-
Provision for long-term incentive		12,924	18,714	28,652	9,251
Changes in balances					
Assets indemnified by the Federal Government	7	(262,264)	(2,421,617)	-	-
Provision for litigation	7	41,840	97,069	-	-
Post-employment benefits	7	175,163	159,869	-	-
Gain migration post-employment benefits		-	(20,148)	-	-
Cost of post-employment benefit services		-	87	-	-
Judicial deposits	7	(12,770)	(13,907)	(13)	-
Adjustment to present value					
Reversal of adjustment to present value for securitization of indemnifiable assets	7	(218,444)	-	-	-
Realization of adjustment to present value of indemnifiable assets	7	(11,518)	229,962	-	-
Social and environmental obligations and asset decommissioning	7	21,643	17,615	-	-
UBP - Use of the public asset	7	3,754	5,400	-	-
Transactions with related parties	7	(12,574)	(9,443)	(13,031)	(15,868)
Leases		7,433	1,559	1,105	163
		1,955,091	1,373,896	(62,787)	15,932
Decrease (increase) in assets					
Derivative financial instruments		(4,199)	(2)	(4,154)	-
Accounts receivable from customers		(90,376)	(16,924)	-	-
Assets indemnified by the Federal Government	1.2.1 (a)	4,164,648	-	-	-
Taxes to be recovered		(31,508)	(40,201)	(17,678)	(29,062)
Judicial deposits and security deposits		15,161	28,793	(345)	-
Related parties		29,678	349	(22,904)	(74,683)
Other credits and other assets		30,466	(19,612)	31,378	6,887
Increase (decrease) in liabilities					
Suppliers		94,986	(18,500)	(32,625)	(33,679)
Derivative financial instruments		(15,049)	(12,709)	(15,049)	(5)
Estimated obligations and payroll		15,732	(7,081)	28,668	6,686
Taxes payable		(45,525)	48,637	1,226	(2,111)
Sectorial charges		1,294	1,665	-	-
Payment of social and environmental obligations		(22,809)	(36,584)	-	-
Payment of UBP - Use of the public asset		(44,423)	(42,773)	-	-
Payment of litigation, obligations and judicial agreements		(117,617)	(182,917)	-	-
Payment for post-employment benefits	22	(110,896)	(58,169)	-	-
Effect of migration of post-employment benefits - CD plans		-	(306,015)	-	-
Other obligations and other liabilities		(95,417)	39,697	(1,607)	19,625
		5,729,237	751,550	(95,877)	(90,410)
Cash generated by (used in) operating activities					
Interest paid on loans, financing and debentures	14 (c)	(330,422)	(266,424)	(12,362)	-
Income tax and social contribution paid		(736,970)	(68,357)	(41)	(1,750)
Net cash generated by (used in) operating activities		4,661,845	416,769	(108,280)	(92,160)

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

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



(continued)

	Note	Consolidated		Parent Company	
		2023	2022	2023	2022
Cash flows from investing activities					
Financial investments		111,595	326,596	-	-
Reserve account		(15,878)	(34,296)	-	-
Acquisition of fixed assets and intangible assets		(2,090,790)	(1,572,630)	(48,457)	(16,144)
Capital increase in investments	11 (b)	-	(34,522)	(49,751)	(809,387)
Acquisition of investment		-	(16,858)	-	-
Receipt of dividends		229,617	235,042	2,737,568	241,294
Net cash generated by (used in) investing activities		(1,765,456)	(1,096,668)	2,639,360	(584,237)
Cash flows from financing activities					
Fundraising	14 (c)	990,795	1,032,175	500,000	-
Settlement of loans, financing and debentures	14 (c)	(755,694)	(180,257)	(500,000)	-
Cost of fundraising	14 (c)	(7,216)	(17,264)	(1,107)	(72)
Share capital subscription		-	1,500,000	-	1,500,000
Settlement of leases		(12,213)	(5,012)	(3,598)	(2,184)
Payment of dividends		(2,999,626)	(99,994)	(2,999,626)	(99,987)
Share redemption		-	(78,537)	-	(78,537)
Net cash generated by (used in) financing activities		(2,783,954)	2,151,111	(3,004,331)	1,319,220
Increase (decrease) in cash and cash equivalents		112,435	1,471,212	(473,251)	642,823
Cash from the merger of VGE		-	24,994	-	24,994
Cash from merged company upon consolidation		-	33,935	-	-
Cash and cash equivalents at the beginning of the year		3,125,959	1,595,818	1,050,966	383,149
Cash and cash equivalents at the end of the year		3,238,394	3,125,959	577,715	1,050,966
Principal transactions that did not affect cash					
Downstream merger VGE - capital increase and merger of assets					
Asset balances		-	42,544	-	-
Investments and goodwill incorporated		-	1,030,233	-	1,573,432
Capital gain in investment		-	1,540,542	-	1,119,573
Merger of CESP shares					
Merging investments - non-controlling shareholders		-	-	-	4,555,943
Capital gains on 2018 acquisitions, net of taxes - non-controlling shareholders		-	-	-	56,641
CAPEX acquisitions to be settled		-	20,210	-	-
Capital injection Helios IV Geração de Energia Ltda. ("Helios IV")		-	-	-	11,920
Investment acquisition- Ventos de Santo Alfredo Energias Renováveis S.A.		-	-	28,876	-
Capital injection - Ventos de São João Paulo II Energias Renováveis S.A.		-	-	(4,868)	-

The accompanying notes are an integral part of these parent company and consolidated financial statements.
15 of 92

Auren Energia S.A.
Balance Sheet
Years ended December 31
In thousands of reais



(A free translation of the original in Portuguese)

	Note	2023	Consolidated 2022	2023	Parent Company 2022
Assets					
Current					
Cash and cash equivalents	8	3,238,394	3,125,959	577,715	1,050,966
Financial investments	8	-	105,347	-	-
Liquidity fund - reserve account	8	7,827	6,840	-	-
Accounts receivable from customers	9	679,476	617,860	-	-
Assets indemnifiable by the Federal Government	10	-	161,856	-	-
Taxes to be recovered		139,249	105,993	56,405	36,979
Dividends receivable	23	2,027	46,190	43,489	1,108,723
Related parties	23	3,923	31,953	8,618	27,966
Energy futures contracts	17	1,811,433	1,979,160	-	-
Other assets		47,154	78,910	1,331	34,608
		<u>5,929,483</u>	<u>6,260,068</u>	<u>687,558</u>	<u>2,259,242</u>
Assets held for sale		8,378	8,428	-	-
		<u>5,937,861</u>	<u>6,268,496</u>	<u>687,558</u>	<u>2,259,242</u>
Non-current					
Long-term receivables					
Liquidity fund - Reserve account	8	182,616	147,293	-	-
Assets indemnifiable by the Federal Government	10	-	3,747,161	-	-
Related parties	23	110,701	92,972	227,937	166,443
Judicial deposits and security deposits		170,780	176,099	358	-
Deferred income tax and social contribution	16 (b)	2,698,782	3,000,824	-	-
Energy futures contracts	17	3,433,262	3,630,278	-	-
Asset subject to indemnification		21,799	21,799	-	-
Other assets		8,960	7,670	-	-
		<u>6,626,900</u>	<u>10,824,096</u>	<u>228,295</u>	<u>166,443</u>
Investments	11	2,057,307	2,161,751	12,515,519	14,526,449
Fixed assets	12	11,849,347	10,397,035	47,533	19,927
Intangible assets	13	2,458,453	2,587,808	146,724	137,435
Right of use lease agreements		64,689	43,707	16,672	2,657
		<u>23,056,696</u>	<u>26,014,397</u>	<u>12,954,743</u>	<u>14,852,911</u>
Total assets		<u>28,994,557</u>	<u>32,282,893</u>	<u>13,642,301</u>	<u>17,112,153</u>

Auren Energia S.A.
Balance Sheet
Years ended December 31
In thousands of reais



(continued)

	Note	Consolidated		Parent Company	
		2023	2022	2023	2022
Liabilities and net equity					
Current					
Loans, financing and debentures	14	851,786	276,615	393,670	-
Suppliers	15	572,321	549,019	12,925	54,317
Leases		6,080	1,911	2,966	424
Energy futures contracts	17	1,639,680	1,808,351	-	-
Estimated obligations and payroll		98,872	66,359	66,071	21,295
Taxes payable		76,628	107,461	2,934	1,749
Sector charges		23,129	21,835	-	-
Dividends payable	23	659	635,459	386	635,181
UBP - Use of public asset	18	38,549	43,465	-	-
Social and environmental obligations and asset decommissioning	19	45,599	44,298	-	-
Provision for reimbursement	20	341,142	362,233	-	-
Provision for litigation	21	107,741	170,376	-	-
Other liabilities		48,565	111,622	1,387	913
		<u>3,850,751</u>	<u>4,199,004</u>	<u>480,339</u>	<u>713,879</u>
Non-current					
Loans, financing and debentures	14	5,500,048	5,553,602	-	342,515
Leases		60,649	42,393	14,147	2,226
Energy futures contracts	17	3,423,668	3,606,338	-	-
Taxes payable		23,842	22,077	-	-
Related parties	23	116,827	110,024	98,137	91,926
Deferred income tax and social contribution	16				
	(b)	707,181	712,979	664,580	700,503
UBP - Use of a public asset	18	10,178	43,089	-	-
Social and environmental obligations and asset decommissioning	19	247,309	272,000	-	-
Provision for reimbursement	20	89,143	42,759	-	-
Provision for litigation	21	876,639	1,015,629	-	-
Post-employment benefits	22	1,633,085	1,263,931	-	-
Other liabilities		86,289	145,990	16,145	8,026
		<u>12,774,853</u>	<u>12,830,811</u>	<u>793,009</u>	<u>1,145,196</u>
Total liabilities		<u>16,625,604</u>	<u>17,029,815</u>	<u>1,273,348</u>	<u>1,859,075</u>
Net equity					
Capital stock	24	5,940,137	5,940,137	5,940,137	5,940,137
Capital reserve		5,705,533	5,703,189	5,705,533	5,703,189
Profit reserves		1,132,604	3,815,124	1,132,604	3,815,124
Equity valuation adjustments		(409,321)	(205,372)	(409,321)	(205,372)
		<u>12,368,953</u>	<u>15,253,078</u>	<u>12,368,953</u>	<u>15,253,078</u>
Total net equity		<u>12,368,953</u>	<u>15,253,078</u>	<u>12,368,953</u>	<u>15,253,078</u>
Total liabilities and net equity		<u>28,994,557</u>	<u>32,282,893</u>	<u>13,642,301</u>	<u>17,112,153</u>

The accompanying notes are an integral part of these parent company and consolidated financial statements.
17 of 92

Auren Energia S.A.
Statement of changes in equity
Years ended December 31
In thousands of reais



(A free translation of the original in Portuguese)

	Share capital	Capital reserve	Profit reserve		Retained earnings	Equity valuation adjustment	Total	Interest of non-controlling shareholders	Net equity
			Legal	Retention					
At January 1, 2022	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									
Capital increase - downstream merger Votorantim Geração de Energia S.A. ("VGE") valued at fair value	1,131,678	1,260,581	-	-	-	-	2,392,259	-	2,392,259
Merger of CESP shares - economic value	307,623	4,442,608	-	-	-	-	4,750,231	(4,593,326)	156,905
Increase in share capital - CPP Investments	1,500,000	-	-	-	-	-	1,500,000	-	1,500,000
Additional dividends proposed									
Additional dividends proposed	-	-	-	(86,048)	-	-	(86,048)	-	(86,048)
Allocation of income for the year									
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
Loss for the year	-	-	-	-	(317,689)	-	(317,689)	-	(317,689)
Comprehensive income for the year	-	-	-	-	-	(203,949)	(203,949)	-	(203,949)
Total comprehensive income for the year	-	-	-	-	(317,689)	(203,949)	(521,638)	-	(521,638)
Share-based payment (Note 24.2 (a))									
Share-based payment (Note 24.2 (a))	-	2,344	-	-	-	-	2,344	-	2,344
Additional dividends proposed									
Additional dividends proposed (Nota 1.2.2 (a))	-	-	-	(2,364,831)	-	-	(2,364,831)	-	(2,364,831)
Allocation of income for the year									
Absorption of loss for the year	-	-	-	(317,689)	317,689	-	-	-	-
Contributions by and distributions to shareholders	-	2,344	-	(2,682,520)	317,689	-	(2,362,487)	-	(2,362,487)
At December 31, 2023	5,940,137	5,705,533	197,085	935,519	-	(409,321)	12,368,953	-	12,368,953

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



(A free translation of the original in Portuguese)

	Note	Consolidated		Parent Company	
		2023	2022	2023	2022
Generation of added value					
Gross revenue	5	6,994,483	6,293,733	-	-
Provision for reimbursement	5	(40,828)	(59,266)	-	-
Other operating revenues		64,037	126,581	-	-
		7,017,692	6,361,048	-	-
Inputs					
Energy purchased and charges for use of the power grid	6	(4,020,503)	(3,640,607)	-	-
Third party services		(292,226)	(251,080)	(38,223)	(48,942)
Materials		(6,700)	(5,184)	(867)	(1,106)
Other operating costs		(2,382)	(2,018)	(1,579)	(15,204)
		(4,321,811)	(3,898,889)	(40,669)	(65,252)
Gross added value					
		2,695,881	2,462,159	(40,669)	(65,252)
Retention					
Depreciation and amortization	6	(641,809)	(580,092)	(8,282)	(8,460)
Amortization of capital gains		(35,466)	(35,466)	-	-
Energy futures contracts		(13,402)	167,106	-	-
		(690,677)	(448,452)	(8,282)	(8,460)
Net added value generated					
		2,005,204	2,013,707	(48,951)	(73,712)
Transfers					
Share of results of investee	11 (b)	73,312	130,659	(201,585)	2,682,972
Financial revenues	7	683,225	418,389	143,388	196,471
Update of assets indemnifiable by the Federal Government	7	262,264	2,421,617	-	-
Gain by migration post-employment benefits	7	-	20,148	-	-
		1,018,801	2,990,813	(58,197)	2,879,443
Others					
Reversal for litigation	6	137,255	59,519	-	-
Write-off of judicial deposits		2,426	(2,486)	-	-
Reversal of impairment of fixed assets and intangible assets		-	230,924	-	-
Recovery of taxes		2,201	9,962	-	-
Insurance		(20,447)	(17,948)	-	-
Contract early settlement amount		-	(54,000)	-	-
Other net operating expenses		(34,023)	(29,439)	(13,471)	-
		87,412	197,934	(13,471)	-
Added value to be distributed					
		3,111,417	5,201,052	(120,619)	2,805,731
Added value distribution					
Personnel					
Direct remuneration	6	154,169	126,845	103,062	38,988
Social charges		58,343	55,518	24,111	14,835
Benefits		25,828	20,234	7,530	3,518
		238,340	202,597	134,703	57,341
Third-party capital remuneration					
Interest and indexation charges	7	854,097	777,483	69,348	42,294
Adjustment to present value of assets indemnifiable by the Federal Government	7	-	231,822	-	-
Financial cost of securitization	7	236,595	-	-	-
Other financial expenses	7	92,804	168,426	26,969	54,993
Rentals and leases	6	17,872	15,447	1,709	2,554
		1,201,368	1,193,178	98,026	99,841
Intrasectoral- Regulatory charges					
Financial compensation for the use of water resources- CFURH	5	52,174	40,043	-	-
Research and Development- R&D		12,675	17,110	-	-
Rate of supervision of electricity services - TFSEE		10,032	7,368	-	-
Global Reversion Reserve- RGR		-	1,321	-	-
		74,881	65,842	-	-
Taxes and social contributions					
Federal		1,748,898	915,093	(35,659)	(25,851)
State		165,222	145,345	-	-
Municipal		397	383	-	-
		1,914,517	1,060,821	(35,659)	(25,851)
Equity remuneration					
Dividends		-	635,169	-	635,169
Retained earnings / Loss for the year		(317,689)	2,039,231	(317,689)	2,039,231
Net income attributable to non-controlling shareholders		-	4,214	-	-
		(317,689)	2,678,614	(317,689)	2,674,400
Added value distributed					
		3,111,417	5,201,052	(120,619)	2,805,731

The accompanying notes are an integral part of these parent company and consolidated financial statements.
19 of 92

(A free translation of the original in Portuguese)

Auren Energia S.A.
Explanatory notes
 In thousands of reais unless otherwise stated



1 Business Environment

1.1 Operations

Auren Energia S.A., "Company" or "Auren" based in the city of São Paulo - SP, is a holding company operating as an investment platform for the management, operation, acquisition, development and construction of energy generation, transmission and trading assets in Brazil. Currently, its subsidiaries operate in the wind, solar and hydro power generation segments, as well as in the sale of energy.

The Company is listed on the Brazilian stock exchange (B3) at its highest level of governance, the Novo Mercado. It is jointly controlled by Votorantim S.A. ("VSA") and the Canada Pension Plan Investment Board ("CPP Investments").

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 Bataiporã - MS	01/23/1999	04/15/2056
HPP Paraibuna (j)	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 Vinícius Energias Renováveis S.A.	29,4	Curral Novo do Piauí - PI	03/10/2016	03/10/2051
Solar Power Generation Complex Ventos do Piauí I ("UFV Piauí I"):				
Sol do Piauí Geração de Energia Ltda.	48,1	Curral Novo do Piauí - PI	05/18/2021	03/07/2051
Wind Power Generation Complex Ventos do Piauí II ("Piauí II"):				
Ventos de São Crispim Energias Renováveis S.A.	49,5	Curral Novo - PI	10/06/2022	11/10/2055
Ventos de São Ciriaco Energias Renováveis S.A.	49,5	Paulistana - PI	10/22/2022	11/10/2055
Ventos de Santo Alderico Energias Renováveis S.A.	40,5	Betânia do Piauí - PI	09/02/2022	11/10/2055
Ventos de São Caio Energias Renováveis S.A.	36,0	Betânia do Piauí and Paulistana - PI	10/28/2022	11/10/2055
Ventos de São Ciro Energias Renováveis S.A.	36,0	Betânia do Piauí - PI	10/15/2022	11/10/2055
Wind Power Generation Complex Ventos do Piauí III ("Piauí III"):				
Ventos de Santa Alexandrina Energias Renováveis S.A.	45,0	Curral Novo do Piauí - PI	05/27/2022	11/10/2055
Ventos de São Bernardo Energias Renováveis S.A.	45,0	Ouricuri - PE	08/19/2022	11/10/2055
Ventos de Santo Antero Energias Renováveis S.A.	49,5	Ouricuri and Araripina - PE	07/22/2022	11/10/2055
Ventos de Santo Apolinário Energias Renováveis S.A.	36,0	Curral Novo do Piauí - PI	05/13/2022	11/10/2055
Ventos de Santo Alfredo Energias Renováveis S.A.	31,5	Curral Novo do Piauí - PI	06/24/2022	11/10/2055
	<u>2,657,3</u>			

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated



- (i) In 2022, the Ministry of Mines and Energy - MME published Ordinance 647/2022, classified the subsidiary CESP as a temporary operator of the Paraibuna Hydroelectric Power Plant ("UHE Paraibuna"), under the physical guarantee quota regime, from June 4, 2022 until such date as a new concessionaire is appointed through a bidding process to be carried out by the Federal Government.

1.2 Main corporate events during the year ended December 31, 2023**1.2.1 Main operating events****(a) Securitization of the balance receivable arising from the subsidiary Companhia Energética de São Paulo ("CESP") indemnifiable agreement with the Federal Government**

On June 16, 2023, Auren signed, as the consenting intervener, an agreement for the assignment of the acquisition of credit rights and other agreements, assigning to a certain securitization company, on a definitive basis and without any co-obligation, all the credit rights arising from the judicial agreement signed between its subsidiary CESP and the Federal Government for the indemnification of unamortized or undepreciated assets of the Três Irmãos Hydroelectric Power Plant returned with the concession. In exchange for this assignment, CESP received R\$ 4,164,648 on June 27, 2023; consistent with CPC 48 - Financial Instruments, the financial asset that was recognized in current and non-current assets, under "Asset indemnifiable by the Federal Government". The asset was fully realized for R\$ 4,401,243, of which R\$ 4,164,648 was received in cash and R\$ 236,595 as operation cost, which was recorded as a financial expense under "Financial cost of securitization". A further reversal was made of a provision for R\$ 218,444 being the adjustment to present value recognized on the balance of the indemnifiable asset, resulting in a net financial expense of R\$ 18,151. (Notes 7 and 10).

(b) Taxation on the gain on the indemnification of the Três Irmãos hydroelectric plant owned by the subsidiary CESP

On December 7, 2022, CESP entered into a court agreement with the Federal Government for the indemnification from the return of Três Irmãos Hydroelectric Power Plant concession assets which had not been fully amortized or depreciated. Based on the agreement criteria, excluding the undisputed amount, a contingent asset of R\$ 3,909,017 was recorded as "Assets indemnifiable by the Federal Government", through the reclassification of R\$ 1,717,362 from "Asset subject to indemnification" and the recognition of R\$ 2,191,655 related to indexation accruals, net of adjustment to present value, against "Financial result".

On January 10, 2023, a judicial ruling approved the agreement, concluding the case, with a resolution of outstanding matters. On January 17, 2023, the final judgment was handed down and the case was definitively closed.

Management, under the advice of its legal advisors, believes that the interest element is exempt from IRPJ/CSLL and PIS/COFINS. CESP submitted a Consultation Solution to the Brazilian Federal Revenue Service ("RFB") to confirm its understanding. The Consultation Solutions were forwarded to the RFB in January 2023.

(i) Corporate Income Tax ("IRPJ") and Social Contribution on Net Income ("CSLL")

On August 17, 2023, CESP received a response through a Private Letter Ruling from the RFB as to the exemption from IRPJ and CSLL of the interest accrual of the indemnification amount resulting from the court agreement entered into with the Federal Government.

The RFB asserted that the accrued interest based on the Special Settlement and Custody System ("SELIC"), levied on the indemnification amount determined in the court-approved settlement is taxable for both IRPJ and CSLL purposes.

As a result, on September 15, 2023, CESP paid R\$ 578,016 for IRPJ and CSLL, after offsetting tax losses, tax loss carryforwards and tax credits. The total expense charged to 2023 income of CESP was R\$ 912,430, of which R\$ 608,660 related to current IRPJ and CSLL expense and R\$ 303,770 to the portion of deferred taxes reversed due to the offset on the calculation basis.

(ii) Social Integration Program ("PIS") and Social Contribution on Revenues ("COFINS")

On September 29, 2023, CESP also received a response to the Private Letter Ruling from the RFB as to whether PIS and COFINS is to be levied on interest accrual arising from the aforementioned court agreement entered into with the Federal Government.

The RFB asserted that the accrued interest based on the Special Settlement and Custody System ("SELIC"), levied on the indemnification amount determined in the court-approved settlement is taxable for both PIS and COFINS purposes.

As a result, subsidiary CESP recorded liabilities for R\$ 124,800 for PIS and COFINS on the interest element, which was settled on October 30, 2023.

Despite the payments of the aforementioned taxes, the controlled CESP, supported by its legal advisors, maintains the understanding of the non-levy of IRPJ/CSLL and PIS/COFINS on the gains related to the updating of the compensation amount and is preparing to legally question the decision of the RFB, with a claim for refund of the amounts paid, due to the different understanding regarding the nature of the amounts received on the compensation amount resulting from the aforementioned legal agreement.

(c) Approval of court agreements

In the year ended December 31, 2023, CESP's civil, environmental and labor court agreements were ratified, which resulted in the reversal of the provision for litigation, credited to "Other operating income (expenses)", of R\$ 186,625 (R\$ 121,192, net of tax effects).

(d) Change in the index for the pension plans of subsidiary CESP managed by Vivest

On May 8, 2023, PREVIC Ordinance No. 351 was published, approving the change in the index for the pension funds Retirement and Pension Supplementation Plan - PSAP/CESP B1, CNPB No. 1979.0027-38, managed by Vivest, which

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated



provides for a change in the index for adjusting the plan's benefits from the General Price Index - Internal Availability ("IGP-DI") to the Broad National Consumer Price Index ("IPCA"). The amendment now approved by PREVIC is another step by the Company and its subsidiary CESP in the management of actuarial liabilities and aims to achieve a better balance in the indexation between the assets and obligations of CESP's pension plans. The new rule came into force on June 1, 2023, with a transition period until January 2031, when the plan's NTN-C bonds mature. The Company reassesses annually the actuarial liability assumptions for the purposes of preparing the annual financial statements, and for the exclusive purpose of the effects of the change in the index reported here on the actuarial liability recorded in accordance with CPC 33, there are no material impacts at December 31, 2023 arising from this change.

(e) Start of commercial operation of Sol do Piauí Geração de Energia Ltda.

In January 2024, the two generating units, with an installed capacity of 48,118 kW, located in the municipality of Curral Novo do Piauí in the state of Piauí, started commercial operation (test operation started in November 2023). The orders issued by ANEEL releasing the generating units to start operation in the commercial phase are as below:

ANEEL Dispatch	Date	Generating unit and installed capacity	Operation
4,158	10/31/2023	UG1 to UG14 - 48,118 kW	Test
7	01/02/2024	UG1 to UG14 - 48,118 kW	Commercial

1.2.2 Main corporate events**(a) Approval and payment of additional dividends**

On February 16, 2023, the Board of Directors proposed, for approval by the Shareholders' Meeting, the distribution of dividends in a total amount of R\$ 1,500,000, equivalent to R\$ 1.50 (one Real and fifty cents) per share. This proposal was deliberated and approved at the Annual and Extraordinary General Meeting held on April 28, 2023, considering: (i) minimum mandatory dividend, in the amount of R\$ 635,169, equivalent to R\$ 0.635 cents per share, corresponding to 25% of adjusted net income for the year; and (ii) supplementary dividend, in the amount of R\$ 864,831, corresponding to retained earnings for the year ended December 31, 2022 (retention reserve) equivalent to R\$ 0.865 cents per share. The dividends were paid on May 15, 2023, according to the shareholding positions existing at the close of trading on B3 on May 4, 2023 (base date).

The Board of Directors approved the distribution of extraordinary dividends in the amount of R\$1,500,000, equivalent to R\$ 1.50 (one Real and fifty cents) per share. This proposal was deliberated and approved at the Annual and Extraordinary General Meeting held on November 28, 2023. The dividends were paid on December 19, 2023, according to the shareholding positions existing at the close of trading on B3 on December 8, 2023 (base date).

(b) Dividends receivables from investees

Dividends and interest on equity were received in the year ended December 31, 2023, as shown in the table below:

Subsidiaries	Provisioned in 2022	Reversed	Additional / Interest on equity dividends proposed	Interim dividends proposed	Received	Mandatory	Provisioned in 2023
CESP Companhia Energética de São Paulo (i)	970,450	-	-	1,529,548	(2,499,998)	-	-
Auren Comercializadora de Energia Ltda. (vi)	83,347	(76,808)	4,388	-	-	20,833	31,760
CBA Energia Participações S.A. (ii)	20,308	-	55,256	17,188	(92,752)	2,027	2,027
Pinheiro Machado Participações S.A. (iii)	-	-	-	21,000	(21,000)	-	-
Pollarix S.A. (iv)	25,883	(8,649)	69,141	29,490	(115,865)	-	-
Ventos de São Vicente Energias Renováveis S.A. (v)	7,914	-	-	-	(7,896)	8,675	8,693
Ventos de Santo Estevão Holding S.A.	764	-	-	-	-	-	764
Sol do Piauí Geração de Energia Ltda.	47	-	-	-	(47)	-	-
MRTV Energia S.A.	10	-	-	-	(10)	245	245
Closing balance	1,108,723	(85,457)	128,785	1,597,226	(2,737,568)	31,780	43,489

Auren Energia S.A.
Explanatory notes
In thousands of reais unless otherwise stated



(i) CESP - Companhia Energética de São Paulo

On June 2, 2023, at a meeting of the Board of Directors, CESP declared an interim dividend of R\$ 1,529,548 from the profit reserve account, which was settled in 2023.

Of the balance of dividends receivable after this resolution, R\$1,250,000 was received on May 30, July 11 and 28, 2023. On November 22, 2023, the Board of Directors approved the payment of dividends in the amount of R\$1,250,000, which took place on December 19, 2023.

(ii) CBA Energia Participações S.A.

On April 28 and December 4, 2023, the Annual General Meeting approved the distribution of additional dividends, interest on equity and interim dividends by investee CBA Energia Participações S.A., in the amounts of R\$ 65,965, R\$ 16,948 and R\$ 25,000 respectively. Due to the disproportionality regarding the 10% preferred share dividend premium, representing 66.67% of the total shares, the amounts of R\$ 45,352, R\$ 11,652 and R\$ 17,188, respectively, were allocated to the Company.

On June 5, interest on equity was received in the amount of R\$ 9,904 (net of tax effects) and on June 9, November 24 and December 19, 2023, dividends in the amounts of R\$ 12,036, R\$ 53,623 and R\$ 17,188, respectively.

(iii) Pinheiro Machado Participações S.A.

On June 7 and November 22, 2023, the Annual General Meeting approved the distribution of interim dividends in the amounts of R\$ 9,101 and R\$ 25,899 by investee Pinheiro Machado Participações S.A. Due to the disproportionality regarding the 50% preferred share dividend premium affecting half of the preferred shares, the amounts of R\$ 5,460 and R\$ 15,540 were allocated to the Company, received on June 7 and December 6, 2023 respectively.

(iv) Pollarix S.A.

On July 21, dividends of R\$33,384 were received, referring to mandatory minimum and additional dividends.

On August 2 and December 15, 2023, the Annual General Meeting approved the distribution of additional and interim dividends of R\$ 96,798 and R\$ 37,127 by investee Pollarix S.A. Due to the disproportionality regarding the 25% preferred share dividend premium up to October 2023 and 93% from November 2023, referring to 66.67% of total shares, the amounts of R\$ 69,141 and R\$ 29,490 were allocated to the Company. This was followed by a reversal of mandatory minimum dividends in the amount of R\$ 8,649. On September 21, 2023, the amount of R\$31,423 was received from these additional dividends. The remainder was received on November 24 and December 21 in the amounts of R\$ 21,567 and R\$ 29,490, respectively.

(v) Ventos de São Vicente Participações Energias Renováveis S.A.

On July 21, 2023, dividends amounting to R\$7,896 were received, referring to the mandatory minimum dividends from 2022 and approved at the Annual General Meeting on April 27, 2023.

Auren Energia S.A.
Explanatory notes
 In thousands of reais unless otherwise stated



(vi) Auren Comercializadora de Energia Ltda.

On December 4, 2023, the partial reversal of dividends allocated in the year ended December 31, 2022 was decided, in the amount of R\$76,808.

(c) Capital transactions in subsidiaries

In the year ended December 31, 2023, changes were made to the share capital of subsidiaries as shown in the table below:

	Date	Value
Subsidiaries		
Capital increase (decrease) via bank transfer		
Sol do Piauí Geração de Energia Ltda.	02/02/2023	25,000
Ventos de Santa Alexandrina Energias Renováveis S.A.	03/10/2023	2,500
Ventos de Santo Antero Energias Renováveis S.A.	03/10/2023	2,500
MRTV Energia S.A. (i)	03/15/2023	(700)
Sol do Piauí Geração de Energia Ltda.	04/17/2023	10,000
Sol do Piauí Geração de Energia Ltda.	05/03/2023	10,000
Hélios IV Geração de Energia Ltda.	07/21/2023	451
		49,751
Capital increase (decrease) via transfer of assets		
MRTV Energia S.A. (i)	05/17/2023	58,303
Ventos de São João Paulo II Energias Renováveis S.A. ("Ventos de São João Paulo II") (i)	05/17/2023	(58,303)
Ventos de São João Paulo II Energias Renováveis S.A.	12/27/2023	4,868
MRTV Energia S.A. (i)	06/13/2023	(28,876)
		(24,008)

(i) Due to the corporate reorganization involving subsidiary MRTV Energia S.A. ("MRTV"), on December 26, 2022, the investee's capital was reduced by R\$ 700, the cash effect of which occurred on March 15, 2023, after the creditors' contestation period had expired, without any opposition. On May 17, there was a capital increase in the amount of R\$ 58,303, resulting from the partial spin-off of Ventos de São João Paulo II and the consequent contribution of Ventos de Santo Alfredo Energias Renováveis S.A. ("Ventos de Santo Alfredo") on MRTV. On June 13 there was the second capital reduction of MRTV, with no cash effect, in the amount of R\$ 28,876, after which the company now holds 50% of the capital of Ventos de Santo Alfredo.

(d) Creation of joint venture Auren and Telefônica Brasil S.A. ("Vivo")

On December 18, 2023, the Company, through its subsidiary Auren Comercializadora, signed an investment agreement with Vivo to set up a joint venture focused on marketing customized energy solutions throughout Brazil.

By combining Auren's know-how in generating and selling energy with Vivo's distribution capacity at scale, the joint venture intends to position itself in Brazil's free energy market, which is gradually being opened up and, as of January 2024, will be accessible to business customers connected to the high-voltage network with a demand of less than 500 kW. The operation's potential market is estimated at around 72,000 companies, including factories, offices and commercial establishments.

The exploitation of this new potential will be the focus of this joint venture, which will operate in the segment of companies with a demand of less than 500 kW, preparing itself to operate in the low voltage and residential segment as the Brazilian electricity market opens.

The conclusion of the operation is subject to obtaining the applicable antitrust authorizations, and only after such authorizations will Auren and Vivo set up the joint venture, in which each will hold a 50% equity interest. Once duly incorporated, the new company will begin the necessary procedures to obtain the respective licenses and authorizations for the development of its business, and will have its own fully independent team.

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 consolidated and individual financial statements, equivalent to the standardized financial statements contained in the Standardized Financial Statements Form ("DFP"), were prepared based on the accounting practices adopted in Brazil, which include the pronouncements issued by the Accounting Pronouncements Committee ("CPCs"), approved by the Securities and Exchange Commission ("CVM") and the Federal Accounting Council ("CFC") and in accordance with international Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board ("IASB") (currently called "IFRS accounting standards") including the interpretations issued by the IFRS Interpretations Committee "IFRIC", or by its predecessor body, Standing Interpretations Committee (SIC® Interpretations) and highlight all relevant information specific to the financial statements, and only them, which are consistent with those used by management in its management.

The presentation of the Statement of Value Added, both parent company and consolidated, is required by Brazilian corporate law and by the accounting practices adopted in Brazil applicable to publicly traded companies. The Statement of Value Added was prepared in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". IFRS does not require the presentation of this statement. As a result, under IFRS, this statement is presented as supplementary information, without detriment to the financial statements as a whole.

(b) Approval of financial statements

The Company's Board of Directors approved the issuance of these parent company and consolidated financial statements on February 7, 2024, authorizing its disclosure.

2.1.2 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 3 below.

2.2 Functional currency and presentation currency

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

2.3 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. For new acquisitions, the accounting policies of the subsidiaries are changed when necessary, to ensure consistency with the policies adopted by the Company.

(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.

(c) Joint operation

When joint operator parties hold shared control of the business they have rights over their 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.

Auren Energia S.A.

Explanatory notes

In thousands of reais unless otherwise stated



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

	2023		2022		Type of investment	Headquarters location	Main activity
	Total capital	Voting capital	Total capital	Voting capital			
Wind power generation							
Wind power generation Ventos do Piauí I ("Piauí I"):							
Ventos de São Vicente Participações Energias Renováveis S.A.	100%	100%	100%	100%	Direct	São Paulo - Brasil	Holding
Ventos de São Adeodato Energias Renováveis S.A. (i)	77,36%	100%	77,36%	100%	Indirect	Piauí - Brasil	Electricity generation
Ventos de Santo Afonso Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Piauí - Brasil	Electricity generation
Ventos de Santo Agostinho Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Piauí - Brasil	Electricity generation
Ventos de Santa Albertina Energias Renováveis S.A. (i)	84,96%	100%	84,96%	100%	Indirect	Piauí - Brasil	Electricity generation
Ventos de Santo Alberto Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Piauí - Brasil	Electricity generation
Ventos de São Casimiro Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Piauí - Brasil	Electricity generation
Ventos de São Vinícius Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Piauí - Brasil	Electricity generation
Consórcio Ventos do Piauí	100%	100%	100%	100%	Indirect	Piauí - Brasil	Construction, maintenance, operation and use of certain common assets
Wind power generation Ventos do Piauí II ("Piauí II"):							
Ventos de Santo Anselmo Energias Renováveis S.A. (i)	51%	100%	51%	100%	Direct	Ceará - Brasil	Holding
Ventos de São Crispim I Energias Renováveis S.A.	50%	0%	50%	0%	Indirect	Ceará - Brasil	Electricity generation
Ventos de Santo Angelo Energias Renováveis S.A. (i)	51%	100%	100%	100%	Direct	Ceará - Brasil	Holding
Ventos de São Ciriaco Energias Renováveis S.A.	50%	0%	50%	0%	Indirect	Ceará - Brasil	Electricity generation
Ventos de Santo Alderico Energias Renováveis S.A.	50%	0%	50%	0%	Indirect	Ceará - Brasil	Electricity generation
Ventos de São Caio Energias Renováveis S.A.	50%	0%	50%	0%	Indirect	Ceará - Brasil	Electricity generation
Ventos de São Ciro Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brasil	Electricity generation
Ventos de Santo Isidoro Energias Renováveis S.A. (i)	51%	100%	51%	100%	Direct	Ceará - Brasil	Holding
Consórcio Ventos do Piauí II	100%	100%	100%	100%	Indirect	Piauí - Brasil	Construction, maintenance, operation and use of certain common assets
Wind power generation Ventos do Piauí III ("Piauí III"):							
Ventos de Santa Alexandrina Energias Renováveis S.A.	50%	0%	50%	0%	Indirect	Ceará - Brasil	Electricity generation
Ventos de São Bernardo Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brasil	Electricity generation
Ventos de Santo Antero Energias Renováveis S.A.	50%	0%	50%	0%	Indirect	Ceará - Brasil	Electricity generation
Ventos de Santo Apolinário Energias Renováveis S.A.	50%	0%	50%	0%	Indirect	Ceará - Brasil	Electricity generation
Ventos de São João Paulo II Energias Renováveis S.A.	100%	100%	100%	100%	Direct	Ceará - Brasil	Holding
Ventos de Santo Alfredo Energias Renováveis S.A.	50%	0%	100%	100%	Indirect	Ceará - Brasil	Electricity generation
Consórcio Ventos do Piauí III	100%	100%	100%	100%	Indirect	Piauí - Brasil	Construction, maintenance, operation and use of certain common assets
Wind power generation Ventos do Araripe III ("Araripe III"):							
Ventos de Santo Estevão Holding S.A.	100%	100%	100%	100%	Direct	São Paulo - Brasil	Holding
Ventos de Santo Augusto I Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brasil	Electricity generation
Ventos de Santo Augusto II Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brasil	Electricity generation
Ventos de Santo Augusto VI Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brasil	Electricity generation
Ventos de Santo Augusto VII Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brasil	Electricity generation
Ventos de Santo Augusto VIII Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brasil	Electricity generation
Ventos de Santo Estevão I Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brasil	Electricity generation
Ventos de Santo Estevão II Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brasil	Electricity generation
Ventos de Santo Estevão III Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brasil	Electricity generation
Ventos de Santo Estevão IV Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brasil	Electricity generation
Ventos de Santo Estevão V Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brasil	Electricity generation
Ventos de Santo Onofre IV Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brasil	Electricity generation
Ventos de São Virgílio 01 Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brasil	Electricity generation
Ventos de São Virgílio 02 Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brasil	Electricity generation
Ventos de São Virgílio 03 Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Ceará - Brasil	Electricity generation
Water power generation							
CESP - Companhia Energética de São Paulo	100%	100%	40%	94%	Direct	São Paulo - Brasil	Electricity generation
Sale							
Auren Comercializadora de Energia Ltda.	100%	100%	0%	0%	Direct	São Paulo - Brasil	Electricity trading
CESP Comercializadora de Energia S.A.	100%	100%	40%	94%	Indirect	São Paulo - Brasil	Electricity trading
Solar power generation							
Solar power generation Ventos do Piauí I ("UFV Piauí I"):							
Sol do Piauí Geração de Energia Ltda.	100%	100%	100%	100%	Direct	Ceará - Brasil	Electricity generation
Solar power generation Sol de Jaíba:							
Jaíba V Holding S.A.	100%	100%	100%	100%	Indirect	São Paulo - Brasil	Holding
Jaíba C Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Minas Gerais - Brasil	Electricity generation
Jaíba CE Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Minas Gerais - Brasil	Electricity generation
Jaíba CN Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Minas Gerais - Brasil	Electricity generation
Jaíba CO Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Minas Gerais - Brasil	Electricity generation
Jaíba CS Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Minas Gerais - Brasil	Electricity generation
Jaíba L1 Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Minas Gerais - Brasil	Electricity generation
Jaíba L2 Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Minas Gerais - Brasil	Electricity generation
Jaíba NE2 Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Minas Gerais - Brasil	Electricity generation
Jaíba NE3 Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Minas Gerais - Brasil	Electricity generation
Jaíba NO2 Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Minas Gerais - Brasil	Electricity generation
Jaíba S Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Minas Gerais - Brasil	Electricity generation
Jaíba SE2 Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Minas Gerais - Brasil	Electricity generation
Jaíba SO Energias Renováveis S.A.	100%	100%	100%	100%	Indirect	Minas Gerais - Brasil	Electricity generation
SF401 Participações Societárias S.A.	100%	100%	100%	100%	Indirect	São Paulo - Brasil	Holding
Others							
MRTV Energia S.A.	72,5%	100%	100%	100%	Direct	São Paulo - Brasil	Electricity trading
Hélios I Geração de Energia Ltda.	100%	100%	100%	100%	Indirect	Piauí - Brasil	Electricity generation
Hélios II Geração de Energia Ltda.	100%	100%	100%	100%	Indirect	Piauí - Brasil	Electricity generation
Hélios III Geração de Energia Ltda.	100%	100%	100%	100%	Indirect	Piauí - Brasil	Electricity generation
Hélios V Geração de Energia Ltda.	100%	100%	100%	100%	Direct	Piauí - Brasil	Electricity generation
Sol do Piauí II Geração de Energia Ltda.	100%	100%	100%	100%	Indirect	Piauí - Brasil	Electricity generation
Sol do Piauí III Geração de Energia Ltda.	100%	100%	100%	100%	Direct	Piauí - Brasil	Electricity generation
Sol do Piauí IV Geração de Energia Ltda.	100%	100%	100%	100%	Indirect	Piauí - Brasil	Electricity generation

- (i) In the years ending in 2023, 2022 and 2021, the Company carried out operations to sell the shareholding of the investees São Adeodato, Santa Albertina, Santo Anselmo, Santo Angelo, Santo Isidoro and MRTV, for which there are contractual clauses that guarantee the The Company has control over the entire return on these investments, which is why they are being 100% consolidated.

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

(a) New standards issued and amendments to accounting standards adopted by the Company and its subsidiaries

New standards, interpretations and amendments to accounting standards effective as of January 1, 2023 were adopted and had no material impact on the Company's parent company and consolidated financial statements.

Amendments to CPC 32 / IAS 12 "Income taxes"

As of January 1, 2023, the Company adopted the amendment to CPC 32 / IAS 12 which requires the recognition of deferred taxes on transactions that give rise to the initial recognition of an asset or a liability, resulting in equal amounts of taxable and deductible temporary differences, such as lease contracts or asset decommissioning obligations.

(b) New standards issued and amendments to accounting standards not adopted by the Company and its subsidiaries in 2023

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

- (i) CPC 50 - Insurance Contracts - Initial Adoption;
- (ii) CPC 26 (R1) - Presentation of Financial Statements - Provides more guidance on materiality, judgments and changes in the disclosures of accounting policies;
- (iii) CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors - Provides guidance on the distinction between accounting policies and accounting estimates;
- (iv) 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.

(c) New standards issued and amendments to accounting standards not yet adopted by the Company and its subsidiaries

The following amendment to standards issued by the IASB will be adopted for the first time for the year beginning on January 1, 2024, for which no significant effects are expected for the Company and its subsidiaries:

New standards and amendments	Nature of the amendment
CPC 06 - Lease	Specify the requirements that a seller-lessee uses in measuring the lease liability arising from a sale-leaseback transaction in order to ensure that the seller-lessee does not recognize any amount of gain or loss that relates to the right-of-use that it retains.
CPC 26 (R1) - Presentation of Financial Statements	Specify the requirements for classifying liabilities as current or non-current. The amendments clarify: (i) what is meant by the right to defer settlement; (ii) that the right to defer must exist at the end of the reporting period; (iii) that the classification is not affected by the likelihood of the entity exercising its right to defer; (iv) that only if a derivative embedded in a convertible liability is itself an equity instrument, the terms of a liability do not affect its classification. In addition, a disclosure requirement was introduced when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement depends on compliance with future covenants within twelve months.
CPC 03 (R2) - Cash flow statements and CPC 40 (R1) - Financial instruments: disclosure	Clarify the characteristics of supplier finance arrangements and require additional disclosures of these arrangements. The disclosure requirements in the amendments are intended to help users of financial statements understand the effects of financing arrangements with suppliers on an entity's obligations, cash flows and exposure to liquidity risk.

Sustainability disclosures issued by the International Sustainability Standards Board ("ISSB") - IFRS S1 and IFRS S2

In accordance with Resolution 193 published on October 20, 2023, the CVM provides for the disclosure of report on sustainability-related financial information based on the international standard ISSB - IFRS S1 and S2:

- (i)** IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) establishes general requirements for companies to disclose information about significant risks and opportunities related to sustainability;
- (ii)** IFRS S2 (Climate-related Disclosures) focuses on climate-related risks and opportunities and incorporates the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") and metrics derived from SASB standards referring to disclosures in financial statements of material information related to risks and opportunities in climate and sustainability issues.

New standards and amendments	Nature of the amendment
IFRS S1	Any information that could reasonably be expected to affect over the short, medium or long term: i. Prospective cash flows; ii. Access to financing; iii. Cost of capital; iv. Investments or divestments
IFRS S2	Material information (qualitative + quantitative) related to climate risks and opportunities that meet investors' need for information shall be disclosed i. Physical risks and ii. Transition Risks

Organizations can adopt the disclosure voluntarily as of January 2024. The Company and its subsidiaries have conducted a preliminary analysis of these amendments and are coordinating an internal assessment to conclude the adequacy and disclosure of the new pronouncement as of the mandatory period in January 2026 as established in Resolution 193.

3 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
11	Investments
12	Fixed assets
13	Intangible assets
16 (b)	Deferred income tax and social contribution
17	Energy futures contracts
18	UBP - Use of public asset
19	Social and environmental obligations and asset decommissioning
20	Provision for reimbursement
21	Provision for litigation
22	Post-employment benefits

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); and
4. Holding and Pipeline projects (Auren's and other projects in the structuring/construction phase).

Auren Energia S.A.

Explanatory notes

In thousands of reais unless otherwise stated



(a) Statement of income and Adjusted EBITDA - By business segment

	2023					
	Wind power generation	Hydro power generation	Commercialization	Holding + Pipeline (ii)	Eliminations	Consolidated
Net revenue	871,479	1,271,219	4,540,225	360	(501,393)	6,181,890
Electricity cost	(80,509)	(276,792)	(4,164,175)	(420)	501,393	(4,020,503)
Operation cost	(154,701)	(51,954)	-	(275)	-	(206,930)
Depreciation and amortization	(233,876)	(387,637)	-	-	-	(621,513)
Gross profit	402,393	554,836	376,050	(335)	-	1,332,944
General and administrative expenses	(17,078)	(76,921)	(150,864)	(154,638)	-	(399,501)
Depreciation and amortization	(6,376)	(2,696)	(2,940)	(43,750)	-	(55,762)
Other operating income (expenses), net	(680)	137,491	(148,448)	1,875	132,683	122,921
Operating profit (loss)	378,259	612,710	73,798	(196,848)	132,683	1,000,602
Depreciation and amortization	240,252	390,333	2,940	43,750	-	677,275
Provision for litigation	17	(140,084)	344	42	-	(139,681)
Energy futures contracts (i)	-	-	146,085	-	(132,683)	13,402
Dividends received	-	229,617	-	-	-	229,617
Inventory reconciliation	1,596	10,696	-	-	-	12,292
Adjusted EBITDA	620,124	1,103,272	223,167	(153,056)	-	1,793,507
Depreciation and amortization						(677,275)
Other additions (exclusions) and exceptional items						(115,630)
Equity						73,312
Net financial income						(238,007)
Income tax and social contribution						(1,153,596)
Loss for the year						(317,689)

	2022					
	Wind power generation	Hydro power generation	Commercialization	Holding + Pipeline	Eliminations	Consolidated
Net revenue	550,751	1,705,142	4,072,836	-	(813,023)	5,515,706
Electricity cost	(47,199)	(508,022)	(3,898,409)	-	813,023	(3,640,607)
Operation cost	(112,002)	(58,522)	-	-	-	(170,524)
Depreciation and amortization	(162,040)	(399,452)	-	-	-	(561,492)
Gross profit	229,510	739,146	174,427	-	-	1,143,083
General and administrative expenses	(8,115)	(102,626)	(117,881)	(123,174)	-	(351,796)
Depreciation and amortization	(3,530)	(4,459)	(2,151)	(43,926)	-	(54,066)
Other operating income (expenses), net	91,739	324,175	554,143	(8,295)	(438,577)	523,185
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
Energy futures contracts (i)	-	-	(605,683)	-	438,577	(167,106)
Constitution of provision for litigation	-	(59,519)	-	-	-	(59,519)
Judicial deposits written off	-	2,486	-	-	-	2,486
Dividends received	-	235,042	-	-	-	235,042
Gain by migration post-employment benefits	-	(20,148)	-	-	-	(20,148)
Reversal of impairment of fixed assets and intangible assets	-	(230,924)	-	-	-	(230,924)
Adjusted EBITDA	475,174	1,287,084	5,006	(131,469)	-	1,635,795
Depreciation and amortization						(615,558)
Other additions (exclusions) and exceptional items						240,169
Equity						130,659
Net financial income						1,662,275
Income tax and social contribution						(374,726)
Net income for the year						2,678,614

- (i) As of March 31, 2023, the Company presented Adjusted EBITDA excluding the mark-to-market ("MtM") of energy purchase and sale contracts, which is recognized under "Other operating income (expenses), net", in the "Commercialization" segment. The mark-to-market aims to include in Accounting EBITDA the positive and negative effects of negotiations already signed with future energy delivery, as well as the effects of directional exposure. This new way presentation format for Adjusted EBITDA, without the effects of mark-to-market, is intended to present the Company's current performance more consistently, enabling the result of the current period to be shown while still identifying the future effects of the trades already made, as well as the effect of market price variations on the long or short directional position. The comparative prior year information has been adjusted for a consistent presentation.
- (ii) The revenue in the Holding+Pipeline segment reflects the start-up of Sol do Piauí Geração de Energia Ltda.'s test operation, Note 1.2.1 (g).

5 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 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.

Electricity sale

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").

Auren Energia S.A.
Explanatory notes
 In thousands of reais unless otherwise stated



Wholesale contracts: represented by the sale of energy in the free contracting environment, resulting from the physical guarantee of the Company's Subsidiaries.

Trading operations: represented by the sale of energy in the free contracting environment, resulting from the purchase of energy on the market.

Regulated contracts: represented by energy sale contracts signed in auctions in the regulated environment.

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").

	2023		Consolidated 2022	
	MWh (*)	R\$ Thousand	MWh (*)	R\$ Thousand
Gross revenue				
Electricity sale				
Wholesale contracts	5,671,896	1,121,962	6,170,217	1,558,758
Trading operations	18,846,996	2,925,682	10,491,948	2,262,571
Related parties (Note 23)	5,780,684	1,713,590	3,908,186	1,324,601
Regulated contracts	4,319,554	1,169,583	4,342,907	1,104,336
Provision for reimbursement	-	(40,828)	-	(59,266)
Short term energy- CCEE	-	63,666	-	43,467
	34,619,130	6,953,655	24,913,258	6,234,467
Other revenues (expenses)				
Quota supply - UHE Paraibuna	-	32,584	-	18,850
Carbon credit sale	-	21,759	-	4,385
- Services - related parties (Note 23)	-	3,505	-	3,059
Other revenues	-	6,189	-	6,882
	-	64,037	-	33,176
	34,619,130	7,017,692	24,913,258	6,267,643
Deductions on the gross revenue				
PIS and COFINS on operating revenues	-	(595,302)	-	(540,367)
ICMS on operating revenues	-	(165,222)	-	(145,345)
Financial Compensation for the Use of Water Resources - CFURH	-	(52,174)	-	(40,043)
Research and development- R&D	-	(12,675)	-	(17,110)
Quota for the global reversal reserve - RGR	-	-	-	(1,321)
Inspection fee for electricity services - TFSEE	-	(10,032)	-	(7,368)
Service tax- ISS	-	(397)	-	(383)
	-	(835,802)	-	(751,937)
Net revenue	34,619,130	6,181,890	24,913,258	5,515,706

(*) MWh - Megawatt-hour, unaudited.

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

6 Costs and expenses

					Consolidated	
					2023	2022
	Electricity cost (Note 6.1)	Operation cost	General and administrative expenses	Other net operating income (expenses)	Total	Total
Purchased energy	(3,743,468)	-	-	-	(3,743,468)	(3,394,115)
Charges for use of the power grid	(277,035)	-	-	-	(277,035)	(246,492)
Depreciation and amortization	-	(621,513)	(20,296)	-	(641,809)	(580,092)
Amortization of capital gain	-	-	-	(35,466)	(35,466)	(35,466)
Payroll	-	(23,005)	(215,335)	-	(238,340)	(202,597)
Payroll	-	(23,005)	(215,335)	-	(238,340)	(202,597)
Materials	-	(3,799)	(2,901)	-	(6,700)	(5,184)
Materials	-	(3,799)	(2,901)	-	(6,700)	(5,184)
Services	-	(147,955)	(144,271)	-	(292,226)	(251,080)
Third party services	-	(28,566)	(138,601)	-	(167,167)	(162,409)
Materials, maintenance and conservation	-	(11,035)	(5,670)	-	(16,705)	(13,358)
Operation and maintenance services - Wind farms	-	(108,354)	-	-	(108,354)	(75,313)
Other	-	(32,171)	(36,994)	(4,226)	(73,391)	(63,259)
Rentals and leases	-	(14,850)	(3,022)	-	(17,872)	(15,447)
Insurance	-	(9,412)	(11,035)	-	(20,447)	(17,948)
Taxes, fees and contributions	-	(2,382)	(3,659)	-	(6,041)	(5,964)
Other expenses, net	-	(5,527)	(19,278)	(4,226)	(29,031)	(23,900)
Other income (expenses)	-	-	-	127,147	127,147	522,985
Write-off available-for-sale assets	-	-	-	(50)	(50)	-
Retirement of fixed assets and right to use lease agreements	-	-	-	(11,174)	(11,174)	-
Write-off of assets not indemnifiable by the Federal Government	-	-	-	-	-	(634,614)
Energy futures contracts	-	-	-	(13,402)	(13,402)	167,106
Reversal (provision) for litigation (i)	-	-	-	137,255	142,642	59,519
Insurance indemnity	-	-	-	-	-	93,405
Reversal (provision) of impairment of fixed assets and intangible assets	-	-	-	-	-	230,924
Contract early settlement value	-	-	-	-	-	(54,000)
Gain on sale of fixed assets	-	-	-	7,280	7,280	-
Gain by migration post-employment benefits	-	-	-	-	-	20,148
Tax recovery	-	-	-	2,201	2,201	9,962
Judicial deposits written off	-	-	-	2,426	2,426	(2,486)
Reversal (provision) for socio-environmental obligations	-	-	-	2,611	2,611	(1,593)
Reversal of impairment of assets indemnifiable by the Federal Government	-	-	-	-	-	634,614
	(4,020,503)	(828,443)	(419,797)	87,455	(5,181,288)	(4,255,300)

	Parent Company				
					2023
	General and administrative expenses	Other net operating income (expenses)	Total	Total	Total
Depreciation and amortization	(8,282)	-	(8,282)	(8,460)	(8,460)
Personnel	(134,703)	-	(134,703)	(57,341)	(57,341)
Personnel	(134,703)	-	(134,703)	(57,341)	(57,341)
Materials	(867)	-	(867)	(1,106)	(1,106)
Materials	(867)	-	(867)	(1,106)	(1,106)
Services	(38,223)	-	(38,223)	(48,942)	(48,942)
Third party services	(36,577)	-	(36,577)	(44,349)	(44,349)
Materials, maintenance and conservation	(1,646)	-	(1,646)	(4,593)	(4,593)
Others	(19,500)	2,741	(16,759)	(17,758)	(17,758)
Rentals and leases	(1,709)	-	(1,709)	(2,554)	(2,554)
Taxes, fees and contributions	(1,579)	-	(1,579)	(1,092)	(1,092)
Other expenses	(16,212)	2,741	(13,471)	(14,112)	(14,112)
	(201,575)	2,741	(198,834)	(133,607)	(133,607)

(i) The variation is mainly explained by the reversal of provision, in accordance with the approved agreements, Note 1.2.1 (c).

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

6.1 Electricity cost and charges for use of the power grid

	Consolidated	
	2023	2022
Purchased energy		
Energy purchased for resale	(6,362)	(534,324)
Trading operations	(3,278,169)	(2,512,280)
Related parties - trading (Note 23)	(374,891)	(278,292)
Services of operation - trading	(17,785)	(28,598)
Hydrological risk renegotiation award	(30,524)	(28,852)
Short term energy- CCEE	(27,882)	(8,716)
Other costs	(7,855)	(3,053)
	<u>(3,743,468)</u>	<u>(3,394,115)</u>
Use of the power grid		
Charges for use of the power grid	(277,035)	(246,492)
	<u>(4,020,503)</u>	<u>(3,640,607)</u>

7 Net financial result

		Consolidated		Parent Company	
	Note	2023	2022	2023	2022
Financial revenues					
Update of assets indemnifiable by the Federal Government	10	262,264	2,421,617	-	-
Income on cash equivalents, financial investments and reserve account		532,479	367,828	93,001	168,659
Adjustment to present value and indexation accrual of the sale of investees		25,002	32,913	24,867	35,369
Interest on equity	23	11,652	-	11,652	-
Interest accruals on judicial deposits		12,770	13,907	13	-
Reversal of adjustment to present value for securitization	10	218,444	-	-	-
Reversal of interest accruals on provision for litigation	21 (a)	4,279	5,241	-	-
Realization of adjustment to present value of indemnifiable assets	10	11,518	1,860	-	-
Indexation accruals on provision for reimbursement	20 (c)	1,996	1,094	-	-
Financial instrument - Import financial hedge		4,516	-	4,510	-
Other financial revenues		8,039	9,286	16,291	432
(-) PIS and COFINS on financial income - Três Irmãos indemnity	1.2.1 (b)	(124,800)	-	-	-
(-) PIS and COFINS on financial income - - other items		(22,670)	(13,740)	(6,946)	(7,989)
		<u>945,489</u>	<u>2,840,006</u>	<u>143,388</u>	<u>196,471</u>
Financial expenses					
Interest paid on loans, financing and debentures (i)		(392,416)	(314,991)	(62,896)	(42,294)
Interest/Indexation on loans, financing and debentures	14 (c)	(212,843)	(177,932)	-	-
Adjustment to present value on assets indemnifiable by the Federal Government	10	-	(231,822)	-	-
Bank contractual termination		-	(27,999)	-	(27,999)
Interest/ indexation on provisions for litigation	21 (a)	(46,119)	(97,069)	-	-
Update of post-employment benefit balance	22	(175,163)	(159,869)	-	-
Financial cost of securitization	10	(236,595)	-	-	-
Adjustment to present value and indexation accruals of the sale of investees		(12,428)	(23,470)	(11,836)	(19,501)
Indexation accruals on provision for reimbursement	20 (c)	(15,221)	(13,293)	-	-
Financial instrument - Import financial hedge		(8,715)	-	(8,664)	-
Charges on discount operations		-	(45,976)	-	-
Appropriation of funding costs	14 (c)	(16,934)	(13,108)	(1,728)	(619)
Write-off of indexation accruals on judicial deposits		(2,928)	(2,497)	-	-
Adjustment to present value on social and environmental obligations and asset demobilization	19 (b)	(21,643)	(17,615)	-	-
Indexation on court settlements		(501)	(3,705)	-	-
Adjustment to present value on UBP		(3,754)	(5,400)	-	-
Indexation charges on suppliers		(11,834)	(5,383)	(6,452)	(5,383)
Other financial expenses		(26,402)	(37,602)	(4,741)	(1,491)
		<u>(1,183,496)</u>	<u>(1,177,731)</u>	<u>(96,317)</u>	<u>(97,287)</u>
		<u>(238,007)</u>	<u>1,662,275</u>	<u>47,071</u>	<u>99,184</u>

(i) Interest on loans, financing and debentures at December 31, 2023 totaled R\$ 393,635 (R\$ 360,073 at December 31, 2022), of which R\$ 1,962 (R\$ 45,082 at December 31, 2022) was capitalized in fixed assets.

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

8 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	
	2023	2022	2023	2022
Cash				
Cash and banks	29,510	26,524	180	170
	29,510	26,524	180	170
Cash equivalents				
Bank Deposit Certificates - CDBs	1,590,190	1,789,167	224,562	828,529
Investment fund shares (a)	1,618,694	1,310,268	352,973	222,267
	3,208,884	3,099,435	577,535	1,050,796
Cash and cash equivalents	3,238,394	3,125,959	577,715	1,050,966
Financial investments				
Financial Treasury Bills - LFTs	-	105,347	-	-
	-	105,347	-	-
Liquidity fund - Reserve account (i)				
Current	7,827	6,840	-	-
Non-current	182,616	147,293	-	-
	190,443	154,133	-	-
	3,428,837	3,385,439	577,715	1,050,966

At December 31, 2023, the CDBs have a rate of return from 90.00% to 103,58% of the CDI rate (99% to 104% of the CDI rate at December 31, 2022).

- (i) The financing contracts of the Ventos do Piauí I, II and III and Araripe III wind farms, which have a reserve account as a guarantee, require the maintenance of the liquidity fund corresponding multiples of three times the value of the debt service provision and three times the value of the operation and maintenance service. For the Sol de Jaíba solar project, the liquidity fund is set up before each disbursement installment and must be maintained throughout the term of the financing contracts.

(a) Investment fund quotas

	Consolidated		Parent Company	
	2023	2022	2023	2022
Investment fund shares				
Compromised operations	830,859	772,897	239,592	124,210
Public bonds	787,835	537,371	113,381	98,057
	1,618,694	1,310,268	352,973	222,267

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

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 99.91% of CDI in the year ended December 31, 2023 (100.31% of CDI at December 31, 2022).

8.1 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	
	2023	2022	2023	2022
AAA	3,428,753	3,282,901	577,715	948,780
AA	84	102,524	-	102,186
No rating	-	14	-	-
	3,428,837	3,385,439	577,715	1,050,966

Ratings extracted from rating agencies (Standard & Poor's, Moody's, and Fitch Ratings) using their criteria. For presentation purposes, the standard terms used by them was considered.

9 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 After Sales 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.

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

a) Composition

	Consolidated	
	2023	2022
Trading operations	330,700	217,145
Bilateral contracts	176	140,463
Related parties (Note 23)	152,956	114,689
Hydro Power Auctions	116,786	71,962
Wind Energy Auctions	57,488	58,245
Short term energy- CCEE	21,370	15,356
	679,476	617,860

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

b) Aging list

	Consolidated	
	2023	2022
Yet to become due	673,453	612,692
Overdue up to 3 months	3,196	2,540
Overdue from 3 to 6 months	379	-
Overdue over 6 months	2,448	2,628
	679,476	617,860

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.

10 Assets indemnifiable by the Federal Government

	Consolidated	
	2023	2022
Balance at the beginning of the year	3,909,017	-
Reclassification of assets subject to indemnification	-	1,717,362
Update of indemnifiable assets agreement (i)	262,264	2,421,617
Constitution of adjustment to present value on amounts receivable	-	(231,822)
Adjustment to present value (Note 7)	11,518	1,860
Approved agreement to receive updated	4,182,799	3,909,017
Reversal of adjustment to present value for securitization (Note 1.2.1 (a)) (Note 7)	218,444	-
Receipt of settlement for securitization (Note 1.2.1 (a))	(4,164,648)	-
Financial cost of securitization (Note 1.2.1 (a)) (Note 7)	(236,595)	-
Balance at the end of the year	-	3,909,017
Current	-	161,856
Non-current	-	3,747,161
Approved agreement to receive updated	-	3,909,017

(i) The agreement is updated using the Special Settlement and Custody System (SELIC) rate.

11 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 from the date on which they become a subsidiary.

Investment impairment (goodwill)

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

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

In the year ended December 31, 2023, 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.

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 13), 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, 2023. The discount rate was considered in real terms, with inflationary effects 7.81% p.a.

Item	Assumptions
General assumption	Forecast 2023-2049 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.

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

Assumptions used in the impairment test - Goodwill CESP

The goodwill recorded refers to the fixed assets of CESP in "Land and terrain", "Buildings, constructions and improvements" and "Reservoirs, dams and pipelines" (Note 12). 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, 2023. The discount rate was considered in real terms, with inflationary effects 7.81% p.a.

Item	Assumptions
General assumption	Projections prepared based on the Company's business plan 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. IRCS: the taxable income regime was considered, based on a rate of 34% and tax losses;
Taxes and deductions	Forecast based on tax rates on gross revenues (historical average): - PIS / COFINS: 9.25% - R&D: 1.0% - Financial Compensation (CFURH): 7.0% on gross electricity production in MWh multiplied by the Updated Reference Tariff (TAR), in accordance with Decree No. 3,739. - Use of the Public Asset (UBP) 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 of subsidiary CESP.
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**

In thousands of reais unless otherwise stated

Assumptions used in the impairment test - Goodwill Auren Comercializadora

The goodwill recorded refers to the downstream merger of VGE, in which the fair value of the assets was measured (Note 13). 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, 2023. The discount rate was considered in real terms, with inflationary effects 7.81% p.a.

Item	Assumptions
General assumption	Projections prepared based on the business plan provided by the Company consider the most likely scenario in the management's perspective; Businesses: existing businesses were considered. Gross revenue = energy volume x energy price.
Gross revenues	Gross revenue = energy volume x energy price.
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 Auren Commercialization'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**

In thousands of reais unless otherwise stated

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

The tested goodwill of associates CBA Energia and Pollarix refers to the amounts accounted for at VGE, when the downstream merger became part of the Company's investments balance. The calculation of the fair value of the investees was based on the discounted cash flow ("DCF") method, on the base date of September 30, 2023. The discount rate was considered in real terms, with inflationary effects 7.81% p.a.

Item	Assumptions
	Projections prepared based on the business plan provided by the CBA Energia's and Pollarix's management consider the most likely scenario in the Management's perspective; Businesses: existing businesses were considered (organic growth, no acquisitions) were considered, only related to the concession agreements currently in force and signed by the investees:
General assumption	- CBA Energia (18.3 years on average), without extension or perpetuity. CGUs tested: Baesa - Energética Barra Grande S.A. and Enercan - Campos Novos Energia S.A. - Pollarix (19.9 years on average), without extension or perpetuity. CGUs tested: L.D.Q.S.P.E. Empreendimentos e Participações Ltda.; L.D.O.S.P.E. Empreendimentos e Participações Ltda.; and L.D.R.S.P.E. Empreendimentos e Participações Ltda. (Pollarix S.A.)
Gross revenues	Gross revenue = energy volume x energy price. Volumes: only the physical guarantee was considered, net of the GSF effect.
Taxes and deductions	IRCS: the taxable income regime was considered, based on a rate of 34% and tax losses; - 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's and Pollarix'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**

In thousands of reais unless otherwise stated

Assumptions used in the impairment test - Goodwill Way2, Aquarela and Flora

The goodwill recorded refers to the acquisition of investments made by subsidiary Auren Comercializadora. The calculation of the fair value of investees was based on the discounted cash flow ("DCF") method, on the base date of September 30, 2023. The discount rate was considered in real terms, with inflationary effects 7.81% p.a.

Item	Assumptions
General assumption	Projections prepared based on the business plan provided by the management of WWay2, Aquarela and Flora consider the most likely scenario in the management's perspective;
Gross revenues	Gross revenue from services.
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;
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**

In thousands of reais unless otherwise stated

a) Composition

	Information as of December 31, 2023				Income equity		Consolidated Balance	
	Net equity	Net income (loss) for the year	Percentage of total interest (%)	Percentage of voting interest (%)	2023	2022	2023	2022
Investments valued using the equity accounting method								
Associates								
CBA Energia Participações S.A. (i)	367,781	125,759	66.67	-	86,660	76,116	249,803	227,723
Pollarix S.A. (i)	311,973	68,627	66.67	-	47,658	114,612	219,944	262,264
Pinheiro Machado Participações S.A. (i)	41,019	35,274	50.00	-	21,164	18,118	21,516	23,590
WAY2 Serviços de Tecnologia S.A.	11,788	3,664	50.00	50.00	1,832	(1,389)	5,894	4,065
Aquarela Inovação Tecnológica do Brasil S.A.	1,906	(2,001)	28.27	28.27	(566)	(599)	539	1,104
Flora Energia Renovável Inteligente S.A.	3,847	(3,295)	10.50	10.50	(346)	(33)	404	707
Capital gain								
CBA Energia Participações S.A. (ii)					(19,057)	(17,469)	222,588	241,645
Pollarix S.A. (ii)					(51,201)	(46,935)	640,090	691,291
WAY2 Serviços de Tecnologia S.A.					(1,192)	(1,091)	11,917	13,109
Pinheiro Machado Participações S.A. (ii)					(11,640)	(10,671)	99,922	111,562
Goodwill								
CBA Energia Participações S.A.					-	-	316,249	316,249
Pollarix S.A.					-	-	231,134	231,135
WAY2 Serviços de Tecnologia S.A.					-	-	22,892	22,892
Aquarela Inovação Tecnológica do Brasil S.A.					-	-	8,155	8,155
Flora Energia Renovável Inteligente S.A.					-	-	6,260	6,260
					73,312	130,659	2,057,307	2,161,751

- (i) The percentage of interest refers to 100% of the preferred shares held by the Company; these investments are not consolidated.
- (ii) Refers to the fair value adjustment of the assets merged by Auren related to the right for hydroelectric investments, in relation to the added value of the investees CBA Energia, Pollarix and Pinheiro Machado, and is being amortized over the concession periods of each plant owned by the companies.

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

	Information as of December 31, 2023				Income equity		Parent Company	
	Net equity	Net income (loss) for the year	Percentage of total interest (%)	Percentage of voting interest (%)	2023	2022	Balance	
							2023	2022
Investments valued using the equity method								
Subsidiaries								
CESP - Companhia Energética de São Paulo	7,961,184	(449,371)	100.00	100.00	(449,371)	2,440,370	7,961,184	10,141,328
Auren Comercializadora de Energia Ltda. (i)	680,472	83,333	100.00	100.00	170,904	109,864	478,582	256,046
Jaíba V Holding S.A. (ii)	-	-	100.00	100.00	-	(1,299)	-	-
Hélios IV Geração de Energia Ltda.	-	(6,705)	100.00	100.00	(6,705)	(13,663)	-	4,357
Sol do Piauí Geração de Energia Ltda.	61,175	(10,424)	100.00	100.00	(10,424)	291	61,175	26,598
MRTV Energia S.A. (iii)	30,546	1,033	72.50	72.50	1,033	45	30,546	1,030
Ventos do Araripe III								
Ventos de Santo Estevão Holding S.A.	549,528	39,880	100.00	100.00	39,880	48,259	549,528	509,648
Ventos do Piauí I								
Ventos de São Vicente Participações Energias Renováveis S.A.	356,506	36,527	100.00	100.00	36,527	33,243	356,506	328,656
Ventos do Piauí II								
Ventos de Santo Anselmo Energias Renováveis S.A. (iii)	100,114	(3,483)	51.00	51.00	(3,485)	(4,040)	100,113	103,597
Ventos de São Crispim I Energias Renováveis S.A.	56,956	(2,624)	50.00	50.00	(1,312)	(1,809)	28,478	29,791
Ventos de Santo Ângelo Energias Renováveis S.A. (iii)	90,418	(3,310)	51.00	51.00	(3,310)	(5,153)	90,418	93,728
Ventos de São Ciriaco Energias Renováveis S.A.	53,569	(1,907)	50.00	50.00	(953)	(1,825)	26,784	27,738
Ventos de Santo Alderico Energias Renováveis S.A.	47,376	(2,474)	50.00	50.00	(1,237)	(1,388)	23,688	24,925
Ventos de São Caio Energias Renováveis S.A.	48,010	(3,836)	50.00	50.00	(1,918)	(1,293)	24,005	25,923
Ventos de Santo Isidoro Energias Renováveis S.A. (iii)	26,204	(358)	51.00	51.00	(358)	(2,063)	26,204	26,562
Ventos do Piauí III								
Ventos de Santa Alexandrina Energias Renováveis S.A.	44,707	(3,452)	50.00	50.00	(1,725)	(4,264)	22,353	21,581
Ventos de Santo Antero Energias Renováveis S.A.	54,911	(4,902)	50.00	50.00	(2,451)	(3,130)	27,456	27,407
Ventos de Santo Alfredo Energias Renováveis S.A. (Note 1.2.2 (c))	60,935	(791)	50.00	50.00	1,592	-	30,468	-
Ventos de Santo Apolinário Energias Renováveis S.A.	41,497	(1,383)	50.00	50.00	(692)	(2,411)	20,749	21,441
Ventos de São João Paulo II Energias Renováveis S.A.	113,490	(5,700)	100.00	100.00	(5,700)	(8,072)	113,490	172,624
Associates								
Pollarix S.A. (iv)	311,973	68,627	66.67	66.67	47,658	114,612	219,944	262,264
CBA Energia Participações S.A. (iv)	364,833	125,759	66.67	66.67	86,660	76,116	249,803	227,723
Pinheiro Machado Participações S.A. (iv)	41,019	35,274	50.00	50.00	21,164	18,118	21,516	23,590
Capital gain								
Ventos de Santo Estevão Holding S.A.					(5,760)	(5,759)	81,521	87,281
CESP - Companhia Energética de São Paulo					(29,704)	(26,702)	40,056	69,760
Pollarix S.A.					(51,201)	(46,935)	640,090	691,291
CBA Energia Participações S.A.					(19,057)	(17,469)	222,588	241,645
Pinheiro Machado Participações S.A.					(11,640)	(10,671)	99,922	111,562
Goodwill								
Auren Comercializadora de Energia Ltda.					-	-	420,969	420,969
CBA Energia Participações S.A.					-	-	316,249	316,249
Pollarix S.A.					-	-	231,134	231,135
					(201,585)	2,682,972	12,515,519	14,526,449

Auren Energia S.A.

Explanatory notes

In thousands of reais unless otherwise stated

- (i) The equity result in Auren Comercializadora does not reflect the percentage of interest, as unrealized profits are eliminated related to the mark to market of future energy contracts in the amount of R\$ 87,571, net of deferred taxes of R\$ 45,112, totaling R\$ 132,683 (R\$ 438,577, net of deferred taxes of R\$ 149,116, totaling R\$ 289,461 at December 31, 2022).
- (ii) As a result of the corporate reorganization on December 12, 2022, Jaíba V Holding S.A. ceased to be controlled by Auren and became a direct subsidiary of CESP.
- (iii) 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.
- (iv) The equity in results of investment do not agree directly with the percentage corresponding to the downstream merger at December 31, 2023 and 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 until October 2023 and 93% from November 2023 resulting from the new shareholders agreement; 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 interest.

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

b) Changes

	Consolidated		Parent Company	
	2023	2022	2023	2022
Opening balance	2,161,751	-	14,526,449	4,405,443
Equity in results of investee	73,312	130,659	(201,585)	2,682,972
Equity valuation adjustment of remeasurement of CESP's post-employment benefits	-	-	(201,226)	196,147
Gain of interest of investee	43	-	43	-
Other comprehensive income	(2,250)	3,348	(2,250)	3,348
Downstream merger VGE - equity balances of investments				
CBA Energia Participações S.A.	-	221,726	-	221,726
Pollarix S.A.	-	248,073	-	248,073
Pinheiro Machado Participações S.A.	-	13,051	-	13,051
Auren Comercializadora de Energia Ltda.	-	-	-	122,230
VGE downstream merger - goodwill and investment balances				
CBA Energia Participações S.A.	-	316,248	-	316,248
Pollarix S.A.	-	231,135	-	231,135
Auren Comercializadora de Energia Ltda.	-	-	-	420,969
Merger of CESP shares - at economic value				
Contribution to economic value CESP	-	-	-	4,555,943
Capital gain on fixed assets	-	-	-	56,641
Capital gain on right to grant water investments				
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/excluded from the consolidation				
Acquisition of investment - Aquarela Inovacao Tecnologica do Brasil S.A.	-	9,858	-	-
Acquisition of investment - Flora Energia Renovável Inteligente	-	7,000	-	-
Capital increase in affiliates and subsidiaries - via bank transfer	-	34,522	49,751	809,387
Capital increase in subsidiaries - via transfer of assets	-	-	4,868	11,920
Resolution of additional dividends				
CBA Energia Participações S.A. (Note 1.2.2 (b) (ii))	(45,352)	(67,535)	(45,352)	(67,535)
Pollarix S.A. Note 1.2.2 (b) (iv))	(69,141)	(73,515)	(69,141)	(73,515)
Auren Comercializadora de Energia Ltda.	-	-	(4,388)	-
Resolution of interim dividends				
CESP Companhia Energética de São Paulo (Note 1.2.2 (b) (i))	-	-	(1,529,548)	-
Pinheiro Machado Participações S.A. (Note 1.2.2 (b) (iii))	(5,460)	(13,432)	(5,460)	(13,432)
Pollarix S.A.	-	(16,622)	-	(16,622)
Resolution of interim dividends				
CBA Energia Participações S.A. (Note 1.2.2 (b) (ii))	(17,188)	-	(17,188)	-
Pollarix S.A. Note 1.2.2 (b) (iv))	(29,490)	-	(29,490)	-
Pinheiro Machado Participações S.A. (Note 1.2.2 (b) (iii))	(15,540)	-	(15,540)	-
Resolution of minimum mandatory dividends of investees				
CESP Companhia Energética de São Paulo (Note 1.2.2 (b) (i))	-	-	-	(581,071)
Auren Comercializadora de Energia Ltda.	-	-	(20,833)	(83,348)
CBA Energia Participações S.A.	(2,027)	(18,999)	(2,027)	(18,999)
Pollarix S.A.	-	(25,883)	-	(25,883)
Ventos de São Vicente Energias Renováveis S.A.	-	-	(8,675)	(7,895)
Sol do Piauí Geração de Energia Ltda.	-	-	-	(47)
MRTV Energia S.A.	-	-	(245)	(10)
Reversal of dividends				
Pollarix S.A.	8,649	-	8,649	-
Auren Comercializadora de Energia Ltda.	-	-	76,808	-
Others	-	-	1,900	-
Closing balance	2,057,307	2,161,751	12,515,519	14,526,449

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

c) Information on investees

	2023									
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Net equity	Net revenue	Operating costs and expenses	Income tax and social contribution	Financial result	Net income (loss) for the year
Subsidiaries										
CESP - Companhia Energética de São Paulo	1,124,397	11,918,814	(410,914)	(4,671,113)	(7,961,184)	1,271,219	(627,484)	(1,010,494)	(82,612)	(449,371)
Auren Comercializadora de Energia Ltda.	3,024,239	3,993,527	(2,469,351)	(3,867,943)	(680,472)	4,564,650	(4,457,106)	(48,996)	24,785	83,333
Sol do Piauí Geração de Energia Ltda.	51,305	228,600	(6,976)	(211,754)	(61,175)	364	(521)	-	(10,267)	(10,424)
MRTV Energia S.A.	324	30,468	(246)	-	(30,546)	-	978	-	55	1,033
Ventos do Araripe III										
Ventos de Santo Estevão Holding S.A.	23,038	723,231	(11,876)	(184,865)	(549,528)	-	59,336	-	(19,456)	39,880
Ventos do Piauí I										
Ventos de São Vicente Participações Energias Renováveis S.A.	24,799	502,972	(152,247)	(19,018)	(356,506)	-	50,078	155	(13,706)	36,527
Ventos do Piauí II										
Ventos de Santo Anselmo Energias Renováveis S.A.	20,590	79,718	(194)	-	(100,114)	-	(5,136)	(760)	2,413	(3,483)
Ventos de São Crispim I Energias Renováveis S.A.	20,757	253,251	(15,325)	(201,727)	(56,956)	38,287	(21,084)	(1,884)	(17,943)	(2,624)
Ventos de Santo Ângelo Energias Renováveis S.A.	17,372	73,143	(97)	-	(90,418)	-	(4,730)	(641)	2,061	(3,310)
Ventos de São Ciríaco Energias Renováveis S.A.	16,088	254,694	(15,544)	(201,669)	(53,569)	39,561	(21,352)	(1,810)	(18,306)	(1,907)
Ventos de Santo Alderico Energias Renováveis S.A.	14,479	209,701	(12,304)	(164,500)	(47,376)	31,070	(17,165)	(1,522)	(14,857)	(2,474)
Ventos de São Caio Energias Renováveis S.A.	13,634	193,503	(10,295)	(148,832)	(48,010)	26,265	(15,461)	(1,304)	(13,336)	(3,836)
Ventos de Santo Isidoro Energias Renováveis S.A.	5,466	20,749	(11)	-	(26,204)	-	(816)	(150)	608	(358)
Ventos do Piauí III										
Ventos de Santa Alexandrina Energias Renováveis S.A.	15,782	226,864	(16,057)	(181,882)	(44,707)	33,831	(19,348)	(1,607)	(16,328)	(3,452)
Ventos de Santo Antero Energias Renováveis S.A.	16,559	252,852	(15,584)	(198,916)	(54,911)	36,193	(21,390)	(1,696)	(18,009)	(4,902)
Ventos de Santo Apolinário Energias Renováveis S.A.	12,999	185,074	(11,721)	(144,855)	(41,497)	28,367	(15,411)	(1,353)	(12,986)	(1,383)
Ventos de São João Paulo II Energias Renováveis S.A.	624	112,881	(15)	-	(113,490)	-	(5,787)	-	87	(5,700)
Affiliates										
Pollarix S.A. (ii e iii)	59,467	354,924	(56,809)	(45,609)	(311,973)	58,186	8,080	-	2,361	68,627
CBA Energia Participações S.A.	21,542	354,866	(11,575)	-	(364,833)	102,822	37,263	(329)	(13,997)	125,759
Pinheiro Machado Participações S.A.	34	40,985	-	-	(41,019)	-	35,274	-	-	35,274

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

	2022									
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Net equity	Net revenue	Operating costs and expenses	Income tax and social contribution	Financial result	Net income (loss) 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	(731,247)	87,020	1,385,702	2,446,616
Auren Comercializadora de Energia Ltda.	2,806,926	4,131,965	(2,443,592)	(3,949,792)	(545,507)	2,960,122	(2,833,151)	308,488	(36,134)	399,325
Jaíba V Holding S.A.	1,573	497,235	(354)	(13)	(498,441)	-	1,336	(1)	56	1,391
Hélios 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)	-	(205)	(137)	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)	-	47,520	232	(14,509)	33,243
Ventos do Piauí II										
Ventos de Santo Anselmo Energias Renováveis S.A.	21,852	82,220	(475)	-	(103,597)	-	(6,404)	(1,147)	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	(4,760)	(1,938)	(2,582)	(3,618)
Ventos de Santo Ângelo Energias Renováveis S.A.	18,645	75,240	(157)	-	(93,728)	-	(7,455)	(1,118)	3,420	(5,153)
Ventos de São Ciriaco Energias Renováveis S.A.	29,155	257,455	(13,463)	(217,671)	(55,476)	5,476	(4,727)	(1,742)	(2,656)	(3,649)
Ventos de Santo Alderico Energias Renováveis S.A.	35,305	212,556	(11,334)	(186,677)	(49,850)	6,515	(5,030)	(1,471)	(2,791)	(2,777)
Ventos de São Caio Energias Renováveis S.A.	6,068	195,671	(9,322)	(140,571)	(51,846)	1,735	(1,497)	(1,470)	(1,354)	(2,586)
Ventos de Santo Isidoro Energias Renováveis S.A.	5,127	21,440	(5)	-	(26,562)	-	(2,478)	(148)	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	(9,182)	(1,443)	(9,951)	(8,531)
Ventos de Santo Antero Energias Renováveis S.A.	14,720	258,417	(14,500)	(203,824)	(54,813)	10,276	(8,907)	(1,518)	(6,112)	(6,261)
Ventos de Santo Apolinário Energias Renováveis S.A.	9,607	188,129	(13,893)	(140,962)	(42,881)	8,953	(6,582)	(1,443)	(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.	41,929	369,238	(46,020)	-	(365,147)	35,936	114,029	-	2,607	152,572
CBA Energia Participações S.A.	30,572	348,285	(45,128)	-	(333,729)	81,838	39,776	(7,816)	2,570	116,368
Pinheiro Machado Participações S.A.	37	40,708	-	-	(40,745)	-	32,174	-	-	32,174

Auren Energia S.A.

Explanatory notes

In thousands of reais unless otherwise stated

12 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.

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.

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

a) Composition and movement

											Consolidated	
											2023	2022
	Land	Buildings, constructions and improvements	Machines, equipment and installations	Reservoirs, dams and pipelines	Wind turbines (iii)	Asset demobilization	Vehicles	Furniture and utensils	Easement costs	Construction in progress	Total	Total
Opening balance												
Cost	271,448	2,095,454	2,842,290	8,065,385	4,687,830	276,996	6,984	7,814	6,645	166,133	18,426,979	16,719,269
Accumulated depreciation	(33,247)	(1,536,933)	(1,718,708)	(4,024,869)	(700,524)	(76,232)	(5,604)	(2,440)	(1,146)	-	(8,099,703)	(7,838,453)
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	(112,046)	-	(120,564)	113,548	-	-	-	-	-	-	(119,062)	(89,355)
Net opening balance	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
Additions (i) e (ii)	168	-	-	-	175	-	-	-	-	2,094,046	2,094,389	1,605,707
Asset decommissioning remeasurement	-	-	-	-	-	(24,133)	-	-	-	-	(24,133)	21,128
Write-off	-	(908)	(11,410)	(94)	-	-	(21)	(26)	-	-	(12,459)	(809)
Depreciation	(7,792)	(47,171)	(94,319)	(166,560)	(215,442)	(31,237)	(196)	(489)	(282)	-	(563,488)	(484,505)
Amortization of fair value adjustment	(28,316)	-	(31,427)	30,037	-	-	-	-	-	-	(29,706)	(29,707)
Effect of downstream merger	-	-	-	-	-	-	-	-	-	-	-	625
Merged company included in (excluded from) the consolidation	-	-	-	-	-	-	-	-	-	(3,597)	(3,597)	32,554
Reversal (provision) of impairment (Note 12 (c))	-	-	-	-	-	-	-	-	-	-	-	230,924
Transfers (iii)	-	3,103	68,676	(24)	(49,676)	-	810	150	712	(32,445)	(8,694)	40,836
Closing balance	949,139	513,545	1,247,157	3,034,701	3,722,363	145,394	1,973	5,009	5,929	2,224,137	11,849,347	10,397,035
Cost	271,616	2,095,785	2,867,417	8,065,212	4,638,091	252,864	9,261	7,584	7,284	2,224,137	20,472,485	18,426,979
Accumulated depreciation	(41,039)	(1,582,240)	(1,780,888)	(4,191,374)	(915,728)	(107,470)	(7,288)	(2,575)	(1,355)	-	(8,663,191)	(8,099,703)
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	(140,362)	-	(151,991)	143,585	-	-	-	-	-	-	(148,768)	(119,062)
Net closing balance	949,139	513,545	1,247,157	3,034,701	3,722,363	145,394	1,973	5,009	5,929	2,224,137	11,849,347	10,397,035
Average annual depreciation rates - %	3.3%	3.3%	5.0%	2.0%	5.0%	1.0%	15.0%	6.3%	3.6%			

- (i) The additions that have not yet resulted in a cash outflow (part of suppliers) amount to R\$ 36,641. The balance of additions is mainly due to the construction of the Sol do Piauí and Sol de Jaíba projects.
- (ii) The addition balance in the Wind Generators class refers to the replacement of items under warranty.
- (iii) In 2023, the balance refers to transfers made from the "Construction in progress" class of fixed assets to the "Software" class of intangible assets, the balance in 2022 refers to transfers from intangible assets to fixed assets.

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

	2023					Parent Company 2022	
	Machines, equipment and installations	Furniture and utensils	Improvements	Construction in progress	Total	Construction in progress	
Balance at the beginning of the year							
Cost	336	1,152	-	18,478	19,966	3,331	-
Accumulated depreciation	(9)	(30)	-	-	(39)	-	-
Net balance at the beginning of the year	327	1,122	-	18,478	19,927	3,331	
Additions	-	-	-	40,399	40,399	16,144	-
Write-off	-	-	-	-	-	-	-
Depreciation	(223)	(115)	(251)	-	(589)	(39)	-
Effect of downstream merger	-	-	-	-	-	625	-
Transfers (i)	2,622	-	2,469	(17,295)	(12,204)	(134)	-
Balance at the end of the year	2,726	1,007	2,218	41,582	47,533	19,927	
Cost	2,958	1,151	2,469	41,582	48,160	19,966	-
Accumulated depreciation	(232)	(144)	(251)	-	(627)	(39)	-
Net balance at the end of the year	2,726	1,007	2,218	41,582	47,533	19,927	
Average annual depreciation rates - %	5.0%	6.0%	7.0%	-	-	-	-

(i) Auren transferred the amount of R\$ 4,869 from its fixed assets in progress, in the form of a capital contribution, to subsidiary Ventos de São João Paulo II, Note 1.2.2 (c), the amount of R\$ 7,335 refers to transfers made from the "Construction in progress" class of fixed assets to intangible assets.

b) Construction in progress

Projects	Consolidated	
	2023	2022
Construction of solar parks (i)	2,118,288	83,396
Modernization	50,219	42,908
Corumbá Project (ii)	30,776	30,540
Pipelines	24,854	9,289
	2,224,137	166,133

(i) Refers to the development of solar energy generation projects, Sol do Piauí and Sol de Jaíba. The allocation of Parque Sol do Piauí assets into the respective classes is in progress and will be completed by the end of the second month following the date of entry into commercial operation, Note 1.2.1 (e), in accordance with the Company's accounting policy and aligned to the Electricity Sector Accounting Manual.

(ii) The Corumbá Project aims to enable the use of small hydroelectric 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 of 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.

Auren Energia S.A.

Explanatory notes

In thousands of reais unless otherwise stated

In the year ended December 31, 2023, Auren's subsidiaries carried out the appropriate impairment tests for each Cash Generating Unit ("CGU") and did not identify an evidence of impairment. Subsidiary CESP identified indications 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.
- (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 5, 2022 and CESP is currently operating it on a temporary basis, this plant was not included in the scope of impairment tests for the year 2023.

The discount rate, in real terms, used to calculate the cash flow was 7.81% p.a. pre-tax (7.27% p.a. in the year ended December 31, 2022), 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 11.

After determining the recoverable value of each CGU, subsidiary CESP compared it with the book value of the respective plants. As a result, it was concluded that there is no impairment to be recognized in the year ended December 31, 2023 (at December 31, 2022, there was a reversal of the impairment provision in the amount of R\$ 230,924 in fixed assets, with recognition in the result for the year under Other operating income (expenses), net, referring to Porto Primavera HPP).

13 Intangible assets

Accounting policy

Rights to exploit natural resources

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

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

Auren Energia S.A.

Explanatory notes

In thousands of reais unless otherwise stated

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 is tested for impairment at least once a year; the Company carries 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.

In the year ended December 31, 2023, the Company and its subsidiaries did not identify the need for provision for impairment of intangible assets.

UBP - Use of the 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.

Auren Energia S.A.

Explanatory notes

In thousands of reais unless otherwise stated

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.

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

a) Composition and transactions

										Consolidated	
										2023	2022
	Development and natural resource rights	ANEEL Authorization	Power Purchase Agreement	Renegotiation of hydrological risk	Software, trademarks and patents	Granting rights	Auren Comercializadora goodwill	UBP	Intangible in progress	Total	Total
Opening balance											
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 opening 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
Additions	2,526	-	-	-	-	-	-	2,842	11,243	16,611	433,323
Amortization	-	-	-	(21,411)	(4,095)	(43,593)	-	(4,817)	-	(73,916)	(91,854)
Amortization of fair value adjustment	-	(565)	(5,195)	-	-	-	-	-	-	(5,760)	(5,759)
Effect of downstream merger	-	-	-	-	-	-	-	-	-	-	207
Write-offs	-	-	-	-	-	-	-	-	-	-	(75,447)
Merged company included in (excluded from) the consolidation	(74,984)	-	-	-	-	-	-	-	-	(74,984)	1,742
Transfers	-	-	-	-	9,694	-	-	-	(1,000)	8,694	(40,836)
Closing balance	175,716	14,324	67,197	405,428	12,666	1,192,148	420,969	153,900	16,105	2,458,453	2,587,808
Cost	194,714	17,633	97,003	496,897	50,066	1,398,703	420,969	179,895	16,105	2,871,985	2,921,664
Accumulated amortization	(18,998)	(3,309)	(29,806)	(91,469)	(37,400)	(206,555)	-	(25,995)	-	(413,532)	(333,856)
Net closing balance	175,716	14,324	67,197	405,428	12,666	1,192,148	420,969	153,900	16,105	2,458,453	2,587,808
Annual average amortization rates - %	3.0%	0.5%	4.5%	2.9%	20.0%	3.0%		3.0%			

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

				Parent Company	
				2023	2022
	Development and natural resource rights	Software	Intangible in progress	Total	Total
Opening balance					
Cost	147,426	423	-	147,849	285,563
Accumulated amortization	(10,259)	(155)	-	(10,414)	(3,815)
Net opening balance	137,167	268	-	137,435	281,748
Additions	-	-	7,032	7,032	5,204
Write-offs	-	-	-	-	(143,341)
Amortization	(4,254)	(824)	-	(5,078)	(6,517)
Effect of downstream merger	-	-	-	-	207
Transfers	-	4,031	3,304	7,335	134
Closing balance	132,913	3,475	10,336	146,724	137,435
Cost	147,426	4,454	10,336	162,216	147,849
Accumulated amortization	(14,513)	(979)	-	(15,492)	(10,414)
Net closing balance	132,913	3,475	10,336	146,724	137,435
Annual average amortization rates - %		3.0%	20.0%		

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

14 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	
											2023	
		Current				Non-current						
Type	Average interest rate	Main		Funding cost	Charges	Funding cost		Charges	Total	Total	Fair value	
BNDES	TJLP+2,53%	117,187		(7,217)	5,201	115,171	1,318,298	(51,899)	-	1,266,399	1,381,570	1,301,793
BNDES	TLP+4,56% / IPCA+ 3,65%	86,897		(1,807)	2,811	87,901	1,788,874	(36,550)	-	1,752,324	1,840,225	1,317,638
Debentures	IPCA+4,61% / CDI+1,52%	520,168		(6,727)	134,535	647,976	2,155,304	(32,365)	-	2,122,939	2,770,915	2,670,381
BNB	IPCA + 5,45% (i)	669		(90)	159	738	347,539	(3,016)	13,863	358,386	359,124	474,688
		724,921		(15,841)	142,706	851,786	5,610,015	(123,830)	13,863	5,500,048	6,351,834	5,764,500

											Consolidated	
											2022	
		Current				Non-current						
Type	Average interest rate	Main		Funding cost	Charges	Funding cost		Charges	Total	Total	Fair value	
BNDES	TJLP+2,53%	111,551		(7,217)	5,557	109,891	1,421,286	(59,115)	-	1,362,171	1,472,062	1,249,965
BNDES	TLP+4,56%	56,810		(1,615)	268	55,463	1,645,106	(35,472)	-	1,609,634	1,665,097	960,185
Debentures	IPCA+4,61% / CDI+1,55%	78,175		(6,878)	39,964	111,261	2,577,131	(39,092)	43,758	2,581,797	2,693,058	2,491,510
		246,536		(15,710)	45,789	276,615	5,643,523	(133,679)	43,758	5,553,602	5,830,217	4,701,660

- (i) The BNB financing agreement provides for a 0.85% timely payment bonus, which will be applied when the debt installment is settled by the respective due date.

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

Parent Company						
2023						
Current						
Modality	Average annual charges	Main	Funding cost	Charges	Total	Fair value
Debentures	CDI+1.48%	300,000	(621)	94,291	393,670	399,293
		300,000	(621)	94,291	393,670	399,293

Parent Company						
2022						
Non-current						
Modality	Average annual charges	Main	Funding cost	Charges	Total	Fair value
Debentures	CDI+1.48%	300,000	(1,243)	43,758	342,515	352,456
		300,000	(1,243)	43,758	342,515	352,456

BNB - Banco do Nordeste

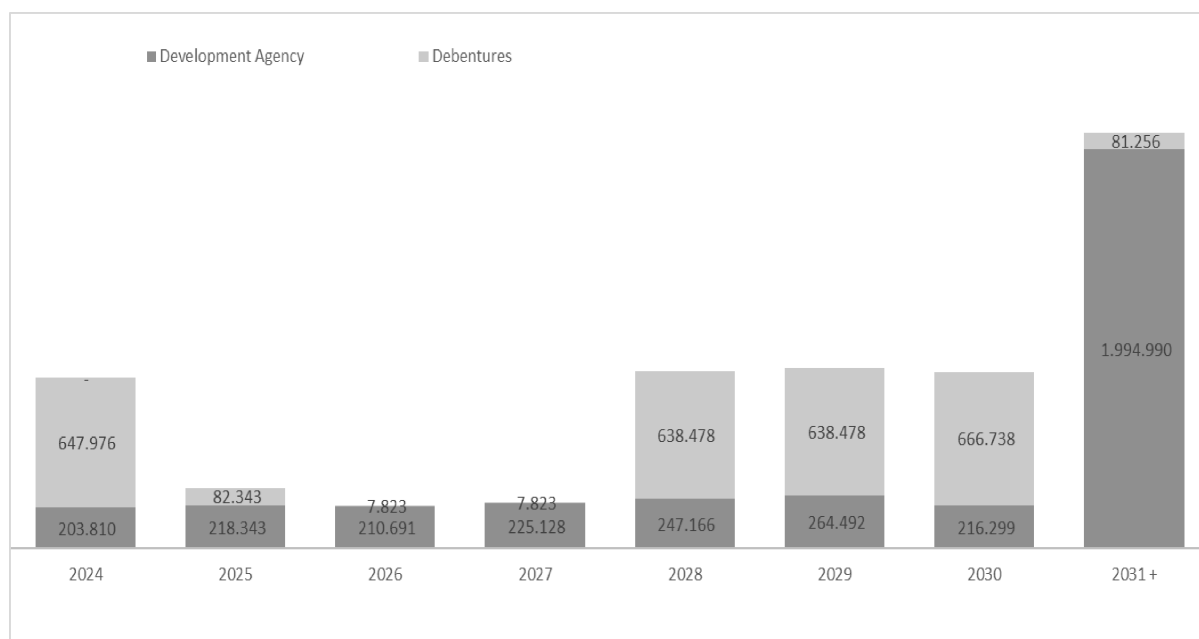
BNDES - National Bank for Economic and Social Development

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

The debt maturity profile shows the balance to be paid, taking into account principal amortization and projected interest.

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

c) Transaction

	Consolidated		Parent Company	
	2023	2022	2023	2022
Opening balance	5,830,217	4,710,874	342,515	299,674
Fundraising	990,795	1,032,175	500,000	-
Interest accrual	394,377	360,073	62,896	42,294
Indexation accrual	212,843	177,932	-	-
Appropriation of funding costs	16,934	13,108	1,728	619
Addition of funding costs	(7,216)	(17,264)	(1,107)	(72)
Interest paid	(330,422)	(266,424)	(12,362)	-
Settlements	(755,694)	(180,257)	(500,000)	-
Closing balance	6,351,834	5,830,217	393,670	342,515

d) Main transactions**Sol de Jaíba Project**

In September 2022, four subsidiaries belonging to the Sol de Jaíba project signed financing agreements with Banco do Nordeste ("BNB"), for a total of R\$ 300,000, to finance the project owned by these subsidiaries, at a cost of IPCA + 5.27% p.a., maturing in September 2046 and with monthly repayments starting in October 2024. The first release of funds from these contracts, amounting to R\$180,000, took place in March 2023.

On June 30, 2023, two other subsidiaries belonging to the Sol de Jaíba project signed financing contracts with BNB, for a total of R\$ 200,000, at a cost of IPCA + 5.72% p.a., maturing in July 2047 and with monthly repayments starting in August 2025. The first release of funds from these contracts, amounting to R\$ 168,000, took place in December 2023.

On December 27, 2023, four other subsidiaries belonging to the Sol de Jaíba project entered into financing contracts with BNB, in the total amount of R\$330,000, at the weighted cost of IPCA + 6.25% p.a., maturing in January 2,047 and monthly amortizations, starting in February 2025. To date, there have been no releases resulting from these financings.

As provided for in the contracts, bank guarantees were taken out to guarantee the payment of any financial obligations arising from these loans, in addition to the debt service reserve accounts.

There are no financial covenants in these contracts, but other restrictive obligations and early maturity clauses are constantly monitored.

Sol de Piauí Project

In December 2020, the subsidiary Sol do Piauí signed a loan agreement with BNDES, in the amount of R\$ 189,982, at the cost of IPCA + 3.65% p.a., maturing in November 2044 and monthly amortizations, starting in May 2024. The first release of resources from this contract, in the amount of R\$94,000, occurred in October 2023.

Auren Energia S.A

In May 2023, the Company signed a loan agreement under Law No. 4,131 (a loan granted by a financial institution abroad to Auren for use in its economic activities) for a total amount of R\$ 500,000, at a cost of CDI + 1.53% p.a., maturing in May 2025. The contract provided for annual interest payments and bullet repayment (in a single installment) on maturity.

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

On July 11, 2023, the Company made an early settlement of this loan, in the total amount of R\$512,362.

e) Guarantees

Subsidiary	Type	Guarantee
Ventos do 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.
Ventos do Piauí I	Debentures	Votorantim S.A. guarantee
Ventos do Araripe III	BNDES	Votorantim S.A, 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.
Ventos do Araripe III	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.
Ventos do Araripe III	Debentures	Auren Energia S.A guarantee.; Guarantee SPEs of the Araripe III Wind Complex; Reserve accounts; Pledge of assets and shares; Fiduciary assignment of credit rights and rights arising from authorizations.
Ventos do 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.
Sol de Jaíba	BNB	Bank guarantee; Reserve accounts.

f) Restrictive covenants

Loans and financing obtained by subsidiaries are required to comply with certain financial restrictive clauses (financial covenants).

Currently, the only existing financial covenant is the Debt Service Coverage Index (ICSD). For Ventos do Piauí I and Ventos do Araripe III there is a need for the index to be less than or equal to 1.2x, and for Ventos do Piauí II and III to be less than or equal to 1.3x, calculated at each end of the year.

Management of the Company and its subsidiaries monitors these indices to assure that the conditions are met; as of December 31, 2023, there is no non-compliance with these conditions.

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

15 Suppliers

	Consolidated		Parent Company	
	2023	2022	2023	2022
Current				
Energy purchased for resale	318,673	308,443	-	-
Energy purchased for resale - Related parties (Note 23)	22,741	26,229	-	-
Material and service providers	199,934	139,964	9,713	3,919
Material and service suppliers - Related parties (Note 23)	8,096	1,703	3,212	202
Acquisition of projects and investments	-	50,196	-	50,196
Charges for use of the power grid	22,877	22,484	-	-
	572,321	549,019	12,925	54,317

16 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, at 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.

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

16.1 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 2023, the Company and its subsidiaries did not identify accounting effects with the probability of the uncertain tax treatment being accepted.

(a) Reconciliation of IRPJ and CSLL expenses

The income tax and social contribution recorded in the statement of income for the years ended December 31, 2023 and 2022 is reconciled to the statutory nominal rates below:

	Consolidated		Parent Company	
	2023	2022	2023	2022
Profit before income tax and social contribution	835,907	3,053,340	(353,348)	2,648,549
Nominal rates	34%	34%	34%	34%
IRPJ and CSLL calculated at nominal rates	(284,208)	(1,038,136)	120,138	(900,507)
Adjustments for the calculation of the effective IRPJ and CSLL				
Share of results of investee	24,926	44,424	(68,539)	912,210
Tax loss and tax loss carryforwards not recognized as asset	(47,674)	(20,362)	(30,935)	(3,252)
Temporary tax differences not recognized as assets	(16,388)	(7,168)	(16,293)	(7,269)
Subsidiaries taxed under the presumed profit regime	(14,549)	(29,073)	-	-
Tax incentive	4,686	489	-	-
Impairment	-	30,423	-	-
Indemnity of the Três Irmãos Hydroelectric Power Plant (Note 1.2.1 (b))	(823,325)	823,350	-	-
Write-off of assets indemnifiable by the Federal Government	-	(215,769)	-	-
Write-off of deferred tax related to downstream merger	-	(4,820)	-	(4,820)
Deferred charges recorded on tax loss and tax loss carryforwards of prior periods -				
Auren Comercializadora	-	42,024	-	-
Other permanent differences net	2,936	(108)	31,288	(5,115)
IRPJ and CSLL expense/benefit	(1,153,596)	(374,726)	35,659	25,851
Current	(753,427)	(89,684)	-	-
Deferred	(400,169)	(285,042)	35,659	25,851
IRPJ and CSLL expense/benefit	(1,153,596)	(374,726)	35,659	25,851
Effective rate %	(138.01%)	(12.27%)	(10.09%)	0.98%

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

(b) Composition of deferred tax balances

The balances recorded until December 31, 2023 of deferred credits on tax losses, tax loss carryforwards and temporary differences of subsidiaries 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 and consistently demonstrate the realization of the respective balances.

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 2046 at CESP and until 2024 at Auren Comercializadora.

	Consolidated		Parent Company	
	2023	2022	2023	2022
Income tax and social contribution				
Tax credits				
Tax loss and tax loss carryforwards	788,560	1,096,946	-	-
Provision for impairment	510,046	510,046	-	-
Regulatory asset provision	275,685	275,685	-	-
Provision for litigation	334,814	402,776	-	-
Leases	813	-	-	-
Social and environmental obligations	74,621	-	-	-
Other provisions	64,604	161,047	-	-
Tax liabilities on temporary differences				
Recognition and realization of goodwill	(344,954)	(383,305)	(340,903)	(378,848)
Gain on CESP advantageous purchase (i)	(312,805)	(312,805)	(312,805)	(312,805)
Renegotiation of hydrological risk	(234,772)	(242,052)	-	-
Indexation accrual of judicial deposits	(13,555)	(16,257)	-	-
Adjustment to present value of the sale of investees	(20,546)	(9,070)	(10,872)	(8,586)
Energy futures contracts	(62,432)	(66,215)	-	-
Update of post-employment benefits	-	(2,203)	-	-
Leases	(2,199)	-	-	-
Social and environmental obligations	(45,368)	-	-	-
Effect on other comprehensive income				
Post-employment benefits (i)	555,249	431,940	-	-
Assigned cost of fixed assets	423,840	441,576	-	-
Hedge accounting	-	(264)	-	(264)
Net	1,991,601	2,287,845	(664,580)	(700,503)
Deferred tax net assets same legal entity	2,698,782	3,000,824	-	-
Deferred tax net liabilities same legal entity	(707,181)	(712,979)	(664,580)	(700,503)

(i) Deferred tax balances which, according to Management's assessment, will be realized in the normal course of business and within the term of the concessions held by the Company's subsidiaries, when applicable.

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

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

	Consolidated		Parent Company	
	2023	2022	2023	2022
Opening balance	2,287,845	3,056,869	(700,503)	(330,998)
Effects of IRPJ and CSLL deferred without result	(400,169)	(285,042)	35,659	25,851
Downstream merger VGE - equity balances	-	4,820	-	4,820
Downstream 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	(264)	264	(264)
Employee pension entity	103,661	(101,045)	-	-
Closing balance	1,991,601	2,287,845	(664,580)	(700,503)

(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 of the generation of future tax profits, the following is an estimate of the realization of the deferred tax asset recorded on the tax loss, tax loss carryforwards and other temporary adjustments at December 31, 2023, with effect on the result:

	Consolidated					Total
	2024	2024 to 2026	2027 to 2029	2027 to 2032	From 2033 to 2046	
Realization of deferred charges with effect on income						
Tax loss and tax loss carryforwards	(53,780)	69,422	83,100	112,708	577,111	788,560
Other temporary adjustments	56,024	95,762	32,189	21,778	754,849	960,602
	2,244	165,184	115,289	134,486	1,331,960	1,749,162

17 Energy futures contracts**Accounting policy**

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 take 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.

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

(a) Composition

	2023			Consolidated 2022		
	Assets	Liabilities	Total	Assets	Liabilities	Total
Current	1,811,433	(1,639,680)	171,753	1,979,160	(1,808,351)	170,809
Non-current	3,433,262	(3,423,668)	9,594	3,630,278	(3,606,338)	23,940
	<u>5,244,695</u>	<u>(5,063,348)</u>	<u>181,347</u>	<u>5,609,438</u>	<u>(5,414,689)</u>	<u>194,749</u>

(b) Changes in balances

	2023	Consolidated 2022
Net opening balance	194,749	(8,209)
Mark-to-Market Realization	168,889	109,946
	(182,291)	57,160
Other operating income (expenses), net (Note 6)	<u>(13,402)</u>	<u>167,106</u>
Merged company included in the consolidation	-	35,852
Net closing balance	<u>181,347</u>	<u>194,749</u>

18 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, ending on May 15, 2025.

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.

Composition and changes in balances

	2023		Consolidated 2022	
	UBP	(-) Adjustment to present value	Net Liabilities	Net Liabilities
Opening balance	92,144	(5,590)	86,554	129,993
Realization current value adjustment (Note 7)	-	3,754	3,754	5,400
Reassessment of the disbursement flow (Note 13)	2,623	219	2,842	(6,066)
Payments	(44,423)	-	(44,423)	(42,773)
Closing balance	<u>50,344</u>	<u>(1,617)</u>	<u>48,727</u>	<u>86,554</u>
Current	38,549	-	38,549	43,465
Non-current	11,795	(1,617)	10,178	43,089
	<u>50,344</u>	<u>(1,617)</u>	<u>48,727</u>	<u>86,554</u>

Auren Energia S.A.

Explanatory notes

In thousands of reais unless otherwise stated

19 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 once any environmental degradation begins in the occupied area, from operations or from formal commitments assumed with the environmental agency. 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 CESP, the socio-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 for 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.

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

(b) Composition and changes in balances

							Consolidated	
							2023	2022
	Asset decommissioning	Environment al license	Conduct adjustment term	Social and environmental obligations	(-) Adjustment to present value	Total	Total	
Opening balance	1,543,057	226,447	50,648	3,738	(1,507,592)	316,298	314,341	
Additions with effect on assets	-	-	-	-	-	-	24,450	
Remeasurements	-	(29,921)	(2,611)	-	6,862	(25,670)	(3,323)	
Additions (i)	47,504	-	-	-	(44,058)	3,446	2,113	
Reversals	-	-	-	-	-	-	(2,314)	
Payments	-	(15,277)	(7,532)	-	-	(22,809)	(36,584)	
Realization present value adjustment (Note 7)	-	-	-	-	21,643	21,643	17,615	
Closing balance	1,590,561	181,249	40,505	3,738	(1,523,145)	292,908	316,298	
Current	-	34,245	7,616	3,738	-	45,599	44,298	
Non-current	1,590,561	147,004	32,889	-	(1,523,145)	247,309	272,000	
	1,590,561	181,249	40,505	3,738	(1,523,145)	292,908	316,298	

- (i) In 2023, the provision for decommissioning of assets of subsidiary Sol do Piauí was recognized against construction in progress. These long-term obligations (more 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.

20 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". Management of the Company and its subsidiaries understand that the analysis of compliance with these limits is a significant estimate.

(a) Annual reimbursement

Reserve power 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

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

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

Reserve power 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

				Consolidated	
				2023	2022
	Annual reimbursement	Four-year reimbursement	Total	Total	
Opening balance	240,882	164,110	404,992	333,527	
Additions (Note 5)	19,360	38,624	57,984	59,266	
Constrained-off (i) (Note 5)	(6,019)	(11,137)	(17,156)	-	
Payments (i)	(28,760)	-	(28,760)	-	
Indexation accruals (Note 7)	8,656	4,569	13,225	12,199	
	(6,763)	32,056	25,293	71,465	
Closing balance	234,119	196,166	430,285	404,992	
Current	223,621	117,521	341,142	362,233	
Non-current	10,498	78,645	89,143	42,759	
	234,119	196,166	430,285	404,992	

- (i) ANEEL issued Order No. 2,303/2019 ordering that CCEE suspend the reimbursements in the Contracting of Electric Energy in the Regulated Environment for contractual years from August 2019, until such time as a final decision is rendered from Public Hearing No. 034/2019, which aims to

Auren Energia S.A.

Explanatory notes

In thousands of reais unless otherwise stated

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 wind farm constraints, a necessary condition for resuming the collection of reimbursements. However, on May 13, 2022, the CCEE issued notice 355/22 informed 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 informed 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 provided, as ANEEL Public Hearing 22/2022 has not been completed.

21 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 for the year.

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

(a) Composition and changes in balances

						Consolidated	
						2023	2022
	Civil	Labor	Environmental	Tax	Total	Total	
Opening balance	1,047,086	79,725	53,884	5,310	1,186,005	1,329,412	
Indexation accruals (Note 7)	30,596	5,743	5,096	405	41,840	97,069	
Provision / (reversal) (Note 6) (i)	(158,829)	8,017	2,273	1,540	(146,999)	(59,519)	
(-) Payments	(53,085)	(28,012)	(15,230)	(139)	(96,466)	(182,917)	
Merged company included in the consolidation	-	-	-	-	-	1,960	
Closing balance	865,768	65,473	46,023	7,116	984,380	1,186,005	
Current	65,489	39,003	2,192	1,057	107,741	170,376	
Non-current	800,279	26,470	43,831	6,059	876,639	1,015,629	
Closing balance	865,768	65,473	46,023	7,116	984,380	1,186,005	

- (i) The variation is mainly explained by the reversal of provision, in accordance with the ratified agreements mentioned in Note 1.2.1 (c)

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

(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:

	Main lawsuits	Consolidated Possible loss	
		2023	2022
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 VDP I, II and III and VDA wind farms	792,724	786,881
Tax	Requests for refund, tax foreclosure, administrative proceedings and tax assessment notices in wind farm subsidiaries and CESP.	463,286	480,057
Environmental	Measures to remedy environmental damage whose execution was or is under the responsibility of subsidiary CESP.	309,798	345,683
Labor	Subsidiary liability, mainly due to the contracting of third parties.	39,710	34,680
		1,605,518	1,647,301

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.

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

22 Post-employment benefits

Subsidiary CESP sponsors 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. Subsidiary CESP's most relevant BD benefit plan is the so-called BPS (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

A comparison of the actuarial assumptions in the two methodologies for measuring the actuarial liability at December 31, 2023 is also presented:

Assumptions	Report CPC 33 (R1)	PREVIC
Annual discount rate	9.03% p.a (5.34% p.a. real)	4.88% p.a.
Annual long-term inflation rate	3.50% p.a.	3.75% p.a.
Salary growth rate	N/A due to settlement	N/A
Reference unit growth rate	3.50% 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 segregated by gender, smoothed by 50%
Turnover rate	N/A due to settlement	N/A
Table of entry into retirement	Length of Time with Social Security - Male 35 years / Female: 30 years	Length of Time with Social Security - Male 35 years / Female: 30 years
Family composition	Time of plan affiliation - 15 years ExpCF_2014	Time of plan affiliation - 15 years ExpCF_2014

Considering the assumptions above, the actuarial liability at December 31, 2023 of subsidiary CESP calculated based on CPC 33 is R\$1,633,085, while the actuarial liability calculated based on the PREVIC methodology corresponding exclusively to the portion of the sponsor CESP would be R\$ 1,384,896.

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

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

Based on the actuarial valuation prepared by an independent actuary at December 31, 2023, 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

	2023			2022		
	BSPS	BD	CV	BSPS	BD	CV
Premises:						
Rate used for discounting the actuarial liability to present value	9.03%	9.03%	9.03%	9.65%	9.65%	9.65%
Expected rate of return on plan assets	9.03%	9.03%	9.03%	9.65%	9.65%	9.65%
Actual rate used for discounting the actuarial liability to present value	5.34%	5.34%	5.34%	6.20%	6.20%	6.20%
Salary growth rate		N/A due to settlement			N/A due to settlement	
Long-term inflation rate	3.50%	3.50%	3.50%	3.25%	3.25%	3.25%
Turnover rate		N/A due to settlement			N/A due to settlement	
Mortality table		AT 2000 segregated by gender			AT 2000 segregated by gender	
Table of entry into disability		Mercer Disability segregated by gender			Mercer Disability segregated by gender	
Mortality table for the disabled		smoothed by 50%			smoothed by 50%	
		AT - 1949 - Male aggravated by 10%			AT - 1949 - Male aggravated by 10%	
Number of participants:						
Number of active participants	20	62	62	24	57	55
Number of inactive participants - retired without disability	3,494	1,644	931	3,582	1,636	911
Number of inactive participants - retirees due to disability	103	44	15	107	45	15
Number of inactive participants - pensioners	1,040	194	64	982	184	61

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 of 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% as the responsibility of sponsor CESP.

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

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.

Calculation and movements

Sensitivity analysis				Consolidated
	BSPS	BD	CV	Total
Effect on a defined benefit obligation if:				
Discount rate is reduced by 0.5%	5,584,078	884,725	133,032	6,601,835
Discount rate is increased by 0.5%	5,179,967	798,242	117,353	6,095,562

Projected cash flows				Consolidated
	BSPS	BD	CV	Total
Estimated employer contributions to the plan in the following year	139,838	1,083	1,753	142,674
Expected benefit payments from the plans:				
2024	520,271	64,296	8,997	593,564
2025	528,237	72,443	13,508	614,188
2026	535,209	74,514	13,830	623,553
2027	540,961	76,559	14,158	631,677
2028	545,352	78,554	14,507	638,412
2024 to 2033	2,739,013	424,332	77,395	3,240,740

Fair value of benefit plan assets	Consolidated					
	BSPS		BD		CV	
	2023	2022	2023	2022	2023	2022
Assets						
Receivable	1,156,647	5,384,917	12,027	837,013	16,582	133,879
Investment	4,062,516	4,112,423	835,949	828,726	117,882	116,147
	5,219,163	9,497,340	847,976	1,665,739	134,464	250,026
Liabilities						
Obligations	(121,764)	-	(3,996)	-	(144)	-
non-pension funds	(313)	(500)	-	(1,309)	-	-
DC account balances	-	-	(3,628)	(4,255)	(10,779)	(4,320)
Fair value	5,097,086	9,496,840	840,352	1,660,175	123,541	245,706

(a) Reconciliation of assets and liabilities

	Consolidated				
	2023		2022		
	BSPS	BD	CV	Total	Total
Net actuarial liability value	5,375,080	839,681	124,869	6,339,630	6,212,731
Fair value of plan assets	(3,801,121)	(804,452)	(100,972)	(4,706,545)	(4,948,800)
Total net liabilities	1,573,959	35,229	23,897	1,633,085	1,263,931

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

(b) Statement of actuarial liabilities

	Consolidated			
	2023			
	BSPS	BD	CV	Total
Initial balance of present value of obligations	5,241,721	841,793	129,217	6,212,731
Interest on the actuarial obligation (Note 22 (d))	529,047	84,330	12,750	626,127
Contributions from plan participants	301	1,348	-	1,649
Benefits paid by the plan	(564,002)	(70,748)	(9,595)	(644,345)
Actuarial (gains)/losses (Note 22 (e))	168,013	(17,042)	(7,503)	143,468
Total liability for the year	5,375,080	839,681	124,869	6,339,630
Initial balance of the fair value of plan assets	(4,036,148)	(814,419)	(98,234)	(4,948,801)
Interest on plan assets (Note 22 (d))	(366,269)	(75,495)	(9,200)	(450,964)
Sponsor contributions	(107,604)	(1,766)	(1,525)	(110,895)
Contributions from plan participants	(301)	(1,348)	-	(1,649)
Benefits paid by the plan	564,002	70,748	9,595	644,345
Yield on plan assets (Note 22 (e))	145,199	17,828	(1,608)	161,419
Fair value of plan assets	(3,801,121)	(804,452)	(100,972)	(4,706,545)
Total net liabilities	1,573,959	35,229	23,897	1,633,085

	Consolidated			
	2022			
	BSPS	BD	CV	Total
Initial balance of present value of bonds	6,677,895	1,068,343	151,027	7,897,265
Current service cost (Note 22(d))	-	-	87	87
Past service cost (Note 22(d))	539,926	87,727	12,885.00	640,538
Interest on actuarial obligation (Note 22(d))	(20,148)	-	-	(20,148)
Participant contributions	(1,209,173)	(155,492)	(16,779)	(1,381,444)
Benefits paid by the plan	(561,217)	(72,103)	(9,350)	(642,670)
Actuarial (gains)/losses (Note 22 (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 22 (d))	(394,171)	(77,768)	(8,730)	(480,669)
Participant contributions	(57,470)	-	(699.00)	(58,169)
Sponsor contributions	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 24 (d))	(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

(c) Changes in balances of actuarial liabilities

	Consolidated	
	2023	2022
Opening balance for the year	1,263,931	1,785,499
Current service cost	-	87
Interest on actuarial obligation	175,163	159,869
Contributions paid	(110,896)	(58,169)
Actuarial measurement update	304,887	(297,192)
CD plan migration effect		
Settlement	-	(306,015)
Effect of migration of actuarial gains	-	(20,148)
Closing balance	1,633,085	1,263,931

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

(d) Effects on income for the year

	Consolidated				
				2023	2022
	BSPS	BD	CV	Total	Total
Current service cost	-	-	-	-	87
Interest cost on the obligation	529,047	84,330	12,750	626,127	640,538
Expected return on plan assets	(366,269)	(75,495)	(9,200)	(450,964)	(480,669)
Effect of migration of actuarial gains (Note 23 (d))	-	-	-	-	(20,148)
(Revenue) / estimated expense for the year	162,778	8,835	3,550	175,163	139,808

(e) Effects on other comprehensive income (OCI)

	Consolidated				
	BSPS	BD	CV	2023	2022
Actuarial gain from the evolution of liabilities, including routine settlements	(163,646)	(87,309)	(20,196)	(271,151)	348,358
Actuarial gain from changes in assumptions	331,659	70,267	12,693	414,619	(629,257)
Asset income (greater)/less than recognized net interest	145,199	17,828	(1,608)	161,419	(16,293)
Transactions in ORA during the year (Note 22(a))	313,212	786	(9,111)	304,887	(297,192)
Effects of deferred taxes	(106,492)	(267)	3,098	(103,661)	101,045
Net effect on other comprehensive income (Note 25.4)	206,720	519	(6,013)	201,226	(196,147)

(f) Estimated expense / (revenue) for 2024

Below is the estimated expense for the following year, based on the actuarial assessment of an independent actuary at December 31, 2023:

	Consolidated				
				2024	
	BSPS	BD	CV	Total	
Current cost of service	-	(377)	51	(326)	
Interest cost on the obligation	461,880	72,920	10,869	545,669	
Expected return on plan assets	(326,065)	(69,804)	(8,791)	(404,660)	
Estimated expense for the year	135,815	2,739	2,129	140,683	

23 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.

Auren Energia S.A.

Explanatory notes

In thousands of reais unless otherwise stated

									Consolidated	
	Assets		Liabilities		Sales and services (Note 5)		Purchases and services		Financial result	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Cash and cash equivalents										
Banco Votorantim S.A.	-	1,153	-	-	-	-	-	-	-	1,698
Accounts receivable from customers - Sale of energy and services										
Auren Comercializadora de Energia Ltda.	-	-	-	-	-	-	-	(3,939)	-	-
Votorantim Cimentos S.A.	62,399	53,302	-	-	662,031	573,301	-	-	-	-
Votorantim Cimentos N/NE S.A.	-	4,343	-	-	220,425	124,957	-	-	-	-
Companhia Brasileira de Alumínio S.A.	66,858	42,808	-	-	614,019	462,584	-	-	-	-
CBA Itapissuma Ltda.	2,069	-	-	-	28,201	3	-	-	-	-
Citrosuco S.A. Agroindústria	13,603	4,486	-	-	75,202	48,152	-	-	-	-
Citrosuco Serviços Portuários S.A.	-	-	-	-	7,595	4,240	-	-	-	-
Mineração Dardanelos Ltda.	-	-	-	-	7,407	20,342	-	-	-	-
Pollarix S.A.	3,973	5,071	-	-	42,938	48,692	-	-	-	-
CBA Energia Participações S.A.	4,028	1,882	-	-	43,530	14,336	-	-	-	-
Baesa-Energética Barra Grande S.A.	-	1,100	-	-	1,536	11,856	-	-	-	-
Campos Novos Energia S.A.	-	1,651	-	-	-	17,783	-	-	-	-
Nexa Recursos Minerais S.A.	4	46	-	-	14,211	862	-	-	-	-
Metalex Ltda.	-	-	-	-	-	552	-	-	-	-
L.C.G.S.P.E. Empreendimentos e Participações Ltda.	22	-	-	-	-	-	-	-	-	-
	152,956	114,689	-	-	1,717,095	1,327,660	-	(3,939)	-	-
Dividends receivable										
CBA Energia Participações. S.A.	2,027	20,307	-	-	-	-	-	-	-	-
Pollarix S.A.	-	25,883	-	-	-	-	-	-	-	-
	2,027	46,190	-	-	-	-	-	-	-	-
Interest on equity										
CBA Energia Participações S.A.	-	-	-	-	-	-	-	-	11,652	-
Disposal of investees' interest (i)										
Companhia Brasileira de Alumínio	47,991	53,250	42,423	43,212	-	-	-	-	4,799	4,924
CBA Itapissuma Ltda.	12,719	14,087	11,195	12,053	-	-	-	-	1,882	1,301
Votorantim Cimentos S.A.	42,459	49,678	36,962	36,661	-	-	-	-	4,073	3,536
Ibema Companhia Brasileira de Papel S.A.	7,533	-	7,557	-	-	-	-	-	2,277	-
Citrosuco S.A. Agroindústria	3,922	7,910	18,690	18,098	-	-	-	-	(457)	(318)
	114,624	124,925	116,827	110,024	-	-	-	-	12,574	9,443
Donations										
Instituto Votorantim	-	-	-	-	-	-	(2,346)	(2,346)	-	-
Suppliers - energy purchases and services (Note 6.1)										
Companhia Brasileira de Alumínio	-	-	22,027	22,689	-	-	(258,089)	(221,838)	-	-
Citrosuco S.A. Agroindústria	-	-	714	675	-	-	(12,306)	(9,546)	-	-
Votorantim Cimentos N/NE S.A.	-	-	-	-	-	-	(15,714)	(13,195)	-	-
Baesa-Energética Barra Grande S.A.	-	-	-	1,117	-	-	-	(10,912)	-	-
Campos Novos Energia S.A.	-	-	-	1,675	-	-	-	(16,368)	-	-
L.C.G.S.P.E. Empreendimentos e Participações Ltda.	-	-	-	-	-	-	-	(2,562)	-	-
Interávia TÁxi Aéreo Ltda.	-	-	-	-	-	-	-	(17)	-	-
Compart Serviços e Assessorias Ltda.(iv)	-	-	-	70	-	-	-	(2,369)	-	-
Reservas Votorantim Ltda.	-	-	-	3	-	-	-	(185)	-	-
Citrovita Agro Industrial Ltda	-	-	-	-	-	-	-	(1,300)	-	-
Votorantim Cimentos S.A.	-	-	-	-	-	-	(83,148)	-	-	-
CBA Energia Participações S.A.	-	-	-	-	-	-	(2,223)	-	-	-
Pollarix S.A.	-	-	-	-	-	-	(3,411)	-	-	-
	-	-	22,925	26,229	-	-	(374,891)	(278,292)	-	-
Suppliers - services										
Votorantim Geração de Energia S.A.	-	-	-	-	-	-	-	(1,042)	-	-
Way2 Serviços de Tecnologia S.A	-	-	184	-	-	-	(1,168)	(90)	-	-
Votorantim S.A. (ii)	-	-	7,912	1,703	-	-	(26,542)	(20,526)	-	-
	-	-	8,096	-	-	-	(27,710)	(21,568)	-	-
Dividends payable										
Votorantim S.A.	-	-	-	239,735	-	-	-	-	-	-
CPP Investments	-	-	-	203,179	-	-	-	-	-	-
Non-controlling shareholders	-	-	659	192,545	-	-	-	-	-	-
	-	-	659	635,459	-	-	-	-	-	-
	269,607	286,957	148,323	773,415	1,717,095	1,327,660	(404,737)	(306,235)	24,226	11,141

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

	Assets		Liabilities		Purchases, services and other		Parent Company	
							Financial result	
	2023	2022	2023	2022	2023	2022	2023	2022
Dividends receivable								
CESP - Companhia Energética de São Paulo	-	970,450	-	-	-	-	-	-
Auren Comercializadora de Energia Ltda.	31,760	83,347	-	-	-	-	-	-
Ventos de São Vicente Participações Energias Renováveis S.A.	8,693	7,914	-	-	-	-	-	-
CBA Energia Participações S.A.	2,027	20,308	-	-	-	-	-	-
Pollarix S.A.	-	25,883	-	-	-	-	-	-
Ventos de Santo Estevão Holding S.A.	764	764	-	-	-	-	-	-
Sol do Piauí Geração de Energia Ltda.	-	47	-	-	-	-	-	-
MRTV Energia S.A.	245	10	-	-	-	-	-	-
	43,489	1,108,723	-	-	-	-	-	-
Interest on equity								
CBA Energia Participações S.A.	-	-	-	-	-	-	11,652	-
	-	-	-	-	-	-	11,652	-
Disposal of investees (i)								
Companhia Brasileira de Alumínio	47,991	53,250	42,423	43,212	-	-	4,799	(130)
Votorantim Cimentos S.A.	42,459	49,678	36,962	36,661	-	-	4,073	-
CBA Itapissuma Ltda.	12,719	14,087	11,195	12,053	-	-	1,882	(34)
Ibema Companhia Brasileira de Papel S.A.	7,533	-	7,557	-	-	-	2,277	-
	110,702	117,015	98,137	91,926	-	-	13,031	(164)
Donations								
Instituto Votorantim	-	-	-	-	-	(600)	-	-
	-	-	-	-	-	(600)	-	-
Suppliers - services								
Votorantim Geração de Energia S.A.	-	-	-	-	-	(1,042)	-	-
Reservas Votorantim Ltda.	-	-	-	-	-	(185)	-	-
Votorantim S.A. (ii)	-	-	3,144	133	(3,690)	(868)	-	-
WAY2 Serviços de Tecnologia Ltda.	-	-	68	-	(303)	-	-	-
Compart Serviços e Assessorias Ltda. (iii)	-	-	-	69	(366)	(2,298)	-	-
Interávia Táxi Aéreo Ltda.	-	-	-	-	-	(17)	-	-
L.C.G.S.P.E. Empreendimentos e Participações Ltda. (iv)	-	-	-	-	-	(2,562)	-	-
	-	-	3,212	202	(4,359)	(6,972)	-	-
Dividends payable								
Votorantim S.A.	-	-	-	239,735	-	-	-	-
CPP Investments	-	-	-	203,179	-	-	-	-
Non-controlling shareholders	-	-	386	192,267	-	-	-	-
	-	-	386	635,181	-	-	-	-
Loans with subsidiaries (iv)								
Ventos de Santo Apolinário Energias Renováveis S.A.	-	5,050	-	-	-	-	173	507
Ventos de Santa Alexandrina Energias Renováveis S.A.	-	-	-	-	-	-	-	345
Ventos de Santo Alderico Energias Renováveis S.A.	-	17,891	-	-	-	-	52	666
Ventos de São Crispim I Energias Renováveis S.A.	-	11,748	-	-	-	-	34	188
Ventos de São Ciríaco Energias Renováveis S.A.	-	12,362	-	-	-	-	36	186
Ventos de Santo Alfredo Energias Renováveis S.A.	-	4,124	-	-	-	-	12	124
Ventos de São Caio Energias Renováveis S.A.	-	9,057	-	-	-	-	345	57
Ventos de São Ciro Energias Renováveis S.A.	-	17,162	-	-	-	-	809	162
Ventos de Santo Antero Energias Renováveis S.A.	-	-	-	-	-	-	-	308
Ventos de São Bernardo Energias Renováveis S.A.	-	-	-	-	-	-	-	168
Sol do Piauí Geração de Energia Ltda.	119,021	-	-	-	-	-	11,438	-
	119,021	77,394	-	-	-	-	12,899	2,711

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

							Parent Company	
	Assets		Liabilities		Purchases, services and other		Financial result	
	2023	2023	2023	2022	2023	2022	2023	2022
Other credits								
Apportionment related parties (v)								
Jaíba C Energias Renováveis S.A.	484	-	-	-	-	-	-	-
Jaíba CE Energias Renováveis S.A.	484	-	-	-	-	-	-	-
Jaíba CN Energias Renováveis S.A.	484	-	-	-	-	-	-	-
Jaíba CO Energias Renováveis S.A.	484	-	-	-	-	-	-	-
Jaíba CS Energias Renováveis S.A.	484	-	-	-	-	-	-	-
Jaíba L1 Energias Renováveis S.A.	484	-	-	-	-	-	-	-
Jaíba L2 Energias Renováveis S.A.	242	-	-	-	-	-	-	-
Jaíba NE2 Energias Renováveis S.A.	484	-	-	-	-	-	-	-
Jaíba NE3 Energias Renováveis S.A.	484	-	-	-	-	-	-	-
Jaíba NO2 Energias Renováveis S.A.	484	-	-	-	-	-	-	-
Jaíba S Energias Renováveis S.A.	484	-	-	-	-	-	-	-
Jaíba SE2 Energias Renováveis S.A.	484	-	-	-	-	-	-	-
Jaíba SO Energias Renováveis S.A.	484	-	-	-	-	-	-	-
Auren Comercializadora de Energia Ltda.	700	-	-	-	-	-	-	-
CESP Companhia Energética de São Paulo	82	-	-	-	-	-	-	-
	6,832	-	-	-	-	-	-	-
	280,044	1,303,132	101,735	727,309	(4,359)	(7,572)	37,582	2,547

Auren Energia S.A.

Explanatory notes

In thousands of reais unless otherwise stated

- (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, with effect on the financial result.
- (ii) Refers to shared activities by the Excellence Center of the parent company Votorantim related to administrative activities, human resources, accounting, taxes, technical assistance and IT. These activities are reimbursed to Votorantim based on the proportion of the cost of activities actually provided to the Company.
- (iii) Project management services and IT infrastructure.
- (iv) Loan with subsidiaries in 2022: Settlement period is 180 days, counted from the signature date, plus interest and indexation accruals as defined in the contract. Only Sol do Piauí had a contract signed in 2023, with a settlement period of 365 days.
- (v) Refers mainly to the apportionment of labor expenses.

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

23.1 Remuneration of key management staff

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

	Consolidated		Parent Company	
	2023	2022	2023	2022
Fixed and variable remuneration (i)	57,118	28,927	43,600	20,152
Social charges	7,396	7,542	4,540	5,769
	64,514	36,469	48,140	25,921

- (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.

According to the related party transactions policy, the Company considers key Management personnel to be the members: (i) of the Statutory Board (composed of three members) and non-statutory and (ii) the Board of Directors (composed of seven members), with the end of the mandate scheduled for the date of the ordinary general meeting that examines the accounts for the fiscal year to end on December 31, 2023.

24 Equity**24.1 Share capital**

The paid-up capital at December 31, 2023 and December 31, 2022 was R\$ 5,940,137, divided into 1,000,000,000 common shares, held by the following shareholders:

	Consolidated and parent company		
	Paid-up share capital	Number of shares - in units	
		Ordinary	%
Shareholders			
Votorantim	2,300,369	387,258,446	38.73%
CPP Investments	1,904,401	320,598,907	32.06%
	4,204,770	707,857,353	70.79%
Other			
Outstanding shares	1,735,367	292,142,647	29.21%
	1,735,367	292,142,647	29.21%
	5,940,137	1,000,000,000	100%

24.2 Capital reserve

At December 31, 2023, the Company had a capital reserve of R\$ 5,705,533 (R\$ 5,703,189 at December 31, 2022), referring to the downstream merger of VGE for R\$ 1,260,581, the merger of CESP shares for R\$ 4,442,608, and R\$ 2,344 referring to the Company's Restricted Share Grant plan.

(a) Proposal for the Company's Restricted Share Grant Plan

On April 28, 2023, the Annual and Extraordinary General Meeting approved the Restricted Share Grant Plan ("Plan").

The purpose of the Plan is to regulate the granting of Restricted Shares to Participants in order to:

- (i) attract and retain professionals who add value to the Company;

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

(ii) stimulate growth, success and the achievement of the Company's corporate objectives and, consequently, the creation of long-term value for the Company and its shareholders; and

(iii) align the interests of the Participants with those of the shareholders and the Company in valuing and managing the opportunities and risks to which the Company is subject.

The total number of shares that may be delivered to participants under the Plan, considering the sum of all grants, shall not exceed, within the period of validity of the Plan, 2% (two percent) of the shares representing the total share capital of the Company, which may be adjusted under the terms of the Plan.

The Plan may be administered through various Programs, observing the general limit of shares as indicated above, and for the purposes of Program 2023 of the Plan, the grant of restricted shares is divided into two components each equivalent to: (a) 50% Ordinary Restricted Shares, for which the acquisition of rights is related to the expiration of the vesting periods (without prejudice to other conditions and requirements established in the Plan, in the 2023 Program and in the applicable Grant Agreement) and (b) 50% Performance Restricted Shares, for which the acquisition of rights is related, in addition to the expiration of the vesting periods, to the performance metrics that may be established by the Company (without prejudice to other conditions and requirements established in the Plan, in the 2023 Program and in the applicable Grant Agreement). The total vesting period will be 5 years, considering partial releases during the total period of the Plan's 2023 Program.

The effective settlement of the shares will take place between the 3rd and 5th anniversaries of the grants, also considering the expected end date of the restriction period and accompanied by the payment of the charges provisioned under "Other liabilities" in the amount of R\$862.

Unless otherwise established by the Board of Directors, or set forth in the applicable Program or Award Agreement, the vesting of the rights relating to the Restricted Shares shall occur in the following proportions:

Vesting period	Percentage of Restricted Shares Granted
On the 3rd anniversary of the Grant Date	33.33%
On the 4th anniversary of the Grant Date	33.33%
On the 5th anniversary of the Grant Date	33.34%

The vesting period may be brought forward at any time, at the sole discretion of the Board of Directors, in whole or in part.

The recording of the provision for shares to be settled makes up the Company's Capital Reserve. At December 31, 2023, the provisioned balance of restricted shares is made up as follows:

Date of Grant:	05/01/2023	
	Quantity Granted (*)	Provision
3rd anniversary	362,212	781
4th anniversary	362,212	781
5th anniversary	362,213	782
	1,086,637	2,344

(*) Considers the number of Ordinary and Performance Restricted Shares

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

24.3 Profit reserve

	Parent Company and Consolidated	
	2023	2022
Legal reserve (i)	197,085	197,085
Profit retention (ii)	935,519	3,618,039
	1,132,604	3,815,124

- (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.

24.4 Equity valuation adjustment

The balance of other components of comprehensive income (loss) of R\$ (409,321) at December 31, 2023 (R\$ (205,372) at December 31, 2022 referring to employee benefits of subsidiary CESP) refers to the proportional adjustments for the CESP actuarial liability recognized pursuant to CPC 33 (R1) - Employee benefits by subsidiary CESP.

	Parent company and Consolidated	
	2023	2022
Opening balance	(205,372)	(405,374)
Provision for hedge accounting	(516)	507
Gain on post-employment benefit in the year	(201,226)	196,147
Other comprehensive income	(2,250)	3,348
Gain of interest of investee	43	-
	(203,949)	200,002
Closing balance	(409,321)	(205,372)

24.5 Profit distribution

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

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, 2023, the Company reports a loss precluding any distribution of dividends (at December 31, 2022, there was distribution of dividends in the amount of R\$635,169, provisioned in liabilities and settled on May 15, 2023 (Note 1.2.2(a))).

Auren Energia S.A.

Explanatory notes

In thousands of reais unless otherwise stated

25 Financial instrument and risk management

25.3 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 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 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, canceled or expire. The difference between the extinguished carrying amount and the consideration paid (including assets transferred or liabilities assumed) is recognized in the income statement.

The financial instruments by category and corresponding level in the fair value measurement hierarchy are shown below:

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

	Level	2023	Consolidated 2022	2023	Parent company 2022
Assets					
At amortized cost					
Accounts receivable from customers (Note 9)		679,476	617,860	-	-
Related parties (Note 23)		114,624	124,925	229,022	194,409
Asset subject to indemnification		21,799	21,799	-	-
		<u>815,899</u>	<u>764,584</u>	<u>229,022</u>	<u>194,409</u>
At fair value through profit or loss (i)					
Cash equivalents (Note 8)	1	3,208,884	3,099,435	577,535	1,050,796
Financial investments (Note 8)	1	-	105,347	-	-
Liquidity fund - Reserve account (Note 8)	1	190,443	154,133	-	-
Assets indemnifiable by the Federal Government (Note 10)	1	-	3,909,017	-	-
Energy futures contracts (Note 17)	1	5,244,695	5,609,438	-	-
		<u>8,644,022</u>	<u>12,877,370</u>	<u>577,535</u>	<u>1,050,796</u>
		<u>9,459,921</u>	<u>13,641,954</u>	<u>814,090</u>	<u>1,245,2055</u>
Liabilities					
At amortized cost					
Loans, financing and debentures (Note 15) (ii)		6,351,834	5,830,217	393,670	342,515
Suppliers		572,321	549,019	12,925	54,317
Leases		66,729	44,304	17,113	2,650
Related parties (Note 23)		116,827	110,024	90,580	91,926
		<u>7,107,711</u>	<u>6,533,564</u>	<u>514,288</u>	<u>491,408</u>
At fair value through profit or loss (i)					
Energy futures contracts (Note 17)	2	5,063,348	5,414,689	-	-
		<u>5,063,348</u>	<u>5,414,689</u>	<u>-</u>	<u>-</u>
		<u>12,171,059</u>	<u>11,948,253</u>	<u>521,845</u>	<u>491,408</u>

(i) The fair value reported corresponds to the carrying amount.

(ii) The fair value of this item is disclosed in Note 14.

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); and

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

25.4 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.

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

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 8.1. 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 6 and 10 years	Over 10 years	Total
As of December 31, 2023						
Loans, financing and debentures (i)	1,174,880	602,390	2,196,815	3,235,920	1,856,728	9,066,733
Suppliers	572,321	-	-	-	-	572,321
Leases (i)	13,029	24,030	25,661	22,915	88,653	174,288
Energy futures contracts (i)	1,842,145	2,411,092	1,674,905	73,340	3,307	6,004,789
Sector charges	23,129	-	-	-	-	23,129
UBP - Use of a public asset (i)	38,549	11,795	-	-	-	50,344
	3,664,053	3,049,307	3,897,381	3,332,175	1,948,688	15,891,604

Auren Energia S.A.**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 6 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	94,177	151,732
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
	3,412,373	4,289,001	2,801,467	4,025,193	1,515,656	16,043,690

	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
As of December 31, 2023						
Loans, financing and debentures (i)	393,670	-	-	-	-	393,670
Suppliers	12,925	-	-	-	-	12,925
Leases (i)	4,519	8,993	7,670	1,009	195	22,386
	411,114	8,993	7,670	1,009	195	428,981

	Parent Company					
	Up to 1 year	Between 1 and 2 years	Between 3 and 5 years	Between 6 and 10 years	Total	Total
As of December 31, 2022						
Debentures (i)	621	452,209	-	-	452,830	905,660
Suppliers	54,317	-	-	-	54,317	108,634
Derivative financial instruments	157	-	-	-	157	314
Leases (i)	424	442	803	981	2,650	5,300
	55,519	452,651	803	981	509,954	1,019,908

(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 hydro power generating plants of CESP participate in the Energy Reallocation Mechanism ("MRE"), which seeks to achieve for all participating generators the sale of their physical guarantee, regardless of their actual production, reallocating and transferring those with surplus energy to those with shortfalls.

If 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 a deficit arises (measured by the hydrological risk "GSF"), which results in negative financial exposures for these generators, regardless of the individual generation level of each plant.

(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.

Auren Energia S.A.

Explanatory notes

In thousands of reais unless otherwise stated

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 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.

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

25.5 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, TJLP and IPCA. The sensitivity scenarios have been developed using market sources and specialist sources.

The scenarios at December 31, 2023 are described below:

Scenario I - Considers market quotations of December 31, 2023, according to the base scenario defined by Management to March 31, 2024;

Scenario II - Stressing by + or - 25% in the market curves of December 31, 2023;

Scenario III - Stressed by + or - 50% in the market curves of December 31, 2023.

					Consolidated				
					Impacts on the result				
					Scenario I		Scenarios II & III		
Risk factors	Nature of operation	Balance	Unit	Shock in the curves at 12/31/2023	Scenario I results	-25%	-50%	+25%	+50%
Interest rates									
BRL-CDI 11.65%	Cash equivalents, financial investments and liquidity fund - reserve account	3,428,837	BRL thousands	-69 bps	(23,299)	(99,005)	(198,011)	99,005	198,011
BRL-CDI 11.65%	Principal of derivative financial instruments (i)	(37)	BRL thousands	-81bps	(6)	(43)	(89)	40	77
BRL-CDI 11.65%	Loans, financing and debentures (i)	544,828	BRL thousands	-69 bps	3,734	15,868	31,736	(15,868)	(31,736)
BRL - TJLP 6.53%	Loans, financing and debentures (i)	1,440,686	BRL thousands	-2 bps	288	23,519	47,038	(23,519)	(47,038)
BRL - IPCA 4.62%	Loans, financing and debentures (i)	4,505,991	BRL thousands	38 bps	(17,123)	52,044	104,088	(52,044)	(104,088)

					Parent Company				
					Impacts on the result				
					Scenario I		Scenarios II & III		
	Nature of operation	Balance	Unit	Shock in the curves at 12/31/2023	Scenario I results	-25%	-50%	+25%	+50%
Interest rates									
BRL-CDI 13.65%	Cash equivalents	577,535	BRL thousands	-69bps	(3,958)	(16,821)	(33,641)	16,821	33,641
BRL-CDI 13.65%	Loans, financing and debentures (ii)	394,292	BRL thousands	-69bps	2,703	11,484	22,968	11,484	22,968

* *bps - basis points*

- (i) The balances presented do not agree directly to the Derivative financial instruments line as the analysis performed considered only the scenarios of interest rates on the principal amount of the financial operations.
- (ii) Loans, financing and debentures do not include funding costs.

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

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 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 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 operation	Balance	Unit	Consolidated Hypothetical impacts on the income		
				Scenario I	Scenario II	Scenarios III
Purchase and sale contracts - fair value	Energy futures contracts	181,347	BRL thousands	181,347	159,876	202,959

26 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	Due Date
Assets	Property Damage and Business Interruption	until June/2024
RCG	RC Operations, Employer, Sudden Pollution, Pain and Suffering, among others	until February/2024
D&O	Compensation to Officers, Reimbursement to Borrower, among others	until April/2024

The total premium paid by the Company and its subsidiaries for contracting the insurance is approximately R\$ 21,739 at December 31, 2023 (R\$ 19,915 at December 31, 2022).

Auren Energia S.A.**Explanatory notes**

In thousands of reais unless otherwise stated

27 Long term commitments

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

	2024	2025	2026	2027	2028	From 2029	Consolidated Total
Charges for use of the power grid	348,751	347,919	347,919	347,919	347,919	9,133,619	10,874,046
Financial Compensation for the Use of Water Resources - (CFURH)	58,596	56,904	56,904	56,904	56,904	1,498,483	1,784,695
Operation and maintenance services - O&M (i)	106,210	106,784	108,739	110,103	121,248	121,974	675,059
Rentals and leases (ii)	8,860	13,929	13,737	15,203	16,070	381,444	449,243
Electric Energy Services Inspection Fee (TFSEE)	11,635	11,635	11,635	11,635	11,635	300,154	358,329
Renegotiation of hydrological risk	31,985	31,898	31,898	31,898	15,993	-	143,672
Connection fees	173	173	173	173	173	4,544	5,409
	566,210	569,242	571,005	573,835	569,942	11,440,218	14,290,453

- (i) The wind farm subsidiaries have future commitments signed with suppliers GE, Siemens Gamesa and Vestas for the operation and maintenance service of the farms' operational equipment, which are valid until 2032, 2037 and 2040, respectively.
- (ii) 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 1.1, Operations.

28 Subsequent events**28.1 Approval of additional dividends**

The Board of Directors approved, on February 7, 2024, the proposal for the distribution of extraordinary dividends in a total amount of R\$400,000, equivalent to R\$0.40 per share, to be submitted for deliberation at the Ordinary and Extraordinary General Meeting of the Company to be carried out on April 30, 2024, paid through the use of part of the existing balance in the profit reserve (investment reserve) as of December 31, 2023.