

AES Brasil Energia S.A.

Individual and consolidated financial statements as of December 31, 2023, prepared in accordance with accounting practices adopted in Brazil (CPCs) and international accounting standards (IFRS), with the Independent Auditor's Report on the financial statements.

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MANAGEMENT REPORT 2023

AES BRASIL ENERGIA S.A.

Dear

Shareholders,

The management of AES Brasil Energia S.A., in compliance with legal and statutory provisions, submits to your appreciation the Management Report and its financial statements, together with the independent auditor's report on these statements, for the year ended December 31, 2023.

PROFILE

AES Brasil dedicates its efforts and work to becoming a diversified generation platform, and stands out for its 100% renewable portfolio, its customer focus and its excellence as an asset manager. The growing demand from Brazilian companies for sustainability and efficiency gains in their production chains, which is evidenced by the consistent growth of the free market, drives the growth of our business. In addition, the Company's goal is to increase its generation capacity, diversifying its portfolio with non-hydro sources and long-term agreements. The central pillar of this goal is diligence in assessing growth opportunities, always focusing on generating value for its shareholders.

Our Strategy is:

Being the Customer's Best Choice in Free Market: this implies offering quality products, suitable to the customer needs, through agility and digitalization in our processes. Regulatory discussions are advancing and point to more market liberalization and sophistication. The opening of the free energy market will bring new business opportunities and improvements to the sector, aiming to include new technologies and improvement instruments to reduce risks, enhancing the confidence of financiers, operators and investors. To cope with these changes, we want to be prepared to offer customized products, promoting the best solutions and experience for our customers.

All of this supported by 3 drivers:

Resilience: we invest in projects to grow and diversify our portfolio of generating assets, with sources that complement each other seasonally (hydro, wind and solar). We work with market intelligence to harness opportunities in energy trading and mitigate risks, optimizing the level of contracting of the generator park.

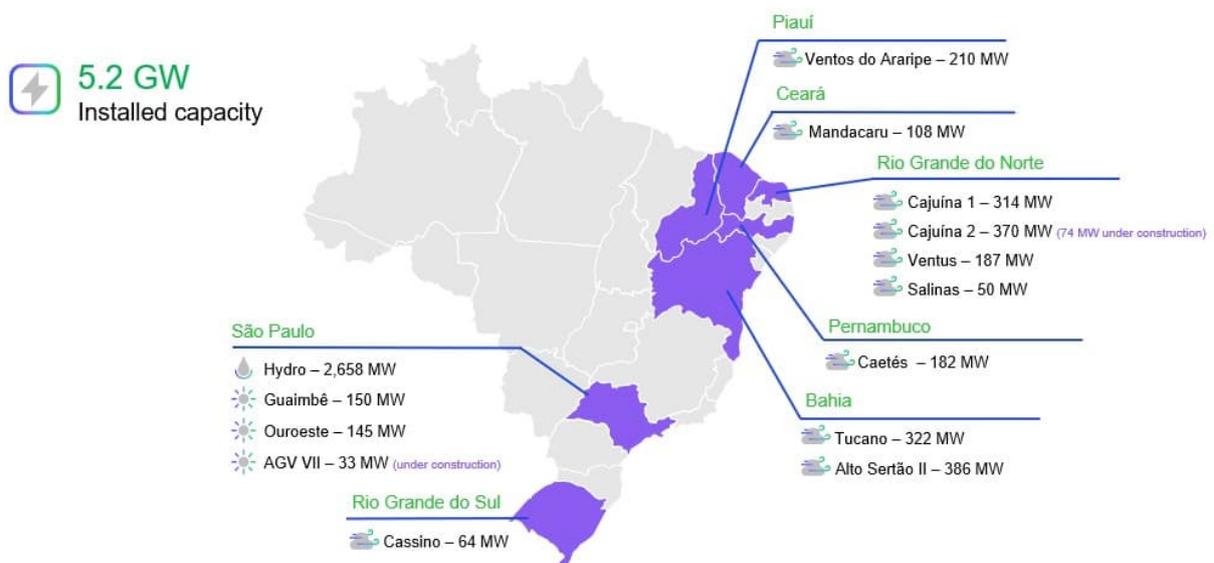
Competitiveness: the continuous search for improved operational and financial efficiency ensures that we play a leading role in the free energy market. Our work is customer-focused, developing customized products and solutions that exceed expectations in providing carbon-free energy 24 hours a day, 7 days a week.

Responsibility: we conduct and develop our business to foster positive impacts while avoiding or minimizing negative impacts. With ethics and transparency, our corporate governance and decision-making processes consider the best practices and criteria for the management of social and environmental aspects.

To learn more about AES Brasil's portfolio of solutions and products, visit aesbrasil.com.br.

PORTFOLIO

The Company's activities are regulated and overseen by the Brazilian Electric Power Regulatory Agency ("ANEEL"), an agency under the Ministry of Mines and Energy ("MME"). Currently, AES Brasil has a portfolio of renewable assets with 5.2 GW of 100% renewable, fully contracted, installed capacity, with 5.1 GW in operation and around 0.1 GW in final construction phase (Cajuína 2 and AGV VII).



With extensive experience in the operation of renewable assets, the Company has a high potential for growth in the wind and solar segments, with a pipeline of projects in different stages of evolution that could add up to 4 GW of installed capacity to its portfolio.

OPERATING PERFORMANCE

Hydropower

System Structure

The revenue from hydropower generation is related to the energy allocation strategy adopted by the Company, and not directly to its generation volume, since hydropower plants are part of the Energy Reallocation Mechanism (ERM), a financial mechanism for sharing hydrological risk.

AES Brasil's power plants represent approximately 2% of the entire physical hydro guarantee that makes up the ERM. In this context, results arising from hydropower generation are not purely related to the Company's generation volume, but to the performance of the entire set of plants belonging to this mechanism, proportionally to the representativeness of each agent in this system.

Dispatch of hydropower plants belonging to ERM is determined by the National System Operator (ONS) and was higher in 2023, as a result of higher reservoir levels versus 2022.

AES BRASIL Performance

The total volume of gross energy generated by AES Brasil's hydropower plants reached 12,197 GWh in 2023, 45% higher than 2022 (8,399 GWh), reflecting the increased rainfall (102% of MLT at SIN in 2023 vs. 98% in 2022) and recovery of system reservoirs to levels above the average of the last 10 years (SIN reservoir level: 77% at the end of December 2023 vs. 63% at the end of December 2022).

For plants participating in ERM, the main indicator of operational performance is the availability index. AES Brasil's hydro power plants had an average availability of 92% in 2023.

Windpower

Gross wind generation was 4,903 GWh in 2023, 108% higher than the 2022 (2,359 GWh). This performance reflects: (i) the generation of the 3 new wind complexes (Ventos do Araripe, Caetés and Cassino) that have been consolidated in the Company's portfolio as of December 2022 which, together, contributed with a gross generation of 1,656 GWh in 2023; and (ii) the phased start-up at Tucano and Cajuína which, together, contributed with 985 GWh in 2023.

Furthermore, the better performance of wind generation is the result of higher average wind speeds (7.9 m/s in 2023 vs 7.6 m/s in 2022), with emphasis on Ventos do Araripe (+20% in 2023). The consolidated average availability of wind farms also played a significant role in generation growth, with a consolidated increase of 1.6 p.p. in the year.

It is important to highlight that the performance of wind farms in 2023 was impacted by the incidence of curtailment (287 GWh in 2023 vs 47 GWh in 2022), mainly in the Northeast Region. Curtailment recorded in the year was mainly concentrated in the second half of the year, as a result of the blackout occurred in August 2023 and the operational measures adopted by the ONS in response to this event.

Solar Power

Solar complexes recorded gross generation of 561 GWh, down 6% versus 2022 (594 GWh).

In general, operational indicators of the Complexes showed a positive evolution during 2023. Consolidated average availability reached 99.1% in 2023, expanding 1.2 p.p. compared to 2022. The

highlight was the performance of Boa Hora and Guaimbê Solar Complexes, whose availability exceeded 99% in 2023. Furthermore, irradiance recorded in 2023 was 1% higher in the year, reflecting the high temperatures seen in the Southeast, especially in the second half of the year. On the other hand, the incidence of curtailment in the Company's solar portfolio, totaling 18 GWh in 2023, offset the reported performance.

ECONOMIC AND FINANCIAL PERFORMANCE

AES Brasil Energia (BRL million)	2022	2023	Var
Net Operational Revenue	2.845.057	3.431.516	21%
Energy Costs ¹	-1.126.058	-1.084.086	-4%
Net margin	1.718.999	2.347.430	37%
Operational Costs	-322.266	-458.574	42%
General and Administrative Expenses	-217.903	-190.968	-12%
Other Operating Revenues (Expenses)	4.864	-11.350	-333%
Costs & Expenses	-535.305	-660.892	23%
Depreciation and Amortization	-505.891	-654.814	29%
TOTAL OPERATING EXPENSES AND REVENUES	-1.041.196	-1.315.706	26%
EBIT	677.803	1.031.724	52%
Finance Income	392.246	485.567	24%
Finance Costs	-700.878	-1.117.787	59%
FINANCE INCOME (COSTS)	-308.632	-632.220	105%
Equity Income	20.048	8.836	-56%
EBT	389.219	408.340	5%
Income Tax and Social Contribution	-74.496	-102.314	37%
Deffered Income Tax and Social Contribution	5.424	27.261	403%
TOTAL INCOME TAXES	-69.072	-75.053	9%
NET INCOME	320.147	333.287	4%
Atribuído a acionistas da empresa controladora	149.700	134.041	-10%
Atribuído a acionistas não controladores	170.447	199.246	17%

1 – Includes sector and transmission charges.

Revenue and Net Margin

Net operating revenue totaled R\$ 3,431,516 thousand in 2023, with 21% increase vs. 2022 (R\$ 2,845,057 thousand). AES Brasil's net operating margin totaled R\$ 2,347,430 thousand, representing 37% increase vs. the net operating margin for 2022 (R\$ 1,718,999 thousand). The change between periods can be mainly explained by:

- Hydro: better performance as a result of the active management of the portfolio in an environment of favorable hydrology, with the highlight for the increase in the volume sold during the year at an average price 4% higher, combined with a 19% decrease in the average energy purchase price.
- Wind: increase due to the wind complexes incorporated into the portfolio in December 2022 (Ventos do Araripe, Caetés and Cassino) and the phased start of commercial operation of Tucano and Cajuína, partially offset by the higher incidence of curtailment in all assets, reflecting the limitations of the transmission network and ONS restrictions.
- Solar: The increase reflects the annual adjustment in the price of agreements regulated by inflation.

Operating Costs and General and Administrative Expenses

In 2023, costs and expenses (excluding depreciation and amortization) amounted to R\$ 660,892 thousand, 23% higher than the amount reported in 2022 (R\$ 535,305 thousand), reflecting:

Non-Recurring Items:

- 2022: lower costs and expenses for the period as a result of the reversal of the allowance for doubtful accounts, PIS/COFINS credits from previous years and the adjustment to the purchase price of Guaimbê Holding Solar Complex, partially offset by the biannual maintenance of the locks at the hydro power plants.
- 2023: sale of Distributed Generation assets, partially offset by reversals of contingencies, receipt of bankruptcy filings from Banco Santos and reversal of payroll provisions.

Inflation: adjustment of costs and expenses for period inflation. It is important to highlight that all of the Company's PPAs (ACR and ACL) are also adjusted annually for inflation.

Growth: expenses for Tucano and Cajuína Wind Complexes, in addition to the assets incorporated into the portfolio in December 2022 (Ventos do Araripe, Caetés and Cassino).

Recurrent Items: higher personnel costs due to the increase in headcount, as well as growth in third-party services and materials.

EBITDA

In 2023, consolidated EBITDA reached R\$ 1,686,538 thousand, 42% higher than 2022 EBITDA (R\$ 1,183,694 thousand), explained by:

- Hydro: increase resulting from the active portfolio management in a favorable hydrology environment, with an increase in volume sold combined to a lower average purchase energy price.
- Wind: increase resulting mainly from the contribution of the new wind complexes Ventos do Araripe, Caetés, Cassino, Tucano and Cajuína, partially offset by the impact of curtailment on all assets in the portfolio.
- Solar: increase resulting from the adjustment of agreement for inflation, combined with the reduction in expenses.

Finance Income (Costs)

Finance income (costs) recorded in 2023 was a negative balance of R\$ 632,220 thousand, where:

Finance Income: R\$ 485,567 thousand in 2023 (vs. R\$ 392,246 thousand in 2022). The increase when comparing the periods can be explained mainly by: (i) the better strategy for allocating the funds available for investment; (ii) the higher yield on guarantees and judicial deposits; and (iii) the higher average rate of return in the period.

Finance Costs: R\$ 1,117,787 thousand in 2023 (vs. R\$ 700,878 thousand in 2022). The increase when comparing the periods can be explained mainly by the higher debt balance between periods (R\$ 11,673,629 thousand in December 2023 and R\$ 10,967,100 thousand in December 2022).

Equity Pickup

Equity pickup result was a positive balance of R\$ 8,836 thousand in 2023 (vs R\$ 20,048 thousand in 2022), resulting from the recognition of the net result of the Joint Venture with Unipar (50% AES Brasil) which, in turn, reflected a lower amount recorded as compensation for delays by the wind turbine supplier compared to 2022.

Net Income

Due to the factors mentioned above, consolidated net income reached R\$ 333,287 thousand in 2023, 4% higher compared to 2022 (R\$ 320,147 thousand).

Shareholder Remuneration

In a meeting held on February 26, 2024, the Board of Directors recommended the payment of dividends for the year 2023 in the amount of R\$ 44 million (equivalent to R\$ 0.0731/share), to be approved in the Annual Shareholders' Meeting to be held on April 22, 2024.

Indebtedness

AES Brasil ended 2023 with consolidated gross debt¹ of R\$ 11,673,629 thousand, 6% higher than the same period in 2022. The increase in the balance is mainly explained by:

- I. Full BNB disbursement in Tucano Complex in 1Q23 (R\$ 37 million);
- II. Funding via 4131 instrument in 1Q23 (R\$ 571 million);
- III. Funding from the 1st issue of debentures by Veleiros, Cajuína and Unipar JV, in 1Q23 (R\$ 400 million);
- IV. Funding from the 2nd issue of Veleiros debentures in 4Q23 (R\$ 160 million), followed by partial prepayment of the 1st issue, resulting in a remaining balance of R\$ 292 million; and

¹ Includes Loans, financing and debentures from current and noncurrent liabilities, net of derivative transactions related thereto and energy purchase and sale transactions.

V. Interest, amortization and inflation adjustments incurred and/or paid between periods, in addition to changes at AES Brasil Operações S.A., a Company's subsidiary.

As of December 31, 2023, AES Brasil consolidated cash² amounted to R\$ 2,629,645 thousand. Therefore, consolidated net debt is shown below:

Indebtedness (R\$ thousand)	AES Brasil		
	2022	2023	Var
Gross Debt	10.967.100	11.673.629	6%
Cash	4.398.593	2.629.645	-40%
Net Debt	6.568.507	9.043.984	38%

Note: includes Financing Guarantees to make up Cash.

SHAREHOLDING STRUCTURE

As of December 31, 2023, the subscribed and paid-in capital of AES Brasil was R\$ 2,196,958 thousand, represented by common shares, as detailed below:

Shareholding Structure	Total (Common Shares)	% Total
AES Corporation ¹	284,823,374	47.32%
BNDESPAR	42,030,280	6.98%
Luiz Barsi Filho	30,190,000	5.02%
Other	244,883,657	40.68%
Total	601,927,311	100.0%

¹ Indirect interest through AES Holdings Brasil S.A. and AES Holdings Brasil II S.A.

INDEPENDENT AUDIT

Throughout fiscal year 2023, AES Brasil Energia used independent audit services by Ernst & Young Auditores Independentes S.S ("EY"):

In 2023, the services provided by EY were: (i) auditing and issuing a report on the individual and consolidated financial statements for the year ended December 31, 2023, prepared in compliance with the accounting practices adopted in Brazil and the international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB), with free translation from Portuguese into English; (ii) reviewing and issuing a report on the individual and consolidated Quarterly Information (ITRs) required by the Brazilian Securities and Exchange Commission (CVM) for the quarters ended March 31, June 30 and September 30, 2023 and (iii) auditing and issuing a report on the application of agreed-upon procedures to the Asset Control Report (RCP), drawn up in accordance with Aneel Resolution 367/2009, which must comply with the work program defined in Annex 1 of the Guidance Manual for Audit Work on the Asset Control Report (RCP). Items (i), (ii) and (iii) total an amount of R\$ 3,200,961.27; (iv) auditing for consolidation purposes by indirect parent company The AES Corporation, based in the United States of America, in the total amount of R\$ 1,581,287.00 million and (v) issuing reports with factual findings in

² Includes cash and financial investments.

accordance with standard NBC TSC 4400 - Work on Previously Agreed Procedures, issued by the Federal Accounting Board, which is equivalent to international standard ISRS 4400, issued by the International Federation of Accountants, in the amount of R\$ 443,945.95. The total amount of the services provided by EY is R\$ 5,226,194.22. The services described above in items (i), (ii) and (iii) were contracted on 04/18/2023 and have a contracting period of 12 months. Those described in item (iv) have a contracting period of 18 months, starting from 01/01/2023. Those described in item (v) were contracted on 05/02/2023 and have a contracting period of 12 months.

The Company's Management, as well as its independent auditors, understand that the services mentioned above are characterized as audit-related services and, accordingly, do not affect EY's independence and objectivity, required for the performance of audit services in accordance with the rules in force in Brazil.

When hiring other services from its independent auditors, AES Brasil complies with its Policy for Hiring Independent Auditors, which is based on the principles that preserve the auditor's independence and consist of: (a) the auditor must not audit his/her own work, (b) the auditor must not exercise managerial positions in the Company and (c) the auditor must not promote the Company's interests.

São Paulo, February 26, 2024.

Independent Auditor's Report on the individual and consolidated financial statements

To the Board of Directors and shareholders of
AES Brasil Energia S/A
São Paulo – SP

Opinion

We have audited the accompanying individual and consolidated financial statements of AES Brasil Energia S/A (“Company”), identified as individual and consolidated, respectively, which comprise the statement of financial position as of December 31, 2023 and the statements of profit or loss, of comprehensive income, of changes in equity and of cash flows for the year then ended, and a summary of material accounting policies and other explanatory information.

Opinion on the individual financial statements

In our opinion, the individual financial statements referred to above present fairly, in all material respects, the financial position of the Company at December 31, 2023, its financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter described below, a description of how our audit has addressed it, including any comments on the results of our procedures is presented in the context of the financial statements taken as a whole.

We have fulfilled the responsibilities described in the “Auditor Responsibilities for the audit of the individual and consolidated financial statements section, including those relating to this key audit matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of risks of material misstatement of the financial statements. The results of our procedures, including those performed to address the matter below, provide the basis for our audit opinion on the Company's financial statements.

Recognition of revenue and costs from energy purchase and sales

In the year ended December 31, 2023, the Company recognized consolidated operating revenues in the amount of R\$ 4,111,743 thousand, as disclosed in Note 25, and consolidated costs relating to energy purchase in the amount of R\$ 2,196,958 thousand, as disclosed in Note 26. Revenues arise from energy supply operations, which are recognized when the contractual obligation to deliver energy is performed and the sale value can be measured reliably.

The revenue process also includes the measurement of revenue not billed to the customer, related to energy supply, calculated on an estimated basis, until December 31, 2023, using certain assumptions arising from energy purchase and sale agreements.

Revenue is an important indicator of the performance of the Company and its management, which may create an incentive to recognize revenue before fulfilling the performance obligation, or to postpone cost recognition. Therefore, there is a risk that a revenue or cost may be recognized outside its accrual period, especially in the period before the end of the year.

Monitoring this matter was considered significant for our audit, given the inherent risk involving revenue and cost recognition in a period other than that in which the performance obligation was met, in addition to the significant volume of transactions and the magnitude of the amounts involved.

How our audit addressed this matter

Our audit procedures included, among others: (i) Assessing the adequacy of the accounting policies adopted by the Company in recognizing revenue; (ii) Understanding internal controls related to revenue recognition and the Company's control environment; (iii) Comparing the energy summary issued by the Electric Energy Trading Chamber - CCEE with the Company's Energy Balance, with the purpose of corroborating the amount of energy traded in the period and the amounts recorded, including the unbilled amount recognized on the base date and realized on a subsequent date; and (iv) Assessing the adequacy of the disclosures made by the Company regarding revenues and costs, included in Notes 25 and 26, to the individual and consolidated financial statements.

Based on the results of the audit procedures performed on the recognition of revenues and costs, which is consistent with the Company's assessment, we consider that the criteria and assumptions used are acceptable, as are the respective disclosures in the context of the individual and consolidated financial statements taken as a whole.

Other matters

Statements of Value Added

The individual and consolidated statements of value added for year ended December 31, 2023, prepared under the responsibility of Company's executive board, and presented as supplementary information for IFRS purposes were submitted to audit procedures performed in conjunction with the audit of the Company's individual and consolidated financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by Accounting Pronouncement NBC TG 09 – Statement of Value Added. In our opinion, these individual and consolidated statements of value added have been prepared fairly, in all material respects, in accordance with the criteria set forth in this Accounting Pronouncement and are consistent with the overall individual and consolidated financial statements.

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

The executive board is responsible for such other information, which comprises the Management Report.

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

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

Responsibilities of the executive board and those charged with governance for the individual and consolidated financial statements

The executive board is responsible for the preparation and fair presentation of the individual financial statements in accordance with the accounting practices adopted in Brazil, and of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as referred to board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

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

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

Auditors' responsibilities for the audit of individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual 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 not a guarantee that the 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 the audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting any material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve override of internal controls, collusion, forgery, intentional omissions or misrepresentations.
- Obtained 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 internal control of the Company and its subsidiaries.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.

- Concluded on the appropriateness of executive board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast substantial doubt as to the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the corresponding transactions and events in a manner that achieves fair presentation.

We communicate with those in charge of 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 identified during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and communicate all relationships and matters that could materially affect our independence, including, where applicable, the respective safeguards.

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

São Paulo, February 26, 2024

ERNST & YOUNG
Auditores Independentes S/S Ltda.
CRC- SP 034519/O



Adilvo França Junior
Accountant CRC- 1BA021419/O

STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and December 31, 2022
(Amounts in thousands of Brazilian Reais - R\$)

	Note	Individual		Consolidated	
		2023	2022	2023	2022
CURRENT ASSETS					
Cash and Cash Equivalents	3	95	35,056	281,683	195,872
Short-term investments	3	342,813	352,000	1,733,262	3,587,700
Trade accounts receivable	4	—	—	375,660	335,767
Income and social contribution taxes recoverable	5	9,841	8,045	101,211	94,288
Other taxes recoverable	5	—	—	4,614	6,813
Derivative financial instruments	31.1	—	—	31,527	69,256
Guarantees and restricted deposits	7	678	—	37,320	287,185
Reimbursement account	8	—	—	9,718	21,074
Other receivables	9	10,358	91	197,211	180,567
TOTAL CURRENT ASSETS		363,785	395,192	2,772,206	4,778,502
NONCURRENT ASSETS					
Income and social contribution taxes recoverable	5	18,509	9	75,235	10,414
Deferred taxes	6	2,081	966	127,958	129,287
Guarantees and restricted deposits	7	74	—	577,380	327,836
Derivative financial instruments	31.1	—	—	34,941	585
Reimbursement account	8	—	—	7,854	4,157
Other receivables	9	1,010	—	35,604	39,471
Equity interests	10	6,105,386	5,300,840	106,852	107,539
Property, Plant & Equipment, net	11	1,001	2,460	13,691,750	11,173,804
Intangible assets, net	12	1,232	113	2,050,140	2,360,851
TOTAL NONCURRENT ASSETS		6,129,293	5,304,388	16,707,714	14,153,944
TOTAL ASSETS		6,493,078	5,699,580	19,479,920	18,932,446

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

STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and December 31, 2022
(Amounts in thousands of Brazilian Reais - R\$)

	Notes	Individual		Consolidated	
		2023	2022	2023	2022
CURRENT LIABILITIES					
Trade accounts payable	13	1,719	598	375,775	267,913
Loans, financing and debentures	15	243,171	40,062	2,308,744	877,133
Lease liabilities	16	1,143	1,363	7,935	8,509
Income and social contribution taxes payable	14	—	—	17,600	17,798
Other taxes payable	14	2,999	479	60,417	48,558
Dividends and interest on equity payable		45,057	147	45,976	286
Provision for legal proceedings and others	18	680	—	9,324	23,498
Derivative financial instruments	31.1	35,365	1,485	143,799	88,162
Sector charges	19	—	—	21,651	14,255
Obligations in acquisitions	20	—	—	131,990	137,954
Reimbursement account	8	—	—	137,633	298,257
Other obligations	21	2,220	3,343	71,567	57,982
TOTAL CURRENT LIABILITIES		332,354	47,477	3,332,411	1,840,305
NONCURRENT LIABILITIES					
Loans, financing and debentures	15	1,603,488	1,258,481	9,149,383	10,017,897
Lease liabilities	16	—	1,166	212,175	171,712
Deferred taxes	6	—	—	8,486	141,421
Post-employment benefit obligations	17	—	—	104,007	110,690
Provision for legal proceedings and others	18	—	—	64,982	71,950
Derivative financial instruments	31.1	38,131	998	257,382	218,731
Obligations in acquisitions	20	—	—	—	108,137
Reimbursement account	8	—	—	638,914	433,363
Other obligations	21	138	280	132,757	244,445
TOTAL NONCURRENT LIABILITIES		1,641,757	1,260,925	10,568,086	11,518,346
EQUITY					
Subscribed and paid-in capital	22	2,196,958	2,196,958	2,196,958	2,196,958
Treasury shares	22	(15)	—	(15)	—
Capital reserve	22.1	1,258,949	1,259,106	1,258,949	1,259,106
Profit reserve	22.1	1,231,057	1,090,752	1,231,057	1,090,752
Other comprehensive income	22.1	(167,982)	(155,638)	(167,982)	(155,638)
Subtotal		4,518,967	4,391,178	4,518,967	4,391,178
Equity interest of non-controlling shareholders	22.2	—	—	1,060,456	1,182,617
TOTAL EQUITY		4,518,967	4,391,178	5,579,423	5,573,795
TOTAL LIABILITIES AND EQUITY		6,493,078	5,699,580	19,479,920	18,932,446

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

STATEMENTS OF PROFIT OR LOSS
December 31, 2023 and 2022
(Amounts in thousands of Brazilian Reais - R\$, except earnings per share)

	Notes	Individual		Consolidated	
		2023	2022	2023	2022
Net operating revenue	25	—	—	3,431,516	2,845,057
Energy production and operation cost	26	—	—	(2,196,958)	(1,972,535)
GROSS PROFIT		—	—	1,234,558	872,522
General and administrative	27	(21,214)	(19,471)	(192,749)	(199,583)
Other operating income (expenses)	28	445	(1,124)	(10,085)	4,864
TOTAL OPERATING EXPENSES AND INCOME		(20,769)	(20,595)	(202,834)	(194,719)
OPERATING PROFIT		(20,769)	(20,595)	1,031,724	677,803
Finance income		90,142	35,699	485,567	392,246
Finance costs		(269,265)	(152,267)	(1,117,787)	(700,878)
TOTAL FINANCE INCOME (COSTS)	29	(179,123)	(116,568)	(632,220)	(308,632)
Equity Pickup	10	333,983	286,868	8,836	20,048
INCOME BEFORE INCOME TAXES		134,091	149,705	408,340	389,219
Current income and social contribution taxes		—	—	(102,314)	(74,496)
Deferred income and social contribution taxes		(50)	(5)	27,261	5,424
TOTAL INCOME TAXES	6	(50)	(5)	(75,053)	(69,072)
NET INCOME FOR THE YEAR		134,041	149,700	333,287	320,147
Attributed to shareholders of the parent company		134,041	149,700	134,041	149,700
Attributed to non-controlling shareholders		—	—	199,246	170,447
Earnings per share (in Brazilian reais)					
Basic	24.1	0.22269	0.28881	0.22269	0.28881
Diluted	23.2	0.21889	0.28158	0.21889	0.28158

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

STATEMENTS OF COMPREHENSIVE INCOME
December 31, 2023 and 2022
(Amounts in thousands of Brazilian Reais - R\$)

	Notes	Individual		Consolidated	
		2023	2022	2023	2022
NET INCOME FOR THE YEAR		134,041	149,700	333,287	320,147
Other comprehensive income					
- Items that will not be reclassified subsequently to profit or loss					
Indirect effect on remeasurement of private pension obligation		7.873	21.038	—	—
Remeasurement of the private pension obligation		—	—	11.929	31.876
Income and social contribution taxes on remeasurement of the private pension obligation	6.1	—	—	(4,056)	(10,838)
Indirect effect on PIA remeasurement		(1.142)	107	—	—
Remeasurement of PIA obligation		—	—	(1.730)	162
Income and social contribution taxes on remeasurement of the PIA obligation	6.1	—	—	588	(55)
- Items that will be reclassified subsequently to profit or loss					
Equity pickup on cash flow hedge of subsidiary		56.736	(68.251)	—	—
Deferred income and social contribution taxes		(20.729)	23.289	—	—
Cash flow hedge	31	(3.377)	(2.857)	53.643	(70.824)
Deferred income and social contribution taxes on cash flow hedge	6.1	1,165	971	(19,564)	24,260
Equity interest repurchase option	21	(1,690)	78,344	(1,690)	78,344
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAXES		172,877	202,341	372,407	373,072
Attributed to shareholders of the parent company				172,877	202,341
Attributed to non-controlling shareholders				199,530	170,731

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

STATEMENTS OF CHANGES IN EQUITY
December 31, 2023 and 2022
(Amounts in thousands of Brazilian Reais - R\$)

Description	Notes	Profit reserves							Other comprehensive income	Retained earnings	Subtotal equity - Parent Company	Equity interest of non-controlling shareholders (Note 22.2)	Consolidated Equity
		Capital	Treasury Shares	Capital reserve	Investment Reserve	Unearned Profit Reserve	Legal reserve	Statutory Reserve					
Balance as of December 31, 2021		2,116,001	—	321,469	843,696	74,671	20,801	—	(153,563)	—	3,223,075	811,161	4,034,236
Net income for the year		—	—	—	—	—	—	—	—	149,700	149,700	170,447	320,147
<u>Other comprehensive income</u>		—	—	—	—	—	—	—	52,641	—	52,641	284	52,925
<u>Transactions with shareholders:</u>													
Share-based compensation		—	—	916	—	—	—	—	—	—	916	—	916
Capital reserve		—	—	—	—	—	—	—	—	—	—	164,099	164,099
Payment of dividends		—	—	—	—	—	—	—	—	(52,877)	(52,877)	(166,557)	(219,434)
Dividends and interest on equity not redeemed		—	—	—	—	—	—	—	—	45	45	—	45
Capital increase		50,000	—	967,678	—	—	—	—	—	—	1,017,678	203,183	1,220,861
Capital increase through partial capitalization of the Subsidiary's Special Goodwill Reserve		30,957	—	(30,957)	—	—	—	—	—	—	—	—	—
<u>Internal changes in Equity:</u>													
Equity valuation adjustments, net of taxes		—	—	—	—	—	—	—	(54,716)	54,716	—	—	—
Set up of reserves with profit for the year		—	—	—	141,363	—	10,221	—	—	(151,584)	—	—	—
Balance as of December 31, 2022		2,196,958	—	1,259,106	985,059	74,671	31,022	—	(155,638)	—	4,391,178	1,182,617	5,573,795
Net income for the year		—	—	—	—	—	—	—	—	134,041	134,041	199,246	333,287
<u>Other comprehensive income</u>		—	—	—	—	—	—	—	38,836	—	38,836	284	39,120
<u>Transactions with shareholders:</u>													
Treasury Shares - Minority shareholders		—	(15)	—	—	—	—	—	—	—	(15)	—	(15)
Share-based compensation		—	—	(157)	—	—	—	—	—	—	(157)	—	(157)
Mandatory minimum dividends		—	—	—	—	—	—	—	—	(43,989)	(43,989)	(782)	(44,771)
Dividends - Unearned profit reserve	33	—	—	—	—	(922)	—	—	—	(5)	(927)	—	(927)
Payment of interim dividends	22.2 and 33	—	—	—	—	—	—	—	—	—	—	(217,693)	(217,693)
Capital reduction in subsidiaries	22.2	—	—	—	—	—	—	—	—	—	—	(103,216)	(103,216)
<u>Internal changes in Equity:</u>													
Equity valuation adjustments, net of taxes		—	—	—	—	—	—	—	(51,180)	51,180	—	—	—
Setup of reserves with profit for the year		—	—	—	—	—	9,261	131,966	—	(141,227)	—	—	—
Balance as of December 31, 2023		2,196,958	(15)	1,258,949	985,059	73,749	40,283	131,966	(167,982)	—	4,518,967	1,060,456	5,579,423

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

STATEMENTS OF VALUE ADDED
December 31, 2023 and 2022
(Amounts in thousands of Brazilian Reais - R\$)

	Individual		Consolidated	
	2023	2022	2023	2022
1. REVENUES	—	—	7,147,359	5,956,653
Gross revenue from energy sales	—	—	3,963,857	3,254,614
Other operating income	—	—	147,886	80,594
Revenues related to construction of own assets	—	—	3,035,616	2,621,445
2. INPUTS PURCHASED FROM THIRD PARTIES	(6,031)	(6,720)	(4,381,281)	(4,188,945)
Materials	(91)	(36)	(1,264,436)	(1,605,685)
Third party services	(6,398)	(5,587)	(1,751,158)	(1,246,749)
Purchased energy and transmission cost	—	—	(1,206,583)	(1,225,410)
Other operating costs	458	(1,097)	(159,104)	(111,101)
3. GROSS VALUE ADDED	(6,031)	(6,720)	2,766,078	1,767,708
4. RETENTIONS	(1,327)	(351)	(930,760)	(515,326)
Depreciation and amortization	(1,327)	(351)	(930,760)	(515,326)
5. NET VALUE ADDED PRODUCED BY THE ENTITY	(7,358)	(7,071)	1,835,318	1,252,382
6. VALUE ADDED RECEIVED FROM TRANSFER	428,502	324,307	515,404	426,276
Equity pickup	333,983	286,868	8,836	20,048
Finance income	94,519	37,439	506,568	406,228
7. TOTAL VALUE ADDED TO DISTRIBUTE	421,144	317,236	2,350,722	1,678,658
8. DISTRIBUTION OF VALUE ADDED	421,144	317,236	2,350,722	1,678,658
Personnel	11,130	11,109	193,899	160,898
Compensation and charges	8,173	7,417	151,490	121,148
Employee profit sharing	2,621	3,707	27,734	25,891
Private pension plan	336	(15)	5,244	5,811
FGTS	—	—	9,431	8,048
Taxes (Governments)	6,697	4,131	704,835	524,664
Federal	6,697	4,131	344,439	280,996
Income and Social Contribution Taxes	50	4	75,053	69,072
COFINS	3,766	1,497	165,940	123,098
PIS	612	243	68,245	58,953
INSS	2,153	2,101	32,264	26,716
Social charges - Others	116	286	2,937	3,157
State	—	—	243,795	158,771
ICMS	—	—	243,378	158,162
Other	—	—	417	609
Local	—	—	1,071	833
Property Tax	—	—	818	832
ISS	—	—	253	1
Sector charges	—	—	115,530	84,064
Research and development	—	—	21,935	21,130
ANEEL inspection fee	—	—	17,785	14,448
Financial offset for the use of water resources	—	—	75,810	48,486
Debt remuneration	269,276	152,296	1,118,701	672,949
Interest	269,265	152,267	1,114,851	671,591
Rents	11	29	3,850	1,358
Equity Remuneration	134,041	149,700	333,287	320,147
Retained earnings	133,114	96,823	133,114	96,823
Dividends	927	52,877	927	52,877
Equity interest of non-controlling shareholders	—	—	199,246	170,447

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

STATEMENT OF CASH FLOWS
December 31, 2023 and 2022
(Amounts in thousands of Brazilian Reais - R\$)

Notes	Individual		Consolidated	
	2023	2022	2023	2022
Operating activities:				
Net income for the year	134,041	149,700	333,287	320,147
Adjustments to reconcile net income for the year with cash flows from operating activities:				
Depreciation and amortization	25,941	2,911	654,814	507,567
Inflation adjustment and exchange difference	59,773	(282)	172,728	159,298
Provision for (reversal of) legal proceedings and others	18 680	—	(16,640)	250
Private pension expenses and retirement incentive program	17 —	—	11,557	12,167
Borrowing costs (debt charges) - net of capitalized interest	15 and 29 201,961	151,918	800,046	429,647
Interest on lease liabilities	16 246	48	16,939	11,117
Mark-to-market of derivatives	25 —	—	(3,934)	(7,779)
Income from short-term investments	29 (93,354)	(25,558)	(412,574)	(313,581)
Equity Pickup	10 (358,888)	(289,428)	(8,836)	(20,048)
Deferred income and social contribution taxes	6 50	5	(27,261)	(5,424)
Shares and stock options granted	—	631	(157)	916
Disposal of assets	12 —	—	18,176	1,572
Change in operating assets and liabilities	(17,959)	(2,471)	207,738	293,785
Trade accounts receivable	—	—	(39,893)	62,842
Taxes and social contributions to offset	(19,003)	(5,037)	47,145	66,876
Other receivables	(1,338)	3,044	(32,258)	(65,436)
Trade accounts payable	1,121	(2,306)	108,805	(133,121)
Other taxes payable	—	—	(43,582)	—
Income and social contribution taxes payable	—	—	102,314	42,950
Sector charges	—	—	7,396	—
Reimbursement account	—	—	62,516	177,651
Other obligations	1,261	1,828	(4,705)	142,023
	(47,666)	(12,526)	1,745,883	1,389,634
Payment of interest (debt charges)	15 and 29 (173,768)	(105,664)	(398,227)	(139,566)
Interest paid on lease liabilities	16 (246)	(48)	(15,895)	(8,766)
Payment of income and social contribution taxes	—	—	(163,264)	(139,506)
Payment of obligations with private pension plan entity	17 —	—	(8,041)	(3,275)
Payment of legal proceedings and other	18 —	—	(1,069)	(253)
(Investments) redemptions of short-term investments	15,493	(341,893)	1,822,522	(2,337,506)
Interest redeemed from short-term investments	85,755	12,446	456,414	214,388
Net cash flows from (used in) operating activities	(120,432)	(447,685)	3,438,323	(1,024,850)
Investing activities:				
Future capital contribution in subsidiary	10 (71,875)	—	—	—
Acquisitions of property, plant and equipment and intangible assets	11 and 12 (1,119)	(113)	(3,034,212)	(2,614,290)
Capital increase in subsidiaries and joint ventures	10 (367,291)	(814,249)	—	—
Investment acquisition, net of cash and cash equivalents of acquirees	20 —	(883,759)	(150,919)	(1,038,059)
(Investments) redemptions of guarantees and restricted deposits	7 (752)	—	2,921	(792)
Dividends received	—	552,877	—	—
Net cash flows from (used in) investing activities	(441,037)	(1,145,244)	(3,182,210)	(3,653,141)
Financing activities:				
Inflows from new loans and debentures	15 571,113	1,300,000	1,168,104	4,247,905
Cost of borrowings and debentures (transaction costs and premiums)	15 (324)	(8,249)	(9,739)	(75,484)
Payment of loans and debentures (principal)	15 (1,328)	(689,578)	(851,742)	(944,915)
Derivative instrument settlement	(41,677)	—	(217,328)	(151,027)
Dividends and interest on equity paid	33 (5)	(52,842)	(217,701)	(220,330)
Capital increase	22.2 —	1,017,678	—	1,220,861
Capital reduction	22.2 —	—	(103,216)	—
Purchase of treasury shares	(15)	—	(15)	—
Capital reserve	22.2 —	—	—	164,099
Payment of lease liabilities (principal)	16 (1,256)	(282)	(8,650)	(4,064)
(Investment) Redemption of financing guarantees	7 —	—	69,985	(20,225)
Net cash flows from (used in) financing activities	526,508	1,566,727	(170,302)	4,216,820
Increase (Decrease) in Cash and Cash Equivalents	(34,961)	(26,202)	85,811	(461,171)
Opening balance of cash and cash equivalents	35,056	61,258	195,872	657,043
Closing balance of cash and cash equivalents	95	35,056	281,683	195,872

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

1. GENERAL INFORMATION

AES Brasil Energia S.A. (the “Company” or “Parent Company”), is a publicly-held company, headquartered at Avenida Luiz Carlos Berrini, 1,376, 12th floor of Tower A - Room Digitalização, Brooklin Paulista, São Paulo - SP, having as its main purpose the control of companies operating mostly in the power generation industry. The Company is directly controlled by AES Holdings Brasil Ltda. and indirectly by The AES Corporation (“AES Corp”), headquartered in the United States of America.

The Company has a diversified portfolio of renewable energy generation, namely: hydro power generation, wind power generation and solar power generation.

1.1 Hydro power generation

Generator Park	Year of completion	Concession Period	Number of turbines	Installed capacity MW (i)	Physical guarantee MW (i)
Hydro Power Plants (HPP)					
Água Vermelha	1978	2032	6	1,396.2	694.5
Nova Avanhandava	1982	2032	3	347.4	125.5
Promissão	1975	2032	3	264.0	93.9
Bariri	1969	2032	3	143.1	59.6
Barra Bonita	1963	2032	4	140.8	46.7
Ibitinã	1969	2032	3	131.5	66.8
Euclides da Cunha	1960	2032	4	108.9	47.1
Caconde	1966	2032	2	80.4	32.5
Limoeiro	1958	2032	2	32.0	14.3
Small Hydro Power Plants (SHPP)					
Mogi-Guaçu	1994	2032	2	7.2	4.0
São José	2012	2036	2	4.0	1.6
São Joaquim	2011	2036	1	3.0	1.3
Total			35	2,658.5	1,187.8

(i) Information, in MWh, not audited by the independent auditors.

Pursuant to Administrative Ruling No. 709/2022 dated December 2, 2022, of the Ministry of Mines and Energy (MME), the review of the physical guarantees of hydro power plants was approved, effective from January 1, 2023.

Physical guarantee allocation

The physical guarantee allocation is part of the energy seasonality strategy, i.e., how much of the hydro generation capacity, in average MW, direct subsidiary AES Operações will allocate to each month of the current year to meet its energy sales agreements and capture market opportunities. When defining the energy allocation curve, or seasonality, the Company assesses several scenarios and factors that may impact its future generation capacity, such as the dispatch curve of thermal power plants, hydrological conditions, energy demand, reservoir levels, among other factors that may influence the decision.

1.2 Wind power generation

Wind power generation - Auctions

Wind Power Generator Park	Agreement / Auction	Adm. Ruling MME	Publication Adm. Ruling	Period of authorization	Period of authorization	Year of plant completion	Number of wind turbines	Installed capacity MW (i)	Physical guarantee MW (i)
Alto Sertão II Wind Complex									
Ametista	12th LEN/2011	135/2012	03/15/2012	03/14/2047	35 years	2015	17	28.6	10.3
Borgo	12th LEN/2011	222/2012	04/16/2012	04/15/2047	35 years	2016	12	20.2	11.2
Caetitê	12th LEN/2011	167/2012	03/23/2012	03/14/2047	35 years	2016	18	30.2	16.6
Dourados (ii)	12th LEN/2011	130/2012	03/14/2012	03/13/2047	35 years	2015	17	28.6	10.4
Espigão	12th LEN/2011	172/2012	03/26/2012	03/25/2047	35 years	2016	6	10.1	5.8
Maron	12th LEN/2011	107/2012	03/12/2012	03/11/2047	35 years	2015	18	30.2	12.5
Pelourinho	12th LEN/2011	168/2012	03/23/2012	03/22/2047	35 years	2016	13	21.8	12.4
Pilões (ii)	12th LEN/2011	128/2012	03/14/2012	03/13/2047	35 years	2015	18	30.2	11.4
Serra do Espinhaço	12th LEN/2011	171/2012	03/26/2012	03/25/2047	35 years	2016	11	18.5	10.6
Araçás	3rd LER/2010	241/2011	04/08/2011	03/07/2046	35 years	2014	19	31.9	15.5
Da Prata	3rd LER/2010	177/2011	03/28/2011	03/27/2046	35 years	2014	13	21.9	10.1
Morrão	3rd LER/2010	268/2011	04/25/2011	04/24/2046	35 years	2014	18	30.2	16.1
Seraíma	3rd LER/2010	332/2011	05/31/2011	05/30/2046	35 years	2014	18	30.2	17.5
Tanque	3rd LER/2010	330/2011	05/30/2011	05/29/2046	35 years	2014	18	30.0	13.9
Ventos do Nordeste	3rd LER/2010	161/2011	03/21/2011	03/20/2046	35 years	2014	14	23.5	10.1
Subtotal							230	386.1	184.4
Ventus Wind Complex									
Miassaba 3	2nd LER/2009	740/2010	08/20/2010	08/19/2045	35 years	2014	41	68.5	22.8
Reis dos Ventos 1	2nd LER/2009	963/2010	12/13/2010	12/12/2045	35 years	2014	35	58.4	21.9
Reis dos Ventos 3	2nd LER/2009	964/2010	12/13/2010	12/12/2045	35 years	2014	36	60.1	21.1
Subtotal							112	187.0	65.8
Salinas and Mandacarú Wind Complexes									
Embuaca	2nd LER/2009	732/2010	08/18/2010	08/17/2045	35 years	2014	13	27.3	11.1
Icarai	2nd LER/2009	601/2010	07/01/2010	06/30/2045	35 years	2014	8	16.8	7.8
Mar e Terra	2nd LER/2009	867/2010	10/26/2010	10/25/2045	35 years	2014	11	23.1	8.4
Bela Vista	2nd LER/2009	741/2010	08/20/2010	08/19/2045	35 years	2014	13	27.3	11.8
Santo Antônio de Pádua (ii)	12th LEN/2011	419/2012	07/12/2012	07/11/2047	35 years	2014	7	14.0	5.7
São Cristóvão	12th LEN/2011	411/2012	07/11/2012	07/10/2047	35 years	2014	13	26.0	11.1
São Jorge (ii)	12th LEN/2011	412/2012	07/11/2012	07/10/2047	35 years	2014	12	24.0	10.8
Subtotal							77	158.5	66.7
Vento de Araripe Wind Complex									
Ventos De Santo Onofre I	5th LER/2013	80/2014	02/27/2014	02/18/2049	35 years	2015	15	30.0	16.2
Ventos De Santo Onofre II	5th LER/2013	78/2014	02/27/2014	02/18/2049	35 years	2015	15	30.0	16.6
Ventos De Santo Onofre III	5th LER/2013	85/2014	02/27/2014	02/18/2049	35 years	2015	15	30.0	16.7
Ventos De Santa Joana II	5th LER/2013	77/2015	02/27/2014	02/18/2049	35 years	2015	15	30.0	14.8
Ventos De Santa Joana VI	5th LER/2013	83/2014	02/27/2014	02/18/2049	35 years	2015	15	30.0	15.1
Ventos De Santa Joana VIII	5th LER/2013	82/2014	02/27/2014	02/18/2049	35 years	2015	15	30.0	15.7
Ventos De Santa Joana XIV	5th LER/2013	84/2014	02/27/2014	02/18/2049	35 years	2015	15	30.0	14.9
Subtotal							105	210.0	110.0
Caetés Wind Complex									
Ventos De Santa Brígida I	5th LER/2013	81/2014	02/27/2014	02/18/2049	35 years	2015	8	13.6	6.6
Ventos De Santa Brígida II	5th LER/2013	79/2014	02/27/2014	02/18/2049	35 years	2015	16	27.2	14.7
Ventos De Santa Brígida III	5th LER/2013	69/2014	02/27/2014	02/18/2049	35 years	2015	17	28.9	14.4
Ventos De Santa Brígida IV	5th LER/2013	86/2014	02/27/2014	02/18/2049	35 years	2015	16	27.2	14.0
Ventos De Santa Brígida V	5th LER/2013	63/2014	02/27/2014	02/18/2049	35 years	2015	17	28.9	15.0
Ventos De Santa Brígida VI	5th LER/2013	68/2014	02/27/2014	02/18/2049	35 years	2015	17	28.9	15.1
Ventos De Santa Brígida VII	5th LER/2013	125/2014	02/27/2014	02/18/2049	35 years	2015	16	27.2	14.9
Subtotal							107	181.9	94.7
Cassino Wind Complex									
Casino I (Vento)	02nd LFA/2010	153/2011	11/03/2011	02/03/2046	35 years	2015	11	22.0	8.1
Cassino II (Wind)	02nd LFA/2010	162/2011	11/03/2011	02/03/2046	35 years	2015	10	20.0	7.5
Casino III (Brisa)	02nd LFA/2010	152/2011	11/03/2011	02/03/2046	35 years	2015	11	22.0	8.6
Subtotal							32	64.0	24.2
Total							663	1 187.5	545.8

(i) Information in MW not audited by the independent auditors.

(ii) The Physical Guarantees previously established for Pilões, Dourados, São Jorge and Santo Antônio de Pádua wind farms were revoked by Administrative Ruling 2.634/2023, so that the presented amount remains in force.

Wind power generation - agreements in the free contracting environment (ACL)

Generator Park	Agreement / Auction	Adm. Ruling MME/ANEEL	Publication Adm. Ruling	Period of authorization	Period of authorization	Number of wind turbines	MW installed capacity	Physical guarantee MW (i)
<u>Tucano Wind</u>								
Tucano F2	ACL	REA 8817/2020	05/29/20	05/28/55	35 years	4	24.8	11.5
Tucano F3	ACL	REA 8818/2020	05/29/20	05/28/55	35 years	7	43.4	19.7
Tucano F4	ACL	REA 8819/2020	05/29/20	05/28/55	35 years	7	43.4	19.9
Tucano F5	ACL	REA 8820/2020	05/29/20	05/28/55	35 years	4	22.8	—
Tucano F6	ACL	REA 8821/2020	05/29/20	05/28/55	35 years	8	49.6	23.0
Tucano F7	ACL	REA 8822/2020	05/29/20	05/28/55	35 years	9	55.8	26.8
Tucano F8	ACL	REA 8823/2020	05/29/20	05/28/55	35 years	8	49.6	21.7
Tucano F5	ACL	REA 8824/2020	05/29/20	05/28/55	35 years	8	45.6	—
Tucano F1	ACL	REA 8825/2020	05/29/20	05/28/55	35 years	7	43.4	19.0
Tucano F5	ACL	REA 8826/2020	05/29/20	05/28/55	35 years	6	34.2	—
Tucano F5	ACL	REA 8827/2020	05/29/20	05/28/55	35 years	6	39.9	—
Tucano F2	ACL	REA 8828/2020	05/29/20	05/28/55	35 years	2	12.4	5.5
Tucano F5	ACL	REA 8829/2020	05/29/20	05/28/55	35 years	3	17.1	—
Subtotal						79	482.0	147.1
<u>Cajuina Wind Complex</u>								
Santa Tereza 01	ACL	REA 9262/2020	10/09/20	10/08/55	35 years	7	39.9	—
Santa Tereza 02	ACL	REA 9263/2020	10/09/20	10/08/55	35 years	7	39.9	—
Santa Tereza 03	ACL	REA 9264/2020	10/09/20	10/08/55	35 years	8	45.6	—
Santa Tereza 04	ACL	REA 9265/2020	10/09/20	10/08/55	35 years	7	39.9	—
Santa Tereza 05	ACL	REA 9266/2020	10/09/20	10/08/55	35 years	8	45.6	—
Santa Tereza 06	ACL	REA 9267/2020	10/09/20	10/08/55	35 years	2	9.0	—
Santa Tereza 07	ACL	REA 9268/2020	10/09/20	10/08/55	35 years	12	68.4	—
Santa Tereza 08	ACL	REA 9269/2020	10/09/20	10/08/55	35 years	3	17.1	—
Santa Tereza 09	ACL	REA 9270/2020	10/09/20	10/08/55	35 years	14	63.0	—
Santa Tereza 10	ACL	REA 9271/2020	10/09/20	10/08/55	35 years	9	51.3	—
Santa Tereza 11	ACL	REA 9272/2020	10/09/20	10/08/55	35 years	11	49.5	—
Santa Tereza 12	ACL	REA 9273/2020	10/09/20	10/08/55	35 years	4	22.8	—
Santa Tereza 13	ACL	REA 9274/2020	10/09/20	10/08/55	35 years	8	45.6	—
Santa Tereza 14	ACL	REA 9275/2020	10/09/20	10/08/55	35 years	8	45.6	—
São Ricardo 01	ACL	REA 9474/2020	11/26/20	11/25/55	35 years	7	43.4	—
São Ricardo 02	ACL	REA 9475/2020	11/26/20	11/25/55	35 years	7	43.4	—
São Ricardo 03	ACL	REA 9476/2020	11/26/20	11/25/55	35 years	9	51.3	—
São Ricardo 04	ACL	REA 9477/2020	11/26/20	11/25/55	35 years	7	39.9	—
São Ricardo 05 (ii)	ACL	REA 9478/2020	11/26/20	11/25/55	35 years	8	49.6	—
São Ricardo 06 (ii)	ACL	REA 9479/2020	11/26/20	11/25/55	35 years	8	49.6	—
São Ricardo 07 (ii)	ACL	REA 9480/2020	11/26/20	11/25/55	35 years	8	49.6	—
São Ricardo 08 (ii)	ACL	REA 9481/2020	11/26/20	11/25/55	35 years	8	49.6	—
São Ricardo 09 (ii)	ACL	REA 9482/2020	11/26/20	11/25/55	35 years	8	49.6	—
São Ricardo 10	ACL	REA 9483/2020	11/26/20	11/25/55	35 years	8	45.6	—
São Ricardo 11	ACL	REA 9484/2020	11/26/20	11/25/55	35 years	6	34.2	—
São Ricardo 12 (ii)	ACL	REA 9485/2020	11/26/20	11/25/55	35 years	14	63.0	—
São Ricardo 13 (ii)	ACL	REA 9486/2020	11/26/20	11/25/55	35 years	8	49.6	—
Serra Verde I	ACL	REA 8892/2020	06/15/20	06/14/55	35 years	10	57.0	—
Serra Verde II	ACL	REA 8893/2020	06/15/20	06/14/55	35 years	10	57.0	—
Serra Verde III	ACL	REA 8894/2020	06/15/20	06/14/55	35 years	10	57.0	—
Serra Verde IV	ACL	REA 8895/2020	06/15/20	06/14/55	35 years	10	57.0	—
Serra Verde V	ACL	REA 8896/2020	06/15/20	06/14/55	35 years	9	51.3	—
Subtotal						263	1,480.9	—
Total						342	1,962.9	147.1

(i) As established by the Ministry of Mines and Energy (MME) through Administrative Ruling No. 416, the calculation of the physical guarantee is established through the ordinary annual rite after 24 months in commercial operation, counted from the entry of the first unit, leaving it up to the generator to request or not the calculation in advance.

(ii) Due to strategic decisions, the Company decided to adhere to the amnesty for grants in accordance with ANEEL resolution 1065/2023. (Note 13, item (i)).

Information in MW not audited by the independent auditors.

As of December 31, 2023, the sale of energy contracted in the Regulated Contracting Environment (ACR) was as follows:

Subsidiárias	Contracted annual energy (MWh)				Term			
	Agreement	Buyer	Contracted annual energy (MWh) (i)	Adjusted Average Price MWh (j)	Initial	Final	Adjustment index	Adjustment month
Alto Serião II Wind Complex								
Ametista	12th LEN/2011	Distributors	121,764	196.97	Jan/16	Dec/35	IPCA	January
Borgo	12th LEN/2011	Distributors	84,972	195.42	Jan/16	Dec/35	IPCA	January
Caetité	12th LEN/2011	Distributors	125,268	195.75	Jan/16	Dec/35	IPCA	January
Dourados	12th LEN/2011	Distributors	115,632	195.69	Jan/16	Dec/35	IPCA	January
Espigão	12th LEN/2011	Distributors	42,924	198.02	Jan/16	Dec/35	IPCA	January
Maron	12th LEN/2011	Distributors	120,888	196.56	Jan/16	Dec/35	IPCA	January
Pelourinho	12th LEN/2011	Distributors	103,368	196.39	Jan/16	Dec/35	IPCA	January
Pilões	12th LEN/2011	Distributors	114,756	194.17	Jan/16	Dec/35	IPCA	January
Serra Espinhaço	12th LEN/2011	Distributors	77,964	193.40	Jan/16	Dec/35	IPCA	January
Da Prata	3rd LER/2010	CCEE	85,760	260.50	Sep/13	Aug/33	IPCA	September
Araçás	3rd LER/2010	CCEE	106,784	260.50	Sep/13	Aug/33	IPCA	September
Morrão	3rd LER/2010	CCEE	124,848	260.50	Sep/13	Aug/33	IPCA	September
Seraíma	3rd LER/2010	CCEE	125,846	260.50	Sep/13	Aug/33	IPCA	September
Tanque	3rd LER/2010	CCEE	111,988	260.50	Sep/13	Aug/33	IPCA	September
Ventos do Nordeste	3rd LER/2010	CCEE	88,476	260.50	Sep/13	Aug/33	IPCA	September
Subtotal			1,551,238					
Ventus Wind Complex								
Miassaba 3	2nd LER/2009	CCEE	184,316	335.62	Jul.-12	Jun.-32	IPCA	July
Reis dos Ventos 1	2nd LER/2009	CCEE	160,999	337.17	Jul.-12	Jun.-32	IPCA	July
Reis dos Ventos 3	2nd LER/2009	CCEE	165,102	337.83	Jul.-12	Jun.-32	IPCA	July
Subtotal			510,417					
Salinas and Mandacaru Wind Complex								
Embuaca	2nd LER/2009	CCEE	96,360	333.42	Jul.-12	Jun/32	IPCA	July
Icarai	2nd LER/2009	CCEE	61,320	333.44	Jul.-12	Jun/32	IPCA	July
Mar e Terra	2nd LER/2009	CCEE	70,080	336.88	Jul.-12	Jun/32	IPCA	July
Bela Vista	2nd LER/2009	CCEE	96,360	336.86	Jul.-12	Jun/32	IPCA	July
Santo Antônio de Pádua	12th LEN/2011	Distributors	56,064	209.33	Jan/16	Aug/34	IPCA	January
São Cristóvão	12th LEN/2011	Distributors	113,004	209.33	Jan/16	Aug/34	IPCA	January
São Jorge	12th LEN/2011	Distributors	105,996	209.33	Jan/16	Aug/34	IPCA	January
Subtotal			599,184					
Vento de Araripe Wind Complex (Note 1.4)								
Ventos De Santo Onofre I	5th LER/2013	CCEE	146,292	197.27	Sep/15	Aug/35	IPCA	September
Ventos De Santo Onofre II	5th LER/2013	CCEE	139,284	197.27	Sep/15	Aug/35	IPCA	September
Ventos De Santo Onofre III	5th LER/2013	CCEE	140,160	197.27	Sep/15	Aug/35	IPCA	September
Ventos De Santa Joana II	5th LER/2013	CCEE	125,268	197.29	Sep/15	Aug/35	IPCA	September
Ventos De Santa Joana VI	5th LER/2013	CCEE	132,276	197.29	Sep/15	Aug/35	IPCA	September
Ventos De Santa Joana VIII	5th LER/2013	CCEE	136,656	197.27	Sep/15	Aug/35	IPCA	September
Ventos De Santa Joana XIV	5th LER/2013	CCEE	128,772	197.29	Sep/15	Aug/35	IPCA	September
Subtotal			948,708					
Caetés Wind Complex (Note 1.4)								
Ventos De Santa Brígida I	5th LER/2013	CCEE	57,816	208.07	Sep/15	Aug/35	IPCA	September
Ventos De Santa Brígida II	5th LER/2013	CCEE	128,772	208.07	Sep/15	Aug/35	IPCA	September
Ventos De Santa Brígida III	5th LER/2013	CCEE	126,144	208.07	Sep/15	Aug/35	IPCA	September
Ventos De Santa Brígida IV	5th LER/2013	CCEE	122,640	208.07	Sep/15	Aug/35	IPCA	September
Ventos De Santa Brígida V	5th LER/2013	CCEE	131,400	208.07	Sep/15	Aug/35	IPCA	September
Ventos De Santa Brígida VI	5th LER/2013	CCEE	132,276	208.07	Sep/15	Aug/35	IPCA	September
Ventos De Santa Brígida VII	5th LER/2013	CCEE	130,524	208.07	Sep/15	Aug/35	IPCA	September
Subtotal			829,572					
Cassino Wind Complex								
Casino I (Vento)	02nd LFA/2010	Distributors	77,964	296.19	Jan/13	Dec/32	IPCA	November
Cassino II (Wind)	02nd LFA/2010	Distributors	70,080	296.22	Jan/13	Dec/32	IPCA	November
Casino III (Brisa)	02nd LFA/2010	Distributors	83,220	296.17	Jan/13	Dec/32	IPCA	November
Subtotal			231,264					
Total			4,670,383					

(i) Information in MW not audited by the independent auditors.

1.3 Solar generation

Generator Park	Agreement / Auction	Adm. Ruling MME/ANEEL	Publication Adm. Ruling	Period of authorization	Period of authorization	Year of plant completion	Generating units	Installed capacity MW (i)	Physical guarantee MWavg (i)
Guaimbê Solar Complex									
Guaimbê I	6th LER/2014	257/2015	06/15/15	06/15/50	35 years	2018	22	30.0	5.9
Guaimbê II	6th LER/2014	258/2015	06/15/15	06/15/50	35 years	2018	22	30.0	5.9
Guaimbê III	6th LER/2014	259/2015	06/15/15	06/15/50	35 years	2018	22	30.0	5.9
Guaimbê IV	6th LER/2014	260/2015	06/15/15	06/15/50	35 years	2018	22	30.0	5.9
Guaimbê V	6th LER/2014	261/2015	06/15/15	06/15/50	35 years	2018	22	30.0	5.9
Subtotal							110	150.0	29.5
Ouroeste Solar Complex									
Boa Hora 1	8th LER/2015	239/2016	06/10/16	06/09/51	35 years	2019	22	23.0	5.3
Boa Hora 2	8th LER/2015	173/2016	05/12/16	05/11/51	35 years	2019	22	23.0	5.3
Boa Hora 3	8th LER/2015	169/2016	05/10/16	05/09/51	35 years	2019	22	23.0	5.3
Subtotal							66	69.0	15.9
Água Vermelha Solar Complex									
AGV IV	25th LEN/2017	244/2018	06/14/18	06/13/53	35 years	2019	22	15.2	4.0
AGV V	25th LEN/2017	243/2018	06/14/18	06/13/53	35 years	2019	22	30.4	8.0
AGV VI	25th LEN/2017	242/2018	06/14/18	06/13/53	35 years	2019	22	30.4	7.5
Subtotal							66	76.0	19.5
Total							242	295.0	64.9

(i) Information in MW not audited by the independent auditors.

As of December 31, 2023, the sale of energy contracted in the Regulated Contracting Environment (ACR) is as follows:

Subsidiaries	Agreement	Contracted annual energy (MWh)			Term			
		Buyer	Contracted annual energy (MWh) (i)	Adjusted Average Price MWh (i)	Initial	Final	Adjustment index	Adjustment month
Guaimbê Solar Complex								
Guaimbê I	6th LER/2014	CCEE	51,826	361.03	Oct/17	Sep/37	IPCA	October
Guaimbê II	6th LER/2014	CCEE	51,826	361.03	Oct/17	Sep/37	IPCA	October
Guaimbê III	6th LER/2014	CCEE	51,826	369.14	Oct/17	Sep/37	IPCA	October
Guaimbê IV	6th LER/2014	CCEE	51,826	369.14	Oct/17	Sep/37	IPCA	October
Guaimbê V	6th LER/2014	CCEE	51,826	369.14	Oct/17	Sep/37	IPCA	October
Subtotal			259,130					
Ouroeste Solar Complex								
Boa Hora 1	8th LER/2015	CCEE	46,555	440.32	Nov/18	Oct/38	IPCA	November
Boa Hora 2	8th LER/2015	CCEE	46,555	440.32	Nov/18	Oct/38	IPCA	November
Boa Hora 3	8th LER/2015	CCEE	46,555	440.32	Nov/18	Oct/38	IPCA	November
Subtotal			139,665					
Água Vermelha Solar Complex								
AGV IV	25th LEN/2017	Distributors	35,136	191.58	Jan/21	Dec/40	IPCA	January
AGV V	25th LEN/2017	Distributors	69,394	191.58	Jan/21	Dec/40	IPCA	January
AGV VI	25th LEN/2017	Distributors	69,394	193.12	Jan/21	Dec/40	IPCA	January
Subtotal			173,924					
Total			572,719					

(i) Information, in MWh, not audited by the independent auditors

1.4 Energy trading

AES Brasil's Energy Trading Operations Desk, structured to maximize the performance of the Group's generation portfolio, started its activities in August 2022. The proposal was to integrate intelligence to

maximize revenue in the scenario of abundance/scarcity of natural resources and ensure a resilient standing, seeking to sell part of the available energy in advance. The Operations Desk seeks to supplement portfolio management to its full potential, supported by statistical surveys and meteorological maps, in addition to supporting the commercial and retail areas.

The Operations Desk has the ability to maximize the Group's performance in the new retail market and also in large and medium energy consumers, whether through agreements, PPAs or self-production, accessing the liquidity of each segment and anticipating the price trend.

1.5 Expansion obligation

As set forth in the Privatization Public Notice, direct subsidiary AES Operações is required to expand the installed capacity of its generation system by at least 15%, over a period of 8 years as of the execution of the Concession Agreement, which took place on December 20, 1999. The Public Notice also established that such expansion should be carried out by implementing new projects in São Paulo State or through contracting energy from third parties, arising from new ventures built in São Paulo State, for a period longer than five years, and in compliance with regulatory restrictions.

In order to fulfill such obligation, soon after its privatization auction, the Company made some efforts, under the former electric sector model, to expand its generation facilities by 15%, representing 398 MW.

However, as of 2004, deep changes in the regulatory environment of the Brazilian electric sector were made, resulting in the unfeasibility of the performance of the aforementioned expansion obligation. Since then, the Company has been holding talks with the São Paulo State Electric Power Department aiming the review of the expansion obligation in order to adjust it to the new sector/regulatory reality.

The obligation was subject to a lawsuit by the State of São Paulo in 2011, in order to compel the Company to comply with the obligation as set forth in the Notice, without taking into account the deep changes experienced by the Brazilian energy sector since then.

On October 1, 2018, AES Operações executed an agreement with São Paulo State, whereby both parties agreed to suspend for up to six years the legal proceeding as from the court approval of the agreement, which was granted on January 22, 2019, so as to ensure the conditions for executing the addition of 398 MW in installed capacity, considering the new market reality as regards to volume, form and timing, without imposing any penalty.

Regarding volume, such agreement already considers documents presented at the time by AES, proving part of the expansion of the Company's installed capacity to meet the agreement, totaling 317 MW, so that, under the terms of the Agreement, there is still a remaining balance of the expansion obligation of 81 MW.

Considering the remaining capacity, with regard to the term, as highlighted previously, 6 years were then granted, counted from the signing of the instrument. Regarding form, the agreement could then be fulfilled considering the options below:

- i. Sale of energy from new projects, to be implemented in São Paulo, in energy auctions regulated by ANEEL;
- ii. Acquisition of existing centralized or distributed generation projects in commercial operation, and/or;
- iii. Implementation of centralized or distributed generation projects to sell electricity on the free market.

As for item (iii) above, there is also a rule that provides for the application of an "Equivalence Factor" ("FE") on the remaining balance, and if this is the option to expand installed capacity. Conceptually, FE is nothing more than the definition of requirements to reach an equitable/corresponding generation amount for the expansion obligation considering the situation already mentioned above of lower energy demand and transformation of the energy market.

Once the total expansion is completed, the Company will be exempt from paying any penalty due to delay.

Projects related to the expansion obligation

Since the beginning of the concession in 1999, in order to meet the expansion obligation, the installed capacity of direct subsidiary AES Operações' power generation system was increased by 317 MW, as follows: 3 MW from São Joaquim SHPP, completed in 2011; and 4 MW from São José SHPP, completed in 2012; two long-term agreements for the purchase of energy generated from sugarcane biomass, totaling 10 MW; acquisition, in 2018, of Guaimbê Solar Complex, with 150 MW; and the construction, in 2019, of Ouroeste Complex with 150 MW, both in São Paulo State.

Given the available forms of expansion for remaining power, the Company opted to implement centralized generation projects to sell energy on the free market.

Once this option was chosen, FE was calculated to find the equivalent remaining balance. For 2021, according to the inflation adjustment forecast, the adjusted parameter values generate an adjusted FE of 2.87.

Since the adjustment period is based on the grant date, please note that Água Vermelha VII PSP grant was published on September 29, 2021, through Authorizing Resolution No. 10.648, dated September 28, 2021. Thus, we have the values, as follows:

Requirements - São Paulo Expansion Agreement	
	Agreement 2021
Expansion requirement (MW)	81
Equivalence Factor (FE): (VRES/CME)	2.87
VRES (Administrative Ruling 65/2018) (R\$/MWh) (i)	537.67
CME (R\$/MWh) (ii)	187.46
Weighted expansion (MW/FE)	28.22

- (i) VRES - Annual reference value
- (ii) CME - Marginal cost of expansion

The remaining balance of expansion for full compliance with the agreement through the implementation of power plants on the free market is 28.22 MW and as PSP Água Vermelha VII has an installed capacity of 33.21 MW, this obligation is fulfilled.

Therefore, the Company understands that compliance with the expansion obligation has been proven, with no further obligations remaining with the State of São Paulo, which is why, still in 2021, it filed a petition for said compliance.

In April 2022, the State Government issued a Technical Statement from the Department of Infrastructure and the Environment, in technical agreement with the entire statement and documentation submitted, leaving only proof of the start-up of PSP Água Vermelha VII, scheduled to take place in 2024, which is currently under construction.

2. PREPARATION AND PRESENTATION BASIS OF FINANCIAL STATEMENTS

On February 15, 2024, the Company's Executive Board authorized the conclusion of the financial statements for the year ended December 31, 2023, submitting them on that date to the approval of the Board of Directors and to the Supervisory Board analysis, and such financial statements will be submitted to the approval of the Company's shareholders at the Annual Shareholders' Meeting to be called.

2.1 Statement of compliance

The individual financial statements have been prepared in compliance with accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee (CPCs). The Company's consolidated financial statements have been prepared in compliance with accounting policies adopted in Brazil, including pronouncements issued by the Accounting Pronouncements Committee (CPC), as well as with International Financial Reporting Standards - IFRS, issued by the International Accounting Standards Board - IASB. For the Company, such practices are different from International Financial Reporting Standards (IFRS) rules, only as regards the capitalization of interest incurred by the Parent Company, in relation to the assets under construction of its subsidiaries.

The presentation of the individual and consolidated Statement of Value Added (SVA) is required by Brazilian corporate law and accounting policies adopted in Brazil for publicly-held companies. IFRS does not require the presentation of such statement. As a result, under IFRS, this statement is presented as supplementary information.

The financial statements have been prepared on a historical cost basis, except for the stock options granted, obligations with post-employment benefits and the appreciation of certain financial instruments, which are measured at the fair value, for the fixed asset valuation at deemed cost, on the date of transition to the accounting practices adopted in Brazil aligned with IFRS, in January 2009, and the fair value of intangible assets created as a result of the extension of the concession period, which were initially assessed at the fair value at the approval date.

The Company considered the guidelines contained in the Technical Guideline OCPC 07 when preparing its financial statements. Thus, the relevant applicable information is evidenced in the notes and corresponds to that used by Management in running the Company's operations.

2.2 Accounting policies and estimates

The main accounting policies and estimates applied in the preparation of these financial statements are presented in the corresponding notes. Such policies were consistently applied in all years presented.

2.3 Significant accounting judgments, estimates and assumptions

In preparing the financial statements, the Company and its subsidiaries use judgments and estimates based on available information, as well as assumptions that affect the amounts of revenues, expenses, assets and liabilities and the disclosures of contingent liabilities. Where necessary, judgments and estimates are supported by expert opinions. The Company and its subsidiaries adopt assumptions derived from their experience and other factors deemed reasonable and relevant in the circumstances. The assumptions adopted by the Company and its subsidiaries are reviewed periodically in the ordinary course of business.

The main assumptions, assessments and estimates used in the preparation of the financial statements and presented in the notes are: recognition and measurement of asset acquisitions; refunding from regulated wind and solar agreements, post-employment benefits, useful lives of property, plant and equipment, provision for legal proceedings and others, impairment loss of noncurrent or long-term assets, deferred tax assets recovery, fair value of financial instruments, provisions for asset decommissioning and fair value of intangible assets created as a result of the extension of the concession period.

2.4 Impairment loss of noncurrent or long-term assets

The Company and its subsidiaries review, at least on a yearly basis, the existence of events or changes that may indicate impairment of noncurrent or long-term assets.

For the year ended December 31, 2023, Management assessed that there was no indication that the book values of its noncurrent or long-term assets are not recoverable, and therefore, there was no need to perform the impairment test, as well as no record of provision for impairment has been made.

2.5 Basis of preparation and presentation

■ Going concern

As of December 31, 2023, based on facts and circumstances existing on that date, Management assessed the ability of the Company, its subsidiaries and joint ventures to continue as a going concern and, despite showing negative net working capital in the consolidated financial statements, in the amount of R\$ 560,205, their operations are capable of generating sufficient cash flow to comply with its short-term obligations and, therefore, keep their business in the future. Additionally, Management is not aware of any material uncertainty that may generate significant doubt as to their ability to continue as a going concern. Thus, these financial statements were prepared under the going-concern assumption.

This statement is based on Management's expectations with respect to the future of the Company and its subsidiaries and joint ventures, which are consistent with its business plan. The Company, its subsidiaries and joint ventures prepare in the beginning of each fiscal year, Annual and Five-Year Business Plans, which comprise the annual and multiannual budgets, all the capital investment plans, strategic plans and maintenance plans of the facilities of the Company, its subsidiaries and joint ventures. The plans are monitored during the year by governance bodies of the Company, its subsidiaries and joint ventures, and may be subject to changes.

■ Operating segments

All decisions made by the Management of the Company, its subsidiaries and joint ventures are based on consolidated reports; the energy supply is carried out using an integrated generation network, and operations are managed on a consolidated basis. Consequently, the Company's Management concluded that only the power generation segment is subject to reporting.

2.6 Functional currency and translation of balances and transactions into foreign currency

■ Functional and presentation currency

The functional currency of the Company, its subsidiaries and joint ventures is the Brazilian real (R\$), which is the currency of its main economic operating environment. The financial statements are expressed in thousands of Brazilian Reais, unless otherwise stated.

■ Transactions and balances in foreign currency

Foreign currency transactions, i.e. all those not carried out at the functional currency of the Company, its subsidiaries and joint ventures, were translated into the functional currency at the foreign exchange rate on the date in which the transactions were carried out. Monetary assets and liabilities balances in foreign currency are translated into the functional currency at the effective exchange rate on the date of statements of financial position. Income and costs are translated at exchange rates on the dates of the transactions.

2.7 New or revised pronouncements in force as of December 31, 2023

The Company and its subsidiaries assessed new pronouncements or amendments made to existing pronouncements, and when applicable, implemented them as required by the Financial Accounting Standards Board - FASB (“CPC”).

The new accounting standards or those amended that came into force for annual periods starting on or after January 1, 2023, are shown below:

■ Adoption of IFRS 17/CPC 50: Insurance Contracts

IFRS 17/CPC 50 is a new accounting standard, which replaces IFRS 4/CPC 11 - Insurance Contracts, covering recognition and measurement, presentation and disclosure.

The general purpose of the standard is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects.

This Pronouncement applies to all types of insurance contracts (such as life, property and casualty, direct insurance and reinsurance), irrespective of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation characteristics; some scope exceptions will apply.

The new standard had no impact on the Company's consolidated financial statements.

■ Amendments to IAS 8/CPC 23: Definition of Accounting Estimates

The amendments to IAS 8/CPC 23 clarify the distinction between changes in accounting estimates, changes in accounting policies and correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Company's consolidated financial statements.

■ Amendments to IAS 1/CPC 26 (R1): Disclosure of Accounting Policies

Amendments to IAS 1/CPC 26 (R1) – Presentation of financial statements and IFRS Practice Statement 2 provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments are intended to help entities provide more useful accounting policy disclosures by replacing the requirement for entities to disclose their “significant” accounting policies with a requirement to disclose their “material” accounting policies and adding guidance on how entities apply the concept of materiality when making decisions about accounting policy disclosures.

The amendments had no impact on the Company's consolidated financial statements.

■ Amendments to IAS 12/CPC 32: Deferred Tax related to Assets and Liabilities arising from a Simple Transaction

The amendments to IAS 12/CPC 32 - Taxes on profit narrow the scope of the initial recognition exception, so that it no longer applies to transactions that generate equal taxable and deductible temporary differences, such as leases and decommissioning liabilities.

The amendments had no impact on the Company's consolidated financial statements.

■ Amendments to IAS 12/CPC 32: International Tax Reform - Pillar Two Model Rules

The amendments to IAS 12/CPC 32 - Taxes on profit were introduced in response to the Organization for Economic Co-operation and Development (OECD) Pillar Two rules on Base Erosion Profit Shifting (BEPS) and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from jurisdictional implementation of Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of financial statements better understand an entity's exposure to Pillar Two income taxes arising from this legislation, especially before the effective date.

The amendments had no impact on the Company's consolidated financial statements.

2.8 New or amended pronouncements, but not yet in force

New and reviewed standards and interpretations issued but not yet in force up to the date of issue of the Company's and its Brazilian subsidiaries' financial statements were assessed and are listed on the table below. The Company and its subsidiaries intend to adopt these new and amended standards and interpretations, if applicable, when they become effective.

New or amended pronouncements	IASB Correlation	Type of amendment	Effective for annual periods starting on or after
CPC 06 (R2) - Lease	IFRS 16	Measurement requirements for lease liabilities arising from sale and leaseback transactions.	January 1, 2024
CPC 26 (R1) - Presentation of the Financial Statements	IAS 1	Requirements for classification of current and noncurrent liabilities.	January 1, 2024
CPC 40 (R1) – Financial instruments: disclosure	IFRS 7	Supplier financing agreements	January 1, 2024
CPC 02 (R2) – Effects of changes in exchange rates and conversion of financial statements	IAS 21	Lack of interchangeability	January 1, 2025

To date, no significant impacts have been identified in the application of these new and amended standards and interpretations. The Company and its subsidiaries intend to adopt them, if applicable, when they come into force.

Initiatives related to Sustainable Finance by the Securities and Exchange Commission

On October 20, 2023, CVM issued Resolution No. 193, which established the guidelines that will define how financial information related to sustainability will be disclosed in Brazil.

From January 1, 2024, publicly-held companies, investment funds and securitization companies have the voluntary option to create and disclose sustainability reports in accordance with ISSB - International Sustainability Standards Board standards. The decision to adhere to this option shall be communicated by May 31, 2024, with the last opportunity to adhere or review by December 31, 2024, through a notice to the market. From January 1, 2026, publicly-held companies will be required to prepare and disclose sustainability reports in accordance with ISSB standards. However, entities opting for voluntary adoption may use some flexibilities until the first fiscal year of mandatory adoption, except for the presentation of comparative information, which must be incorporated as of the second fiscal year of adoption of the standards.

These sustainability reports must be presented on a standalone basis and with the same frequency as the annual financial statements, following specific terms for electronic filing on CVM website. It is important to note that these reports must be assured by an independent auditor registered with the CVM. Until the end of 2025, the assurance will be limited, and, from January 1, 2026, the assurance will become reasonable.

The Company chose not to early adopt the disclosure of sustainability reports.

2.9 Consolidation criteria

Direct and indirect subsidiaries are consolidated from the date of acquisition, which corresponds to the date on which the Company obtained control, and will be consolidated until the date such control is ceased.

Investments in joint ventures are joint businesses and are not consolidated, whereby the parties that have joint control of the business have rights to the net assets and obligations for the liabilities relating to the business.

The main consolidation practices adopted were the following:

- Transactions and balances in transactions between the Parent Company and the subsidiaries or between subsidiaries are eliminated.
- Highlight to non-controlling shareholders in the statement of financial position, statement of profit or loss and statement of comprehensive income.

The fiscal year of the subsidiaries included in the consolidation coincides with the Parent Company's fiscal year, the accounting policies are in line with those used by the parent companies and are consistent with those used in the previous year. Transactions between the Parent Company and subsidiaries are performed under the conditions agreed by the parties.

The consolidated financial information encompasses the information of the Company and its subsidiaries, all of them headquartered in Brazil, whose accounting practices are consistent with those adopted by the Company.

The following entities are considered as subsidiaries or joint ventures:

Description	Activity	Complex	Headquarters	Interest	
				2023	2022
Direct subsidiary					
AES Brasil Operações S.A. (AES Operações)	Hydro power generation	Hydro power generation	São Paulo, SP	100%	100%
AES Comercializadora de Energia Ltda. (AES Comercializadora)	Trading	Trading	São Paulo, SP	100%	100%
AES GF1 Holdings S.A. (AES GF1 Holdings)	Holding	Holding	São Paulo, SP	100%	100%
AES GF2 Holdings S.A. (AES GF2 Holdings)	Holding	Holding	São Paulo, SP	100%	100%
AES Arinos Solar Holding S.A. (Arinos Holding)	Holding	Arinos Complex	Arinos, MG	100%	100%
AES Tucano Holding I S.A. (Tucano Holding I)	Holding	Tucano Complex	São Paulo, SP	100%	100%
Ventos de São Tomé Holding S.A. (Araripe)	Holding	Caetés Complex	São Paulo, SP	100%	100%
Ventos de São Tito Holding S.A. (Caetés)	Holding	Araripe Complex	São Paulo, SP	100%	100%
AES Energy Solutions Ltda	Trading	Trading	São Paulo, SP	100%	—
Indirect subsidiaries					
Guaimbê Solar Holding S.A. (Guaimbê Holding) (ii)	Holding	Guaimbê Complex	São Paulo, SP	76.6%	76.6%
Guaimbê I Parque Solar Ltda. (Guaimbê I) (ii)	Solar power generation	Guaimbê Complex	Guaimbê, SP	76.6%	76.6%
Guaimbê II Parque Solar Ltda. (Guaimbê II) (ii)	Solar power generation	Guaimbê Complex	Guaimbê, SP	76.6%	76.6%
Guaimbê III Parque Solar Ltda. (Guaimbê III) (ii)	Solar power generation	Guaimbê Complex	Guaimbê, SP	76.6%	76.6%
Guaimbê IV Parque Solar Ltda. (Guaimbê V) (ii)	Solar power generation	Guaimbê Complex	Guaimbê, SP	76.6%	76.6%
Guaimbê V Parque Solar Ltda. (Guaimbê V) (ii)	Solar power generation	Guaimbê Complex	Guaimbê, SP	76.6%	76.6%
AGV Solar IV Geradora de Energia S.A. (AGV IV) (ii)	Solar power generation	Ouroeste Complex	Ouroeste, SP	76.6%	76.6%
AGV Solar V Geradora de Energia S.A. (AGV V) (ii)	Solar power generation	Ouroeste Complex	Ouroeste, SP	76.6%	76.6%
AGV Solar VI Geradora de Energia S.A. (AGV VI) (ii)	Solar power generation	Ouroeste Complex	Ouroeste, SP	76.6%	76.6%
Ventus Holding de Energia Eólica Ltda. (Ventus Holding) (ii)	Holding	Ventus Complex	São Paulo, SP	76.6%	76.6%
Brasventos Eolo Geradora de Energia S.A. (Brasventos) (ii)	Wind power generation	Ventus Complex	Galinhos, RN	76.6%	76.6%
Rei dos Ventos 3 Geradora de Energia S.A. (Rei dos Ventos) (ii)	Wind power generation	Ventus Complex	Galinhos, RN	76.6%	76.6%
Brasventos Miassaba 3 Geradora de Energia S.A. (Miassaba) (ii)	Wind power generation	Ventus Complex	Macau, RN	76.6%	76.6%
Nova Energia Holding S.A. (Nova Energia) (ii)	Holding	Alto Sertão II Complex	São Paulo, SP	76.6%	76.6%
AES Tietê Eólica Participações S.A. (Tietê Eólica) (ii)	Holding	Alto Sertão II Complex	São Paulo, SP	76.6%	76.6%
Centrais Eólicas Ametista S.A. (Ametista) (ii)	Wind power generation	Alto Sertão II Complex	Guanambi, BA	76.6%	76.6%
Centrais Eólicas dos Araçás S.A. (Araçás) (ii)	Wind power generation	Alto Sertão II Complex	Caetité, BA	76.6%	76.6%
Centrais Eólicas Borgo S.A. (Borgo) (ii)	Wind power generation	Alto Sertão II Complex	Pindaí, BA	76.6%	76.6%
Centrais Eólicas Caetité S.A. (Caetité) (ii)	Wind power generation	Alto Sertão II Complex	Pindaí, BA	76.6%	76.6%
Centrais Eólicas da Prata S.A. (Da Prata) (ii)	Wind power generation	Alto Sertão II Complex	Igaporã, BA	76.6%	76.6%
Centrais Eólicas Dourados S.A. (Dourados) (ii)	Wind power generation	Alto Sertão II Complex	Guanambi, BA	76.6%	76.6%
Centrais Eólicas Espigão S.A. (Espigão) (ii)	Wind power generation	Alto Sertão II Complex	Pindaí, BA	76.6%	76.6%
Centrais Eólicas Maron S.A. (Maron) (ii)	Wind power generation	Alto Sertão II Complex	Caetité, BA	76.6%	76.6%
Centrais Eólicas Morrão S.A. (Morrão) (ii)	Wind power generation	Alto Sertão II Complex	Caetité, BA	76.6%	76.6%
Centrais Eólicas Pelourinho S.A. (Pelourinho) (ii)	Wind power generation	Alto Sertão II Complex	Pindaí, BA	76.6%	76.6%
Centrais Eólicas Pilões S.A. (Pilões) (ii)	Wind power generation	Alto Sertão II Complex	Caetité, BA	76.6%	76.6%
Centrais Eólicas Seraíma S.A. (Seraíma) (ii)	Wind power generation	Alto Sertão II Complex	Guanambi, BA	76.6%	76.6%
Centrais Eólicas Serra do Espinhaço S.A. (Serra do Espinhaço) (ii)	Wind power generation	Alto Sertão II Complex	Pindaí, BA	76.6%	76.6%
Centrais Eólicas Tanque S.A. (Tanque) (ii)	Wind power generation	Alto Sertão II Complex	Caetité, BA	76.6%	76.6%
Centrais Eólicas Ventos do Nordeste S.A. (Ventos do Nordeste) (ii)	Wind power generation	Alto Sertão II Complex	Caetité, BA	76.6%	76.6%
MS Participações Societárias S.A. (MS)	Holding	Cúbico Complex	São Paulo, SP	100%	100%
Eólica Bela Vista Geração e Comercialização de Energia S.A. (Bela Vista)	Wind power generation	Cúbico Complex	Areia Branca, RN	100%	100%
Embuaca Geração e Comercialização de Energia S.A. (Embuaca)	Wind power generation	Cúbico Complex	Trairi, CE	100%	100%
Eólica Icarai Geração e Comercialização de Energia S.A. (Icarai)	Wind power generation	Cúbico Complex	Amontada, CE	100%	100%
Eólica Mar e Terra Geração e Comercialização de Energia S.A. (Mar e Terra)	Wind power generation	Cúbico Complex	Areia Branca, RN	100%	100%
Santos Energia Participações S.A. (Santos)	Holding	Cúbico Complex	São Paulo, SP	100%	100%
Central Eólica Santo Antônio de Pádua S.A. (Santo Antônio de Pádua)	Wind power generation	Cúbico Complex	Trairi, CE	100%	100%
Central Eólica São Cristóvão S.A. (São Cristóvão)	Wind power generation	Cúbico Complex	Trairi, CE	100%	100%
Central Eólica São Jorge S.A. (São Jorge)	Wind power generation	Cúbico Complex	Trairi, CE	100%	100%
REB Empreendimentos e Administradora de Bens S.A. (Cassino)	Holding	Cassino Complex	São Paulo, SP	100%	100%
Boa Hora 1 Geradora de Energia Solar S.A. (Boa Hora 1)	Holding	Ouroeste Complex	Ouroeste, SP	100%	100%
Boa Hora 2 Geradora de Energia Solar S.A. (Boa Hora 2)	Holding	Ouroeste Complex	Ouroeste, SP	100%	100%
Boa Hora 3 Geradora de Energia Solar S.A. (Boa Hora 3)	Holding	Ouroeste Complex	Ouroeste, SP	100%	100%

AES Tietê Integra Soluções em Energia Ltda. (Tietê Integra)	Holding	Provision of services	Bauru, SP	100%	100%
Tucano F5 Geração de Energias Ltda. (Tucano F5)	Holding	Tucano Complex	Tucano, BA	100%	100%
AGV Solar VII Geradora de Energia S.A (AGV VII)	Holding	Ouroeste Complex	Ouroeste, SP	100%	100%
EOL Wind Energias Renováveis S.A. (EOL Wind)	Wind power generation	Cassino Complex	Rio Grande, RS	100%	100%
EOL Brisa Energias Renováveis S.A. (EOL Brisa)	Wind power generation	Cassino Complex	Rio Grande, RS	100%	100%
EOL Vento Energias Renováveis S.A. (EOL Vento)	Wind power generation	Cassino Complex	Rio Grande, RS	100%	100%
Tucano F1 Geração de Energias Ltda. (Tucano F1)	Wind power generation	Tucano Complex	Tucano, BA	100%	100%
Tucano F2 Geração de Energias Ltda. (Tucano F2)	Wind power generation	Tucano Complex	Tucano, BA	100%	100%
Tucano F3 Geração de Energias Ltda. (Tucano F3)	Wind power generation	Tucano Complex	Tucano, BA	100%	100%
Tucano F4 Geração de Energias Ltda. (Tucano F4)	Wind power generation	Tucano Complex	Biritinga, BA	100%	100%
Ventos de Santa Tereza Energias Renováveis S.A. (Santa Tereza)	Wind power generation	Cajuína I Complex	São Paulo, SP	100%	100%
Ventos de Santa Tereza 02 Energias Renováveis S.A. (Santa Tereza 02)	Wind power generation	Cajuína I Complex	Pedro Avelino, RN	100%	100%
Ventos de Santa Tereza 03 Energias Renováveis S.A. (Santa Tereza 03)	Wind power generation	Cajuína I Complex	Pedro Avelino, RN	100%	100%
Ventos de Santa Tereza 05 Energias Renováveis S.A. (Santa Tereza 05)	Wind power generation	Cajuína I Complex	Pedro Avelino, RN	100%	100%
Ventos de Santa Tereza 06 Energias Renováveis S.A. (Santa Tereza 06)	Wind power generation	Cajuína I Complex	Fernando Pedroza, RN	100%	100%
Ventos de Santa Tereza 07 Energias Renováveis S.A. (Santa Tereza 07)	Wind power generation	Cajuína I Complex	Lajes, RN	100%	100%
Ventos de Santa Tereza 08 Energias Renováveis S.A. (Santa Tereza 08)	Wind power generation	Cajuína I Complex	Fernando Pedroza, RN	100%	100%
Ventos de Santa Tereza 09 Energias Renováveis S.A. (Santa Tereza 09)	Wind power generation	Cajuína I Complex	Fernando Pedroza, RN	100%	100%
Ventos de Santa Tereza 11 Energias Renováveis S.A. (Santa Tereza 11)	Wind power generation	Cajuína I Complex	Cerro Corá, RN	100%	100%
Ventos de Santa Tereza 12 Energias Renováveis S.A. (Santa Tereza 12)	Wind power generation	Cajuína I Complex	Fernando Pedroza, RN	100%	100%
Ventos de Santa Tereza 13 Energias Renováveis S.A. (Santa Tereza 13)	Wind power generation	Cajuína I Complex	Angicos, RN	100%	100%
Ventos de Santa Tereza 14 Energias Renováveis S.A. (Santa Tereza 14)	Wind power generation	Cajuína I Complex	Fernando Pedroza, RN	100%	100%
Ventos de São Ricardo Energias Renováveis S.A. (São Ricardo)	Wind power generation	Cajuína II Complex	Lajes, RN	100%	100%
Ventos de São Ricardo 01 Energias Renováveis S.A. (São Ricardo 01)	Wind power generation	Cajuína II Complex	Fernando Pedroza, RN	100%	100%
Ventos de São Ricardo 02 Energias Renováveis S.A. (São Ricardo 02)	Wind power generation	Cajuína II Complex	Fernando Pedroza, RN	100%	100%
Ventos de São Ricardo 05 Energias Renováveis S.A. (São Ricardo 05)	Wind power generation	Cajuína II Complex	Lajes, RN	100%	100%
Ventos de São Ricardo 06 Energias Renováveis S.A. (São Ricardo 06)	Wind power generation	Cajuína II Complex	Lajes, RN	100%	100%
Ventos de São Ricardo 07 Energias Renováveis S.A. (São Ricardo 07)	Wind power generation	Cajuína II Complex	Lajes, RN	100%	100%
Ventos de São Ricardo 08 Energias Renováveis S.A. (São Ricardo 08)	Wind power generation	Cajuína II Complex	Lajes, RN	100%	100%
Ventos de São Ricardo 09 Energias Renováveis S.A. (São Ricardo 09)	Wind power generation	Cajuína II Complex	Lajes, RN	100%	100%
Ventos de São Ricardo 10 Energias Renováveis S.A. (São Ricardo 10)	Wind power generation	Cajuína II Complex	Lajes, RN	100%	100%
Ventos de São Ricardo 12 Energias Renováveis S.A. (São Ricardo 12)	Wind power generation	Cajuína II Complex	Lajes, RN	100%	100%
Ventos de São Ricardo 13 Energias Renováveis S.A. (São Ricardo 13)	Wind power generation	Cajuína II Complex	Lajes, RN	100%	100%
Serra Verde I Energética S.A. (Serra Verde I)	Wind power generation	Cajuína III Complex	Curitiba, PR	100%	100%
Serra Verde II Energética S.A. (Serra Verde II)	Wind power generation	Cajuína III Complex	Curitiba, PR	100%	100%
Serra Verde III Energética S.A. (Serra Verde III)	Wind power generation	Cajuína III Complex	Curitiba, PR	100%	100%
Serra Verde IV Energética S.A. (Serra Verde IV)	Wind power generation	Cajuína III Complex	Curitiba, PR	100%	100%
Serra Verde V Energética S.A. (Serra Verde V)	Wind power generation	Cajuína III Complex	Curitiba, PR	100%	100%
Serra Verde VI Energética S.A. (Serra Verde VI)	Wind power generation	Cajuína III Complex	Curitiba, PR	100%	100%
Serra Verde VII Energética S.A. (Serra Verde VII)	Wind power generation	Cajuína III Complex	Curitiba, PR	100%	100%
Veleiros Holding S.A. (Veleiros)	Holding	Holding	São Paulo, SP	50.5%	50.5%
Ventos de São Ricardo 03 Energias Renováveis S.A. (São Ricardo 03)	Wind power generation	Cajuína II Complex	Fernando Pedroza, RN	50.5%	50.5%
Ventos de São Ricardo 04 Energias Renováveis S.A. (São Ricardo 04)	Wind power generation	Cajuína II Complex	Lajes, RN	50.5%	50.5%
Potengi Holdings S.A (Potengi)	Holding	Holding	São Paulo, SP	50%	50%
Ventos de Santa Tereza 01 Energias Renováveis S.A. (Santa Tereza 01)	Wind power generation	Cajuína I Complex	Pedro Avelino, RN	50%	50%
Ventos de Santa Tereza 04 Energias Renováveis S.A. (Santa Tereza 04)	Wind power generation	Cajuína I Complex	Lajes, RN	50%	50%
Ventos de Santa Tereza 10 Energias Renováveis S.A. (Santa Tereza 10)	Wind power generation	Cajuína I Complex	Lajes, RN	50%	50%
Ventos de São Ricardo 11 Energias Renováveis S.A. (São Ricardo 11)	Wind power generation	Cajuína II Complex	Lajes, RN	50%	50%
AES Cajuína AB1 Holdings S.A. (Cajuína AB1)	Holding	Holding	São Paulo, SP	100%	100%
AES Cajuína AB2 Holdings S.A (Cajuína AB2)	Holding	Holding	São Paulo, SP	100%	100%
AES Cajuína AB3 Holdings S.A (Cajuína AB3)	Holding	Holding	São Paulo, SP	100%	100%
AES Tucano Holding I S.A. (Tucano Holding I)	Holding	Tucano Complex	São Paulo, SP	100%	100%
AES Tucano Holding II S.A. (Tucano Holding II)	Holding	Tucano Complex	São Paulo, SP	100%	100%
AES Arinos Solar I S.A (Arinos I)	Solar power generation	Arinos Complex	Arinos, MG	100%	100%
AES Arinos Solar II S.A (Arinos II)	Solar power generation	Arinos Complex	Arinos, MG	100%	100%
AES Arinos Solar III S.A (Arinos III)	Solar power generation	Arinos Complex	Arinos, MG	100%	100%
AES Arinos Solar IV S.A (Arinos IV)	Solar power generation	Arinos Complex	Arinos, MG	100%	100%
AES Arinos Solar V S.A (Arinos V)	Solar power generation	Arinos Complex	Arinos, MG	100%	100%
AES Arinos Solar VI S.A (Arinos VI)	Solar power generation	Arinos Complex	Arinos, MG	100%	100%
AES Arinos Solar VII S.A (Arinos VII)	Solar power generation	Arinos Complex	Arinos, MG	100%	100%
AES Arinos Solar VIII S.A (Arinos VIII)	Solar power generation	Arinos Complex	Arinos, MG	100%	100%
Cordilheira dos Ventos Centrais Eólicas Ltda (Cordilheira dos Ventos)	Wind power generation	Cordilheira dos Ventos	São Paulo - SP	100%	100%

Ventos de Santa Joana II Energias Renováveis S.A. (Santa Joana II)	Wind power generation	Araripe Complex	Simões, PI	100%	100%
Ventos de Santa Joana VI Energias Renováveis S.A. (Santa Joana VI)	Wind power generation	Araripe Complex	Simões, PI	100%	100%
Ventos de Santa Joana VIII Energias Renováveis S.A. (Santa Joana VII)	Wind power generation	Araripe Complex	Simões, PI	100%	100%
Ventos de Santa Joana XIV Energias Renováveis S.A. (Santa Joana XIV)	Wind power generation	Araripe Complex	Simões, PI	100%	100%
Ventos de São Onofre I Energias Renováveis S.A. (São Onofre I)	Wind power generation	Araripe Complex	Simões, PI	100%	100%
Ventos de São Onofre II Energias Renováveis S.A. (São Onofre II)	Wind power generation	Araripe Complex	Simões, PI	100%	100%
Ventos de São Onofre III Energias Renováveis S.A. (São Onofre III)	Wind power generation	Araripe Complex	Simões, PI	100%	100%
Ventos de Santa Brígida I Energias Renováveis S.A. (Santa Brígida I)	Wind power generation	Caetés Complex	Caetés, PE	100%	100%
Ventos de Santa Brígida II Energias Renováveis S.A. (Santa Brígida II)	Wind power generation	Caetés Complex	Caetés, PE	100%	100%
Ventos de Santa Brígida III Energias Renováveis S.A. (Santa Brígida III)	Wind power generation	Caetés Complex	Paranatama, PE	100%	100%
Ventos de Santa Brígida IV Energias Renováveis S.A. (Santa Brígida IV)	Wind power generation	Caetés Complex	Paranatama, PE	100%	100%
Ventos de Santa Brígida V Energias Renováveis S.A. (Santa Brígida V)	Wind power generation	Caetés Complex	Paranatama, PE	100%	100%
Ventos de Santa Brígida VI Energias Renováveis S.A. (Santa Brígida VI)	Wind power generation	Caetés Complex	Paranatama, PE	100%	100%
Ventos de Santa Brígida VII Energias Renováveis S.A. (Santa Brígida VII)	Wind power generation	Caetés Complex	Paranatama, PE	100%	100%
Tucano F9 Geração de Energias SPE S.A. (Tucano F9)	Wind power generation	Tucano Complex	Tucano, BA	100%	—
Tucano F11 Geração de Energias SPE S.A. (Tucano F11)	Wind power generation	Tucano Complex	Tucano, BA	100%	—
Tucano F13 Geração de Energias SPE S.A. (Tucano F13)	Wind power generation	Tucano Complex	Tucano, BA	100%	—
Joint Venture (i):					
Tucano Holdings III S.A. (Tucano Holding III)	Holding	Tucano Complex	São Paulo, SP	50%	50%
Tucano F6 Geração de Energias SPE S.A. (Tucano F6)	Wind power generation	Tucano Complex	Tucano, BA	50%	50%
Tucano F7 Geração de Energias SPE S.A. (Tucano F7)	Wind power generation	Tucano Complex	Tucano, BA	50%	50%
Tucano F8 Geração de Energias SPE S.A. (Tucano F8)	Wind power generation	Tucano Complex	Tucano, BA	50%	50%

(i) Joint ventures are not consolidated.

(ii) For the purposes of equity income in the parent company and definition of the non-controlling interest in the consolidated accounts, there is a distinction between equity interest and the share of the payment of profits due to the existence of a class of shares with preferred dividend rights held by the non-controlling shareholder.

3. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

Investments that, on the date of their acquisition, have a maturity of three months or less, held for the purpose of meeting short-term cash commitments, and highly liquid, are readily convertible into cash and subject to an insignificant risk of change in value are recorded as cash equivalents. Investments with a maturity of more than three months are classified under “Short-term investments”.

Short-term investments in CDB-DI are measured at fair value through profit or loss. Short-term investments are stated at cost plus accrued interest, since they do not present a significant difference as compared to their market value.

	Individual		Consolidated	
	2023	2022	2023	2022
Cash and cash equivalents				
Cash available	95	35,056	50,123	58,021
Repo transaction	—	—	231,560	137,851
Subtotal	95	35,056	281,683	195,872
Short-term investments				
CDB-DI	342,813	352,000	1,733,262	3,587,700
Subtotal	342,813	352,000	1,733,262	3,587,700
Total	342,908	387,056	2,014,945	3,783,572

Short-term investments as of December 31, 2023 have daily liquidity and consolidated average yield of 100.82% of the Interbank Deposit Certificate - CDI (102.74% of CDI as of December 31, 2022).

4. TRADE ACCOUNTS RECEIVABLE

Accounts receivable balances include amounts referring to the supply of electricity, including transactions in spot market. These receivables are initially recognized at fair value and are subsequently measured by the amortized cost and can be reduced by estimated losses in the allowance for doubtful accounts (“ADA”).

The subsidiaries assessed their history of receipts and identified that they are not exposed to a high credit risk, since any overdue and unreceived balances are mitigated by financial guarantee agreements signed in the contracting of energy auctions or in the formalization of bilateral agreements.

For the position of accounts receivable at the retail market, indirect subsidiary Tietê Integra assesses ADA on a monthly basis, as it understands that, given the nature of its portfolio and conditions established in the agreements, it is more exposed to risks. For the calculation, the individual basis per customer, the individual customer rating and the existence of financial guarantees are considered. As of December 31, 2023, the Company recorded ADA based on the forecast of expected losses from past due amounts or the outstanding balance of accounts receivable in the amount of R\$ 538.

As for the other balances of accounts receivable, the Company concluded that there is no expectation of loss on overdue amounts or on the outstanding balance of accounts receivable.

The breakdown for trade accounts receivable by maturity date as of December 31, 2023 is as follows:

	Consolidated							
	Balances falling due	Balances overdue				ADA	2023	2022
		Up to 90 days	From 90 to 180 days	From 180 to 360 days	Over 360 days			
CURRENT								
Bilateral Agreements	204.676	1.238	184	—	—	(538)	205.560	213.170
Spot Market	10.668	18.661	1.299	7.926	534	—	39.088	7.217
Wind Power Auctions	66.642	3.862	—	—	104	—	70.608	98.672
Solar Power Auctions	23.337	687	—	—	—	—	24.024	15.907
Related parties (Note 30)	2.318	—	—	—	—	—	2.318	4
Energy trading agreements	34,062	—	—	—	—	—	34,062	797
Total	341,703	24,448	1,483	7,926	638	(538)	375,660	335,767

The guarantees on the spot market energy sales are determined in accordance with market rules set by the Electric Energy Trade Chamber (CCEE), the entity that controls default among sector players based of regulations issued by the Granting Authority, thus lowering the credit risk on transactions carried out. The subsidiaries do not require additional guarantees on energy sales in the spot market.

As described in Note 31.2, in bilateral long-term energy sales agreements in the free contracting environment, the Company has three processes focused on risk mitigation: (i) Credit Analysis, (ii) rating calculation and (iii) requirement of guarantees.

The average term of receipt related to the energy sale invoices is approximately 30 days, from the first day of the month subsequent to the sale. After maturity date of invoices, there is a 2% fine on the overdue amount, inflation-adjusted by IGPM (General Market Price Index) or IPCA (depending on the type of agreement), since the due date up to the effective payment, plus an interest of 1% per month.

5. INCOME AND SOCIAL CONTRIBUTION TAXES RECOVERABLE

Prepayments or amounts eligible to be offset are stated in current or noncurrent assets, according to the forecast of their realization until the end of the fiscal year, when the income and social contribution taxes due are duly calculated and offset with the advances made.

Management periodically assesses the tax position of situations that require interpretations of tax regulations and create provisions when appropriate.

	Individual		Consolidated	
	2023	2022	2023	2022
CURRENT				
<u>Income and social contribution taxes recoverable</u>				
Income tax	5,736	5,450	73,076	47,668
Social contribution	—	—	6,585	9,582
Withholding income tax	4,105	2,595	21,550	37,018
Total	9,841	8,045	101,211	94,268
<u>Other taxes recoverable</u>				
PIS and COFINS	—	—	2,032	3,368
ICMS	—	—	2,048	899
INSS	—	—	197	167
Other	—	—	337	2,379
Total	—	—	4,614	6,813
NONCURRENT				
<u>Income and social contribution taxes recoverable</u>				
Income tax (i)	17,888	9	72,891	10,133
Social contribution	621	—	2,344	281
Total	18,509	9	75,235	10,414
Total	28,350	8,054	181,060	111,495

(i) The change is due to the recognition of a negative IRPJ balance calculated in 2023, which is mainly made up of withholding income tax on redemptions of financial investments made by the group's holding companies.

6. DEFERRED INCOME AND SOCIAL CONTRIBUTION TAXES

Deferred tax liabilities are recognized for all temporary tax differences. Deferred tax assets are recognized based on the expectation that income and social contribution tax losses will be used, as well as for deductible temporary differences, to the extent that it is probable that future taxable income will be available for temporary differences to be realized.

The recovery of deferred tax asset balance is reviewed at the closing of each statement of financial position or in a shorter period upon the occurrence of relevant events that require a review.

Deferred tax assets and liabilities are presented net, provided they are related to the same legal entity and subject to the same tax authority, and there is a legal right to offset the current tax asset against current tax liabilities. These deferred taxes are fully presented in the "Noncurrent" group, irrespective of the expected realization and enforceability of the amounts that give rise to them.

6.1 Breakdown of deferred income and social contribution tax assets and liabilities

	Notes	Individual				Consolidated			
		Statement of financial position		Income (loss)		Statement of financial position		Income (loss)	
		2023	2022	2023	2022	2023	2022	2023	2022
Deferred income and social contribution taxes refer to:									
Tax assets:									
Income and social contribution tax losses		—	—	—	—	532,795	539,367	(6,572)	391
Provision for profit sharing		—	—	—	—	6,798	6,412	386	1,537
Provision for tax, labor, civil and regulatory proceedings	18	—	—	—	—	23,434	30,574	(7,140)	1,886
Provision for employee benefits		—	—	—	—	5,754	4,559	1,195	3,025
Provision for impairment of assets		—	—	—	—	2,027	2,027	—	—
Tax credits from merger goodwill	6.4	—	—	—	—	54,335	66,120	(11,785)	(12,729)
Provision for suppliers of materials and services		—	—	—	—	12,419	10,685	1,734	(790)
Cash Flow Hedge (other comprehensive income)		2,136	971	—	—	30,306	49,870	—	—
Adjustment to actuarial assessment (other comprehensive)		—	—	—	—	29,608	33,076	—	—
Energy reimbursement	8	—	—	—	—	12,954	11,378	1,576	5,274
Unrealized exchange difference		—	—	—	—	794	569	225	130
Mark-to-market		—	—	—	—	18,618	21,274	(2,656)	21,274
Other		—	—	—	—	2,192	14,692	(12,500)	(1,844)
Taxes on liabilities:									
PP&E - deemed cost	11	—	—	—	—	(241,266)	(267,631)	26,365	28,187
Intangible assets - use of public property	12	—	—	—	—	(6,100)	(6,811)	711	710
Adjustment to guarantees and restricted deposits	18	(21)	—	(21)	—	(192)	(1,294)	1,102	(548)
Property, plant & equipment - depreciation rate		—	—	—	—	(19,335)	(170,101)	23,389	(749)
Unrealized Exchange Gains		(34)	(5)	(29)	(5)	(265)	(381)	116	3,802
Intangible assets - GSF	12	—	—	—	—	(247,947)	(276,688)	28,741	28,742
Capitalized Interest		—	—	—	—	(68,509)	(51,951)	(16,558)	(51,951)
Mark-to-market		—	—	—	—	(22,599)	(23,746)	1,147	(23,746)
Other		—	—	—	—	(6,349)	(4,134)	(2,215)	2,823
Deferred tax assets (liabilities), net		2,081	966	(50)	(5)	119,472	(12,134)	27,261	5,424
Presentation in the statement of financial position									
Deferred taxes on noncurrent assets		2,081	966			127,958	129,287		
Deferred taxes on noncurrent liabilities		—	—			(8,486)	(141,421)		
Total		2,081	966			119,472	(12,134)		

Deferred taxes are presented by complex and net amount, as follows:

Complex	12/31/2023			12/31/2022
	Assets	Liabilities	Assets (Liabilities)	Assets (Liabilities)
Individual	2,136	(55)	2,081	966
AES Comercializadora	18,618	(22,599)	(3,981)	(2,470)
Tucano Complex	—	(3,145)	(3,145)	(1,814)
Araripe Complex	—	—	—	(66,276)
Caetés Complex	—	—	—	(70,003)
AES Operações	694,997	(583,517)	111,480	117,139
AES Tietê Integra	3,404	—	3,404	3,058
Alto Sertão II Complex	5,688	(1,145)	4,543	5,395
AGV complex	106	(139)	(33)	(49)
Ouroeste Complex	—	(214)	(214)	(308)
Guaimbê Complex	—	(496)	(496)	(501)
Ventus Complex	4,401	(437)	3,964	1,673
Salinas and Mandacaru Complexes	2,788	(302)	2,486	1,056
Cassino Complex	—	(617)	(617)	—
	732,138	(612,666)	119,472	(12,134)

Changes in balances of deferred income and social contribution taxes are as follows:

Changes in deferred taxes	Individual	Consolidated
Balance as of December 31, 2021	—	103,728
Impact on income	(5)	5,424
Impact on equity (Other comprehensive income)	971	13,367
Effect of the acquisition of Araripe and Caetés Complexes	—	(134,653)
Balance as of December 31, 2022	966	(12,134)
Impact on income	(50)	27,261
Impact on equity (Other comprehensive income)	1,165	(23,032)
Effect of deferred tax adjustment for Araripe and Caetés Complexes (i)	—	127,377
Balance as of December 31, 2023	2,081	119,472

(i) SPEs of the Caetés and Ventos do Araripe wind complexes, acquired in November 2022, had a historical balance of deferred tax liabilities, mostly arising from the difference in tax and accounting depreciation rates. Due to the change in the taxation regime of these SPEs from taxable profit to presumed profit from 2024 onwards, deferred tax liabilities were fully reversed.

The reconciliation of income and social contribution taxes is presented below:

	Individual				Consolidated			
	2023		2022		2023		2022	
	IRPJ	CSLL	IRPJ	CSLL	IRPJ	CSLL	IRPJ	CSLL
Profit (loss) before income and social contribution taxes	134,091	134,091	149,705	149,705	408,340	408,340	389,219	389,219
Nominal rate	25 %	9 %	25 %	9 %	25 %	9 %	25 %	9 %
Income and Social Contribution Taxes - nominal expense	(33,523)	(12,068)	(37,426)	(13,473)	(102,085)	(36,751)	(97,305)	(35,030)
Adjustments to reflect the effective rate								
Permanent additions (exclusions):								
Temporary differences without deferred tax recognized	—	—	(803)	(289)	(7,326)	(2,637)	(793)	(285)
Income and social contribution tax losses without deferred tax	(5,222)	(1,880)	(544)	(196)	(33,886)	(12,199)	(2,652)	(913)
Amortization of value added in a business combination and contractual rights	—	—	—	—	(10,862)	(3,910)	(10,720)	(3,860)
Equity Pickup (i)	38,278	13,780	39,321	14,156	2,209	795	5,012	1,804
Base difference - subsidiaries presumed profit	—	—	—	—	86,399	26,387	62,932	19,599
Other	430	155	(552)	(199)	2,111	702	(260)	(461)
Tax adjustment								
Adjustment from previous years	—	—	—	—	(1,104)	(774)	—	—
Tax incentive subsidy	—	—	—	—	17,031	—	—	—
Other	—	—	—	—	(25)	872	(4,202)	(1,936)
Income and social contribution tax expense	(37)	(13)	(4)	(1)	(47,538)	(27,515)	(47,988)	(21,082)
Breakdown of taxes on P&L:								
Current	—	—	—	—	(66,807)	(35,507)	(51,726)	(22,768)
Deferred	(37)	(13)	(4)	(1)	19,269	7,992	3,738	1,686
Total	(37)	(13)	(4)	(1)	(47,538)	(27,515)	(47,988)	(21,082)
Effective tax rate	— %	— %	— %	— %	-11.6 %	-6.7 %	-12.3 %	-5.4 %

(i) the difference between equity pickup and the statement of profit or loss refers to capitalized interest.

6.2 Credit recovery estimate

Significant judgment is required from Management to determine the amount of deferred tax assets that may be recognized, based on the probable term for realization and future taxable income levels, along with tax planning strategies.

Based on the technical study of future taxable income generation, the following is an estimate of the realization of deferred tax assets recorded as of December 31, 2023:

	Consolidated		
	Deferred income and social contribution taxes	Tax credits from merger goodwill (*)	Total
2024	49,635	10,895	60,530
2025	33,411	10,097	43,508
2026	6,982	9,330	16,312
2027	3,069	8,643	11,712
2028 to 2029	83,958	15,370	99,328
2030 to 2032	500,749	—	500,749
Total	677,803	54,335	732,138

(*) For more details on the nature of such tax credit, see Note 6.4 below.

The Company estimates that the balances as of December 31, 2023, related to deferred taxes assets will be recovered through the generation of future taxable income for the term of the concession.

The assumptions used in the forecasts of operating and financial results and the Company's growth potential were based on management's expectations regarding the Company's future and shall not be used for decision-making in relation to the investment. Management understands that this estimate is consistent with its business plan, at the time of preparation of the technical study, so that no loss is expected in the realization of such credits.

6.3 Breakdown of income and social contribution tax losses and temporary differences, without deferral created

	Income and Social Contribution Tax Losses		Temporary Differences		Total Deferred, Not booked	
	IRPJ	CSLL	IRPJ	CSLL	IRPJ	CSLL
Individual	6,118	2,202	7,585	2,731	13,703	4,933
Alto Sertão II Complex	140,582	50,610	—	—	140,582	50,610
AES Brasil Operações	66,319	24,281	34,157	12,297	100,476	36,578
Salinas and Mandacaru Complex	4,092	1,473	40,582	14,609	44,674	16,082
Tucano Complex	33,604	12,097	1,482	534	35,086	12,631
Guaimbê Holding	—	—	5,207	1,875	5,207	1,875
Cajuína Complex	332	119	—	—	332	119
Ventus Complex	44	16	—	—	44	16
Arinos Complex	58	21	—	—	58	21
Caetés Complex	116,862	42,070	—	—	116,862	42,070
Araripe Complex	101,522	36,548	—	—	101,522	36,548
Cassino Complex	925	333	—	—	925	333
Cordilheira dos Ventos	7	3	—	—	7	3
Potengi	4,738	1,706	—	—	4,738	1,706
Veleiros	1,730	623	—	—	1,730	623
AES GF1 Holdings	6	2	—	—	6	2
CONSOLIDATED	476,939	172,104	89,013	32,046	565,952	204,150

The corresponding deferred tax assets were not recognized, considering that the deferred tax assets are recognized within the limit of the expected realization of future taxable profit. For income and social contribution tax losses held by holding companies, whose results are mostly generated by deductible finance costs, the Company does not recognize deferred tax assets.

6.4 Tax credits from merged goodwill

Tax credits from merged goodwill, classified as noncurrent assets, refer to the tax benefits generated by the merger of goodwill of the parent companies AES Gás Ltda., AES Tietê Participações S.A. and AES Brazilian Energy Holdings S.A. and are recorded in accordance with the concepts of CVM Resolution 78/2022.

Goodwill and the corresponding provisions are being amortized over direct subsidiary AES Operações' concession period, considering the expected future profitability curve established by ANEEL in its Official Letter 87 of January 16, 2004.

The accounting records maintained for corporate and tax purposes of direct subsidiary AES Operações have specific accounts related to the merged goodwill, provision for special goodwill reserve in equity, and amortization, reversal and tax credit under the statement of profit or loss for the period. As of December 31, 2023 and 2022, the balances were as follows:

	Consolidated			
	2023			2022
	Goodwill	Provision	Net value	Net value
AES Brazilian Energy Holdings Ltda				
Balances arising from the merger	319,564	(210,912)	108,652	108,652
Accumulated amortization	(222,976)	147,164	(75,812)	(68,694)
Subtotal	96,588	(63,748)	32,840	39,958
AES Gás Ltda.				
Balances arising from the merger	808,304	(541,564)	266,740	266,740
Accumulated amortization	(750,305)	502,555	(247,750)	(243,632)
Subtotal	57,999	(39,009)	18,990	23,108
AES Tietê Participações S.A.				
Balances arising from the merger	82,420	(54,397)	28,023	28,023
Accumulated amortization	(75,051)	49,533	(25,518)	(24,969)
Subtotal	7,369	(4,864)	2,505	3,054
Total	161,956	(107,621)	54,335	66,120

The change in tax credits from merged goodwill is as follows:

Change in tax credits from goodwill	Consolidated
Balance as of December 31, 2021	78,849
Amortization	(37,938)
Reversal	25,209
Balance as of December 31, 2022	66,120
Amortization	(35,127)
Reversal	23,342
Balance as of December 31, 2023	54,335

The amount of tax benefit already used by the Company and, therefore, available for capitalization amounts to R\$ 24,513 as of December 31, 2023 (R\$ 12,728 as of December 31, 2022). The Company adjusts the amount of tax benefit available for capitalization at the end of every fiscal year, when the final assessment of the income and social contribution taxes payable is carried out, considering the effective reduction of taxes paid. The capitalization occurs in accordance with the schedule defined in a contract signed between AES Brasil and BNDES, after approval by the Annual Shareholders' Meeting (ASM) or Extraordinary Shareholders' Meeting (ESM), subject to the following rules: (i) the balance available for capitalization, pursuant to CVM Instruction No. 78/2022, is equal to or higher than R\$ 50,000 or (ii) three years have elapsed since the last capitalization, whichever occurs first.

CVM instruction No. 78/2022 provides that goodwill amortization brings no impact to the Company's P&L, since the amortization, provision reversal, and tax benefit occur at the same time. There is only an impact on the cash due to the decreased income and social contribution tax payment.

7. GUARANTEES AND RESTRICTED DEPOSITS

	Notes	Individual		Consolidated	
		2023	2022	2023	2022
CURRENT					
Contractual commitment guarantees		—	—	30,302	16,713
Guarantees and restricted deposits related to lawsuits	18.1	678	—	3,063	18,544
Financing guarantees (i)		—	—	3,955	251,928
Subtotal		678	—	37,320	287,185
NONCURRENT					
Financing guarantees (i)		—	—	570,350	321,156
Guarantees and restricted deposits related to lawsuits	18.1	74	—	7,030	6,680
Subtotal		74	—	577,380	327,836
Total		752	—	614,700	615,021

(i) Refers to the Debt Service Reserve Accounts, which is used to pay principal and interest on obligations of debt agreements of subsidiaries of Araripe Wind Complex, AES Operações, Caetés Wind Complex and Tucanos F1 to F4 in the amounts, respectively, of R\$ 94,233, R\$ 20,399, R\$ 124,900 and R\$ 9,320 and its indirect subsidiaries, comprising Mandacaru and Salinas Wind Complexes, Alto Sertão II Wind Complex, Ventus Wind Complex and Cassino Wind complex, in the amounts of R\$ 212,009, R\$ 18,127, R\$ 9,952 and R\$ 85,365, respectively. The full amount of the funds retained in these accounts shall be invested, subject to the restrictions mentioned in the issue documents. The full balance of these accounts is invested in bank deposit certificates, with an average return of 100.82% of CDI.

Change in guarantees and restricted deposits for the year ended December 31, 2023 and December 31, 2022 is as follows:

	Consolidated
Balance as of December 31, 2021	247,839
Additions (i)	278,693
Effect of the acquisition of Araripe, Caetés and Cassino Wind Complexes	317,152
Inflation adjustment	29,013
Disposals and redemptions (ii)	(257,676)
Balance as of December 31, 2022	615,021
Additions (i)	469,778
Inflation adjustment (Note 29)	72,585
Disposals and redemptions (ii)	(542,684)
Balance as of December 31, 2023	614,700

(i) Additions in the amount of R\$ 469,778, comprise: (a) inflows resulting from guarantees provided for in contractual clauses for the issue of financing and debentures, in the amount of R\$433,297; (b) amounts deposited in court in the amount of R\$ 4,329; and (c) 32,152 in contractual guarantees.

(ii) Redemptions in the amount of R\$ 542,684 comprise: (a) payment of principal and interest on debts, in the amount of R\$ 503,282; (b) R\$ 20,441 of judicial deposits; and (c) R\$ 18,961 of redemptions of guarantees of contractual commitments.

8. REIMBURSEMENT ACCOUNT

The Reserve Energy Agreements entered into by subsidiaries operating LER 2009, LER 2010, LER 2013 and CCEE agreements and between New Energy agreements by LEN 2011 (A-3), LFA and the distribution companies set forth that the differences between the energy generated by the plants and the contracted energy shall be assessed in each contractual year. If the consideration under any agreement includes a variable amount, the Company reflects the amount of consideration to which it will be entitled in return for transferring goods or services to the customer. The variable consideration reflects the most probable fair value of the reimbursement, in which significant reversals are not expected by the Company.

The agreements set limits for positive or negative deviations with the application of bonuses or penalties, which shall according to the following rules:

Reimbursements for negative deviations (below the tolerance range - 10%) of generation will be reimbursed in 12 equal monthly installments during the subsequent contractual year, valued at 115% of the current sale price in force, for LER 2009 and LER 2010 parks and the highest amount between the average PLD for the year and the fixed unit revenue for LEN 2011 parks. Reimbursements within the 10%-tolerance range of generation will be received in 12 installments after potential offsets with positive deviations starting after the end of the first four-year period as of the start of the agreement supply, valued at agreement price in force for LER 2009 and LER 2010 parks and at the highest amount between the average PLD of the four-year period and the fixed unit revenue for LEN 2011 parks.

Reimbursements of LER 2009, LER 2010, LER 2013, LFA and LEN 2011 wind parks for positive deviations of generation (exceeding the tolerance range of 30% for LER 2010, LER 2013, LER 2009 and 30%, 20%, 10% and 0% for LEN 2011 parks, in the years 1, 2, 3 and 4 of every four-year period, respectively) will be received in 12 equal monthly installments throughout the subsequent contractual year for LER 2009, LER 2010 and LER 2013, and monthly as of the point when generation exceeds the tolerance range for LEN 2011 parks. LER 2010 parks are valued at 70% of the current sale price and LEN 2011 parks are valued at the monthly PLD, as stated in the aforementioned agreements. Reimbursements within the 30%-tolerance range of generation will be received in 24 installments after potential offsets with negative deviations starting after the end of the first four-year period as of the start of the agreement supply, valued at agreement price in force for LER 2009, LER 2010 and LER 2013 parks. The first four-year period of LER 2010 ended in August 2017, LEN 2011 in December 2019 and the second cycle of LER 2009 ended in June 2021.

For Guaimbê Solar Complex (LER 2014), Boa Hora Solar Complex (LER 2015) and AGV Solar Complex (LEN 2017) parks, offset for negative deviations (below the tolerance range – 10%) of generation will be reimbursed in 12 equal monthly installments during the subsequent contractual year, , valued at 115% of the sales price in force. Reimbursements for negative deviations within the tolerance range of 10% of generation will be reimbursed in 12 equal monthly installments, after potential offsets with surplus parks, valued at 106% of the contractual price in force. Variable revenue from positive deviations (above the 15% tolerance range) will be received in 12 equal monthly installments over the subsequent contractual year, valued at 30% of the contractual price in force. Variable revenue within the tolerance range of 15% of generation will be received in 12 installments, after potential offsets with deficit parks, valued at the contractual price in force.

The revenue from Wind and Solar Parks is recognized in accordance with the energy delivered. Therefore, the amount of the consideration reflects the fair value to be received when the energy is actually delivered to the customer. The reimbursement assets and liabilities represent the positive and negative deviations, respectively, that will be settled in compliance with the rules mentioned above.

The change in reimbursement account is as follows:

	Consolidated	
	Assets	Liabilities
Balance as of December 31, 2021	32,769	(288,146)
Effect of the acquisition of Araripe, Caetés and Cassino Wind Complexes	—	(280.901)
Addition/reversal (i)	(3.200)	(156.727)
Amortization	(2.674)	8.604
Inflation adjustment	—	(14.450)
Contractual reimbursement (ii)	(1.664)	—
Balance as of December 31, 2022	25,231	(731,620)
Addition/reversal (i)	249	(234.177)
Amortization	(6.001)	199.180
Inflation adjustment	—	(9.930)
Contractual reimbursement (ii)	11.798	—
Amortization of contractual reimbursement	(13.705)	—
Balance as of December 31, 2023	17,572	(776,547)

(i) refers to wind generation below the contracted amount for the year, mainly due to the low wind speed and to the Curtailment, an involuntary restriction on the plants' generation requested by the ONS, which impacted the parks generation.

(ii) refers to the reimbursement due to loss of operating margin linked to the maintenance agreement of Ventus wind park, which complies with rules similar to those of the Regulatory Body.

Processing schedule for reimbursements for wind and solar plants

Constrained-off (“c-off”) events from wind farms, as well as from other energy sources, result from the orders of the National Electric System Operator - ONS to reduce generation due to flow limitations of this generation in the transmission network or even due to the load reduction seen in the National Interconnected System – SIN.

In such situations, the generation company is unable to meet its agreements or other commitments through the generation of its own generating units. This generation reduction characterizes the opportunity cost linked to the c-off of power plants.

Order No. 2.303/2019 issued by the National Electric Energy Agency – ANEEL, ordered the Electric Energy Trading Chamber – CCEE to stay reimbursements related to wind farm c-off events linked to the energy contracting in the regulated environment and the contracting of reserve energy until the final decision on regulation was made. With the approval of ANEEL Normative Resolution No. 927 of 2021, which established the procedures and criteria for calculating and paying the operation restriction due to c-off of wind power plants, the publication of the reimbursement processing schedule was pending on the part of CCEE.

On 12/23/2022, CCEE released the statement (CO 970/22), informing the processing schedule of reimbursements for wind power plants and also for solar plants considering the energy not supplied due to c-off of the plants committed to Energy Trading Agreements in the Regulated Environment – CCEAR for Availability and Reserve Energy Agreements – CER.

For wind sources, the reassessments will consider the “transitional period” rule, which covers only the months from January 2018 to September 2021. c-off effects will be calculated for CCEARs and CERs with the contractual year ending up to September 2021.

For the “definitive period”, referring to October 2021 onwards, CCEE communicated that it is still not possible to foresee a schedule of reassessments, since the process of Public Consultation ANEEL No. 22/2022 with the improvements of the trading rules in compliance with REN No. 927/2021 was not completed.

As for solar sources, reprocessing will consider the provisional methodology approved by ANEEL via Order No. 1.668/2022. The final methodology for the source was defined with the conclusion of ANEEL Public Consultation No. 48/2022 and approval of Normative Resolution No. 1.073/2023.

The new resolution is aimed at solar plants dispatched centrally or in sets that are considered in the programming by the ONS.

For wind farms, ANEEL regulations limit the payment of reimbursement to generators to situations classified as "Reason for external unavailability". The generator takes on the risk up to a regulatory time limit in which the event is considered ordinary. This "deductible" is currently 30 hours and 30 minutes per year.

This rule will be in force definitively from March 2024 and a delay in processing and economic and financial effects is expected due to the need to approve the trading rules detailing the operational process carried out by CCEE.

Due to the restrictions, which are c-off for wind and solar plants, in October 2023, the Brazilian Wind Energy Association - "ABEEólica" and the Brazilian Photovoltaic Solar Energy Association - "ABSOLAR", together with their associates, filed a judicial proceeding with a request for an injunction to review the current rules, mainly considering the need for reimbursement for any c-off event. Still in October 2023, a decision was made rejecting the preliminary injunction. As a result of the dismissal, an interlocutory appeal was filed in November 2023, which was granted.

As of December 31, 2023, of the total balance of R\$ 776,547 of the reimbursement liability, R\$ 561,482 refers to the suspension of reimbursement of completed cycles resulting from Dispatch 2303/2019, of which R\$ 135,298 for LER 2009, R\$ 42,561 for LER 2010, R\$ 120,244 for LER 2011, R\$ 234,155 for LER 2013 and R\$ 29,224 for LFA.

9. OTHER ASSETS

Notes	Individual		Consolidated	
	2023	2022	2023	2022
CURRENT				
Warehouse (i)	—	—	60,409	48,672
Insurance indemnity receivable (ii)	—	—	—	8,453
Accounts receivable from related parties	30	90	19	1,154
Prepaid expenses	26	23	24,786	9,475
Accounts receivable on the sale of equity interest	—	—	—	1,010
Advance to employees	2	6	397	353
Dividends receivable	30 and 10	9,939	9,523	—
Advance to suppliers	—	—	6,505	6,034
Compensation for supplier delays (iii)	—	—	74,242	58,903
Property available for sale	11	—	1,521	—
Accounts receivable on sale of subsidiary (iv)	—	—	—	25,488
Other	301	62	19,809	21,025
Subtotal	10,358	91	197,211	180,567
NONCURRENT				
Pis and Cofins deferred on reimbursement	—	—	15,604	14,706
Prepaid expenses	—	—	4,258	5,712
Accounts receivable from related parties	30	—	5,581	6,661
INSS	—	—	1,622	1,762
ICMS	—	—	1,390	1,390
Other accounts receivable	—	—	4,133	5,733
Other	1,010	—	3,016	3,507
Subtotal	1,010	—	35,604	39,471
Total	11,368	91	232,815	220,038

(i) The warehouse is made up of replacement materials (spare parts). Inventories are recorded at acquisition cost, reduced by provision for adjustment to realizable value, when applicable, and are valued based on "weighted average cost".

(ii) The change is due to the indemnity receivable due to the incident that occurred in 2021 in two wind turbines of SPE Rei dos Ventos 3 Geradora de Energia S.A., of the Ventus Complex. The amount was fully received in December 2023.

(iii) Refers to compensation to be received for delay in completing the works at Tucano and Cajuína Complexes, in the amounts of R\$ 23,444 and R\$ 50,798, respectively, which are provided for in the construction and supply agreements for turbines and equipment. The agreements establish a penalty for achievement of substantial completion due to delay in relation to the completion date of each wind farm, aimed at compensating losses of operating income caused by the delay. The amounts shown for Tucano Complex are net of the liability with the counterparty recorded under Trade accounts payable, as the aforementioned agreement provides for this compensation. In 2023, R\$ 96,750 was offset against trade accounts payable, as provided for in the agreement.

(iv) On June 11, 2021, after fulfilling the conditions precedent, the sale of 100% of shares of its indirect subsidiaries AES Tietê Inova, AES Tietê Inova I and AES Tietê Inova II to a subsidiary of EDP Energias do Brasil was completed, with the risk and rewards of ownership transferred to the Buyer, on that date. In March 2023, after analysis of recognition, based on legal forecast, the balance was reassessed and the impact recorded against other operating expenses (Note 28).

10. EQUITY INTEREST

The Company holds investments in directly and indirectly subsidiaries and joint ventures. These investments are valued based on the equity pickup method in the individual financial statements and are initially recognized at cost. Control is obtained when the Company has the authority to control the financial and operating policies of an entity to receive benefits from its activities.

Direct subsidiary Tucano Holding I S.A. holds a 50% indirect interest on Tucano Holding III with Unipar Carbocloro S.A., a Joint Venture with Unipar Carbocloro S.A. Pursuant to the contractual agreements, consensus is required between all parties to the agreement for the relevant activities. The share in the investment is recognized using the equity pickup method at the individual and consolidated statements.

At the individual statements, intangible assets arising from business combination and the acquisition of assets are included in the carrying amount of the investment, initially measured at fair value and amortized based on the remaining term of the authorization or agreement. In the consolidated statement, these amounts are presented in the heading "Intangible assets".

	Individual		Consolidated	
	2023	2022	2023	2022
Permanent equity interests:				
Assessed using the equity pickup method	5,446,768	4,490,231	106,852	107,539
Contractual rights arising from acquisition of assets (i)	16,137	16,137	—	—
Authorization to operate from and acquisition of assets (iii)	515,267	661,558	—	—
Surplus value on acquired assets (ii)	127,214	132,914	—	—
Total	6,105,386	5,300,840	106,852	107,539

(i) Refers to the acquisitions of Arinos Complexes, in the amount of R\$ 16,137. Amortization will begin after the start-up of the farm based on the authorization period.

(ii) Refers to the acquisition of Araripe and Caetés Complexes. The authorization to operate is amortized based on the concession period and the surplus value of acquired investments is amortized based on the average useful life of PP&E.

The change in investments for the year ended December 31, 2023 is as follows:

	Individual				Total
	Assessed using the equity pickup method	Contractual rights arising from acquisition of assets	Authorization to operate from and acquisition of assets	Adjustments to fair value of the investment acquired	
Balance as of December 31, 2021	3,802,379	16,137	—	—	3,818,516
Equity pickup (i)	289,428	—	—	—	289,428
Acquisition of Cordilheira dos Ventos Complex	42,000	—	—	—	42,000
Acquisition of Araripe and Caetés Wind Complexes	—	—	663,643	133,389	797,032
Net assets acquired	40,240	—	—	—	40,240
Amortization of intangible assets and surplus value on acquisitions (i)	—	—	(2,085)	—	(2,085)
Amortization of contractual rights, operation and authorization (i)	—	—	—	(475)	(475)
Capital increase	814,249	—	—	—	814,249
Dividends	(552,877)	—	—	—	(552,877)
Share-based compensation	285	—	—	—	285
Other comprehensive income (iii)	54,527	—	—	—	54,527
Balance as of December 31, 2022	4,490,231	16,137	661,558	132,914	5,300,840
Equity pickup (i)	486,265	—	—	—	486,265
Future capital contribution	71,875	—	—	—	71,875
Acquisition of subsidiaries	1	—	—	—	1
Adjustment of intangible assets from acquisition of Araripe and Caetés Wind Complexes (i and ii)	—	—	(127,377)	—	(127,377)
Amortization of intangible assets and surplus value on acquisitions (i)	—	—	(18,914)	—	(18,914)
Amortization of contractual rights, exploration and authorization (i)	—	—	—	(5,700)	(5,700)
Capital increase	367,291	—	—	—	367,291
Mandatory minimum dividends	(9,939)	—	—	—	(9,939)
Other comprehensive income (iii)	41,044	—	—	—	41,044
Balance as of December 31, 2023	5,446,768	16,137	515,267	127,214	6,105,386

(i) Amounts presented under the equity pickup heading in the statements of profit or loss.

(ii) Due to the change in the tax regime of Araripe and Caetés Complexes, there was a reversal of deferred tax assets and liabilities and consequently in intangible assets from the acquisition of the Complexes, see Note 6.1.

(iii) The amount refers mainly to the hedge effect of the loans raised abroad to finance the construction of wind farms, exchange hedge related to the acquisition of solar panels in foreign currency, through NDF, share repurchase option and the indirect effect of the actuarial technical opinion.

Individual	Balance as of December 31, 2022	Equity pickup	Capital increase	Future capital contribution	Mandatory minimum dividends	Other Comprehensive income	Adjustment of intangible assets from acquisition of Araripe and Caetés Wind Complexes	Amortization of intangible assets generated in surplus value and authorization to operate	Acquisition of Subsidiaries	Balance as of December 31, 2023
AES Tucano Holding I S.A.	1,527,941	206,228	359,860	71,875	(1,151)	(1,637)	—	—	—	2,163,116
AES Brasil Operações	2,858,851	133,822	—	—	(8,788)	42,681	—	—	—	3,026,566
AES Comercializadora	16,798	5,070	—	—	—	—	—	—	—	21,868
AES GF1 Holdings	42,002	(59)	664	—	—	—	—	—	—	42,607
AES GF2 Holdings	1,139	16	11	—	—	—	—	—	—	1,166
AES Arinos Holding	17,207	(210)	4,726	—	—	—	—	—	—	21,723
São Tomé Holding	404,296	68,713	—	—	—	—	(61,913)	(11,081)	—	400,015
São Tito Holding	432,606	72,618	—	—	—	—	(65,464)	(13,533)	—	426,227
AES Energy Solutions	—	67	2,030	—	—	—	—	—	1	2,098
Total	5,300,840	486,265	367,291	71,875	(9,939)	41,044	(127,377)	(24,614)	1	6,105,386

Individual	Balance as of December 31, 2021	Equity pickup	Acquisition of Subsidiaries	Capital increase	Dividends	Other Comprehensive Income	Share-based compensation	Net assets acquired	Amortization of intangible assets and surplus value on acquisitions	Balance as of December 31, 2022
AES Tucano Holding I S.A.	600,000	44,316	—	800,000	—	83,625	—	—	—	1,527,941
AES Brasil Operações	3,202,379	238,162	—	—	(552,877)	(29,098)	285	—	—	2,858,851
AES Comercializadora de Energia	—	4,798	—	12,000	—	—	—	—	—	16,798
AES GF1 Holdings	—	(9)	42,000	11	—	—	—	—	—	42,002
AES GF2 Holdings	—	(8)	—	1,147	—	—	—	—	—	1,139
AES Arinos Holding	16,137	(21)	—	1,091	—	—	—	—	—	17,207
São Tomé Holding	—	3,405	366,658	—	—	—	—	35,373	(1,140)	404,296
São Tito Holding	—	(1,215)	430,374	—	—	—	—	4,867	(1,420)	432,606
Total	3,818,516	289,428	839,032	814,249	(552,877)	54,527	285	40,240	(2,560)	5,300,840

Subsidiary	Total number of quotas/shares of capital	Equity interest percentage	Capital value	Total equity	Net income (loss) for the year	Adjusted net income (loss) for the year
AES Brasil Operações S.A.	2.014.441.535	100%	1.799.262	2.897.333	133.822	133.822
AES Comercializadora	12.000.000	100%	12.000	21.868	5.070	5.070
AES GF1 Holdings	42.674.500	100%	42.675	42.607	(59)	(59)
AES GF2 Holdings	1.157.900	100%	1.158	1.165	16	16
AES Arinos	5.818.500	100%	5.819	5.586	(210)	(210)
Tucano Holding I (i)	2.204.656.170	64%	688.787	2.837.316	25.935	206.228
São Tomé Holding	373,237	100%	373,237	103,233	68,713	68,713
São Tito Holding	273,517	100%	273,517	77,454	72,618	72,618
AES Energy Solutions	2,028,678	100%	2,030	2,097	67	67
				5,988,659	305,972	486,265

(i) The difference between net income for the period and adjusted net income for the period, in the amount of R\$ 180,293 refers to capitalized interest from Tucano Holding I. In order to mainly finance the construction of new solar farms, the Parent Company raised funds through long-term debentures. Since the qualifying assets are recorded in the subsidiary, the capitalization was recognized under "Investments", matched against "Equity Pickup". In the consolidated financial information, it is presented as "Property, Plant and Equipment, net" (Note No. 11), with corresponding entry in finance income (costs), under "Capitalized interest transferred to fixed/intangible assets in progress" (Note No. 29). For better presentation, capitalized interest has been adjusted in the table under adjusted Net income (loss) for the year.

Joint Venture

As of December 31, 2023, the financial information of the Joint Venture is presented below:

	Tucano Holding III Consolidated
Statement of financial position	
Current assets	156,914
Noncurrent assets	753,597
Current liabilities	103,262
Noncurrent liabilities	593,545
Equity	213,704
Statement of Profit or Loss	
Operating income (loss)	71,163
Finance income (costs)	(44,908)
Income tax expense or income	(8,583)
Profit for the year	17,672
Total comprehensive income	17,672
Equity interest percentage	50%
Number of units of interest/shares of capital	1,444,186,438

Changes in consolidated investments of the joint venture are as follows:

Change in Joint Venture	Consolidated
Balance as of December 31, 2021	87,491
Equity pickup	20,048
Balance as of December 31, 2022	107,539
Equity pickup	8,836
Dividends	(9,523)
Balance as of December 31, 2023	106,852

Commercial operation - Joint Venture

Wind farms controlled by Tucano Holding III were released for commercial operation and started the performance of their energy supply agreements on 01/01/2023. The energy purchase and sale agreement is signed with Unipar Carbocloro S.A., valid for 20 years, with 155 MW of installed capacity and 71.5 MW avg of physical energy guarantee.

11. PROPERTY, PLANT & EQUIPMENT

The Company and its subsidiaries use the criteria defined by the Regulatory Agency, and the provisions of the appraisal report prepared for the purposes of determining the deemed cost in determining the estimated useful lives of PP&E assets where, in Management's judgment, such useful lives significantly reflect the economic useful lives of the assets. Consequently, the residual amounts of hydro assets in the Company's property, plant and equipment result from the application of defined useful lives and the resulting residual values that include the basic project, reflecting the right to indemnification at the end of the concession agreement based on the best judgment of the Company's Management, also supported by the position of its legal advisors, regarding the legislation in force.

Property, plant and equipment of direct subsidiary AES Operações was valued at deemed cost on the date of transition to international accounting standards on January 1, 2009 and for assets acquired in the business combination, which were initially measured at fair value on the acquisition date, less corresponding depreciation, except for land that are not depreciated. The useful life of the assets was reviewed together with the valuation of the assets at their deemed cost.

The basis for calculating depreciation is the depreciable value of the asset. Depreciation is calculated in profit or loss based on the straight-line method, as in Management's opinion, this is the method that best reflects the consumption pattern of future economic benefits embedded into the asset.

Depreciation rates used are provided for in table XVI of the Electric Sector Asset Control Manual - MCPSE approved by Normative Resolution No. 674 dated August 11, 2015, except for solar panels. During the year, the Company reassessed the useful life of the solar panels and concluded that these assets are capable of reaching a useful life of 40 years, in accordance with the operational performance and operating and maintenance cost assumptions used.

The Company and its subsidiaries monitor and review at least on an annual basis the residual value and useful life of the assets, including for the applicable legislation for concessions and the right to indemnification of the remaining and unamortized assets at the end of the concession.

When significant portions of property, plant and equipment are replaced, such portions are recognized as an individual asset with a specific useful life and depreciation. Similarly, when major maintenance is carried out, its cost is recognized in the carrying amount of PPE, if recognition criteria are met. All other costs of repairs and maintenance are recognized in the statement of profit or loss, when incurred.

An item of property, plant and equipment is written off when it is sold or when no future economic benefit is expected from its use or sale. Any gain or loss resulting from the write-off of the asset is included in the statement of profit or loss in the year in which the asset is written off.

The result on the disposal or withdrawal of any item of PP&E assets is determined by the difference between the sale price and the asset's carrying amount and is recognized under "Other operating expenses" in the statement of profit or loss.

The Company and its subsidiaries aggregate, on a monthly basis, the interest incurred on debentures, loans and financing at cost of PP&E in progress, considering the following criteria for capitalization: (a) interest is capitalized during the construction of the PP&E item up to the date on which the underlying asset is available for use; (b) interest is capitalized considering the monthly debenture rate applied to PP&E in progress for the month; (c) the total capitalized interest does not exceed the total of the monthly interest expenses; and (d) capitalized interest is amortized based on the same criteria and useful life determined for the PP&E item to which they were integrated. The amounts of interest capitalized to PP&E accounts during the year ended December 31, 2023 are shown in Notes No. 11.b and 29.

The Company and its subsidiaries recognize the right-to-use assets on the lease starting date. These assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any new measurement of lease liabilities. They are depreciated on a straight-line basis over the shortest period between the lease term and the estimated useful lives of the assets. The Company recognized right-to-use assets of the administrative headquarters and its subsidiaries recognized right-to-use assets of administrative headquarters and leased land, depreciated at an average rate of 11.11% to 20.00% and 2.86% to 7.14%, respectively. In order to determine the useful life, the term of the agreement or the concession/authorization period was considered, whichever is shorter.

The provision of decommissioning of assets refers to the costs and expenses to be incurred, as well as the obligation that the entity shall settle in the future for the discontinuing of service of its long-term assets of solar and wind Complexes. The initial measurement is recognized as a liability discounted to present value and, subsequently, by means of the increased finance costs over time. The cost of discontinuing assets

equivalent to the initial liability is capitalized as part of the carrying amount of the asset being depreciated over the useful life of the asset.

a) The breakdown of Property, Plant and Equipment is as follows:

	Consolidated				2022
	2023			Carrying amount	
	Annual average depreciation rates (%)	Cost	Accumulated depreciation		
Land	—	414,284	—	414,284	414,284
Reservoirs, dams and ducts	3.93%	2,945,326	(2,340,761)	604,565	679,700
Buildings, civil works and improvements	3.88%	1,663,859	(613,924)	1,049,935	708,074
Machinery and Equipment	3.90%	10,122,499	(2,247,304)	7,875,195	5,705,111
Vehicles	10.15%	19,750	(8,560)	11,190	8,706
Furniture and fixtures and others	4.20%	9,320	(6,147)	3,173	2,481
PP&E in use		15,175,038	(5,216,696)	9,958,342	7,518,356
Properties assigned for future use	—	578	—	578	2,099
Property, plant and equipment in progress (i)	—	3,541,393	—	3,541,393	3,497,002
Concession-related assets and authorizations		18,717,009	(5,216,696)	13,500,313	11,017,457
Right-of-use of administrative headquarters	from 11.11% to 20.00%	12,781	(6,951)	5,830	8,454
Right-of-use of leased land	from 2.86% to 7.14%	212,163	(26,556)	185,607	147,893
Total Property, Plant and Equipment		18,941,953	(5,250,203)	13,691,750	11,173,804

(i) PPE in progress mainly includes expenses with the revamping of hydro power generating units and construction of new wind power generating plants in Tucano and Cajuína Complexes, including advances to suppliers for acquisition of wind turbines. Such assets will be classified as PPE in service, as soon as they start operations.

b) The change in Property, Plant and Equipment is as follows:

Changes in property, plant and equipment are as follows:

Consolidated								
	Balance as of December 31, 2022	Additions	Remeasurement (ii)	Provisions for decommissioning (iii)	Disposals	Transfers and reclassifications (i)	Capitalized interest	Balance as of December 31, 2023
Land	414,284	—	—	—	—	—	—	414,284
Reservoirs, dams and ducts	2,943,639	—	—	—	—	1,687	—	2,945,326
Buildings, civil works and improvements	1,292,845	—	—	—	—	371,014	—	1,663,859
Machinery and Equipment	7,600,390	—	(147,641)	16,840	(17,728)	2,670,638	—	10,122,499
Vehicles	14,649	—	—	—	—	5,101	—	19,750
Furniture and fixtures and others	8,879	—	—	—	(28)	469	—	9,320
Properties assigned for future use	2,099	—	—	—	—	(1,521)	—	578
Property, plant and equipment in progress (iii)	3,497,002	2,561,570	—	—	(6,082)	(2,948,243)	437,146	3,541,393
Right-of-use of administrative headquarters	12,978	—	(197)	—	—	—	—	12,781
Right-of-use of leased land	165,414	40,468	6,281	—	—	—	—	212,163
Subtotal	15,952,179	2,602,038	(141,557)	16,840	(23,838)	99,145	437,146	18,941,953
Depreciation/Amortization	(4,778,375)	(503,943)	31,771	(5,318)	5,662	—	—	(5,250,203)
Total, net	11,173,804	2,098,095	(109,786)	11,522	(18,176)	99,145	437,146	13,691,750

(i) Refers mainly to reclassifications of intangible assets and short-term inventory for property, plant and equipment.

(ii) In December 2023, the Company remeasured the estimates for the decommissioning provision and lease liabilities. The effect on the decommissioning provision was R\$ 118,057 (Note 21) (R\$ 147,641 related to cost and R\$ 29,584 to depreciation) and R\$ 11,980 relating to lease.

(iii) Changes in additions, transfers and capitalized interest refer mainly to the construction of wind farms.

Consolidated								
Balance as of December 31, 2021	Effect of the acquisition of Araripe and Caetés Wind Complexes	Additions	Remeasurement	Provision for asset decommissioning	Disposals	Transfers and reclassifications	Capitalized interest	Balance as of December 31, 2022
Land	414,599	—	—	—	—	(315)	—	414,284
Reservoirs, dams and ducts	2,937,156	—	—	—	(1,055)	7,538	—	2,943,639
Buildings, civil works and improvements	900,984	256,418	—	—	(209)	135,652	—	1,292,845
Machinery and Equipment	6,363,069	1,282,199	—	(4,437)	(435)	(40,006)	—	7,600,390
Vehicles	10,661	—	—	—	(361)	4,349	—	14,649
Furniture and fixtures and others	7,605	128	—	—	—	1,146	—	8,879
Properties assigned for future use	2,099	—	—	—	—	—	—	2,099
Property, plant and equipment in progress	964,766	29,317	2,280,474	—	—	(84,535)	306,980	3,497,002
Right-of-use of administrative headquarters	9,999	—	1,593	2,114	—	(728)	—	12,978
Right-of-use of leased land	98,139	39,374	16,134	11,764	—	3	—	165,414
Subtotal	11,709,077	1,607,436	2,298,201	13,878	(4,437)	23,104	306,980	15,952,179
Depreciation/Amortization	(4,365,829)	—	(388,377)	—	(3,143)	488	(21,514)	(4,778,375)
Total, net	7,343,248	1,607,436	1,909,824	13,878	(7,580)	1,590	306,980	11,173,804

(c) Concession-related assets and authorizations

Assets and facilities used in the generation, transmission, distribution and trading of electricity are related to these services and cannot be removed, sold, assigned or pledged as mortgage guarantees without the prior and express authorization of the Regulatory Agency.

Offering the rights arising from the concession granting and assets of the wind or solar power generator as guarantee without ANEEL authorization is provided for in the concession arrangements, provided that the potential execution of the guarantee does not jeopardize the continuity of electricity generation. The transfer of the grant or control is subject to prior consent.

The subsidiaries' assets having such characteristics are:

	Consolidated	
	2023	2022
Concession	2,346,554	2,433,933
Authorizations	11,153,181	8,581,425
Properties assigned for future use	578	2,099
Total	13,500,313	11,017,457

(d) Concession agreement

On December 20, 1999, concession agreement No. 92/99 (ANEEL - Tietê) was executed for the production and sale of electric energy, as an Independent Producer, through the generating plants described in Note 1 and transmission facilities of restricted interest to such generating plants.

The term of validity of said contract is 30 years, counted from the date of its signature, which may be extended by means of request that shall be submitted to the Granting Authority within 36 months before the expiration of the contract term. ANEEL shall express its opinion on the request for an extension until the 18th month prior to the end of the concession term. The granting of the request shall take into account the fulfillment of the appropriate exploitation requirements.

The concession agreement sets that the electric energy is traded by the Concessionaire, considering its capacity as an Independent Producer, subject to the conditions established in the concession agreement and in the specific legislation.

In addition, the concession agreement established charges related to compliance with the terms of the agreement; of the Privatization Notice; legislation on the exploitation of hydraulic potentials; maintenance of operations; plant equipment and appropriate technical personnel; as well as compliance with the sectorial and environmental regulations (obligation of reforestation, preservation of the riverbanks, settlement of fish, among others) and the current legislation applicable to direct subsidiary AES Operações, in order to ensure the continuity, regularity and efficiency of hydroelectric exploitation

Specifically, regarding the final term of the agreement, sub-clause 2 of clause 11 of the concession agreement establishes that at the advent of this term, assets and facilities linked to the independent production of electric energy in hydro power plants will become part of the Federal Government's assets, through indemnification of investments made and not yet amortized, provided they are authorized and verified by ANEEL's inspection.

On March 23, 2016, the 1st Amendment to Concession Agreement No. 92/1999 was executed, with the purpose of transferring Concession Agreement No. 92/1999-ANEEL to AES Tietê Energia S.A. under the terms approved by Authorizing Resolution No. 5.433, dated August 25, 2015.

On August 3, 2021, the concession terms of HPPs and SHPPs were extended to 2032 and 2036, respectively, as approved by Ratifying Resolution No. 2.919, detailed in Note 15.1.

On September 30, 2021, the transfer of the concession object matter of Concession Agreement No. 92/1999, as well as the authorizations held by AES Tietê in favor of direct subsidiary AES Operações was completed, considering the reverse merger process.

Based on the assessment of its legal advisors, the Management understands that the residual value of unamortized reversible assets (including land, not depreciated over the concession period), whether they are linked to the so-called “Basic Project”, or arising from subsequent investments, will be substantially indemnified by the Granting Authority, in the event of termination of the Concession Agreement.

(e) Authorizations

At the end of the term of the authorizations of SHPs, the assets and facilities linked to the production of electric energy, in the event of non-extension, will become part of the Federal Government's assets, through indemnification of the investments made and not yet amortized, verified by ANEEL's inspection, or the concessionaire may be required to re-establish, at its own expense, the free flow of water. Accordingly, no obligation related to the withdrawal of these assets was recorded in direct subsidiary AES Operações' statement of financial position.

Regarding assets and facilities linked to the production of electric energy from wind and solar plants, no indemnification will be due for investments made; however, it will be assured to the independent producer the right to remove the facilities.

12. INTANGIBLE ASSETS

Intangible assets are recorded at acquisition cost or at the fair value of intangible assets acquired in a business combination, less accumulated amortization and accumulated impairment losses. These intangible assets have defined useful lives based on the commercial, concession or authorization agreements, are amortized by the straight-line method over the economic useful life and are assessed for impairment loss whenever there is indication of loss of economic value of the asset. The period and method for amortization of an intangible asset with a defined life are reviewed at least at the end of each fiscal year.

Gains and losses resulting from the write-off of an intangible asset, if any, are measured as the difference between the net value obtained from the sale and the carrying amount of the asset, and are recognized in the statement of profit or loss at the time of its disposal.

	Consolidated				
	2023				2022
	Annual average depreciation rates (%)	Cost	Accumulated amortization	Carrying amount	Carrying amount
Concession extension (i)	9.10%	982,856	(253,601)	729,255	813,789
Use of the public property (UBP) (ii)	3.7%	73,174	(55,233)	17,941	20,031
Solar and wind plants contractual rights (iii)	4.85%	554,911	(87,548)	467,363	506,456
Authorization to operate (iv)	3.00%	758,588	(38,159)	720,429	813,612
Intangible assets from business combination (v)	3.42%	19,073	(4,125)	14,948	15,591
Rights and projects under development (vi)	—	37,208	—	37,208	84,594
Software and other intangible assets	21.06%	124,104	(61,108)	62,996	106,778
Total		2,549,914	(499,774)	2,050,140	2,360,851

- (i) As of December 31, 2020, direct subsidiary AES Operações recognized intangible assets, in the amount of R\$ 946,957 against the Cost of products and services sold, under spot market line. Subsequently, in March 2021, after CCEE presented the final calculations, direct subsidiary AES Operações set up a new amount, of R\$ 35,899, totaling R\$ 982,856, which is being amortized by the straight-line method from January 1, 2021, until the end of the concession period, adjusted with the extension as from the renegotiation.

- (ii) The use of public property (UBP) comprises the right to do business as a utility for use of public property in the electric energy production and trading, as an Independent Energy Producer, pursuant to the concession agreement executed on December 20, 1999, which has a 30-year effective term and was paid in the 2000-2004 period, with the amounts recorded as intangible assets related to the concession. The amortization of such assets is made by the straight-line method during the effective term of the concession agreement.
- (iii) Refers to the acquisition of right from the Reserve Energy Auction (LER) agreements and generation authorization right of Boa Hora Solar Park and Guaimbê, in addition to Ventus wind complexes, São Ricardo complex, Serra Verde complex, Mandacaru and Salinas wind complexes, amortized based on the term of the energy auction agreements and within the remaining term of the authorization. The amounts were set based on asset valuation models, considering the information and conditions included in the auction agreements and energy generation authorization agreements.
- (iv) Corresponds to the authorization to operate arising from the acquisition of assets of Boa Hora, Guaimbê Solar Parks and Santa Tereza, Ventos do Araripe, Caetés and Cassino Wind Parks, which will be amortized based on the remaining authorization term.
- (v) Corresponds to the authorization to operate arising from the business combination of Alto Sertão II Wind Complex, which will be amortized based on the remaining authorization term.
- (vi) Corresponds to the right and projects under development resulting from the acquisition of Tucano Wind Complex and Cordilheira dos Ventos Wind Complex assets, which will be amortized based on the authorization period, after the start-up of the plant, scheduled for July, 2024 and July 2025, respectively.

Changes in intangible assets are as follows:

	Consolidated								
	Concession extension	Use of the public property	Contractual rights (f)	Authorization to operate	Intangible assets from business combination	Rights and projects under development	Software and other intangible assets		Total
							In progress	In use	
Balance as of December 31, 2021	898,322	22,121	527,916	140,102	16,234	63,523	39,365	29,898	1,737,481
Additions (i)	—	—	—	—	—	21,071	47,765	—	68,836
Effect of the acquisition of Araripe and Caetés Wind Complexes	—	—	—	672,245	—	—	—	4,294	676,539
Amortizations	(84,533)	(2,090)	(21,460)	(3,143)	(643)	—	—	(4,178)	(116,047)
Transfers (ii) and reclassifications	—	—	—	4,408	—	—	794	(11,160)	(5,958)
Balance as of December 31, 2022	813,789	20,031	506,456	813,612	15,591	84,594	87,924	18,854	2,360,851
Additions	—	—	9,305	—	—	—	35,496	—	44,801
Effect of the acquisition of Araripe and Caetés Wind Complexes (Note 6)	—	—	—	(127,377)	—	—	—	—	(127,377)
Amortizations	(84,534)	(2,090)	(32,261)	(29,329)	(643)	—	—	(9,137)	(157,994)
Transfers (ii)	—	—	(16,137)	63,523	—	(47,386)	(83,581)	13,440	(70,141)
Balance as of December 31, 2023	729,255	17,941	467,363	720,429	14,948	37,208	39,839	23,157	2,050,140

(i) Additions refer to contractual obligations (“earn-out”) resulting from compliance with certain clauses (Installed Power Price Adjustment), arising from the acquisition of Serra Verde Complex.

- (ii) The amount of R\$ 70,141 refers to reclassifications from intangible assets to property, plant and equipment to align the accounting presentation with the type of the assets.

13. TRADE ACCOUNTS PAYABLE

	Notes	Individual		Consolidated	
		2023	2022	2023	2022
CURRENT					
Electric energy purchased for resale		—	—	67,545	69,013
Transmission system use charge - TUST (i)		—	—	60,435	16,424
Distribution System use charge for generators - TUSDg		—	—	5,612	5,141
Subtotal		—	—	133,592	90,578
Materials and Services		1,719	598	238,983	173,370
Materials and Services - Related Parties	30	—	—	3,200	3,965
Total		1,719	598	375,775	267,913

The Company and its subsidiaries have 107 letters of guarantee, in the total amount of R\$ 194,883 and 29 performance bonds, in the amount of R\$ 98,744, totaling an insured amount of R\$ 293,627 (93 letters of guarantee, in the total amount of R\$ 61,355 and 75 performance bonds, in the amount of R\$ 513,584, totaling an insured amount of R\$ 574,939 as of December 31, 2022), with a cost of 0.22% to 1.30% p.a. These guarantees are largely intended to meet energy purchase requirements, mainly in the ERM and the spot market.

(i) The higher TUST balance is due to the regularization of Transmission System Use Agreements (CUSTs) as from the entry into force of Normative Resolution No. 1.065/2023, published by ANEEL on July 13, 2023, which establishes exceptional regulations for (a) Amnesty - revocation of generation grants with no imposition of penalties or fines and non-onerous termination of CUSTs and (b) Regularization of the schedule for projects with CUSTs under execution and with CUSTs to be executed in a Tariff Cycle from 2024-2025 onwards.

From the Company's project pipeline, around 1.0 GW was eligible for joining the mechanism. Considering the status of such projects, their interface with the existing drainage infrastructure and expansion prospects, it was decided to:

- Maintain and adjust projects with a total installed capacity of 282 MW, in order to keep the discounts on the Transmission System Use Tariff (TUST); and
- Maintain the project and revoke the grants and CUSTs of projects with a total installed capacity of 738 MW, which had a guaranteed connection, but with a discount on TUST. Therefore, for these projects, a new grant process will be started.

14. INCOME AND SOCIAL CONTRIBUTION TAXES PAYABLE

	Individual		Consolidated	
	2023	2022	2023	2022
CURRENT				
<u>Income and social contribution taxes payable (ii)</u>				
Income tax	—	—	10,377	11,197
Social contribution	—	—	7,223	6,601
Total	—	—	17,600	17,798
<u>Other taxes payable</u>				
INSS	150	129	6,077	7,053
PIS and Cofins	159	151	17,406	14,173
ICMS (i)	—	—	22,431	18,881
IRRF	2,641	187	4,221	2,528
CIDE	—	—	3,900	3,749
ISS	—	—	1,736	907
Other	49	12	4,646	1,267
Total	2,999	479	60,417	48,558

(i) Corresponds to ICMS taxation at the rate of 18% on the energy billing of energy generation or trading companies as of March 2022, located in the state of São Paulo. This taxation was authorized by Decree No. 66.373/2021 and CAT Administrative Ruling No. 14/2022.

(ii) Subsidiaries Tucano Holding I and II, Veleiros, Santa Tereza, Santa Tereza (06, 09 and 11), Serra Verde (I, II, III, IV, VI and VII), São Ricardo, São Ricardo (1, 2, 5, 6, 7, 8, 9, 10, 12 and 13), Potengi, AES Comercializadora, AES GF1 Holdings, AES GF2 Holdings, AES Arinos Solar Holdings, AES Arinos Solar (I to VIII), Cajuína AB1, AB2 and AB3, Cordilheira dos Ventos, Ventos de São Tomé Holding S.A., Ventos de Santa Brígida (I to VII), Ventos de São Tito Holding S.A., Ventos de Santa Joana (II, VI, VIII and XIV), Ventos de São Onofre (I to III), AES Energy Solutions and Tucanos (F9, F11 and F13) are taxed under the taxable profit taxation regime. Concerning the payment method of income and social contribution taxes, direct subsidiary AES Operações drew up a suspension trial balance sheet in the period and the companies AES GF2 Holdings, Ventos de Santa Brígida (II to VII), Ventos de Santa Joana (II), Ventos de São Onofre (I to III) and AES Energy Solutions drew up a tax-reduction trial balance.

Indirect subsidiaries Guaimbê Holding, AGV VII and Ventus used the calculation based on the tax-reduction trial balance and tax prepayments, but the other indirect subsidiaries Tucano F5, AES Tietê Integra, Nova Energia, AES Tietê Eólica, MS Participações, Santos and REB recorded a tax loss.

Except for the companies mentioned above, income and social contribution tax expense of other companies of Ouroeste Complexes, Tucano complex, Alto Sertão II, Guaimbê Complex, Ventus Complex, Salinas and Mandacaru Complexes, Santa Tereza 01 to 05, 07, 08, 10, 12 to 14, Serra Verde V, São Ricardo (3, 4 and 11), Cassino Complex are calculated based on the presumed profit taxation regime on a cash basis.

15. LOANS, FINANCING AND DEBENTURES

15.1 The balances of non-convertible debentures, loans and financing are as follows:

	Individual							
	2023							
	Current				Noncurrent			Total current + noncurrent
	Principal	Charges	Transaction costs	Total	Principal	Transaction costs	Total	
LOCAL CURRENCY								
Debentures								
Debentures - 1 st Issue		45,187	(2,777)	42,410	1,066,124	(591)	1,065,533	1,107,943
Subtotal	—	45,187	(2,777)	42,410	1,066,124	(591)	1,065,533	1,107,943
FOREIGN CURRENCY								
Scotiabank 4131 (1 st series)	187,214	944	(569)	187,589	—	—	—	187,589
Scotiabank 4131 (2 nd series)	—	9,290	(334)	8,956	362,518	(18)	362,500	371,456
Scotiabank 4131 (3 rd series)	—	4,550	(334)	4,216	175,473	(18)	175,455	179,671
Subtotal	187,214	14,784	(1,237)	200,761	537,991	(36)	537,955	738,716
Total debt	187,214	59,971	(4,014)	243,171	1,604,115	(627)	1,603,488	1,846,659

	Individual						
	2022						
	Current			Noncurrent			Total current + noncurrent
	Charges	Transaction costs	Total	Principal	Transaction costs	Total	
LOCAL CURRENCY							
Debentures							
Debentures - 1 st Issue	41,370	(2,341)	39,029	1,060,422	(3,305)	1,057,117	1,096,146
Subtotal	41,370	(2,341)	39,029	1,060,422	(3,305)	1,057,117	1,096,146
FOREIGN CURRENCY							
Scotiabank 4131 (1 st series)	1,033	—	1,033	201,859	(495)	201,364	202,397
Subtotal	1,033	—	1,033	201,859	(495)	201,364	202,397
Total debt	42,403	(2,341)	40,062	1,262,281	(3,800)	1,258,481	1,298,543

	Consolidated								
	2023								
	Current				Noncurrent				Total current + noncurrent
	Principal	Charges	Transaction costs	Total	Principal	Charges	Transaction costs	Total	
LOCAL CURRENCY									
Debentures									
1st Issue - Tucano Holding II	20,818	47,421	(1,011)	67,228	320,661	—	(12,374)	308,287	375,515
1st Issue - Veleiros	292,005	1,453	—	293,458	—	—	—	—	293,458
2nd Issue - Veleiros (1st series)	4,667	406	(225)	4,848	75,540	—	(1,352)	74,188	79,036
2nd Issue - Veleiros (2nd series)	15,515	385	(245)	15,655	64,692	—	(1,335)	63,357	79,012
1st Issue - Cajúina AB1	23,552	2,600	(2,143)	24,009	1,040,470	—	(50,572)	989,898	1,013,907
6th Issue (2nd Series) - AES Operações	221,950	2,968	(593)	224,325	—	—	—	—	224,325
8th Issue - AES Operações	22,976	1,386	(1,275)	23,087	175,450	—	(4,533)	170,917	194,004
9th Issue (1st Series) - AES Operações	—	49,993	(505)	49,488	1,380,000	—	(934)	1,379,066	1,428,554
9th Issue (2nd Series) - AES Operações	—	10,913	(3,592)	7,321	835,513	—	(14,437)	821,076	828,397
9th Issue (3rd Series) - AES Operações	—	8,592	(1,008)	7,584	233,168	—	(4,050)	229,118	236,702
10th Issue - AES Operações	—	4,507	(595)	3,912	750,000	—	(2,344)	747,656	751,568
1st Issue (1st Series) - AES Tietê Eólica	7,689	43	(254)	7,478	8,971	—	(254)	8,717	16,195
1st Issue (2nd Series) - AES Tietê Eólica	18,086	84	(242)	17,928	12,833	—	(74)	12,759	30,687
1st Issue AES Brasil Energia	—	45,187	(2,777)	42,410	1,066,124	—	(591)	1,065,533	1,107,943
Araripe Wind Complex	15,399	305	(869)	14,835	80,974	—	(3,042)	77,932	92,767
Caetés Wind Complex	13,557	291	(519)	13,329	82,321	—	(1,557)	80,764	94,093
Subtotal	656,214	176,534	(15,853)	816,895	6,126,717	—	(97,449)	6,029,268	6,846,163
Loans and financing									
BNDES - Ventus Complex	27,007	576	(70)	27,513	130,532	—	(338)	130,194	157,707
BNB Salinas and Mandacaru Wind Complexes	12,114	1,751	(1,553)	12,312	118,640	—	(9,808)	108,832	121,144
Commercial note - Potengi	700,000	108,795	(3,000)	805,795	—	—	—	—	805,795
BNDES - Cassino Wind Complex	16,072	433	(817)	15,688	107,862	—	(5,377)	102,485	118,173
BNDES - Araripe Wind Complex	40,408	1,491	(3,205)	38,694	423,383	—	(23,507)	399,876	438,570
BNDES - Caetés Wind Complex	38,914	1,436	(2,815)	37,535	407,704	—	(20,642)	387,062	424,597
BNDES - Salinas and Mandacaru Wind Complexes	21,302	501	(1,429)	20,374	121,069	—	(7,978)	113,091	133,465
BNB - Tucano Wind Complex (Anglo)	17,239	1,734	(171)	18,802	345,379	31,941	(2,698)	374,622	393,424
Other	29,662	—	—	29,662	16,685	—	—	16,685	46,347
Subtotal	902,718	116,717	(13,060)	1,006,375	1,671,254	31,941	(70,348)	1,632,847	2,639,222
FOREIGN CURRENCY									
Scotiabank 4131 (2020) - AES Operações	281,089	27	—	281,116	281,088	—	—	281,088	562,204
Scotiabank 4131 (2021) - AES Operações	—	3,597	—	3,597	668,225	—	—	668,225	671,822
Scotiabank 4131 (1st series) - AES Energia	187,214	944	(569)	187,589	—	—	—	—	187,589
Scotiabank 4131 (2nd series) - AES Energia	—	9,290	(334)	8,956	362,518	—	(18)	362,500	371,456
Scotiabank 4131 (3rd series) - AES Energia	—	4,550	(334)	4,216	175,473	—	(18)	175,455	179,671
Subtotal	468,303	18,408	(1,237)	485,474	1,487,304	—	(36)	1,487,268	1,972,742
Total debt	2,027,235	311,659	(30,150)	2,308,744	9,285,275	31,941	(167,833)	9,149,383	11,458,127

	Consolidated								
	2022								
	Current				Noncurrent				Total current + noncurrent
	Principal	Charges	Transaction costs	Total	Principal	Charges	Transaction costs	Total	
LOCAL CURRENCY									
Debentures									
1st Issue - Tucano Holding II	—	—	—	—	326,142	24,314	(13,891)	336,565	336,565
1st Issue - Cajuína AB1	—	33,360	(1,780)	31,580	952,172	—	(52,177)	899,995	931,575
5th Issue - AES Operações	121,878	337	(1,889)	120,326	—	—	—	—	120,326
6th Issue (2nd Series) - AES Operações	212,173	5,787	(2,806)	215,154	212,173	—	(601)	211,572	426,726
8th Issue - AES Operações	20,613	1,566	(1,356)	20,823	189,506	—	(5,797)	183,709	204,532
9th Issue (1st Series) - AES Operações	—	56,245	(464)	55,781	1,380,000	—	(1,438)	1,378,562	1,434,343
9th Issue (2nd Series) - AES Operações	—	10,717	(3,155)	7,562	797,959	—	(18,034)	779,925	787,487
9th Issue (3rd Series) - AES Operações	—	8,333	(882)	7,451	222,688	—	(5,063)	217,625	225,076
10th Issue - AES Operações	—	5,975	(462)	5,513	750,000	—	(2,632)	747,368	752,881
1st Issue (1st Series) - AES Tietê Eólica	9,791	82	(254)	9,619	15,911	—	(508)	15,403	25,022
1st Issue (2nd Series) - AES Tietê Eólica	17,159	154	(242)	17,071	29,415	—	(483)	28,932	46,003
1st Issue AES Brasil Energia	—	41,370	(2,341)	39,029	1,060,422	—	(3,305)	1,057,117	1,096,146
Caetés Wind Complex	12,426	—	(519)	11,907	88,146	—	(2,075)	86,071	97,978
Araripe Wind Complex	10,423	—	(869)	9,554	92,944	—	(3,911)	89,033	98,587
Subtotal	404,463	163,926	(17,019)	551,370	6,117,478	24,314	(109,915)	6,031,877	6,583,247
Loans and Financing									
BNDES - Ventus Complex	26,738	668	(70)	27,336	155,973	—	(408)	155,565	182,901
BNDES - Salinas and Mandacaru Wind Complexes	21,090	570	(1,637)	20,023	140,956	—	(9,200)	131,756	151,779
Commercial Note - Cajuína Wind Complex	—	—	(2,538)	(2,538)	700,000	3,630	(1,300)	702,330	699,792
BNDES - Cassino Wind Complex	16,691	—	(816)	15,875	122,678	—	(6,193)	116,485	132,360
BNDES - Caetés Wind Complex	36,616	—	(2,789)	33,827	443,525	—	(23,244)	420,281	454,108
BNDES - Araripe Wind Complex	38,031	—	(3,193)	34,838	460,572	—	(26,623)	433,949	468,787
BNB Salinas and Mandacaru Wind Complexes	11,099	1,889	(1,346)	11,642	130,754	—	(11,569)	119,185	130,827
BNB - Tucano Wind Complex (Anglo)	6,559	267	(165)	6,661	326,356	13,294	(2,869)	336,781	343,442
Other	158,251	15,191	—	173,442	41,668	594	—	42,262	215,704
Subtotal	315,075	18,585	(12,554)	321,106	2,522,482	17,518	(81,406)	2,458,594	2,779,700
FOREIGN CURRENCY									
Scotiabank 4131 (2020) - AES Operações	—	27	—	27	605,547	—	—	605,547	605,574
Scotiabank 4131 (2021) - AES Operações	—	3,597	—	3,597	720,515	—	—	720,515	724,112
Scotiabank 4131 (1st series) - AES Energia	—	1,033	—	1,033	201,859	—	(495)	201,364	202,397
Subtotal	—	4,657	—	4,657	1,527,921	—	(495)	1,527,426	1,532,083
Total debt	719,538	187,168	(29,573)	877,133	10,167,881	41,832	(191,816)	10,017,897	10,895,030

For foreign currency loans, the adjusted book balance considers principal, interest and transaction costs. There is swap for this debt, as shown in Note 31.1.

Transaction costs incurred in obtaining funds from third parties are allocated to the profit for the year over the term of the debt related thereto, using the amortized cost method. The use of the amortized cost method results in the calculation and allocation of finance charges based on the effective interest rate instead of the contractual interest rate of the instrument.

15.2 Changes in debentures, loans and financing are as follows:

	Individual				Consolidated			
	Debentures	Loans and financing	Foreign currency	Total	Debentures	Loans and financing	Foreign currency	Total
Balance as of December 31, 2021	—	650,116	—	650,116	3,605,602	1,167,949	1,442,970	6,216,521
Revenue	1,100,000	—	200,000	1,300,000	2,800,000	1,247,905	200,000	4,247,905
Effect of the acquisition of Vento de Araripe, Caetés and Cassino Wind Complexes	—	—	—	—	211,499	1,060,838	—	1,272,337
Finance charges	130,878	15,891	1,033	147,802	483,575	74,359	23,546	581,480
Foreign exchange difference	—	—	1,859	1,859	—	—	(111,413)	(111,413)
Inflation adjustment	—	—	—	—	130,368	4,592	—	134,960
Payment of principal	(39,578)	(650,000)	—	(689,578)	(229,891)	(715,026)	—	(944,917)
Payment of finance charges	(89,508)	(16,156)	—	(105,664)	(366,587)	(57,434)	(22,525)	(446,546)
Deferral of transaction costs	(7,296)	(456)	(495)	(8,247)	(67,380)	(7,609)	(495)	(75,484)
Amortization of transaction costs	1,650	605	—	2,255	16,061	4,126	—	20,187
Balance as of December 31, 2022	1,096,146	—	202,397	1,298,543	6,583,247	2,779,700	1,532,083	10,895,030
Revenue	—	—	571,113	571,113	560,000	36,991	571,113	1,168,104
Finance charges	158,966	—	39,970	198,936	716,769	238,558	63,412	1,018,739
Foreign exchange difference	—	—	(49,538)	(49,538)	—	—	(145,345)	(145,345)
Inflation adjustment	—	—	—	—	155,329	29,361	—	184,690
Payment of principal	(1,328)	—	—	(1,328)	(524,689)	(327,053)	—	(851,742)
Payment of finance charges	(148,120)	—	(25,648)	(173,768)	(658,937)	(127,493)	(48,943)	(835,373)
Deferral of transaction costs	(66)	—	(258)	(324)	(7,296)	(2,185)	(258)	(9,739)
Amortization of transaction costs	2,345	—	680	3,025	21,740	11,343	680	33,763
Balance as of December 31, 2023	1,107,943	—	738,716	1,846,659	6,846,163	2,639,222	1,972,742	11,458,127

15.3 The characteristic of debentures, loans and financing agreements are described below:

Company	Description	Revenue Amount	Issue Date	Contractual Rate	Interest Payment	Principal Amortization System	Amount	Maturity	Covenants	Purpose
Tucano Holding II	1 st Issue - Tucano Holding II	300,000	10/1/2021	IPCA + 6.06%	Semiannual (from 2024)	Semiannual (from 2024)	375,515	September 2041	Debt service coverage ratio ("DSCR"); calculated based on the division of cash generation by the debt service at the end of each fiscal year - DSCR: ≥1.1x, measurement from 2024.	Financing of Tucano II Wind Project
Cajuina AB1	1 st Issue - Cajuina AB1	950,000	6/15/2022	IPCA + 7.07%	Semiannual (from 2023)	Semiannual (from June 2024)	1,013,907	June 2044	Debt service coverage ratio ("DSCR"); calculated based on the division of cash generation by the debt service at the end of each fiscal year - DSCR: ≥1.1x, measurement from 2024.	Reimbursement and payment of expenses related to the construction and implementation of phase 1 and 2 of the Cajuina Wind Farm
AES Operações	6 th Issue (2nd Series) - AES Operações	317,620	4/15/2017	IPCA + 6.78%	Semiannual	Yearly	224,325	April 2024	- Ability to pay interest; measures adjusted EBITDA on finance costs for the last 12 months - Adjusted EBITDA/finance costs ≥1.25x	Prepayment of the 2 nd and 3 rd issue of debentures and the 2 nd series of the 4 th issue of debentures
AES Operações	8 th Issue - AES Operações	200,000	5/15/2018	IPCA + 6.02%	Semiannual	Semiannual	194,004	March 2030	Debt service coverage index ("ICSD"); calculated based on the division of the cash generation by the debt service at each fiscal year-end - ICSD: ≥1.2x	Reimbursement and payment of expenses related to Boa Hora Complex

				CDI + 1.00%	Semiannual	Yearly	1,428,554	March 2026 March 2027	Indebtedness capacity, net: measures the net indebtedness level as compared to adjusted EBITDA in the past 12 months Net debt/Adjusted EBITDA $\leq 4.5x$	Working capital reinforcement and prepayment of 6th issue of debentures
AES Operações	9th Issue (2nd Series) - AES Operações	2,200,000	3/15/2019	IPCA + 4.71%	Semiannual	Yearly	828,397	March 2027 March 2028 March 2029	Ability to pay interest: measures adjusted EBITDA on finance costs for the last 12 months - Adjusted EBITDA/finance costs $\geq 1.25x$	Reimbursement and payment of expenses related to the construction and implementation of Guaiumbê and AGV projects
	9th Issue (3rd Series) - AES Operações			IPCA + 4.71%	Yearly	Yearly	236,702	March 2027 March 2028 March 2029		
AES Operações	10th Issue - AES Operações	750,000	12/12/2022	CDI + 1.50%	Semiannual	Single installment at maturity	751,568	December 2027	Indebtedness capacity, net: measures the net indebtedness level as compared to adjusted EBITDA in the past 12 months Net debt/Adjusted EBITDA $\leq 4.5x$ Ability to pay interest: measures adjusted EBITDA on finance costs for the last 12 months - Adjusted EBITDA/finance costs $\geq 1.25x$	Reinforcement of working capital
AES Tietê Eólica	1st Issue of Infrastructure Infrastructure (1st series)	146,000	12/15/2014	IPCA + 7.61% pa (1st series)	Monthly	Monthly	16,195	December 2025	Debt service coverage index ("ICSD"): calculated based on the division of the cash generation by the debt service at each fiscal year-end - ICSD: $\geq 1.3x$	Financing of Alto Sertão II farms
	1st Issue of Infrastructure Infrastructure (2nd series)			IPCA + 7.87% p.a. (2nd series)			30,687			
Individual	1st Issue AES Brasil Energia	1,100,000	3/8/2022	CDI + 2.30%	Semiannual	Single installment at maturity	1,107,943	March 2025	N/A	Construction of Cajúna wind farm
Caetés Wind Complex	Caetés Wind Complex	89,000	12/1/2014	IPCA + 8.86%	Semiannual	Semiannual	92,767	December 2027	Debt service coverage index ("ICSD"): calculated based on the division of the cash generation by the debt service at each fiscal year-end - ICSD: $\geq 1.2x$	Caetés Wind Complex farms financing
Araripe Wind Complex	Araripe Wind Complex	111,000	3/1/2016	IPCA + 9.24%	Semiannual	Semiannual	94,093	June 2028	Debt service coverage index ("ICSD"): calculated based on the division of the cash generation by the debt service at each fiscal year-end - ICSD: $\geq 1.2x$	Araripe Wind Complex farms financing
Ventus Complex	BNDES - Ventus Complex	385,177	10/3/2012	TJLP + 2.51% and 2.71%	Monthly	Monthly	157,707	October 2029	Indebtedness capacity, net: measures the net indebtedness level as compared to adjusted EBITDA for the past 12 months - Net debt/Adjusted EBITDA: $\leq 4.5x$, calculated at the end of each fiscal year.	Ventus Complex wind farms financing
Salinas and Mandacaru Wind Complexes	BNDES - Salinas and Mandacaru Wind Complexes	295,800	07/16/2013 (MS) 04/14/2014 (Santos)	TJLP + 1.66%, 1.76% and 1.88% (MS) TJLP + 2.45% (Santos)	Monthly	Monthly	121,144	May, October and November 2029 (MS) December 2030 (Santos)	Debt service coverage index ("ICSD"): calculated based on the division of the cash generation by the debt service at each fiscal year-end - ICSD: $\geq 1.3x$	Financing of Mandacaru and Salinas Complexes farms

Potengi	Commercial note	700,000	12/19/2022	CDI + 1.70%	Single installment at maturity	Single installment at maturity	805,795	June 2024	N/A	Cajuina Wind Complex farms financing
Cassino Wind Complexes	BNDES (Cassino)	219,291	12/1/2014	TJLP + 2.18%	Monthly	Monthly	118,173	June 2032	Debt service coverage index ("ICSD"): calculated based on the division of the cash generation by the debt service at each fiscal year-end - ICSD: $\geq 1.3x$	Cassino Wind Complex farms financing
Caetés Wind Complex	BNDES (Caetes)	580,801	12/1/2014	TJLP + 2.20%	Monthly	Monthly	438,570	April 2032	Debt service coverage index ("ICSD"): calculated based on the division of the cash generation by the debt service at each fiscal year-end - ICSD: $\geq 1.2x$	Caetés Wind Complex farms financing
Araripe Wind Complex	BNDES (Araripe)	621,225	5/1/2015	TJLP + 2.20%	Monthly	Monthly	424,597	April 2032	Debt service coverage index ("ICSD"): calculated based on the division of the cash generation by the debt service at each fiscal year-end - ICSD: $\geq 1.2x$	Araripe Wind Complex farms financing
Salinas and Mandacaru Wind Complexes	BNB Salinas and Mandacaru Wind Complexes	198,500	5/27/2013	2.55% (pre)	Semiannual	Semiannual	133,465	May 2030, 2031 and 2033	Debt service coverage index ("ICSD"): calculated based on the division of the cash generation by the debt service at each fiscal year-end - ICSD: $\geq 1.3x$	Financing of Mandacaru and Salinas Complexes farms
Tucano Wind Complex (Anglo)	BNB	332,916	7/2/2021	IPCA + 2.26%	Monthly (as of August 2023)	Monthly (as of August 2023)	393,424	June 2045	N/A	Financing of Tucano II Wind Project
AES Operações	Other	50,000	9/20/2022	IPCA	Monthly (from September 2023)	Monthly (from September 2023)	46,347	September 2025	N/A	Reinforcement of cash and liquidity
AES Operações	Scotiabank 4131 (1 st series)	600,000 USD 116,122	12/29/2020	USD + 1.6320% with swap to CDI + 1.50%	Quarterly	December 2024 and December 2025	562,204	December 2025	Ability to pay interest: measures adjusted EBITDA on finance costs for the last 12 months - Adjusted EBITDA/finance costs $\geq 1.25x$	Reinforcement of working capital
AES Operações	Scotiabank 4131 (2 nd series)	800,000 USD 138,169	3/31/2021	USD + 1.7786% with swap to CDI + 1.48	Semiannual	March 2025 and March 2026	671,822	March 2026	Ability to pay interest: measures adjusted EBITDA on finance costs for the last 12 months - Adjusted EBITDA/finance costs $\geq 1.25x$	Ventus Complex wind farms financing
Individual	Scotiabank 4131 (1 st series)	200,000 USD 36,685	11/25/2022	USD + 5.3125% with swap to CDI + 1.60%	Semiannual	Single installment at maturity	187,589	November 2024	- Ability to pay interest: measures adjusted EBITDA on finance costs for the last 12 months - Adjusted EBITDA/finance costs $\geq 1.25x$	Reinforcement of working capital
Individual	Scotiabank 4131 (2 nd series)	383,363 USD 75,000	1/1/2023	USD + 5.2870% with swap to CDI + 1.60%	Semiannual	Single installment at maturity	371,456	January 2025	N/A	Reinforcement of cash and liquidity.
Individual	Scotiabank 4131 (3 rd series)	187,750 USD 36,315	1/1/2023	USD + 5.2870% with swap to CDI + 1.65%	Semiannual	Single installment at maturity	179,671	January 2025	N/A	Reinforcement of cash and liquidity.
Veleiros (i)	1 st Issue - Debentures	400,000	1/27/2023	CDI + 1.50%	Single installment at maturity	Single installment at maturity	293,458	June 2024	N/A	Cajuina Wind Complex financing
Veleiros	2nd issue - 1st Series Debenture	80,000	12/4/2023	IPCA + 7.33%	Semiannual	Semiannual	79,036	November 2047	N/A	Cajuina Wind Complex financing
Veleiros	2nd issue - 2nd Series Debenture	80,000	12/4/2023	IPCA + 6.93%	Semiannual	Semiannual	79,012	November 2041	N/A	Cajuina Wind Complex financing

(i) Contractual rate for the 1st issue of Veleiros Debentures is CDI + 1.50% up to 12 months after issue, with rate step-up to CDI + 1.65%, after that date.

For the year ended December 31, 2023, all covenants of the contracted obligations were fully met.

15.4 Currency composition and principal and charges indexes:

	Individual and Consolidated		Individual				Consolidated			
	2023	2022	2023		2022		2023		2022	
	Index		R\$	%	R\$	%	R\$	%	R\$	%
Local currency										
CDI (Index of the last business day of the year)	11.65%	13.65%	1,111,311	60.03	1,101,792	84.45	4,398,064	37.73	3,997,642	35.96
IPCA (cumulative index for the last 12 months)	4.62%	7.17%	—	—	—	—	3,812,836	32.71	3,813,359	34.30
TJLP (Index of the last business day of the year)	6.55%	7.01%	—	—	—	—	1,338,690	11.48	1,464,108	13.17
Fixed rate	2.55%	2.55%	—	—	—	—	132,505	1.14	308,732	2.78
Foreign currency										
U.S. Dollar (rate on the last business day of the year) (i)	4.8413	5.4100	739,989	39.97	202,892	15.55	1,974,015	16.94	1,532,578	13.79
Total			1,851,300	100.00	1,304,684	100.00	11,656,110	100.00	11,116,419	100.00

(i) Loans in foreign currency (U.S. Dollar) with currency swap to CDI.

15.5 Installments related to principal amounts of debenture and transaction costs, currently classified under noncurrent liabilities:

	Individual				Consolidated					
	Debentures	Foreign currency	Transaction costs	Total	Debentures	Loans and financing	Foreign currency	Charges	Transaction costs	Total
2025	1,066,124	537,991	(627)	1,603,488	1,187,107	197,477	1,320,248	1,553	(22,799)	2,683,586
2026	—	—	—	—	795,567	189,720	167,056	1,568	(22,274)	1,131,637
2027	—	—	—	—	1,913,339	199,520	—	1,634	(20,780)	2,093,713
2028	—	—	—	—	442,866	210,200	—	1,712	(17,302)	637,476
2029	—	—	—	—	442,494	220,169	—	1,787	(14,888)	649,562
2030 onwards	—	—	—	—	1,345,344	654,168	—	23,687	(69,790)	1,953,409
	1,066,124	537,991	(627)	1,603,488	6,126,717	1,671,254	1,487,304	31,941	(167,833)	9,149,383

16. LEASE LIABILITIES

Lease agreements are related to land rentals (467 agreements), rentals of administrative headquarters (2 agreements) and car rental (1 agreement) in force until 2069. The Company and its direct subsidiary AES Operações recognizes the liability for future payments and the right-of-use the leased asset for the lease agreements. Additionally, it recognizes an amortization cost of right-of-use assets and interest expense on lease obligations. The discount rate used ranges from 9.51% to 14.79% p.a.

Changes in lease liabilities are as follows:

	Individual	Consolidated
Balance as of December 31, 2021	—	104,963
Revenue	2,811	17,727
Effect of the acquisition of Araripe, Caetés and Cassino Complexes	—	45,366
Remeasurement (i)	—	13,878
Finance charges	48	11,117
Payment of finance charges	(48)	(8,766)
Payment of principal	(282)	(4,064)
Balance as of December 31, 2022	2,529	180,221
Revenue	—	40,468
Remeasurement (i)	(132)	7,027
Finance charges	246	16,939
Payment of finance charges	(246)	(15,895)
Payment of principal	(1,254)	(8,650)
Balance as of December 31, 2023	1,143	220,110
Current	1,143	7,935
Noncurrent	—	212,175

(i) The lease liability is remeasured when there is a change in future lease payments resulting from a change in index or rate, extension or termination or if there is a revised lease payment fixed in substance. When the lease liability is remeasured this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

Future maturities of lease liabilities are as follows:

	Individual	Consolidated
CURRENT		
2024	1,143	7,935
Subtotal	1,143	7,935
NONCURRENT		
2025	—	3,464
2026	—	3,876
2027	—	4,557
2028	—	3,817
2029	—	3,715
After 2029	—	192,746
Subtotal	—	212,175
Total	1,143	220,110

Direct subsidiary AES Operações has land sublease agreements with its subsidiaries AGV, Boa Hora and Tietê totaling R\$ 15,714 as of December 31, 2023 (R\$ 16,576 as of December 31, 2022). The land was sub-leased for the remaining term of the main agreement, with the same discount rate of 11.49% p.a. and effective up to November 2045. The amounts recorded in liabilities are adjusted by the General Market Price Index - IGP-M. The sublease conditions are the same as the original rent. Thus, there is no gain recognized. Rights to use were recognized in subsidiaries and lease obligations in the Company. Additionally, accounts receivable at the parent company and accounts payable at the subsidiaries were recognized.

17 POST-EMPLOYMENT BENEFIT OBLIGATIONS

17.1 Private pension plan

The Company sponsors retirement and pension plans with supplementary benefits for its active and former employees, and their respective beneficiaries, for supplementing the retirement and social security benefits provided by the official system of social security. Vivest is the main entity responsible for managing benefit plans sponsored by the Company.

In 1997, through negotiations with unions representing the professional category, the plan was reformulated to adopt a mixed system, i.e., 70% of actual contribution salary relate to defined benefit and 30% to defined contribution. This change had the purpose of solving the technical actuarial deficit and reducing the risk of future deficits.

On May 3, 2019, through PREVIC Administrative Ruling No. 296, PREVIC approved the amendment to the PSAP/Tietê regulation, addressing the closure of new enrollments. The new regulation was effective as of June 1, 2019. A new defined contribution plan (DC) was opened on the same date.

Additionally, on December 17, 2020, PREVIC, through PREVIC Administrative Ruling No. 867, approved a new amendment to the PSAP regulation, addressing the settlement of the defined benefit plan (DB). This settlement transaction results in the suspension of entry of contributions to PSAP and, as of this date, contributions will be made to the DC plan, created in 2019.

The purpose was to mitigate risks of future deficits, seeking a better balance and control of the plan's obligations and, at the same time, to preserve the vested right of the members and beneficiaries, also decreasing the contributions for the settlement of any future deficits. Mitigated risks include the increase in the actuarial obligation due to the accumulation of length of service and salary growth in the BD sub-plan. Financial and mortality risks will remain, but will have a lower impact on the liabilities of the BD sub-plan.

The defined benefit pension plan has the cost of granting the benefits determined by the projected unit credit method, net of the assets that guarantee the plan. The Company assesses its liabilities with supplementary pension benefits through an actuarial valuation carried out on a yearly basis, with the assistance of consultants specialized in actuarial services. The actuarial assessment involves the use of assumptions described below. The private pension obligation is highly sensitive to changes in such assumptions. At the end of 2023, the Company performed the annual actuarial assessment, in which all the assumptions for that date were reviewed. The net assets of the benefit plan are valued at fair value.

The Settled Proportional Supplementary Benefit (BSPS) is provided to the members of the supplementary plan who previously adhered to the model implemented as of the date of the Company's privatization and leave the Company even if not for retirement purposes. This benefit ensures the proportional value of the supplementation relative to the period of service prior to the date of reformulation of the new supplementation plan. The benefit is due starting from the date on which the minimum grace period established by the plan rules is completed.

The main assumptions used by the Company are as follows: (i) Discount rate: the Company considers the rates of National Treasury bills with maturity corresponding to the duration of the defined benefit obligation (average future benefit payment time); (ii) Mortality rate: based on mortality tables available in the country. Vivest annually tests the adherence of the mortality table used to the recent experience of the plan's population. (iii) Salary increase, benefits and inflation: the hypothesis of salary growth is defined by the Company, according to its compensation policy, in order to reflect the expectation of real salary growth for the coming years. The benefit adjustments are adjusted on a yearly basis by the IGP-DI, which is the plan's indexer. 3.85% was determined for the inflation rate, based on the rates projected for the next 10 years. (iv) The expected rate of return on plan assets is the same rate used to discount the liability amount.

The net asset or liability of the defined benefit pension plan recognized in the financial statements corresponds to the present value of the private pension obligation (using a discount rate based on long-term Federal Government securities), less the fair value of plan assets.

The plan assets are held by a private supplementary pension entity (Vivest). Fair value is based on market price information and, in the case of traded securities, on the published purchase price. The value of any recognized defined benefit asset is limited to the present value of any available economic benefit in the form of reimbursement or reductions in future employer plan contributions.

As of December 31, 2023, Vivest indicated a deficit in the BD plan of R\$ 9,379 (R\$ 34,323 on December 31, 2022), an amount lower than the threshold established by CNPC Resolution No. 30, dated October 10, 2018, which for the year ended December 31, 2023 is R\$ 18,722 (R\$ 20,787 as of December 31, 2022). BSPS presented a technical deficit by Vivest of R\$ 10,818 (deficit of R\$ 36,400 as of December 31, 2022), an amount lower than the threshold established by CNPC Resolution, which as at December 31, 2023 was R\$ 18,654 (R\$ 21,664 as at December 31, 2022). CV Plan closed 2023 financial year in balance (deficit of R\$ 1,539 on December 31, 2022, lower than the legal threshold of R\$ 1,698).

Worth mentioning that there are two ways of calculating the results of this plan: the one the Company calculates to comply with CVM Resolution 110/2022 and the one calculated by the plan manager for compliance with the Resolutions of the National Complementary Pension Board - CNPC. Estimated amounts are different as they use different methodologies and assumptions.

17.2 Retirement Incentive Program

The Company has a Retirement Incentive Program (PIA), provided for in its collective bargaining agreement. Those adherent to PIA will receive the following benefits: (i) variable indemnity equivalent to 0.3 of the last base salary per year of work rendered to the Company, limited to 10 salaries; and (ii) 12 months of food voucher (VA/VR); (iii) 18 months of medical, hospital and dental care to employees and their direct dependents.

17.3 Relevant information on post-employment benefit

17.3.1 Actuarial assets and liabilities

	Consolidated	
	2023	2022
Present value of actuarial obligations	594,471	596,551
Fair value of plan assets	(500,722)	(494,726)
Subtotal of liabilities booked with private pension plan	93,749	101,825
Present value of actuarial obligations	10,258	8,865
Subtotal liabilities booked with retirement incentive program	10,258	8,865
Total post-employment benefit obligations	104,007	110,690

17.3.2 Changes in the recorded liabilities

	Consolidated	
	2023	2022
Present value of actuarial obligations at the beginning of the year	605,416	631,455
Cost of current services	700	648
Interest expenses	60,160	53,520
Benefits paid by the plan	(45,106)	(42,484)
Benefits paid by the company	(1,852)	(2,281)
Employee contributions	392	194
Actuarial loss	(14,981)	(35,636)
Present value of actuarial obligations at the end of the year	604,729	605,416

17.3.3 Changes in fair value of plan assets

	Consolidated	
	2023	2022
Value of plan assets at the beginning of the year	494,726	497,619
Expected return on plan assets	49,302	42,000
Contribution paid by the company	6,189	995
Benefits paid by the plan	(45,106)	(42,484)
Employee contributions	392	194
Actuarial loss on plan assets	(4,781)	(3,598)
Value of plan assets at the end of the year	500,722	494,726

17.3.4 Expenses recognized in profit or loss for the year

	Consolidated	
	2023	2022
Interest expenses	59,344	52,825
Income on the fair value of plan assets	(49,302)	(42,000)
Subtotal of defined benefit expenses	10,042	10,825
Defined contribution	4,544	5,161
Total expenses with private pension plan entity	14,586	15,986
Cost of current services	700	648
Interest expenses	816	695
Total retirement incentive program expenses	1,516	1,343
Total post-employment benefit expenses	16,102	17,329

17.3.5 Changes in the recorded liabilities

	Individual and Consolidated	
	2023	2022
Balance at the beginning of the year	110,690	133,836
Expense in the year, pursuant to actuarial report	11,557	12,167
Adjustment of actuarial valuation (remeasurements)	(10,199)	(32,038)
Payment of contributions	(8,041)	(3,275)
Balance at the end of the year	104,007	110,690

17.3.6 Changes in actuarial remeasurements recognized in other comprehensive income (loss)

	Individual	
	2023	2022
Balance at the beginning of the year	97,283	129,321
Actuarial loss arising from the effect of changing demographic and financial assumptions	43,871	(48,611)
Actuarial gain (loss) arising from demographic experience	(58,851)	12,975
Actuarial gain (loss) arising from the effective income of the plan assets	4,781	3,598
Initial recognition of the actuarial remeasurement of the retirement incentive program	—	—
Balance at the end of the year	87,084	97,283

17.3.7 Breakdown of plan investments by segment

	Distribution of investments			Allocation limit set by National Monetary Council
	Fair value measurement	2023	2022	
Fixed income	Level 2	86.01%	75.84%	up to 100%
Variable income	Level 2	6.98%	16.02%	up to 70%
Loans to participants	Level 2	1.16%	1.16%	up to 15%
Structured investments	Level 2	2.75%	3.30%	up to 20%
Investment abroad	Level 2	1.33%	1.76%	up to 10%
Properties	Level 3	1.24%	1.92%	up to 8%
Other	-	0.54%	0.00%	-
Total		100.00%	100.00%	

17.3.8 Actuarial assumptions used

	Private pension plan			Retirement incentive		
	2024	2023	2022	2024	2023	2022
a) Economic assumptions:						
a1) Determination of actuarial liabilities:						
Nominal discount rate for the actuarial obligation	N/A	9.44%	10.35%	N/A	9.54%	10.40%
Estimated rate of nominal increase in salaries	N/A	N/A	N/A	N/A	6.45%	6.58%
Estimated long-term inflation rate	N/A	3.85%	3.98%	N/A	3.85%	3.98%
Nominal rate of benefit adjustment	N/A	3.85%	3.98%	N/A	3.85%	3.98%
a2) Determination of actuarial expense:						
Nominal discount rate	9.44%	10.35%	8.80%	9.54%	10.40%	8.56%
Estimated rate of nominal increase in salaries	N/A	N/A	N/A	6.45%	6.58%	5.83%
Estimated long-term inflation rate	3.85%	3.98%	3.25%	3.85%	3.98%	3.25%
Nominal rate of benefit adjustment	3.85%	3.98%	3.25%	3.85%	3.98%	3.25%
b) Demographic assumptions:						
Biometric mortality table (actuarial liability)	AT2000(-10)	AT2000(-10)	AT2000(-10)	AT2000(-10)	AT2000(-10)	AT2000(-10)
Biometric mortality table (expense)	AT2000(-10)	AT2000(-10)	AT2000(-10)	AT2000(-10)	AT2000(-10)	AT2000(-10)
Biometric table of disability entrance	N/A	N/A	N/A	N/A	N/A	N/A
Expected turnover rate	N/A	N/A	N/A	N/A	N/A	N/A
c) Expected life expectancy for retirement at age 65	N/A	20.45	20.45	N/A	20.45	20.45

17.3.9 Estimate of the defined benefit expense for the subsequent year

	2024
Cost of current services	927
Interest expenses	54,895
Income on the fair value of plan assets	(45,633)
Total expense forecast for the year	10,189

17.3.10 Sensitivity analysis of actuarial assumptions

Hypotheses	PSAP		PIA	
	Discount rate		Discount rate	
Sensitivity level	(+0.25%)	(-0.25%)	(+0.25%)	(-0.25%)
Impact on the private pension obligation	16,107	(15,406)	(299)	313
Total private pension obligation	610,578	579,065	9,959	10,571

17.3.11 Other information on actuarial liabilities

PSAP/Tietê sponsor has not made contributions to this plan since fiscal year 2021. As of 2021, contributions are being made to DC plan.

The average duration of the defined benefit plan obligation at the end of the year is 10.5 years (10.13 years as of December 31, 2022). For PIA, the average obligation is 12.9 years (11.54 years as of December 31, 2022).

The expected payments of the private pension obligation for the next 10 years are as follows:

	2023
1 year	46,625
Between 2 and 5 years	196,946
After 5 years	290,100
Total payments expected from the plan	533,671

17.3.12 Defined Contribution Plan (DC)

In addition to the defined benefit plan, the Company has a defined contribution plan managed by Itaú Previdência and MetLife. In this plan type, the benefits are obtained through the conversion of balances accrued by the participant and the sponsor in his behalf, according to his/her option of income. This plan does not generate legal or constructive obligations the Company of making additional contributions if the fund does not have sufficient assets to pay the benefits. Contributions are recognized as employee benefit expense, when incurred.

18. PROVISION FOR LEGAL PROCEEDINGS AND OTHERS

18.1 Proceedings with likelihood of loss assessed as probable

Provisions are established for those proceedings in which it is probable that there will be an outflow of resources to settle them and on which a reasonable estimate of the amount to be disbursed can be made. The assessment of the likelihood of loss by the Company's and its subsidiaries' legal advisors includes the assessment of the available evidence, the hierarchy of laws, court precedents, the most recent court decisions and their relevance in the legal system, as well as the external lawyers opinion. Provisions are reviewed and adjusted to consider changes in circumstances, such as applicable limitation period, additional exposures identified based on new issues and court decisions.

There are uncertainties regarding the interpretation of tax regulations. The Company and its subsidiaries set up provisions, based on appropriate estimates, for any matters identified in tax audits carried out by the tax authorities of the respective jurisdictions in which it operates and whose probability of loss is assessed as probable. The amount of these provisions is based on a number of factors, such as experience in prior inspections and divergent interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of matters, depending on the conditions prevailing in the respective domicile of the Company and its subsidiaries. The estimates and assumptions used in recording provisions for legal and other proceedings are reviewed at least on a quarterly basis.

Breakdown of provision for lawsuits and respective guarantees and restricted deposits is as follows:

	Consolidated			
	Liabilities		Assets	
	Provision for legal proceedings and others		Guarantees and restricted deposits	
	2023	2022	2023	2022
Labor (a)	4,010	2,683	2,668	1,431
Environmental (b)	2,472	2,566	—	—
Regulatory (c)	56,874	58,910	—	—
Tax (d)				
IRPJ and CSLL Offsets (d.1)	6,637	6,384	—	—
PIS/Cofins on finance income (d.2)	—	19,164	—	18,544
PIS/Cofins on finance income (d.3)	4,313	—	2,985	—
Civil (e)	—	5,741	86	4,849
Total	74,306	95,448	5,739	24,824
Current	9,324	23,498		
Noncurrent	64,982	71,950		
Total	74,306	95,448		

Total guarantees and restricted deposits amounted to R\$ 10,093 as of December 31, 2023 (R\$ 25,224 as of December 31, 2022), and are shown below according to the classification of likelihood of loss of the respective proceeding:

	Consolidated							
	2023				2022			
	Probable proceedings	Possible proceedings	Remote proceedings	Total	Probable proceedings	Possible proceedings	Remote proceedings	Total
Labor	2,668	138	148	2,954	1,431	64	227	1,722
Tax	2,985	—	—	2,985	18,544	—	—	18,544
Civil	86	281	—	367	82	62	—	144
Real Estate	—	3,787	—	3,787	4,767	47	—	4,814
	5,739	4,206	148	10,093	24,824	173	227	25,224

Changes in provisions for legal proceedings and others are as follows:

	Consolidated					Total
	Labor	Environmental	Regulatory	Tax	Civil	
Balance as of December 31, 2021	2,956	2,579	55,629	23,076	5,157	89,397
Provision	77	7	—	468	—	552
Inflation adjustment	185	—	3,281	2,004	584	6,054
Reversal of provision	(282)	(20)	—	—	—	(302)
Payments	(253)	—	—	—	—	(253)
Balance as of December 31, 2022	2,683	2,566	58,910	25,548	5,741	95,448
Provision	2,192	—	—	2,318	—	4,510
Reversal of provision	(67)	(80)	—	(19,548)	(1,455)	(21,150)
Inflation adjustment	271	(14)	(2,036)	3,415	159	1,796
Reversal of inflation adjustment	—	—	—	(783)	(4,445)	(5,228)
Payments	(1,069)	—	—	—	—	(1,069)
Balance as of December 31, 2023	4,010	2,472	56,874	10,950	—	74,306

- (a) **Labor:** There are 102 proceedings (80 as of December 31, 2022) filed by employees, former employees, and third-party employees demanding equal pay for equal work performed, overtime worked, health exposure premium among others. Fourteen proceedings are considered probable loss (12 as of December 31, 2022). As of December 31, 2023, the provisioned amount related to these claims amounts to R\$ 4,010 (R\$ 2,683 as of December 31, 2022).

Direct subsidiary AES Operações' Management, based on the opinion of its legal advisors, estimates that current proceedings will be concluded between 2025 and 2026.

- (b) **Environmental:** There are 89 public civil actions (105 as of December 31, 2022) addressing alleged environmental damage caused by illegal occupation in permanent environmental conservation areas involving direct subsidiary AES Operações as defendant. The legal advisors and the Management of direct subsidiary AES Operações assessed the likelihood of loss as probable for the environmental recovery measures within the concession area for 77 proceedings (91 as of December 31, 2022, since favorable decisions have already been rendered to direct subsidiary AES Operações in other cases which have appeals pending judgment. The provision for these proceedings amounts to approximately R\$ 2,472 (R\$ 2,566 as of December 31, 2022).

Direct subsidiary AES Operações' management, based on the opinion of its legal advisors, estimates that current proceedings will be concluded between 2025 and 2026.

- (c) **Regulatory:** Order No. 288: On May 16, 2002, ANEEL published ANEEL Order No. 288, which introduced changes to certain trading rules of the then so-called Energy Wholesale Market – MAE, and for that reason, determined the recalculation of the figures obtained by MAE on March 13, 2002, which recognized direct subsidiary AES Operações as debtor on the spot market. By applying the guidelines of such Order, direct subsidiary AES Operações would have its market position changed from debtor to creditor. However, RGE Sul, the main market agent affected by the changes introduced by ANEEL Order No. 288, filed a legal proceeding seeking the annulment of the said order, as well as an interlocutory relief to enforce the market rules without the effects of the ANEEL Order No. 288. The interlocutory relief was granted to RGE Sul. Thus, CCEE (MAE's successor) prepared a new settlement, excluding the effects of ANEEL Order No. 288, upon which direct subsidiary AES Operações remained as market debtor. On June 29, 2012, RGE Sul's proceeding was denied at the trial court. As a result, RGE Sul filed an appeal. On March 27, 2014, the appellate decision was rendered, accepting the proceeding and ordering the annulment of ANEEL Order No. 288. Due to such decision, appeals were filed by the other market agents and ANEEL. On January 15, 2016, a new appellate decision was published, denying the motions for clarification filed by direct subsidiary AES Operações, other market agents and ANEEL against the merit decision favorable to RGE Sul. Also in the Federal Regional Court of the 1st Region, the requested parties filed an appeal against a non-unanimous appellate decision, in order to modify the merits of the previous decision. The appeals are pending trial. The amount provisioned, adjusted by IGPM as of December 31, 2023 corresponds to R\$ 56,874 (R\$ 58,910 as of December 31, 2022).

Direct subsidiary AES Operações' management, based on the opinion of its legal advisors, estimates that this proceeding will be concluded until the end of 2025.

(d) Tax:

(d.1) IRPJ and CSLL Offsets: On December 2, 2008, direct subsidiary AES Operações was summoned by Brazilian IRS concerning the non-ratification of 4 administrative offsets carried out between the negative balance credits of IRPJ (2001 and 2002) and IRPJ debits (2003 and 2004) and CSLL (2003). The main reason the Tax Authority did not ratify the abovementioned offsets is the alleged divergence between the accounting and tax information. The legal advisors and the Management of direct subsidiary AES Operações assessed that from a total of R\$ 92,248 (R\$ 140,332 as of December 31, 2022) involved in the dispute, R\$ 6,637 (R\$ 6,384 as of December 31, 2022) is assessed as probable loss, and the remaining amount is classified as possible loss. Based on the opinion of its legal advisors, direct subsidiary AES Operações' management estimates that current proceedings will be concluded during 2026.

(d.2) Direct subsidiary AES Operações is currently discussing in court the effects of the Decree No. 8.426/2015, that established PIS/COFINS taxation on finance income as from July 1, 2015. While there was no decision authorizing the non-application of the new rules of the Decree, direct subsidiary AES Operações was required to pay the amounts. Additionally, as this is a legal obligation, the Company recorded a provision for the said amount. As to the merit, in December 2020, the Federal Supreme Court (STF) rendered an unfavorable decision of the legal theory to taxpayers, under general repercussion. Therefore, due to the decision under general repercussion, this understanding was applied to all other proceedings discussing the same matter. As a result, the amounts deposited were converted into income in favor of the Federal Government and in July 2023 the proceeding was terminated due to the payment of the debt.

(d.3) Writ of Mandamus filed to ensure that the Company is not compelled to pay, in the period from 01/02/2023 to 04/02/2023 (inclusive), PIS and COFINS, at the rates of 0.65% and 4%, respectively, so as to be subject, during this period, to the rates of 0.33% and 2%, as provided for in Decree No. 11.322/2022, with due respect to the 90-day holding period of article 195, paragraph 6 of Brazil's Federal Constitution (CF/88). On February 10, 2023, a decision was rendered granting the injunction. On September 4, 2023, a trial court decision was rendered, dismissing the request before ADC84 of STF, which, as a provisional remedy, defined that the principle of the 90-day holding period would not apply. A special appeal was filed, which is pending trial. It should be noted that the company made judicial deposits relating to differences in tax rates discussed in this case, in the amount of R\$ 2,985.

(e) Civil:

On December 13, 2002, a lawsuit was filed against the Company and Companhia Energética de São Paulo - CESP, seeking recognition of the right to indemnity for damages and pain-and-suffering, as a result of the death of the plaintiff's father by electrocution in Caconde-SP reservoir, on May 13, 1984. In July 2009, a decision was rendered in trial court unfavorable to the defendant's interests. As a result, an appeal was filed. In July 2013, a decision of the appellate court was rendered, partially granting the appeals, only to reduce the amounts related to the conviction for pain-and-suffering. In May 2020, the phase for satisfaction of judgment began. However, CESP filed a petition in the case file informing that the appeal filed by it with the Higher Court of Justice (STJ) was pending judgment and, therefore, satisfaction of judgment should be stayed. In this sense, in June 2020, the injunction requested by the Company to stay satisfaction of judgment was granted until a final decision was made on the appeal filed by CESP. In July 2021, a decision was rendered rejecting CESP's appeal. In March 2023, a decision unfavorable to the defendants' interests became final, and the payment of a sentence in the amount of R\$ 5,587 was determined. However, pursuant to the spin-off protocol entered into at the time of privatization, CESP is exclusively responsible for acts and facts occurred up to March 31, 1999. In this sense, CESP made full payment of the sentence, so that the case is definitely closed.

18.2 Proceedings with likelihood of loss classified as possible

Direct subsidiary AES Operações is involved in other proceedings for which the likelihood of loss is assessed as possible and, for that reason, the amounts related to those lawsuits are not provisioned for. The assessment of this likelihood is grounded on reports prepared by the legal advisors of direct subsidiary AES Operações and its subsidiaries. The estimated total amount of proceedings for which the likelihood is classified as possible is as follows:

	Consolidated	
	2023	2022
Environmental (a)	Not determined	Not determined
Civil (b)	106,391	100,032
Regulatory (c)	46,677	51,619
Tax (d)	1,506,809	1,567,835
Total	1,659,877	1,719,486

Direct subsidiary AES Operações presents below the main contingent liabilities of its direct subsidiary AES Operações, considering the minimum disclosure amount of R\$ 5,000 and relevance of matter.

- (a) Environmental - Remediation of environmental damages Refers to 3 public civil proceedings related to suspension of environmental licensing process of direct subsidiary AES Operações, as well as its order to recover alleged environmental damage resulting from reservoir flooding of (a.1) Bariri, (a.2) Barra Bonita and (a.3) Nova Avanhandava, and have a token money; for that reason it is not possible, at this point, to estimate the value of a potential future disbursement.
- (a.1) In January 2007, an injunction was granted determining that direct subsidiary AES Operações shall refrain from granting, for a consideration or free of charge, the use of land plots pertaining to a permanent preservation area. In August 2007, the parties agreed to stay the case, so that direct subsidiary AES Operações could submit a PACUERA (Environmental Conservation Plan for the Use of the Artificial Reservoir Surroundings). In August 2008, direct subsidiary AES Operações reported on the need for CETESB to present guidelines (Instrument of Reference) for the respective PACUERA, and a decision was rendered to stay the case until CETESB presents said guidelines.
- (a.2) Regarding Barra Bonita Reservoir's proceeding, there was a trial court decision on June 13, 2016, in which direct subsidiary AES Operações was ordered to restore environmental damage (riparian forest recovery) based on footage of environmental legislation at the time of enterprise (Old Forest Code). Other requests have been rejected (environmental impact assessment, conservation and compensation unit). On July 14, 2016, direct subsidiary AES Operações filed an appeal against the enforcement of the Former Forest Code, since direct subsidiary AES Operações' legal advisors assess as high the changes for the Court to change the decision in order to enforce the metering of the New Forest Code, in accordance with the reforestation plan presented at CETESB by direct subsidiary AES Operações. The proceeding was then submitted to the Court of Appeals. In January 2018, at the 1st Panel, reserved to the Environment, the order determining the redelivery to the original records was rendered, in virtue of the absence of subpoena from the Prosecution Office on the judgment and further procedural acts. In March 2018, the records were received at the court of origin and sent to the Public Ministry, which presented its statement. As a result, direct subsidiary AES Operações presented its pronouncement to the assessment of the Attorney General and the proceeding will be sent to trial; and
- (a.3) With regard to the proceeding related to Nova Avanhandava Reservoir, after the decision denying the action at trial court, in October 2009, the Court decided to annul the trial court decision, ordering expert evidence in order to verify whether there was any environmental damage/impact not offset by the environmental licensing. After the filing of the applicable appeals, in July 2017, the said decision became unappealable, the reason the proceeding returned to the trial court for the expert evidence to be performed.

In addition, direct subsidiary AES Operações has 1 public interest civil action filed by the Public Prosecution against the State of São Paulo, CETESB and direct subsidiary AES Operações, with the purpose of preventing the proliferation of Cyanophyta Algae in Tietê River. The Public Prosecutor's Office requires from direct subsidiary AES Operações: (a) a contingency plan for the control and reduction of algae in the reservoirs of Promissão, Ibitinga and Barra Bonita whenever they reach levels that put human health at risk; (b) monitor Tietê River with monthly collections, informing the results to CETESB; (c) reforestation of the entire margin of the reservoirs operated by the Company, located on Tietê River; and (d) payment of indemnification for any damages to the environment considered irreversible, to be determined upon settlement of sentence. On September 3, 2018, an injunction was granted to the requests of the Public Prosecution Office, which determined that direct subsidiary AES Operações perform the following: (i) Prepare, together with the State Government and CETESB, a contingency plan for the control and reduction of cyanobacteria in the reservoirs of Promissão, Ibitinga and Barra Bonita; (ii) Start monitoring Tietê River, with monthly collections, and report the results to CETESB with the same frequency and also make the data obtained from this monitoring available on its website; and (iii) submit, within up to 6 months, a reforestation project for the entire riparian forest of the reservoirs operating along Tietê River. Direct subsidiary AES Operações appealed the preliminary ruling, seeking to stay its effects, and on October 24, 2018, a favorable decision was issued to direct subsidiary AES Operações in court, holding the effects of the injunction. In March 2019, a decision was rendered accepting the appeal filed by direct subsidiary AES Operações and, consequently, revoking the injunction that determined a series of obligations for it. Currently, the decision of the trial court is pending. The lawsuit amount is symbolic, which is why it is not possible, at this time, to estimate the amounts of a possible future disbursement.

(b) Civil:

(b.1) On March 13, 2013, a legal proceeding was filed against direct subsidiary AES Operações, aiming at the collection of amounts allegedly due by virtue of the termination of reforestation agreements entered into by and between Dicrel - Dois Irmãos Comercio e Reflorestamento Ltda and direct subsidiary AES Operações; however, the Plaintiff understands that it has not terminated the agreements unilaterally, and, thus it is not a creditor in connection with any residual values.

In April 2013, direct subsidiary AES Operações filed a challenge. Since this is a matter of proof, the trial court judge ordered expert inspections (environmental and accounting), in order to identify the truthfulness of the facts alleged in the initial pleading. Currently, the proceeding is in the fact-finding phase, pending completion of environmental expert inspection. In case a final unfavorable judgment is rendered, direct subsidiary AES Operações will be required to disburse the estimated amount of R\$ 14,146 adjusted until December 31, 2023 (R\$ 11,483 as of December 31, 2022).

(b.2) On November 19, 2018, a lawsuit was filed against the 15 SPE's relating to Alto Sertão II Wind Complex, for the purpose of executing a net portion of the arbitration award rendered in the "arbitration A" case file (see Note 19.1(e)). In short, the MGT Consortium aimed to pay the judgment debt, referring to the arbitral award rendered, plus a 10% fine and 10% attorney's fees, due to the non-payment of the debt within 15 business days of the effective service. As the summons were not effectively received by the 15 SPE's, after the full payment of the debit executed, on April 30, 2019, a challenge was filed to comply with the arbitral award, with the purpose of removing the collection of amounts relating to fines and fees. On June 24, 2019, a lower court decision was rendered that ruled out the collection of amounts relating to fines and fees. As a result, an appeal was filed by MGT Consortium on September 25, 2019. On November 16, 2020, an appellate court decision was rendered that dismissed MGT's appeal. As a result, MGT filed motions for clarification. On June 10, 2021, a decision was rendered rejecting the motions for clarification filed by MGT. In view of this decision, a special appeal was filed, which was denied. Due to the agreement entered into between the parties, the Company was definitely exempted from paying the amounts relating to fines and fees. As a result, in January 2023, the discussion on the merits was definitely closed and a warrant was issued for the withdrawal of amounts deposited in excess in the proceeding records.

(b.3) ANEEL Proceeding: Refers to a lawsuit filed by the SPE's of Ventus Wind Complex, seeking to annul the effects of ANEEL Order No. 1.388/2014, specifically in relation to the section that stipulates, on

a retroactive basis, the beginning of the commercial operation and the supply period of the SPEs. This retroactive change resulted in the recalculation of the energy billed by the companies, between February and May 2014, within the scope of the respective CER, resulting in a balance in the amount of R\$ 79,615, adjusted up to December 31, 2023 (R\$ 76,030 as of December 31, 2022), in favor of CCEE, which is equivalent to the difference between the estimated energy amount in the CERs and the energy amount in the PLD at that time. Initially an injunction was granted to stay the effects of such order. Subsequently, a lower court decision was rendered that was unfavorable to the interests of Ventus Wind Complex SPEs. As a result, an appeal was filed and the writ of supersedeas to the appeal was requested. An active writ of supersedeas was granted to stay part of the said order regarding the retroactive effect of the beginning of the commercial operation and the supply period for the Companies. Currently, the appeal is pending trial. In the event that an unfavorable final decision is rendered, Cobra do Brasil will be responsible for the payment, as set forth in the purchase and sale agreement.

(c) Regulatory:

(c.1) Loss in energy transfer from Itaipu: Refers to the discussion on direct subsidiary AES Operações' obligation to purchase energy from Itaipu as a member. On August 17, 2007, the judgment granting the requests filed by direct subsidiary AES Operações was granted. On October 17, 2007, an appeal was filed by Eletrobras and, on November 26, 2007, an appeal was filed by ANEEL. Currently, direct subsidiary AES Operações awaits judgment of the appeals by the Regional Federal Court of the 1st Region. As of December 31, 2023, the amount under discussion totals R\$ 46,677 (R\$ 55,629 as of December 31, 2022).

(d) Tax:

(d.1) IRPJ and CSLL Offsets: Refer to the summons of the Brazilian IRS concerning the non-ratification of four administrative offsets of IRPJ and CSLL, as mentioned on item (d.1) of Note 18.1, in which R\$ 87,605 is classified as possible loss, from a total of R\$ 92,248 (R\$ 133,948 from a total of R\$ 140,332 as of December 31, 2022), as follows:

- i. Administrative offset related to CSLL debts for calendar year 2003, in the total amount of R\$ 24,729 adjusted up to September 30, 2023 (R\$ 46,268 as of December 31, 2022). On April 19, 2017, the Company was subpoenaed on the appellate court ruling against its interests. On April 27, 2017, the Company filed a special appeal, which was partially granted to determine the return of the records to the origin so that a supplementary order can be issued regarding CSLL negative balance, calculated in 2002. Such order, dated May 2023, recognized the credit portion of the negative balance and resulted in partial cancellation of the debt. Thus, from the total amount charged by the Tax Authorities (R\$ 47,201), R\$ 22,861 was definitely canceled. In view of the unfavorable portion, in April 2023, the Company files a new statement of noncompliance, which is pending judgment. Based on the opinion of its legal advisors, the Company's Management estimates that current proceedings will be concluded during 2025.
- ii. Administrative offset related to IRPJ debts for calendar year 2003, in the total amount of R\$ 25,266 adjusted up to September 30, 2023 (R\$ 53,376 as of December 31, 2022). On December 9, 2021, a partially favorable decision was rendered by the Appellate Administrative Court. In view of this decision, both parties filed a special appeal. In June 2023, the portion of the decision that partially reduced the debt in question became final. Thus, from the total amount charged by the Tax Authorities (R\$ 54,450), R\$ 26,244 was definitely canceled. The special appeal filed by the Company is pending judgment. Based on the opinion of its legal advisors, the Company's Management estimates that current proceedings will be concluded during 2024.
- iii. Administrative offset related to IRPJ debts for calendar year 2004, in the total amount of R\$ 29,865 adjusted up to September 30, 2023 (R\$ 28,787 as of December 31, 2022). Judgment at the appellate administrative court is pending. Based on the opinion of its legal advisors, the Company's Management estimates that current proceedings will be concluded during 2025.

- iv. Administrative offset related to CSLL and IRPJ debts for calendar year 2005, in the total amount of R\$ 12,388 adjusted up to September 30, 2023 (R\$ 11,900 as of December 31, 2022). Judgment at the appellate administrative court is pending. Based on the opinion of its legal advisors, the Company's Management estimates that current proceedings will be concluded during 2025.

- (d.2) Tax assessment notice - goodwill (2006 to 2008): Refers to the Tax Assessment Notice issued by the Brazilian Internal Revenue Service - RFB demanding the collection of the amounts related to IRPJ and CSLL, in the amount of R\$ 183,222 adjusted up to December 31, 2023 (R\$ 173,104 as of December 31, 2022). The tax assessment notice is due to the fact that, in the exclusive understanding of the RFB, there was an undue deduction in IRPJ and CSLL bases as a result of the goodwill recorded due to the merger of AES Gás Empreendimentos Ltda. and Tietê Participações Ltda. It is important to clarify that the goodwill under discussion arose from the expectation of future profitability on the acquisition of Companhia de Geração Tietê S.A., when the privatization auction of the electricity industry was held in 1998. In May 2013, a lower court decision was favorable to direct subsidiary AES Operações. In May 2016, a decision was rendered in the appellate court unfavorable to direct subsidiary AES Operações' interests. According to the Board of Tax Appeals (CARF) understanding, the use, for tax purpose, of the goodwill was considered unlawful and there was only a reduction of the fine from 150% to 75%. In August 2016, direct subsidiary AES Operações was summoned in connection with the unfavorable decision by CARF. Due to omissions related to the legal basis for the decision, direct Subsidiary AES Operações filed motions for clarification. In November 2016, direct subsidiary AES Operações received an unfavorable decision, dismissing the motions for clarifications filed. In view of this decision, an Appeal to the higher court was filed. In October 2017, a decision was rendered by the CARF's Higher Board of Tax Appeals against the interests of direct subsidiary AES Operações. Thus, the possibilities of filing any administrative appeal ended. In January 2018, direct subsidiary AES Operações filed a legal proceeding aiming to discuss the debt in question. Also, in order to stay the enforceability of the debt, a performance bond was produced and an injunction was obtained in order to assure the stay of the debit. Currently, the decision of the trial court is pending. In May 2018, direct subsidiary AES Operações filed a motion to stay the tax foreclosure. In October 2018, a lower court decision was rendered by which the motion to stay execution was dismissed without analyzing the merits. As a result, an appeal was filed. On November 3, 2020, a decision was rendered by the appellate court dismissing the appeal filed by direct subsidiary AES Operações in view of the decision that dismissed the motions to stay the tax foreclosure without analyzing the merits. As a result, direct Subsidiary AES Operações filed motions for clarification. In February 2021, a decision was rendered dismissing the motions for clarification of direct subsidiary AES Operações. As a result, appeals to the higher and supreme court were filed, which are pending trial. As regards the merits and the progress of the annulment action, the trial at the lower court is pending. Despite the administrative proceeding ending unfavorably, the prognosis on loss remains unchanged.

- (d.3) Tax assessment Notice – Refers to the tax assessment notice issued by the Brazilian IRS regarding an alleged undue deduction, in 2008, of investments made in R&D projects from the IRPJ/CSLL bases, as well as the monetary adjustment on liabilities arising from investments. In November 2012, a defense was presented by direct Subsidiary AES Operações and the decision rendered was unfavorable to the interests of the direct subsidiary AES Operações. In November 2013, a voluntary appeal was filed. In May 2016, a decision was rendered by the appellate court that was unfavorable to direct subsidiary AES Operações. As a result, motions for clarification were filed. In October 2016, a decision was issued rejecting the motions for clarification. As a result, an appeal to the higher court was filed. In February 2022, a decision was rendered by CARF's Higher Board of Tax Appeals, which accepted the Appeal filed by direct subsidiary AES Operações and, consequently, canceled the tax assessment in full. As a result, Prosecutor's Office filed motions for clarification. In May 2023, a final administrative decision favorable to the Company's interests was rendered. Therefore, the debt was definitely cancelled.

- (d.4) Tax Assessment Notice IRPJ - Refers to the Tax Assessment Notice issued by Brazil's Internal Revenue Service on collection of IRPJ referring to the monthly estimates of December 2004 and

December 2007, plus an automatic [ex officio] fine and a specific fine imposed in addition to applicable fine and interest. In November 2009, a lower court decision partially favorable to direct subsidiary AES Operações was issued, which canceled the collection of IRPJ related to 2007 and partially the charge related to 2004, in addition to canceling part of the fine imposed. As a result, in addition to the mandatory review (by RFB), direct subsidiary AES Operações filed a voluntary appeal. In April 2014, a lower court decision was rendered dismissing the mandatory review and partially granting direct Subsidiary AES Operações' voluntary appeal. In view of this decision, direct subsidiary AES Operações filed an appeal to higher court to discuss the portion of the decision that maintained the collection of IRPJ related to 2004. As the Department of the Treasury presented a special appeal only in view of the portion of the decision that canceled the fines, the cancellation of the IRPJ collection for 2007 and portion of the tax for 2004 became unappealable. In April/2022, a decision not yet published was rendered, canceling the amount of R\$ 1,580 of the total amount discussed in the Tax Assessment Notice. Currently, direct subsidiary AES Operações awaits the CARF decision of the special appeal filed by the Treasury. Regarding direct subsidiary AES Operações' appeal to the higher court, in March 2018, a decision was rendered dismissing the appeal. Therefore, as a result of the end of the discussion at the administrative level and with the purpose of continuing to discuss the matter in court, direct subsidiary AES Operações presented a performance bond and, currently, the decision on the motion to stay the tax foreclosure is pending, at the lower court. The adjusted amount as of December 31, 2023 is R\$ 19,203 (R\$ 18,279 as of December 31, 2022).

- (d.5) Tax assessment notice - goodwill (2013/2016): Refers to the drawn-up of Tax Assessment Notice issued by the Brazilian Federal Revenue Service - RFB, demanding the collection of the amounts related to IRPJ and CSLL, in the amount of R\$ 402,481 adjusted up to December 31, 2023. The tax assessment notice is due to the fact that, in the exclusive understanding of Brazilian Internal Revenue Service (RFB), there was an undue deduction from IRPJ and CSLL bases as a result of the goodwill recorded by direct subsidiary AES Operações (from 2013 to 2016), due to the mergers carried out between 2000 and 2016. After analyzing the tax assessment notice, the Company identified that part of the notice refers to amortization of goodwill carried out by the former Companhia Brasileira de Energia. Accordingly, from the total amount charged in the tax assessment notice of R\$ 402,481, R\$ 115,271 would be the responsibility of the entity under joint control Brasileira Participações, insofar as they are related to goodwill amortization carried out by former Companhia Brasileira de Energia, with the amount of R\$ 287,210 attributable to direct subsidiary AES Operações. Regarding the portion under Brasileira Participações' responsibility, direct subsidiary AES Operações notified BNDES and Brasileira Participações to safeguard the right to any possible indemnity, pursuant to the indemnity agreement executed with said company at the time of Baltimore Project. On December 3, 2019, direct subsidiary AES Operações filed an administrative challenge. On October 6, 2020, a decision at the lower administrative court was rendered, partially favorable to direct subsidiary AES Operações' interests. Such decision exonerated the amount of R\$ 60,310 (adjusted up to October 31, 2020). Direct subsidiary AES Operações filed a voluntary appeal against the unfavorable portion, which is pending trial. In the event of an unfavorable decision to direct subsidiary AES Operações, Brasileira Participações will have to pay the portion of the tax assessment notice related to the period under its responsibility. According to the legal advisors of direct subsidiary AES Operações, the likelihood of loss remains classified as possible.
- (d.6) Tax assessment notice - goodwill (2013/2015): Refers to the Tax Assessment Notice issued by the Brazilian Internal Revenue Service - RFB demanding the collection of the amounts related to IRPJ and CSLL, in the amount of R\$ 128,705 adjusted up to December 31, 2023 (R\$ 118,522 as of December 31, 2022). The tax assessment notice is due to the fact that, in the exclusive understanding of RFB, there was an undue deduction from IRPJ and CSLL bases as a result of the goodwill recorded by direct subsidiary AES Operações, between 2013 and 2015, due to the mergers carried out between 2000 and 2015. On December 3, 2019, direct subsidiary AES Operações filed an administrative challenge. On October 6, 2020, a decision at the lower administrative court was rendered, unfavorably to the interests of direct subsidiary AES Operações. In view of this decision, direct subsidiary AES Operações filed a voluntary appeal, which is pending trial.
- (d.7) Tax Foreclosure - PIS/COFINS (Remaining Balance 2007/2010): Tax Foreclosure filed for the collection of alleged remaining PIS and COFINS balances for calendar years from 2007 to 2010. Such balances arise from an administrative proceeding in which direct subsidiary AES Operações discussed issues related to the PIS and COFINS taxation regime, for which the likelihood of loss was

remote. In this case, the proceeding ended, on merits, with a favorable decision to direct subsidiary AES Operações and the Internal Revenue Service pointed out the existence of the said remaining balances, due to the disallowance of credits allegedly unduly used. In February 2020, direct subsidiary AES Operações filed motions to stay the tax foreclosure, which are pending judgment. The adjusted amount as of December 31, 2023 is R\$ 10,205 (R\$ 9,607 as of December 31, 2022).

(d.8) Iturama Tax Foreclosure: Refers to the tax foreclosure filed by the Iturama City Administration, which aims to collect alleged debts of Tax on Services ("ISS") related to services performed at Usina Água Vermelha, located in the Municipality of Ouroeste/SP and collection of a daily fine for failure to obtain a permit to locate and operate in the Municipality of Iturama. In August 2017, direct subsidiary AES Operações filed a motion to stay the tax foreclosure. In September 2019, a decision was rendered in the trial court unfavorably to direct subsidiary AES Operações' interests. As a result, direct subsidiary AES Operações filed an appeal. In April 2022, a decision of the appellate court was rendered, which granted the appeal filed by direct subsidiary AES Operações and, consequently, annulled the sentence for lack of grounds. As the Municipality did not file an appeal, the decision was rendered final. As a result, the case was referred to the lower court for a new sentence. The adjusted amount as of December 31, 2023 is R\$ 6,492 (R\$ 5,843 as of December 31, 2022).

(d.9) Tax assessment notice – use of tax losses

On June 2, 2010, Brasileira Participações received a Tax Assessment Notice, drawn up by the Brazilian Internal Revenue Service (RFB), requiring the payment of R\$ 670,335 adjusted up to December 31, 2023 (R\$ 635,660 as of December 31, 2022) relating to IRPJ and CSLL arising from the disallowance of income and social contribution tax losses offset against tax debts without applying the legal threshold of 30% established in Law 9.065/95, stemming from the merger of the company AES Transgás Empreendimentos S.A. Due to the unfavorable closure at the administrative level, Brasileira Participações filed a Writ of Mandamus seeking to continuing discussing the issue in court. On November 10, 2016, a lower court decision was rendered, unfavorable to Brasileira Participações. As a result of this decision, an appeal was filed, which is pending trial. On May 20, 2018, Brasileira Participações was summoned in the tax foreclosure proceedings aimed at collecting the debts in question. As a result, a request was made for the guarantee to be transferred to execution and a motion to stay the tax foreclosure was filed. In April 2021, a lower court decision was rendered by which the motion to stay execution was dismissed without analyzing the merits. In view of this decision, Brasileira Participações filed an appeal, which is pending trial. In the event of an unfavorable decision against the Company, Brasileira Participações will have to pay the lawsuits in full. See Note 30.2.

(d.10) Administrative offsets – negative IRPJ and CSLL balances

On January 11, 2011, the Company filed an administrative appeal in view of a Decisional Order issued by the RFB which did not recognize the credits for the negative balance of IRPJ and CSLL calculated in calendar year 2006, due to the merger of AES Tietê Empreendimentos, and offset against IRPJ and CSLL debts. The non-recognition of the offset credits stems from the RFB's understanding that, in cases where tax losses are used, the legal threshold of 30% per calendar year must be met. The main argument upheld by Brasileira Participações is that there is no legal prohibition for the specific case of merger, where the merged company is extinguished in the same calendar year. After the administrative sphere was closed unfavorably to the company in January 2019, a lawsuit was filed to submit a performance bond in order to stay the enforceability of the debt. As a result of the execution filed to collect the amounts, Brasileira filed a motion to stay the execution. On July 10, 2020, a lower court decision was handed down dismissing the motion to stay the execution filed by Brasileira Participações as unfounded. In view of this decision, Brasileira filed an appeal, which is pending trial. The adjusted amount up to December 31, 2023 is R\$ 87,692. In the event of an unfavorable decision against the Company, Brasileira Participações will have to pay the lawsuits in full. See Note 30.2.

(d.11) Administrative offsets – IRRF credits

In June 2010, the RFB did not recognize IRRF credits, existing due to the payment of IoE made by its former indirect subsidiary Eletropaulo. The administrative discussion ended in favor of Brasileira Participações. However, a collection letter was issued informing the existence of a supposed outstanding balance in the amount of R\$ 4,968, adjusted until December 31, 2023. As a result, Brasileira Participações filed a Writ of Mandamus to discuss the legality of such charge. As a result of the execution filed to collect the amounts, Brasileira filed motions to stay the execution, which are

pending trial. The case awaits judgment in the lower court. In the event of an unfavorable decision against the Company, Brasiliana Participações will have to pay the lawsuits in full. See Note 30.2.

18.3 Letters of guarantee, performance bond and collateral

The Company and its subsidiaries have letters of guarantee and performance bonds for legal proceedings, as follows:

Consolidated						
2023			2022			
	Number	Amount	Rate p.a.	Number	Amount	Rate p.a.
Tax	15	216,163	0.15% to 1.30%	10	372,799	0.17% to 2.80%
Civil	8	84,271	0.15% to 1.00%	5	68,398	0.20% to 1.00%
	23	300,434		15	441,197	

19. SECTOR CHARGES

The balances refer to sector charges related to the energy sector, which are defined and charged by the regulatory agency (ANEEL).

	Consolidated	
	2023	2022
CURRENT		
Financial Offset for the Use of Water Resources (CFURH)	13,632	8,671
Research and development (R&D)	5,296	3,126
National fund for scientific and technological development	814	730
Ministry of Mines and Energy	407	365
Energy Development Account (CDE)	244	229
AEEL inspection fee	1,258	1,134
Total	21,651	14,255

20. OBLIGATIONS IN ACQUISITIONS

a) The breakdown of obligations on acquisition is as follows:

CURRENT	Consolidated	
	2023	2022
Cajuína Santa Tereza Wind Complex	40,143	35,528
Tucano Wind Complex	—	5,798
Cajuína São Ricardo Wind Complex	91,847	24,473
Cajuína Serra Verde Wind Complex	—	72,155
Subtotal	131,990	137,954
NONCURRENT		
Cajuína Santa Tereza Wind Complex	—	35,528
Cajuína São Ricardo Wind Complex	—	72,609
Subtotal	—	108,137
Total	131,990	246,091

(b) Changes in obligations in acquisition

Changes in obligations in acquisition in the year ended December 31, 2023, is as follows:

	Individual
	AES Arinos
Balance as of December 31, 2021	4,395
Inflation adjustment	91
Payments	(4,486)
Balance as of December 31, 2022	—

	Consolidated					
	AES Arinos	Cajuina Wind Complex	Tucano Wind Complex	São Ricardo Wind Complex	Serra Verde Wind Complex	Total
Balance as of December 31, 2021	4,395	94,768	11,436	103,450	64,155	278,204
Inflation adjustment	91	9,168	2,929	12,434	8,000	32,622
Payments	(4,486)	(32,880)	(8,567)	(18,802)	—	(64,735)
Balance as of December 31, 2022	—	71,056	5,798	97,082	72,155	246,091
Additions (i)	—	—	—	—	9,305	9,305
Inflation adjustment (Note 29)	—	6,371	316	11,749	9,077	27,513
Payments	—	(37,284)	(6,114)	(16,984)	(90,537)	(150,919)
Balance as of December 31, 2023	—	40,143	—	91,847	—	131,990

(i) Additions refer to contractual obligations (“earn-out”) resulting from compliance with certain clauses (Installed Power Price Adjustment), arising from the acquisition of Serra Verde Complex.

21. OTHER OBLIGATIONS

	Notes	Individual		Consolidated	
		2023	2022	2023	2022
CURRENT					
Profit sharing		—	—	20,056	18,859
Vacation pay		—	—	16,739	12,577
Social charges on vacation pays and bonuses		—	—	6,108	4,586
Bonus		1,937	3,092	2,099	3,254
Environmental		—	—	1,282	1,994
Income tax on payroll		174	151	3,170	2,712
Advance from customers		—	—	3,955	2,824
Inventory centralization	30	—	—	18	—
Other obligations		109	100	18,140	11,176
Subtotal		2,220	3,343	71,567	57,982
NONCURRENT					
Provisions for decommissioning (iii)		—	—	74,698	185,634
Environmental		—	—	23,268	10,958
Special obligations		—	—	693	1,024
Equity interest repurchase option (i)		—	—	15,320	13,489
Contractual withholdings (ii)		—	—	2,857	7,655
Research and development (R&D)		—	—	2,917	8,692
Other obligations		138	280	13,004	16,993
Subtotal		138	280	132,757	244,445
Total		2,358	3,623	204,324	302,427

(ii) The amount of R\$ 15,320 refers to the present value of the put option of equity interest, provided for in a contract entered into between the indirect subsidiary Tucano Holding I and BRF S.A. ("BRF") on March 14, 2022, under which, in certain situations, the Company is not able to avoid exercising the option if BRF chooses to exercise it. The PPA is valid for 15 years, starting in 2024 and ending in 2038.

The present value of the contractual obligation was recorded as other obligations. The difference between the future amount of the disbursement and the obligation was recorded as equity valuation adjustment in other comprehensive income.

(iii) This refers to the withholding of 10% on the invoiced installments of certain supplier agreements. This retention represents a company's guarantee and will be paid at the end of the work.

(iii) In December 2023, the Company, based on expert reports, adjusted the estimate of provisions for decommissioning of its subsidiaries. Therefore, a remeasurement was made, in the amount of R\$ 118,057, an inflation adjustment of R\$ 1,016 and additions in the amount of R\$ 6,105, due to the entry into operation of Tucano and Cajuína Wind Complexes' companies.

The change in the provision for decommissioning is as follows:

	Consolidated Change
Balance as of December 31, 2021	108,302
Effect of the acquisition of Vento de Araripe, Caetés and Cassino Wind Complexes	77,690
Remeasurement	(3,695)
Adjustment	3,337
Balance as of December 31, 2022	185,634
Additions	6,105
Adjustment	1,016
Remeasurement	(118,057)
Balance as of December 31, 2023	74,698

22. EQUITY

The authorized capital is R\$ 4,600,000 fully represented by registered, book-entry common shares with no par value (R\$ 4,600,000 as of December 31, 2022).

As of December 31, 2023, the Company's subscribed capital is R\$ 2,196,958 (R\$ 2,196,958 as of December 31, 2022), represented by 601,927,311 registered, book-entry common shares.

The equity interest structure, in units of the Company's shares is as follows:

	2023		2022	
	Common		Common	
	Number	%	Number	%
Shareholders				
AES Holdings Brasil S.A.	174,810,572	29.04	176,705,117	29.36
AES Holdings Brasil II S.A.	110,012,802	18.28	110,012,802	18.28
BNDESPar	42,030,280	6.98	40,482,314	6.73
Centrais Elétricas Brasileiras S.A.	—	—	40,722,917	6.77
Luiz Barsi Filho	30,190,000	5.02	—	—
Treasury Shares	2,105	—	—	—
Other	244,881,552	40.68	234,004,161	38.87
Total shares	601,927,311	100.00	601,927,311	100.00

The table above shows the relevant direct or indirect shareholdings above 5% of the Company's capital, in accordance with article 12 of CVM Resolution No. 44/2021.

As published in the financial statements as of December 31, 2022, the Company made a capital increase due to the capitalization of the special goodwill reserve, as described in Note 24.2. This process resulted in the issue of 3,221,370 new common shares which, on December 31, 2022, were temporarily held by AES Holdings Brasil S.A. before being partially transferred, in January 2023, to minority shareholders who subscribed for these shares. On January 31, 2023, after the conclusion of the transaction, other 1,547,966 shares were transferred to BNDESPar, in the proportion and under the terms of the Assignment of Rights Agreement entered into between AES Holdings Brasil and BNDESPar.

Below are the relevant shareholding changes disclosed in the notice to the market:

According to the notice to the market dated June 5, 2023, Mr. Luiz Barsi Filho now holds 30,100,000 shares, equivalent to 5.00% of the Company's total shares. Also in June 2023, additional 30,000 shares were acquired, corresponding to a 5.01% stake. In addition, on July 11, 2023, Mr. Luiz Barsi Filho acquired additional 60,000 shares, corresponding to 5.02% of the Company's total shares.

Pursuant to the notice to the market on August 25, 2023, Centrais Elétricas Brasileiras S.A. ("Eletrobras") traded shares issued by the Company, becoming the holder of 27,827,009 common shares, equivalent to 4.62% of the Company's shares.

22.1 Reserves, equity valuation adjustments and other comprehensive income (loss)

	Individual	
	2023	2022
	Notes	
Capital reserves:		
Merger of AES Tietê Energia shares	377,602	377,602
Capital increase - private offering of shares (a)	967,678	967,678
Partial capitalization of the Subsidiary's Special Goodwill Reserve (b)	(30,957)	(30,957)
Shares and stock options granted (c)	1,231	1,388
Goodwill on issue of shares	(18,230)	(18,230)
Capital transaction on the purchase of shares of AES Brasil Operações S.A.	(38,375)	(38,375)
Subtotal	1,258,949	1,259,106
Other comprehensive income		
Merger of AES Tietê Energia shares	(119,824)	(119,824)
Equity valuation adjustments, net of taxes	(147,636)	(96,456)
Remeasurement of post-employment benefit obligations	30,519	23,788
Indirect effect of subsidiary's cash flow hedge	(3,596)	(39,603)
Cash flow hedge	(4,098)	(1,886)
Equity interest repurchase option	76,653	78,343
Subtotal	(167,982)	(155,638)
Profit reserves:		
Investment Reserve (d)	985,059	985,059
Legal reserve	40,283	31,022
Statutory reserve (e)	131,966	—
Unearned profit reserve (f)	73,749	74,671
Subtotal	1,231,057	1,090,752
Total	2,322,024	2,194,220

- (a) On October 3, 2022, the Company's Board of Directors approved a Capital Increase with the issue of 106,599,446 new subscribed and paid-up common shares, at the issue price of R\$ 9.61 per share, amounting to R\$ 1,024,420, allocated (i) to the capital account, the amount of R\$ 50,000; and (ii) to the capital reserve account, the amount of R\$ 974,421, discounting transaction costs in the amount of R\$ 6,743, resulting in a total net amount of R\$ 967,678.
- (b) On December 5, 2022, the Company increased its capital through a contribution by AES Holding Brasil Ltda. of 18,908,919 common shares issued by direct subsidiary AES Operações. The shares contributed stem from the right to capitalize the special goodwill reserve of AES Operações.
- (c) Comprises the granting of shares and stock options of The AES Corporation to the managers, employees or natural persons who render services to the Company. This reserve may be used to increase capital in favor of The AES Corporation after the contribution of funds through the delivery of shares to the Company's employees, being guaranteed to the other shareholders the participation in this capital increase, in order to maintain their shareholding in the Company.
- (d) To meet the investment project, the Company may retain part of the profits for the year, as regulated by article. 196 of Law No. 6.404/76. This retention must be justified with the capital budget, to be proposed by Management and approved by the Shareholders' Meeting. As of December 31, 2023, the proposed investment reserve is shown in Note 24.
- (e) According to the Minutes of the Annual Shareholders' Meeting held on April 27, 2023, the Company's bylaws were amended, on article 38, item (iii), where the remaining portion of net income, after legal deductions, is allocated to the formation of a statutory reserve, for the purpose of reinforcing the Company's working capital and/or financing the expansion and development of the Company's activities.
- (f) To avoid distributing the minimum mandatory dividends on the portion of financially unearned profits, although economically earned, stemming from the recognition of the tax benefit in direct subsidiary AES Operações due to the merger of AES Tietê, in 2021, the Company has set up a reserve of

unearned profits, so that when financially earned, in later periods, this can then be distributed as dividends. This reserve can only be used to pay the mandatory dividend. On December 31, 2023, the Company monitored the origin of unearned profits for the purpose of controlling the amounts earned in the year and to be earned in future years, and found that the amount of R\$ 922 was earned, based on the use of the tax benefit, considering the profit (loss) recorded in 2023 and the forecast until 2032. On December 31, 2022, no unearned profits were earned, since there was no use of the tax benefit.

22.2 Non-Controlling interest

The balance as of December 31, 2023 of R\$ 1,060,456 (R\$ 1,182,617 as of December 31, 2022) comprises indirect subsidiaries:

- - Guaimbê Holding, with Itaú Unibanco S.A. as the non-controlling shareholder, with a 23.41% interest in its preferred shares in the amount of R\$ 1,038,305 (R\$ 1,158,659 as of December 31, 2022);
- - Veleiros Holding, with Unipar as the non-controlling shareholder, with a 49.50% interest in the amount of R\$ 23,539 (R\$ 23,134 as of December 31, 2022); and
- - Potengi Holding, with BRF as the non-controlling shareholder, with a 50% interest, with the debt amount of R\$ 1,388 (R\$ 824 as of December 31, 2022).

Capital Reduction

On January 30, 2023, according to the minutes of the Extraordinary Shareholders' Meeting (ESM) held on November 28, 2022, the indirect subsidiary Guaimbê Holding reduced its capital by considering it excessive under the terms of article 173 of Brazilian Corporate Law, in the amount of R\$ 440,907 of which R\$ 337,691 was returned to direct subsidiary AES Operações and R\$ 103,216 to the non-controlling shareholder Itaú Unibanco S.A., with no change in its ownership percentage of preferred shares.

Interim Dividends

The balance of interim dividends as of December 31, 2023 in the amount of R\$ 217,693, comprises:

- indirect subsidiary Guaimbê Holding, pursuant to the following minutes of the Extraordinary Shareholders' Meeting:
 - held on June 1, 2023, when the payment of dividends for the year ended December 31, 2022 as well as the payment of interim dividends based on April 30 2023 were approved, in the total amount

of R\$ 148,038, of which R\$ 37,009 was paid to direct subsidiary AES Operações and R\$ 111,029 to the non-controlling shareholder.

- held on August 30 2023, when the payment of interim dividends based on earnings from May 01, 2023 to July 31, 2023 were approved, in the total amount of R\$ 57,216, of which R\$ 14,302 was paid to direct subsidiary AES Operações and R\$ 42,914 to the non-controlling shareholder.
- held on December 11, 2023, when the payment of interim dividends based on earnings from August 01, 2023 to October 31, 2023 were approved, in the total amount of R\$ 85,000, of which R\$ 21,250 was paid to direct subsidiary AES Operações and R\$ 63,750 to the non-controlling shareholder.

There is a distinction between equity interest and the share of the payment of profits due to the existence of a class of shares with preferred dividend rights held by the non-controlling shareholder.

Mandatory minimum dividends

The balance of interim dividends as of December 31, 2023 in the amount of R\$ 782 comprises:

- indirect subsidiary Potengi Holding, in accordance with the constitution of mandatory minimum dividends for the 2022 financial year, in the total amount of R\$ 3,547, of which R\$ 2,765 were distributed to the direct subsidiary Tucano Holding I and R\$ 782 to the non-controlling shareholder

23. ALLOCATION OF RESULTS

The Company's Bylaws set forth the payment of a minimum mandatory dividend corresponding to 25% of the net income for the year as provided for in article 202 of Law 6.404/76. Additionally, pursuant to the bylaws, the Board of Directors is responsible for deciding on the payment of interest on equity and interim and/or intermediate dividends.

Dividends and interest on equity are recognized as current liabilities on the following events: (i) interim and/or intermediate dividends - when approved by the Board of Directors' Meeting (BDM); (ii) if applicable, the amount equivalent to the mandatory minimum dividend not yet paid in the fiscal year; (iii) additional dividends proposed at the end of the year - upon its approval by the ASM, and (iv) interest on equity - upon its approval by the BDM or ASM.

The Company has a dividend policy available on the Investor Relations website, approved by the Board of Directors, which establishes the guidelines for the payment of dividends and interest on equity in compliance with applicable legal, statutory and regulatory provisions.

	2023	2022
Net income for the year	134,041	149,700
Equity valuation adjustment	51,180	54,716
Adjustment on account of dividends and interest on equity prescribed	(5)	45
Set-up of legal reserve	(9,261)	(10,221)
Base for dividend payment	175,955	194,240
Allocation:		
Mandatory minimum dividends	43,989	—
Interim dividends	—	52,877
Investment Reserve	—	141,363
Statutory reserve	131,966	—
Total allocated	175,955	194,240

24. EARNINGS PER SHARE

According to Note 22 the Company issued a total of 109,820,816 common shares, 106,599,446 of which through the private offering of shares on October 3, 2022 (Note 2) and 3,221,370 common shares through contribution by AES Holding Brasil Ltda. of 18,908,919 common shares issued by direct subsidiary AES Operações on December 5, 2022. Therefore, the Company considered it necessary to adjust the weighted average number of shares as if the event had occurred at the beginning of the last reporting period. Thus, both the numerator (net income for the year) and denominator (number of shares) are shown on a comparable basis.

The table below presents the basic and diluted earnings per share as of December 31, 2023:

24.1 Breakdown of the calculation of earnings per share - basic

	Individual	
	2023	2022
Numerator:		
Net income for the year	134,041	149,700
Denominator (in thousands of shares):		
Weighted average number of common shares	601,927	518,329
Basic earnings per share (R\$ per share)	0.22269	0.28881

24.2 Breakdown of the calculation of earnings per share - diluted

Direct subsidiary AES Operações has a special goodwill reserve in the amount of R\$ 128,609 (R\$ 128,609 as of December 31, 2022), which may be capitalized in favor of its indirect Parent Company AES Holdings Brasil Ltda. and BNDESPAR. Other shareholders will be entitled to participate in this capital increase through preemptive rights, so as to maintain their equity interest in the Company.

The potential shares to be issued due to the capitalization of the special goodwill reserve are considered dilutive for the calculation of the Company's diluted earnings per share, considering the assumption that all conditions for their issue have been met.

If the reserve is capitalized in favor of shareholders AES Holdings Brasil Ltda. and BNDESPAR with the issue of 100% of shares and no minority shareholder exercises their right to participate in the capital increase, the percentage of the other shareholders would decrease from 45.70% to 44.92% as of December 31, 2023, considering the share prices on the same date.

	Individual	
	2023	2022
Numerator:		
Net income for the year	134,041	149,700
Denominator including shares to be subscribed with the full goodwill reserve (in thousands of shares):		
Weighted average number of common shares	601,927	518,329
Number of potential shares (i)	10,439	13,314
Number of common shares - diluted	612,366	531,643
Diluted earnings per share (R\$ per share)	0.21889	0.28158

(i) Considering the shares to be issued in proportion to those existing in a possible full realization of the goodwill reserve at the market price of the shares as of December 31, 2023.

25. NET OPERATING REVENUE

Revenues are measured at the fair value of the consideration received or receivable. Revenue is recognized on a monthly basis and when there is convincing evidence that: (i) the rights and obligations of the agreement with the customer have been identified; (ii) identification of the performance obligation present in the agreement; (iii) the price determination for each type of transaction; (iv) the transaction price allocation to the performance obligations stipulated in the agreement; and (v) the fulfillment of the agreement performance obligations. A revenue is not recognized if there is significant uncertainty about its realization.

Revenues of the Company and its subsidiaries are measured according to the performance obligations identified in the agreements with customers, and the main recognition and measurement criteria, by segment, are shown below:

(a) Revenue from electric energy supply

Revenue from the sale of electric energy is recognized in the profit or loss in compliance with the rules of the electricity market, which establishes the transfer of control over the contracted amount of energy to the buyer. The calculation of the volume of energy delivered to the buyer occurs on a monthly basis, according to the bases contracted. Revenues from electricity supplies also include transactions in the spot market.

(b) Sale of Energy in the Energy Trading Chamber – CCEE

The Company and its subsidiaries recognize the revenue at the fair value of the consideration receivable when there is a generation surplus, after transfers in the Energy Reallocation Mechanism (ERM), settled in the spot market to the value of the Settlement Price for Differences (PLD) and traded in the scope of CCEE, under the terms of the Electric Energy Trading Convention.

(c) Reserve Energy Auction (LER) and New Energy Auction (LEN)

The revenue from Wind and Solar Parks is recognized in accordance with the energy delivered. Therefore, the amount of the consideration reflects the fair value to be received when the energy is actually delivered to the customer.

For renewable Companies, Reserve Energy and New Energy agreements set forth that the differences between the energy generated by the plants and the contracted energy shall be assessed in each contractual year based on the amount of energy (MWh) and the agreed price. The agreements set limits for positive or negative deviations with the application of bonuses or penalties, which shall comprise the consideration.

(d) Energy trading transactions

Energy trading operations are related to the financial target of the Trading Desk, strictly complying with all approved risk metrics and, for accounting measurement purposes, meeting the definition of financial instruments at fair value. Future outstanding positions (purchase or sale) are market to market, using information published by independent institutions: the electricity trading desk of the Brazilian Energy Trading Desk (BBCE) and the market price curve of DCIDE.

The following table shows the Company's net operating revenue as of December 31, 2023 and December 31, 2022:

	Consolidated			
	2023		2022	
	MWh (i)	R\$	MWh (i)	R\$
Bilateral Agreements	11,948,283	2,494,702	12,859,888	2,460,921
Spot market				
ERM	2,834,778	37,860	208,243	2,898
SPOT	284,398	28,883	453,155	20,845
Other	—	50,707	—	25,612
Wind energy auctions	4,209,317	898,478	2,234,877	518,541
Solar energy auctions	553,411	188,447	573,381	185,714
Energy trading agreements	2,642,392	252,738	431,260	32,304
Related parties (Note 30)	51,917	8,108	—	—
Mark-to-market of financial instruments	—	3,934	—	7,779
Other revenues	—	147,886	—	80,592
Gross operating revenue	22,524,496	4,111,743	16,760,804	3,335,206
PIS and COFINS	—	(345,413)	—	(266,634)
CFURH	—	(69,248)	—	(44,223)
ICMS and others	—	(243,631)	—	(158,162)
Research and development	—	(21,935)	—	(21,130)
Net operating revenue	22,524,496	3,431,516	16,760,804	2,845,057

(i) Information in MWh, not audited by the independent auditors.

26. ENERGY PRODUCTION AND OPERATION COST

	Consolidated			
	2023		2022	
	MWh (i)	R\$	MWh (i)	R\$
Energy production and operation cost				
Bilateral Agreements	3,603,908	(629,869)	4,210,349	(885,517)
Agreements with related parties (Note 30)	73,440	(7,510)	—	—
Spot market				
ERM	4,462	141	1,208,808	(23,424)
SPOT	46,638	(17,346)	1,002,315	(9,772)
Other	—	(1,864)	—	(2,233)
Charges for use, transmission and connection of the electrical grid	—	(337,374)	—	(267,628)
AEEL inspection fee	—	(17,785)	—	(14,447)
Energy trading agreements	2,025,772	(212,761)	466,159	(36,258)
PIS/COFINS Credit	—	141,682	—	113,221
Other operating costs	—	(1,400)	—	—
Subtotal	5,754,220	(1,084,086)	6,887,631	(1,126,058)
Cost of operation				
Personnel and management	—	(120,738)	—	(98,456)
Post-employment benefits	—	(2,303)	—	(3,182)
Third-party services with related parties (Note 30)	—	(12,075)	—	(1,953)
Third party services	—	(232,164)	—	(169,562)
Materials	—	(28,149)	—	(20,560)
Depreciation and amortization	—	(653,033)	—	(504,674)
Insurance	—	(49,526)	—	(34,337)
Lease and rentals	—	(3,124)	—	(5,162)
Sector contributions	—	(11,021)	—	(8,796)
Other operating income (costs)	—	(739)	—	205
Subtotal	—	(1,112,872)	—	(846,477)
Total	5,754,220	(2,196,958)	6,887,631	(1,972,535)

(i) Information in MWh not audited by the independent auditors.

27. GENERAL AND ADMINISTRATIVE

	Individual		Consolidated	
	2023	2022	2023	2022
Personnel and management	(13,062)	(13,511)	(103,121)	(91,644)
Post-employment benefits	(336)	—	(2,941)	(2,628)
Third-party services with related parties (Note 30)	—	—	(21,135)	(30,948)
Third party services	(6,398)	(5,587)	(51,897)	(61,711)
Materials	(91)	(36)	(11,874)	(11,435)
Depreciation and amortization	(1,327)	(337)	(1,781)	(1,217)
Total	(21,214)	(19,471)	(192,749)	(199,583)

28. OTHER OPERATING (EXPENSES) INCOME

	Individual		Consolidated	
	2023	2022	2023	2022
Reversal of allowance for doubtful accounts (i)	—	—	—	10,000
Write-off in accounts receivable on sale of subsidiary (ii)	—	—	(23,208)	—
Insurance	(37)	(210)	(2,542)	(1,235)
(Loss) Gain on the sale of subsidiary	—	—	—	(5,696)
Lease and rentals (iii)	(11)	(29)	(726)	(791)
Price adjustment of Solar Guaimbê Holding Complex	—	—	—	(727)
Sector contributions	(90)	(610)	(386)	(220)
Provision for legal proceedings and others, net (iv)	(11)	—	12,746	(186)
Allowance for doubtful accounts (Note 4)	—	—	(538)	—
Income from bankruptcy estate - Banco Santos (v)	—	—	5,779	—
Other	594	(275)	(1,210)	3,719
Total	445	(1,124)	(10,085)	4,864

(i) Refers to the reversal of allowance for doubtful accounts recognized in 2020 due to payments not received for energy supply and to the gain with losses and damages. After an unfavorable award to the customer in the arbitration, in June 2022, the parties reached an agreement and the gain was recognized. With the agreement, the Company received a single installment of R\$ 2,000 and the remaining balance is being received in 60 consecutive installments, adjusted by IPCA.

(ii) As described in Note 9, the balance refers to the impact of the revaluation of accounts receivable from the sale of AES Tietê Inova to a subsidiary of EDP Energias do Brasil.

(iii) Includes leases with terms of less than 12 months or low-value agreements.

(iv) In March 2023, the Company received the contingent assets related to the arbitration gain on extraordinary tariff recovery (RTE) of free energy.

(v) Refers to the inflows to which the Company is entitled to from the bankrupt estate of Banco Santos. After the bankruptcy was decreed, the Company claimed the amounts in the proceedings and periodically receives these amounts.

29. FINANCE INCOME (COSTS)

	Notes	Individual		Consolidated	
		2023	2022	2023	2022
Finance Income					
Income from short-term investments		93,354	37,314	425,142	346,368
Restatement of accounts receivable in the spot market		—	—	88	1,428
Adjustment of tax credits		721	110	7,500	4,211
Income from guarantees and restricted deposits	7	62	—	72,585	29,013
PIS and Cofins on finance income		(4,377)	(1,739)	(21,001)	(13,982)
Other		3	—	408	758
Exchange Differences					
Embedded derivatives		—	—	—	21,237
Mark-to-market of derivatives		294	—	294	—
Other foreign exchange gains - Related parties	30	—	—	53	3,000
Other foreign exchange gains		85	14	498	213
Total		90,142	35,699	485,567	392,246
Finance Costs					
Debt charges and amortization of transaction costs	15.2	(201,961)	(150,057)	(1,052,502)	(601,667)
Swap interest and taxes on foreign currency debt		(66,533)	(1,629)	(234,751)	(165,829)
Inflation adjustment of debentures, loans and financing	15.2	—	—	(184,690)	(134,960)
Interest on actuarial obligation, net of income from assets	17	—	—	(10,858)	(11,519)
Inflation adjustment of acquisition obligations	20	—	(91)	(27,513)	(32,622)
Capitalized interest in PP&E in progress	11 and 33	—	—	437,146	306,980
Interest on lease liabilities	16	(246)	(48)	(16,939)	(11,117)
Inflation adjustment of judicial proceedings and other	18.1	(62)	—	3,432	(6,054)
Tax on financial transactions - IOF		216	(424)	(2,510)	(8,459)
Inflation adjustment of reimbursement	8	—	—	(9,930)	(14,450)
Other		(9)	(5)	(15,566)	(15,058)
Exchange Differences					
Mark-to-market of derivatives		—	—	—	(3,547)
Swap transactions		(616)	—	(481)	(2,120)
Other		(54)	(13)	(2,625)	(456)
Total		(269,265)	(152,267)	(1,117,787)	(700,878)
Total, net		(179,123)	(116,568)	(632,220)	(308,632)

	Notes	Consolidated	
		2023	2022
Income (loss)			
Net operating revenue			
Administrative and operational management - Tucano Complex		3,234	—
Energy sales - Tucano Complex		4,874	—
Total net operating revenue	25	8,108	—
Electric energy purchased for resale			
Tucano Complex - Other costs (iv)	26	(7,510)	—
Energy production and operation cost			
Big Sky (ii)	26	(12,075)	(1,953)
General and administrative			
Big Sky (ii)		(21,135)	(30,948)
Finance income (costs)			
VIVEST - Post-employment obligations - Social security plan (iii)	17	(10,042)	(10,825)
Big Sky exchange difference (ii)	29	53	3,000
Total Profit or Loss		(42,601)	(40,726)

Transactions with related parties were established under market conditions.

- (i) On September 3, 2020, direct subsidiary AES Operações entered into an agreement for the provision of services and administrative and operational management of wind projects with Tucano Holding III and subsidiaries, a group's joint venture, whereby direct subsidiary AES Operações will be responsible for providing this service for a period of 10 years, with the possibility of renewal for 10 years.
- (ii) Provision of services and solutions rendered by AES Big Sky LLC, a subsidiary of AES Corp., related to the implementation of the digital strategy (Digital Transformation) of direct subsidiary AES Operações. The agreement is in force until December 2025.
- (iii) Direct subsidiary AES Operações is a member of the Decision-Making Board of VIVEST, having a significant influence in its management. The pension plan details are shown in Note 17.
- (iv) Refers to the energy purchase entered into between direct subsidiary AES Operações and Tucano Complex for the purpose of making up ballast. These sales were made at an average price of R\$ 102.04 and involved the amount of 73,440 MWh.

30.1 Key management personnel compensation

Key management personnel compensation comprises the Statutory Executive Board and the Board of Directors. The compensation in the years ended December 31, 2023 and 2022 is shown below:

	Individual		Consolidated	
	2023	2022	2023	2022
Short-term benefits	12,121	11,685	12,552	12,113
Post-employment benefits	380	400	380	400
Other long-term benefits	516	395	516	395
Share-based compensation (i)	346	821	346	821
Total	13,363	13,302	13,794	13,729

(i) Comprising The AES Corporation's shares and stock options granted to Senior Management.

30.2 Indemnity agreement arising from corporate transactions and events

On December 31, 2015, former Companhia Brasileira merged AES Tietê S.A. and, subsequently, was subject to a partial spin-off. The net accounting assets of Companhia Brasileira were transferred to Brasileira Participações and those of AES Tietê S.A to AES Tietê Energia S.A, which kept the same Corporate Taxpayer Identification Number as Companhia Brasileira (now AES Brasil Operações).

The split protocol of former Companhia Brasileira established, among other provisions, the responsibility of Brasileira Participações before AES Tietê Energia S.A. (currently AES Brasil Operações) for effects on assets and liabilities, materialized or not, present and future, relating to the spun-off assets transferred, including those arising from legal and administrative proceedings.

To this end, as approved by its then controlling shareholders AES Holdings Brasil Ltda. and BNDES Participações S.A. – BNDESPar, an indemnity agreement was signed establishing the terms, conditions and indemnity mechanisms by Brasileira Participações in favor of former AES Tietê Energia (currently AES Brasil Operações) for any losses incurred by the latter, related to existing and future legal and administrative proceedings on matters related to the spun-off portion.

The indemnity agreement, which protects the right of AES Brasil Operações to be compensated due to liabilities linked to Brasileira Participações, covers tax proceedings with a probability of loss classified as possible disclosed in Note 18.2, since as legal successor of former Companhia Brasileira, AES Brasil Operações must remain jointly liable for tax liabilities.

31 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

31.1 Fair value and classification of financial instruments

The fair value of financial instruments actively traded in organized financial markets is defined based on the purchase prices quoted at the market close on the reporting date.

The fair value of financial instruments for which there is no active market is determined using valuation techniques. Such valuation techniques may include the use of recent market transactions (with exemption from interest), reference to the current fair value of other similar instrument, discounted cash flow analysis or other valuation models.

The main financial instruments classified according to the accounting policies adopted by the Company and its subsidiaries are as follows:

		Consolidated					
		2023		2022			
Notes	Fair value measurement	Carrying amount	Fair value	Carrying amount	Fair value	Category	
ASSETS (Current and noncurrent)							
Cash and Cash Equivalents (Amount available)	3	50,123	50,123	58,021	58,021	Amortized cost	
Cash and Cash Equivalents (Repo transaction)	3	Level 2	231,560	231,560	137,851	137,851	Fair value through profit or loss
Short-term investments	3	Level 2	1,733,262	1,733,262	3,587,700	3,587,700	Fair value through profit or loss
Trade accounts receivable	4		375,660	375,660	335,767	335,767	Amortized cost
Reimbursement account	8		17,572	17,572	25,231	25,231	Amortized cost
Derivative financial instruments		Level 2	66,468	66,468	69,841	69,841	Fair value through profit or loss
Guarantees and restricted deposits	7		614,700	614,700	615,021	615,021	Amortized cost
Total			3,089,345	3,089,345	4,829,432	4,829,432	
LIABILITIES (Current and noncurrent)							
Trade accounts payable	13		375,775	375,775	267,913	267,913	Amortized cost
Loans, financing and debentures	15		9,485,385	9,394,136	9,362,947	9,715,280	Amortized cost
Loans, financing (foreign currency)	15		1,972,742	1,869,279	1,532,083	1,432,508	Amortized cost
Reimbursement account	8		776,547	776,547	731,620	731,620	Amortized cost
Lease liabilities	16		220,110	220,110	180,221	180,221	Amortized cost
Derivative financial instruments		Level 2	346,427	346,427	244,832	244,832	Designated for cash flow hedge
Derivative financial instruments		Level 2	54,754	54,754	62,061	62,061	Fair value through profit or loss
Obligations in acquisitions	20		131,990	131,990	246,091	246,091	Amortized cost
Equity interest repurchase option	21		15,320	15,320	13,489	13,489	Amortized cost
Dividends and interest on equity payable			45,976	45,976	286	286	Amortized cost
Total			13,425,026	13,230,314	12,641,543	12,894,301	

The measurement of financial instruments, shown in the note above, is grouped into levels 1 to 3, based on the level at which their fair value is quoted:

Level 1 – prices quoted in active markets for identical assets and liabilities.

Level 2 - other techniques for which all data having a significant effect on the recorded fair value are directly or indirectly observable; and

Level 3 - techniques that use data significantly affecting the recorded fair value not based on observable market data.

During the year ended December 31, 2023, there was no transfer arising from fair value valuation between levels 1 and 2, nor with level 3.

Derivative instruments

Derivative financial instruments held by the Company correspond to hedge transactions for the exposure related to foreign exchange risk on loans raised abroad through swaps, which result from short positions linked to CDI variation. These items qualify as hedge accounting and are classified as cash flow hedge, and are recorded as financial assets when the value is positive, and as financial liabilities when the fair value is negative.

Outstanding derivative instrument balances as of December 31, 2023:

Contract Date	Type	Index - Assets	Index - Liabilities	Hedging instrument	Liabilities	Notional Amount (foreign)	MTM Effect on Equity
12/29/2020	Cash Flow Hedge	USD	CDI	SWAP (i)	76,134	116,122	(13,484)
03/31/2021	Cash Flow Hedge	USD	CDI	SWAP (i)	196,795	138,169	(43,536)
11/25/2022	Cash Flow Hedge	USD	CDI	SWAP (ii)	15,558	38,685	(1,638)
01/17/2023	Cash Flow Hedge	USD	CDI	SWAP (iii)	37,417	75,000	3,312
01/17/2023	Cash Flow Hedge	USD	CDI	SWAP (iii)	20,521	36,315	1,703
Total					346,425		(53,643)

(i) direct subsidiary AES Operações contracted foreign exchange swap derivative transactions, in the *notional* amount of US\$ 116,122 and US\$ 138,169, on December 29, 2020 and March 31, 2021, respectively, with reference amounts of R\$ 600,000 and R\$ 800,000, for the purpose of hedging exposure to U.S. Dollar as a result of the issue of loans in foreign currency, raised on those dates. The first derivative instrument exchanged the full fixed interest risk of 1.63% + exchange variation for CDI + 1.50 p.a., with 50% of the maturity in December 2024 and 50% in December 2025. The second derivative instrument exchanged the fixed interest risk of 1.78% + exchange variation for CDI + 1.48%, with 75% of the maturity in March 2025 and 25% in March 2026.

(ii) The Company entered into an exchange swap transaction, in the *notional* amount of US\$ 38,685 on November 25, 2022 with a reference value of R\$ 200,000 for paying for the acquisition of Cassino, Caetés and Ventos do Araripe Complexes. The instrument exchanged the full fixed interest risk of 5.31% + exchange difference for CDI + 1.60%, with a single installment maturing in November 2024.

(iii) The Company entered into a currency swap operation, in the notional amount of US\$ 36,315 and US\$ 75,000 on January 17, 2023 with reference values, respectively, of R\$ 187,750 and R\$ 383,363, for the purpose of reinforcing cash and liquidity. The instrument exchanged the full fixed interest risk of 5.29% + exchange difference for CDI + 1.65% and CDI + 1.60%, respectively, both with a single installment maturing on January 17, 2025.

■ Cash Flow Hedge

The Company and its subsidiaries agreed foreign exchange swap derivative transactions when raising loans in foreign currency, exchanging the entire risk of exchange rate variation for CDI. There is an economic relationship between the hedged items and the hedging instruments, since the critical terms and conditions of the hedged item such as notional amounts, maturities, currencies and interest rates are the same as those of the hedging instrument.

The effective portion resulting from cash flow hedge, gains and losses arising from changes in the fair value of the instrument are recognized in equity under "Other comprehensive income". The ineffective portion is recorded in the statement of profit or loss, together with interest and foreign exchange variations of the transaction.

Accumulated amounts in equity are reclassified for the period in which the hedged item affects P&L: gains or losses related to the effective portion of interest rate swaps hedging floating interest rate loans, are recognized in the statement of profit or loss as finance costs, concurrently with interest expenses on the hedged loans.

For the purposes of testing the hedge effectiveness, the Company uses the regression and correlation analysis method, comparing changes in the fair value of hedge equity instruments with changes in the fair value of the items attributable to the hedged risks. Hedge effectiveness calculation does not dissociate the portion of credit risk from the counterparty (banks) since the hedging instruments contracts are entered into with institutions with high solvency and liquidity and low credit risk.

When a cash flow hedging instrument matures, it is sold or extinguished; or when it no longer meets the criteria of hedge accounting, any accumulated deferred gain or loss and deferred hedge charges in equity are immediately reclassified to profit or loss.

■ Energy futures agreements

AES Comercializadora has energy futures agreements maturing up to fiscal year 2028. The actual result of financial instruments of futures agreements may vary, since the markings of these agreements were performed considering the respective base dates and their values at a certain point in time. Transactions are compliant with approved risk policies, which seek to control credit exposures with counterparties as well as the volume in MWh traded.

As of December 31, 2023, the net notional amount between purchase and sale agreements was R\$ 21,747 a long position, at fair value, of R\$ 66,467, and a short position of R\$ 54,754 with the mark-to-market gain recognized in profit or loss in the amount of R\$ 3,934 (Note 26).

31.2 Risk management

The Company and its subsidiaries are exposed mainly to market risk, credit risk and liquidity risk, in addition to additional risks described in this note. The occurrence of any of the following risks could adversely affect the Company, and may cause an effect on its operations, financial condition or operating results. The risk management structure as well as the main risk factors are described below:

(a) Risk management structure

The organizational structure of the Company and its subsidiaries risk management includes the areas of Risk Management, Internal Control, Internal Audit and Ethics and Compliance.

(a.1) Risk Management

The Risk Management Policy is intended to provide general guidelines for the Company's Risk Management, conceptualizing and documenting the principles of risk management and related activities.

Risk Management area is responsible for disseminating the strategic risk management culture, assessing the risk level to which the Company is exposed, setting standards to be followed by the Company regarding risk management, overseeing and controlling risks reports and defining managers and responsible for risk in the business areas.

The Board of Directors is responsible for assessing and resolving on strategic Risk Management issues, including approving and assessing the Risk Management policy and model.

The Executive Office plays the role of assuring the strategic risk assessment and action plans recommended for risk mitigation. Strategic risks can be categorized as strategic, financial, compliance, technology, operational, market, legal, regulatory, environmental and credit.

The Executive Office shall also provide their perception of the tangible and intangible risks to which their respective business areas are exposed.

(a.2) Internal Controls

The Internal Controls area, reporting to the Controllershship and Tax Planning Department, has the main role of advising the business areas in the review of processes and implementation of controls to mitigate risks and thus ensure accuracy of financial statements and compliance with laws, standards, regulations and/or internal procedures.

(a.3) Internal Auditing

The Company also has an Internal Audit area operating in three segments: operating, financial and information technology. The first segment assesses all processes and procedures linked to the Company operations, the second assesses financial statements and associated controls and the third, information security controls, all in compliance with the U.S. Sarbanes-Oxley Act, requirements of the Brazilian laws, regulatory provisions of the electricity sector and internal rules and procedures.

The Company performs, on an annual basis, a self-assessment of its control environment in order to validate the effectiveness of key controls implemented to mitigate the risk of material inaccuracies in the Company's financial statements. In the event of identifying points for improvement, the Company prepares action plans, defining terms and responsibilities. The result of such assessment and the status of the action plans are periodically communicated to the Statutory Audit Committee.

The annual internal audit plan is prepared in compliance with the result of the risk assessment and its main purpose is to provide independent assessment of risks, control environment and significant weaknesses that may impact the Company's financial statements and processes. Any deficiencies or noncompliance are cured by means of action plans set forth by those in charge of the processes, reviewed by the Internal Controls area, in event of having any impact onto the financial statements, and the implementation thereof is duly monitored by the Internal Controls areas, as applicable, and Internal Audit areas. The audit plan is approved by the Company's Board of Directors and the results of the audits are communicated to the Statutory Audit Committee.

(a.4) Ethics and Compliance

The Company is committed to keep the highest ethical and legal standards in all of its business transactions. For such purpose, potential business partners undergo the Company's internal analysis and approval process, carried out by the Ethics and Compliance Department, which main purpose is to "get to know" its partners and assess the risks brought by the transactions to be analyzed.

Additionally, all Company employees receive a copy of the Values Guide upon hiring, as well as specific training on the Compliance program and the Company's main policies. In addition, the culture of integrity and the importance of Compliance are reinforced annually by messages from senior management and the Ethics and Compliance department issues periodic communications to all employees about its policies and procedures. The Company also has a Code of Conduct for Suppliers that is disclosed to its business partners in the supply chain and attached to relevant agreements along with contractual provisions that set forth conditions of integrity and Compliance within the standards established by the Company. In addition, all suppliers in the company's high-risk chain receive specific training on the Values Guide and Compliance policies.

In the event of a complaint, suspicion of fraud or impropriety, the matter will be investigated by the Ethics and Compliance Department, and based on the conclusion of the fact-finding process, appropriate corrective measures will be taken in a timely manner, whether these are administrative measures, changes in controls, implementation or adjustment of processes, etc. In event of any material impact onto the financial statements, the data generated by the fact-finding process will be duly informed to the Company's governance, including the top management and Board of Directors, with the respective actions and correction plans.

Risks resulting from financial instruments

The Company and its subsidiaries are exposed to the following risks resulting from financial instruments

(b.1) Credit risk

Credit Risk is the risk of the Company and its subsidiaries incur in loss due to a customer or a counterparty in a financial instrument failing to fulfill its contractual obligations. This risk is generated in trade accounts receivable and cash equivalents, short-term investments and guarantees and restricted deposits.

Accounts receivable

Energy sales are made to free consumers, traders, distribution and generation companies, through bilateral agreements and agreements in the regulated environment (energy auctions), both in the long and the short term. In bilateral long-term energy sales agreements in the free contracting environment, the Company has three processes focused on risk mitigation: (i) Credit Analysis: Analyzes of customers' financial statements, competition, economic sector of activity and external constraints with credit bureaus (ii) rating calculation according to internal model and (iii) guarantee requirement: according to credit analysis, rating and contractual conditions. For the spot market, any default on sale agreements is subject to ANEEL regulation, which aims to ensure liquidity in the energy market.

The risk arising from the possibility of AES Brasil Group incurring losses due to hardships in receiving the amounts invoiced to its customers is considered low, considering the contractual guarantees presented within the scope of the energy agreements in the ACR and ACL.

Cash and cash equivalents and short-term investments

Risks related to financial investments deposited in financial institutions that are subject to market actions and the risk associated thereto, and especially to the lack of guarantees for the amounts invested, which may lead to loss of related amounts.

The Company and its subsidiaries act in order to diversify the credit risk with financial institutions, concentrating their transactions only in first class institutions and setting concentration limits, following their internal policies regarding the assessment of investments as compared to the equity of financial institutions and respective ratings of main agencies.

The Company and its subsidiaries use ratings by Fitch Ratings (Fitch), Moody's or Standard & Poor's (S&P) to identify banks eligible for investment portfolio composition. Any financial institutions that show, in at least one of the risk rating agencies, rating below that established (AA-), at the domestic level, in local currency, may not be take a part of the investment portfolio.

Regarding the maximum exposure amounts by financial institutions, the most restrictive of the following criteria defined by the Company will prevail: (i) Cash Criterion: Investments of a maximum of 20% (Net Equity (NE) of the financial institution less than R\$ 5,000,000) and up to 25% (NE higher than R\$ 5,000,000) of the total portfolio per financial institution. (ii) Company's Net Equity Criterion: Maximum investments of 20% of its NE per financial institution (ii) Equity criteria of the financial institution receiving funds: Each financial institution will be eligible for receiving funds from 3% (Equity below R\$ 4,000,000) up to 5% (Equity above or equal to R\$ 5,000,000 and below R\$ 8,000,000) of its Equity or up to 7% (Equity above or equal to R\$ 8,000,000), considering the total of AES Brasil Group's investments. The most restrictive of criteria i, ii and iii will prevail.

The maximum exposure to the credit risk as of December 31, 2023 is:

	Note	Individual		Consolidated	
		2023	2022	2023	2022
Cash and Cash Equivalents	3	95	35,056	281,683	195,872
Short-term investments	3	342,813	352,000	1,733,262	3,587,700
Trade accounts receivable	4	—	—	375,660	335,767
Guarantees and restricted deposits	7	752	—	614,700	615,021
Derivative financial instruments		—	—	66,468	69,841
Total exposure		343,660	387,056	3,071,773	4,804,201

(b.2) Capital management risk

The Company and its subsidiaries control their capital structure according to the economic conditions, in order to allow for the payment of dividends, maximize return on shareholders' capital, and the funding of new loans and issues of securities in the financial and capital markets, in addition to other instruments that it may deem necessary.

Aiming to maintain or adjust the capital structure, the Company may revise its practice of paying dividends, increasing capital by issuing new shares or selling assets to reduce debt levels, if applicable

The Company and its subsidiaries also monitor their liquidity and financial leverage levels on an ongoing basis, in addition to seeking to lengthen the profile of their debts, in order to mitigate refinancing risk.

The Company and its subsidiaries include in their net debt structure: debentures, loans and financing and finance leases, minus cash and cash equivalents and short-term investments.

The table below shows the financial leverage ratio:

	Notes	Consolidated	
		2023	2022
Loans, financing and debentures	15	11,458,127	10,895,030
Financing guarantees	7	(574,305)	(573,084)
Cash and Cash Equivalents	3	(281,683)	(195,872)
Short-term investments	3	(1,733,262)	(3,587,700)
Net debt		8,868,877	6,538,374
Equity		5,579,423	5,573,795
Financial leverage ratio		158.96%	117.31%

From the total consolidated financial indebtedness as of December 31, 2023, 20.15% (8.05% as of December 31, 2022) is short-term and the average term of loans, financing and debentures is 4.01 years (4.9 years as of December 31, 2022).

In addition to the aforementioned financial indebtedness, the Company and its subsidiaries monitor their financial status based on financial ratios used for purposes of covenants, as per Note 15.3.

(b.3) Liquidity risk

Liquidity risk occurs due to difficulty in complying with obligations undertaken on due dates.

The Company and its subsidiaries adopt as risk management policy: (i) keep a minimum cash level in order to ensure the availability of financial resources; (ii) daily monitoring of the expected and performed cash flows; (iii) maintain financial investments with daily maturities or that cover disbursements, as to provide maximum liquidity; (iv) establish guidelines to contract hedge operations exclusively to mitigate Company's financial risks, as well as operation and control of these positions.

The table below states information on future maturities of financial liabilities of the Company and its subsidiaries. For "Debentures", "Loans and Financing" and "Lease liabilities" accounts, the projected cash flows are being considered. As this is a forecast, such amounts differ from those stated in Notes 15 and 16. Information on the table below includes cash flows from principal and interest.

	Less than 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	More than 5 years	Total as of December 31, 2023	Total as of December 31, 2022
Trade accounts payable	375,775	—	—	—	—	375,775	267,913
Debentures	189,437	1,087,876	2,835,070	3,614,641	3,684,893	11,411,917	11,537,437
Loans and Financing	182,883	1,752,298	2,401,560	861,929	853,827	6,052,497	5,667,391
Lease liabilities	2,061	6,183	3,585	12,679	203,337	227,845	180,221
Dividends and interest on equity payable	—	45,976	—	—	—	45,976	286
Obligations in acquisitions	73,477	58,513	—	—	—	131,990	246,091
Total	823,633	2,950,846	5,240,215	4,489,249	4,742,057	18,246,000	17,899,339

When the amount payable is not fixed, the disclosed amount is determined with reference to the existing conditions at the closing date of the year. Therefore, CDI and IPCA used in the forecasts correspond to the indexes determined as of December 31, 2023.

Due to interest forecast, 2023 amounts were recalculated and adjusted.

(b.4) Market risks

The main market risks to which the Company and its subsidiaries are exposed are as follows:

Interest rate risk

The Company and its subsidiaries have debentures, loans and financing paid using the variation of CDI, IPCA and TJLP, plus contractual interest. Consequently, it is exposed to fluctuations of interest rates and indexes that affect its finance costs. As of December 31, 2023, the Company's and its subsidiaries' short-term investments were allocated in CDBs, yielding the CDI.

The amount of Company's and its subsidiaries' net exposure to interest rate risk as of December 31, 2023 is as follows:

	Notes	2023	2022
Cash and Cash Equivalents (Repo transaction)	3	231,560	137,851
Short-term investments	3	1,733,262	3,587,700
Loans, financing and debentures	15	(11,523,605)	(10,972,677)
Total net exposure		(9,558,783)	(7,247,126)

The amounts of loans, financing and debentures presented in the table above refer only to debt indexed to CDI, IPCA and TJLP, and do not include the balances of transaction costs. In addition, cash is not considered an exposure balance, since there is no risk of fluctuation due to changes in market interest rates.

Interest rate risk sensitivity analysis

To check the sensitivity of indexes on investments and debts to which the Company and its subsidiaries were exposed to as of December 31, 2023, 5 different scenarios were defined for interest rate and foreign currency risk.

For each scenario, the gross income and finance costs were calculated, representing the expected effect on income (loss) and/or equity for one year at each projected scenario, not considering the taxes levied and scheduled maturity flow of each contract. The portfolio base date was December 31, 2023 with a one-year forecast and determining their sensitivity under each scenario.

Interest rate risk

Based on available data from CETIP and FGV the forecast of CDI, IPCA and TJLP was extracted for one year and defined as probable scenario, from which 25% and 50% variations were calculated of short-term investments, reimbursement and debts.

			Finance Income Forecast - 01 year				
Short-term investments	Risk	Position as of 12/31/2023	Scenario 1 (-50%)	Scenario II (-25%)	Probable Scenario	Scenario III (+25%)	Scenario IV (+50%)
CDI			5.11%	7.67%	10.22%	12.78%	15.33%
Cash Equivalents (i)	CDI	231,560	11,833	17,761	23,665	29,593	35,498
Short-term investments	CDI	1,733,262	88,570	132,941	177,139	221,511	265,709
Impact on income			100,403	150,702	200,804	251,104	301,207
			Finance income (costs) forecast - 01 year				
Reimbursement	Risk	Position as of 12/31/2023	Scenario 1 (-50%)	Scenario II (-25%)	Probable Scenario	Scenario III (+25%)	Scenario IV (+50%)
IPCA			1.94%	2.91%	3.88%	4.85%	5.82%
Reimbursement - assets	IPCA	17,572	341	511	682	852	1,023
Reimbursement - liabilities	IPCA	(776,547)	(15,065)	(22,598)	(30,130)	(37,663)	(45,195)
Impact on income			(14,724)	(22,087)	(29,448)	(36,811)	(44,172)
			Finance Cost Forecast - 01 year				
Debt	Risk	Position as of 12/31/2023	Scenario 1 (-50%)	Scenario II (-25%)	Probable Scenario	Scenario III (+25%)	Scenario IV (+50%)
CDI			5.11%	7.67%	10.22%	12.78%	15.33%
9 th Issue (1 st Series) - AES Operações	CDI	(1,429,993)	(88,103)	(125,077)	(161,907)	(198,881)	(235,710)
Scotiabank 4131 - AES Operações (ii)	CDI	(1,234,026)	(82,515)	(114,580)	(146,520)	(178,585)	(210,524)
Scotiabank 4131 - AES Brasil 1st series (ii)	CDI	(188,158)	(12,779)	(17,673)	(22,548)	(27,442)	(32,317)
Scotiabank 4131 - AES Brasil 2nd series (ii)	CDI	(371,808)	(25,252)	(34,923)	(44,556)	(54,226)	(63,859)
Scotiabank 4131 - AES Brasil 3rd series (ii)	CDI	(180,023)	(12,321)	(17,006)	(21,672)	(26,357)	(31,023)
Debentures - 1st Issue (Company)	CDI	(1,111,311)	(83,654)	(112,758)	(141,748)	(170,852)	(199,843)
BNDES - Cajuína Wind Complex	CDI	(808,795)	(55,782)	(76,839)	(97,814)	(118,871)	(139,846)
1 st Issue - Veleiros	CDI	(293,458)	(19,623)	(27,248)	(34,843)	(42,468)	(50,064)
10 th Issue - AES Operações	CDI	(754,507)	(50,451)	(70,056)	(89,585)	(109,190)	(128,719)
Impact on income			(430,480)	(596,160)	(761,193)	(926,872)	(1,091,905)
IPCA			1.94%	2.91%	3.88%	4.85%	5.82%
1 st Issue - Cajuína AB1	IPCA	(1,066,622)	(97,566)	(108,643)	(119,721)	(130,799)	(141,876)
9 th Issue (2 nd Series) - AES Operações	IPCA	(846,426)	(57,061)	(65,658)	(74,255)	(82,852)	(91,449)
6 th Issue (2 nd Series) - AES Operações	IPCA	(224,918)	(19,909)	(22,238)	(24,568)	(26,898)	(29,227)
BNB - Tucano Wind Complex (Anglo)	IPCA	(396,293)	(16,818)	(20,749)	(24,680)	(28,611)	(32,542)
1 st Issue - Tucano Holding II	IPCA	(388,900)	(31,569)	(35,570)	(39,571)	(43,572)	(47,573)
9 th Issue (3 rd Series) - AES Operações	IPCA	(241,760)	(16,298)	(18,753)	(21,209)	(23,665)	(26,120)
8 th Issue - AES Operações	IPCA	(199,812)	(16,138)	(18,193)	(20,248)	(22,303)	(24,358)
Araripe Wind Complex	IPCA	(96,678)	(10,982)	(12,006)	(13,031)	(14,055)	(15,080)
Caetés Wind Complex	IPCA	(96,169)	(10,552)	(11,567)	(12,583)	(13,598)	(14,614)
Other	IPCA	(46,347)	(899)	(1,349)	(1,798)	(2,248)	(2,697)
1 st Issue (2 nd Series) - AES Tietê Eólica	IPCA	(31,003)	(3,089)	(3,413)	(3,738)	(4,062)	(4,386)
1 st Issue (1 st Series) - AES Tietê Eólica	IPCA	(16,703)	(1,620)	(1,794)	(1,968)	(2,143)	(2,317)
2 nd Issue - Veleiros (1st series)	IPCA	(80,613)	(7,587)	(8,427)	(9,266)	(10,105)	(10,945)
2 nd Issue - Veleiros (2nd series)	IPCA	(80,592)	(7,257)	(8,093)	(8,929)	(9,765)	(10,601)
Impact on profit or loss			(297,345)	(336,453)	(375,565)	(414,676)	(453,785)
TJLP			2.82%	4.23%	5.65%	7.06%	8.47%
BNDES - Caetés Wind Complex	TJLP	(448,054)	(22,770)	(29,227)	(35,713)	(42,186)	(48,642)
BNDES - Araripe Wind Complex	TJLP	(465,282)	(23,646)	(30,351)	(37,086)	(43,808)	(50,513)
BNDES - Ventus Complex	TJLP	(158,115)	(8,702)	(10,990)	(13,288)	(15,581)	(17,869)
BNDES - Salinas and Mandacaru Wind Complexes	TJLP	(142,872)	(6,879)	(8,932)	(10,995)	(13,054)	(15,108)
BNDES - Cassino Wind Complex	TJLP	(124,367)	(6,295)	(8,087)	(9,887)	(11,683)	(13,475)
Impact on profit or loss			(68,292)	(87,587)	(106,969)	(126,312)	(145,607)
Total net exposure			(710,438)	(891,585)	(1,072,371)	(1,253,567)	(1,434,262)

(i) Cash is not considered in the sensitivity analysis, since there is no exposure to market risks.

(ii) Loans raised abroad through foreign exchange swaps exchanged the entire interest and exchange variation risk for CDI.

The debt of Salinas and Mandacaru complexes with BNB ("Banco do Nordeste") has a fixed rate, thus, with no exposure to market risk.

The amounts related to Debts presented in the table above do not include transaction cost balances.

Foreign currency risk

Aiming to protect their operations against the risk of fluctuations in the exchange rate on foreign currency loans, the Company and its subsidiaries have agreed exchange rate swap derivative financial instruments. For 2023, the Company and its subsidiaries did not identify foreign currency risk.

(b.5) Debt acceleration risk

The Company has debt contracts (debenture issues, loans and financing) containing covenants usually applicable to these types of transactions, related to the compliance with economic and financial indexes, cash generation and others. These covenants were met and do not affect the Company ordinary course of business. All aforementioned financial indexes are fully met as of December 31, 2023 (see Note 15.3).

Noncompliance with financial indexes for two consecutive quarters, assessed on a quarterly basis, except for the 8th Issue of AES Operações, the 1st Issue of AES Tietê Eólica, loans and financing of Salinas and Mandacaru, Caetés, Araripe and Cassino Wind Complex, which have their annual assessments, implies the possibility of early maturity of the debt, which would have an adverse impact on the cash flow of direct subsidiary AES Operações and the Company.

(c) Other risks deemed relevant

(c.1) Hydrological risk

Hydro power generation in Brazil

The energy produced by the generation companies in Brazil is allocated to the National Interconnected System (SIN), which is comprised by South, Southeast/Mid-West, Northeast and part of the North region of the country. The activities of coordination and operating control of the electric system are carried out by the National Electric System Operator (ONS), which seeks to manage the energy resources to ensure the optimal dispatch and security of energy supply all over the country.

Climate variations may produce excess or shortage of hydro power production in certain regions and in certain periods of the year, since the volume of energy generated by the hydro power plants depends on rainfall index and the water accumulation in their reservoirs, which determines the optimal dispatch of ONS. SIN enables the transmission and distribution of all energy generated more properly throughout the Country, allowing the exchange of energy among the regions, as well as obtaining benefits from the diversity of river basins.

Pursuant to Energy Reallocation Mechanism (ERM) rules, the total volume of hydro energy generated by the mechanism's participants is allocated to each of the hydro power plants, in proportion to their respective physical guarantee. This allocation seeks to ensure that all participants in the ERM reach their physical guarantee levels, irrespective of the individual production of each plant. If, after the above stage has been complied with, all ERM members reach their levels of physical guarantee and there is balance of energy generated, the surplus net regional generation, called as "Secondary Energy", is proportionally allocated among generating companies. The allocated secondary energy will be settled in the short-term market at the Settlement Price for Differences (PLD).

Likewise, when power generation is lower than the total physical guarantee of ERM hydro power plants, this deficit is also proportionally distributed among the mechanism participants through the GSF, effect known as “Downgrade” of the physical guarantee in ERM, and may result in exposure at the spot market to the PLD.

In the situations mentioned above, it may also occur that the allocation of energy in ERM may take place in a submarket other than the one where the energy is generated, which may or may not create exposure to the difference between the submarkets' PLD where the plant is located and where the energy is allocated. Such exposures, whether positive or negative, include a specific treatment and are subject to a mechanism for financial relief and may be reduced or eliminated, depending on the short-term accounting in the month in which they are included and the seasonality rule adopted by the Company.

(c.2) Risk in non-hydro renewables

Constrained-off events of wind and solar farms

Constrained-off events of power plants can be defined as the generation restriction demanded by the centralized operator with respect to scheduling due to transmission network limitations or operational reserve requirements. In such situations, the generation company is unable to meet its agreements or other commitments through the generation of its own generating units. This generation's reduction characterizes the opportunity cost linked to the c-offs of power plants.

On March 22, 2021, Resolution No. 927/2021 was published, establishing procedures and criteria for determining and paying operation restrictions due to c-offs of wind farms. In this sense, ONS will assess the operation restriction events due to c-off caused by the unavailability of transmission facilities classified as Basic Network and Other Transmission Facilities – DITs within the scope of Distribution.

Considering Order No. 2303/2019, dated August 20, 2019, ANEEL suspended CCEE assessment of constrained-off events to ACR until a regulation is issued. The rules will apply only to requests for constrained-off recognition filed with ANEEL for which calculation was suspended by ANEEL Order No. 2303/2019. Such events are limited to CCEAR and CER, and do not include ACL events.

Also, the recognition of events caused by unavailability in Distribution facilities, except for DIT, is not provided for.

Thus, for past events, occurred up to September 2021, pursuant to Resolution No. 927/2021, reimbursements shall be assessed and re-accounted according to the rule set out in the new regulation, in line with what was previously applied (precedents), i.e., all electrical constraints within the limits of the trading agreements must be reimbursed. For ACL, administrative proceedings will be judged on a case-by-case basis, since the aforementioned Resolution has not approved overall reimbursement.

As for the future, events occurring after September 2021, reimbursements will be due after exceeding a deductible of annual hours of restricted energy, which will be defined on an annual basis, and 78, 58 and 61 was the deductible defined for 2021, 2022 and 2023, respectively. The classifications on restrictions in ONS have been changed, with some being eligible with a deductible, others without and others not eligible. Still some points about this rule must be detailed in CCEE and ONS rules and procedures, respectively.

In October 2021, through Order No. 3.080/2021, ANEEL approved the Trading Rule establishing the methodology for calculating non-supplied energy resulting from constrained-off for wind farms, referring to the aforementioned period as past. Considering that the approved Rule was contrary to the understanding, mainly if energy constraints were considered for determining the constrained-off, the Brazilian Wind Energy Association (ABEEólica) filed an administrative appeal with ANEEL requesting:

- i. Recognition of energy constraints;
- ii. No limitation of recognition in the fulfillment of reserve energy agreements;
- iii. Recognition of PROINFA energy as ACR energy so that there is a right to reimbursement.

Until the appeal is examined, rules can be applied, re-accounting for energy constrained due to constrained-off.

Despite the publication of the order, as a result of systemic corrections and adaptations, CCEE issued a notice (CO 970/22) only on 12/23/2022, informing the schedule for processing reimbursements for wind and solar power plants. When the final rule for both sources is completed, approved and implemented, there may be further reprocessing.

As for solar sources, reprocessing will consider the provisional methodology approved by ANEEL via Order No. 1.668/2022. The final methodology for the source was defined with the conclusion of ANEEL Public Consultation No. 48/2022 and approval of Normative Resolution No. 1.073/2023, which is intended for solar plants dispatched centrally or in sets that are considered in the programming by ONS.

For wind farms, ANEEL regulations limit the payment of reimbursement to generators to situations classified as "Reason for external unavailability". The generator takes on the risk up to a regulatory time limit in which the event is considered ordinary. This "deductible" is currently 30 hours and 30 minutes per year.

This rule will be in force definitively from March 2024 and a delay in processing and economic and financial effects is expected due to the need to approve the trading rules detailing the operational process carried out by CCEE.

In August 2023, a nationwide blackout occurred, which had a major impact on renewable energy generation, especially in the northeast of Brazil. This restriction, due to ONS systemic security decisions, has remained high and frequent, having impacts to date.

Due to the restrictions, which are c-off for wind and solar plants, in October 2023, the Brazilian Wind Energy Association - "ABEEólica" and the Brazilian Solar Energy Association - "ABSOLAR", together with their associates, filed a judicial proceeding with a request for an injunction to review the current rules, mainly considering the need for reimbursement for any constrained-off event. Still in October 2023, a decision was made rejecting the preliminary injunction. As a result of the dismissal, an interlocutory appeal was filed in November 2023, which was granted.

Reserve Energy Ballast for wind and solar plants

On December 15, 2020, ANEEL Normative Resolution No. 909/2020 was published, which, by approving new Electric Energy Trading Rules, introduced, among other measures, the "Penalty for Insufficiency of Reserve Energy Ballast". In this condition, the "Reserve Energy Penalty" Rulebook was amended to cover the application of a penalty to wind and photovoltaic plants that win reserve energy auctions in case of insufficient energy ballast to meet their agreements. Such penalty will be calculated as from January 2022, and the financial effects will be seen from July 2022.

Together with other sector agents and on behalf of ABEEÓLICA and ABSOLAR, the Company, contracted a legal-regulatory opinion for advocating that ANEEL's decision regarding a penalty imposition for insufficient ballast should not occur for wind and photovoltaic plants, mainly claiming that Law 10.848/2004 does not impose the obligation to set up a reserve energy ballast, as its role is to guarantee the supply of electric energy.

As a result of the legal discussion, ABEEÓLICA and ABSOLAR jointly, representing the Company and other associates, filed an administrative petition with a request for an injunction aimed at removing the requirement of ballast and penalties for insufficient ballast of reserve energy from wind and solar sources, determined by the resolution in question. However, ANEEL voted "not to hear the case, due to its untimeliness and because it was filed in light of a general and abstract rule" through Order 661/2022, which the applicants challenged through a request for reconsideration, also dismissed.

In December 2022, as a result of the ballast calculation process, CCEE sent agents, including the Company, Notification of Sanction due to Energy Ballast. Notifications were received for 3 PSP Guaimbê I, WPP da Prata and WPP Ventos do Nordeste plants, totaling R\$ 177 for the year 2021. Later, with the acquisition of new assets by the Company, we were notified of its penalties in part of the plants, namely the wind power plants Ventos De Santa Joana VI, Ventos De Santa Joana VIII, Ventos De Santa Joana XIV, Ventos De Santo Onofre I, Ventos De Santo Onofre III, Ventos De Santa Brigida I, Ventos De Santa Brigida II, Ventos

De Santa Brigida III, Ventos De Santa Brigida IV, Ventos De Santa Brigida V, Ventos De Santa Brigida VI and Ventos De Santa Brigida VII, totaling R\$ 650 for the same period.

Considering the documents received, we officially challenged the charges by requesting the CCEE to receive the referred challenge, giving it the proper suspensive effect. Thus, in January 2023, CCEE Board of Directors, after examining the grounds and reasons for the challenge, decided, firstly, to postpone the analysis of the challenge to the Notice Instrument.

In January 2023, ABEEólica and ABSOLAR, continuing their legal opinion work, together with their associates, filed a lawsuit to remove the undue reserve energy ballast penalty. In February 2023, the urgent relief requested in the case files was granted, where the decision is to suspend the requirement for reserve energy ballast, as well as any accounting, imputation, notice (including the Notice Instruments relating to the years of 2021 and following which are based on REN 909/2020), enforceability and/or settlement of a penalty for insufficient reserve energy ballast from wind and solar sources.

(c.3) Risk of changes in Brazilian tax legislation

Changes in tax laws may generate potential impacts on the Company and its subsidiaries. Such changes may, for example, include changes in current tax rates, establishment of new taxes on a permanent or temporary basis, removal of tax benefits, whose collection is associated with specific governmental purposes. To the extent that some of these measures result in an increase in tax burden, they may influence the profitability the finance income (costs) of the Company and its subsidiaries. Only after the disclosure of the tax adjustment is that the Company and its subsidiaries will be able to assess possible impacts on their business, including with regard to the maintenance of prices, projected cash flows or profitability. Finally, it is worth highlighting that the tax reform (PEC 45/2019) approved in 2023 will only be in force from 2026, and after its regulation through supplementary and ordinary laws (with the definition of the rate of new taxes, for example), the Company will be able to measure future impacts.

(c.4) Currency and economic instability risk

Economic instability

The Company and its subsidiaries operating results are affected by the level of economic activity in Brazil and the world. A slowdown in the economic activity in Brazil and in the world typically results in a reduction of productive events, which, in turn, may imply a decline in the activities of the Company and its subsidiaries. A deceleration in GDP growth in Brazil and the rest of the world may adversely affect the Company and its subsidiaries operating results. The decline in economic activity results in reduction of productive events, which, in turn, may imply a lower energy consumption, reduction of liquidity of energy markets and reduction of expansion projects for contracting new energy.

Exchange rate instability

Future measures that may be undertaken by Brazilian Government, including reducing interest rates, interventions in the foreign exchange or securities market to adjust or set the Brazilian Real value, may trigger further increases in inflation.

As a result of several pressures, the Brazilian currency has suffered continuous changes with respect to the U.S. Dollar and other strong currencies throughout the last four decades. During this period, Brazilian Government has implemented several economic plans and used a number of exchange rate policies, including sudden devaluations, mini devaluations, floating exchange rate systems, exchange controls and dual exchange rate markets.

A depreciation of Brazilian Real against U.S. dollar may lead to additional inflation pressure in Brazil and increase interest rates, which may negatively affect the Brazilian economy as a whole, with adverse impacts to the Company.

(c.5) Social and environmental risk

The installation and operation of projects aimed at the generation of electric energy use and/or interfere with natural resources and may cause environmental impacts. Therefore, the Company and its subsidiaries' activities are subject to various environmental laws and regulations that establish quality and environmental protection standards that must be respected and that, if violated, may subject the violators to administrative, civil and criminal sanctions, in addition to the obligation to cure environmental damages.

In order to comply with environmental legislation, mitigation of possible impacts and continuous improvement of its control processes, the Company maintains a certificate of the Environmental Management System in ISO 14001 for assets with at least three years in operation by AES Brasil, i.e., hydro power plants, solar parks and Alto Sertão II and Ventus wind complexes. In addition, all ventures in operation have valid environmental permits, issued by the relevant environmental agencies. When it comes to the safety of dams, the Company performs constant monitoring of dam structures of plants and small hydro power plants under its concession, monitoring their behavior through a set of instruments for structural monitoring (such as pressure and water flow). The Company also has an operational system for emergency situations (SOSEm), which defines procedures and communication plan in the event of flooding and dangers of waterlogging.

The creation of new, stricter laws or regulations or the occurrence of unforeseen events that could result in significant environmental liabilities may have a material adverse effect on the Company's business, not only financially but also on an operational basis. Environmental damage remediation or offset is also required, is any. In certain events provided by law, the occurrence of harmful events to the environment and the breach of rules and requirements may be characterized as an environmental crime, events in which both the company and its managers may be held responsible for.

The environmental guidelines adopted by companies belonging to AES economic group, including the companies directly or indirectly controlled by it, are based, among others, on the principles of prevention, social responsibility and compliance with environmental legislation applicable to the sector in which they operate. The environmental management of all the activities of the companies of AES Group in Brazil is carried out focusing on protecting the environment, pollution prevention, compliance with legislation and the continuous improvement of its processes, including through its Sustainability Policy, that consolidates the commitment of the Group's companies with sustainable development and sets the guidelines to be integrated into the day-to-day management of AES' business, considering, in a balanced way, economic, environmental and social aspects.

The Company also contributes to the sustainable development of society and the country by including in our Strategic Planning and in the management of business practices the guidelines represented by voluntary commitments.

(c.6) Expansion obligation risk

Direct subsidiary AES Operações has an obligation set forth in its Privatization Public Notice and Share Purchase and Sales Agreement, to expand the installed capacity of its generation system within São Paulo State, by at least 15% (398 MW), over a period of eight years as of the execution of the Concession Agreement. There is a judicial agreement executed in October 2018 with the Government of São Paulo, granting 6 years to fulfill the obligation, see Note 1.5.

(c.7) Risk of wind shortage

This risk stems from the possibility of the wind shortage caused by natural factors, which is minimized as the "wind fields" of Brazil are among the best in the world, since, in addition to featuring high speed, the winds are considered stable, different from certain regions of Asia and the United States, subject to cyclones, typhoons and other turbulences.

(c.8) Concentration risk - Suppliers

The concentration of suppliers may expose the Company and its subsidiaries to significant financial credit or performance risks. The Company often depends on a single contracted supplier or a few suppliers to supply wind turbines and other services necessary for the operation of the complexes. If these suppliers are unable to meet their operating obligations, the Company seeks to meet its needs by purchasing from other suppliers at market prices, thereby being exposed to price volatility and the risk of not being available during certain periods, which may negatively impact profitability and affect operating results, and the violation of agreements with other counterparties, including, without limitation, customers or creditors. Any failure by a supplier to fulfill its contractual obligations may have a material adverse effect on the Company's financial results.

(c.9) Risk of climate change

The Company and its subsidiaries have a diversified portfolio (wind, solar and hydro) and recognize that the environment and the sustainable use of natural resources are essential to guarantee their operations.

Thus, it assesses how climate change affects the Company's and its subsidiaries' businesses, considering changes in climate patterns (physical risks) and accelerated transition to a low-carbon economy.

These factors are periodically discussed by the Company's Management, which together with the Strategy Department and other areas, monitor climate scenarios to examine the exposure of the Company and its subsidiaries to different types of risks, through studies that use long-term projected scenarios, which include price and value and climate change assessment in the energy portfolio.

In a project conducted by specialized companies for AES Brasil using forecasts of the impacts of climate change on the energy sector for 2030 and 2050, it was found that even for those years with trends of variation in historical flow, there were no significant risks in relation to Brazil's long-term energy generation portfolio, justified mainly by the resilience of the system due to the operational flexibility of hydro power generation.

32. Insurance

As of December 31, 2023, the insurance coverage, considered sufficient by management to cover any claims and civil liability, is summarized as follows:

Risk	Effective term		Insured amount
	from	To	
Operating Risks	04/01/2023	04/01/2024	5.440.000
Operating risks (Cajuina Complex)	11/01/2023	11/01/2024	210.000
Terrorism insurance	04/01/2023	04/01/2024	1.632.000
Group life	07/01/2023	06/30/2024	25 X salary, with a maximum of R\$ 1,562
General liability	04/01/2023	04/01/2024	60.000
Environmental risks	04/01/2023	04/01/2024	10.000
Fleet vehicles - RCF	04/01/2023	12/14/2024	RCFV Single guarantee R\$ 1,000
Management civil liability- D&O	04/01/2023	04/01/2024	100.000
Management civil liability - D&O (Tucano Complex)	02/01/2023	02/01/2024	20.000
Domestic Travel Insurance	01/21/2023	01/21/2024	80
International Travel Insurance (i)	01/21/2023	01/21/2024	250

(i) Amount insured in U.S. dollars

The protection limits are shared among some companies in the AES Brasil Group, except for vehicle fleet insurance - RCF, which has limited protection individually contracted per vehicle. For all insurances, the premium is individually paid per company, as per the proration criterion applicable to each policy.

Terrorism insurance is complementary to the operating risk insurance and is part of the protection program of AES Brasil Group assets.

33. SUPPLEMENTARY INFORMATION TO THE CASH FLOW

The main transactions with no impact on consolidated cash and cash equivalents (non-cash transactions) were as follows:

	Individual		Consolidated	
	2023	2022	2023	2022
PIS and COFINS Offsets	410	893	19,833	51,106
IRPJ and CSLL Offsets:	—	—	61	839
ICMS Offsets	—	—	41,284	30,533
Total	410	893	61,178	82,478

The Company and its subsidiaries classify interest paid and received as operating activity (interest on debt and financial investments, among others), except for interest paid capitalized as part of the infrastructure construction cost, which is classified as cash disbursements, in investing activities (additions to fixed and intangible assets). The reconciliation of the interest payments allocated by activity in the statement of cash flows is presented below:

	Individual		Consolidated	
	2023	2022	2023	2022
Payment of interest recorded in operating activities	(173,768)	(105,664)	(398,067)	(139,566)
Payment of interest recorded in investing activities (capitalized interest)	—	—	(437,146)	(306,980)
Total Interest payment	(173,768)	(105,664)	(835,213)	(446,546)

The main transactions with no impact on the Company's cash and cash equivalents (non-cash transactions) were as follows:

Acquisitions of property, plant and equipment and intangible assets

Total

Consolidated	
2023	2022
(74,944)	69,168
(74,944)	69,168

The reconciliation between the liabilities arising from financing activity and cash flow is as follows:

Note	Individual			Consolidated		
	Loans, financing and debentures	Dividends and interest on equity payable	Total	Loans, financing and debentures	Dividends and interest on equity payable	Total
Balance as of December 31, 2021	650,116	157	650,273	6,216,521	1,227	6,217,748
- Cash items						
Revenue	1,300,000	—	1,300,000	4,247,905	—	4,247,905
Payment of principal	(689,578)	—	(689,578)	(944,917)	—	(944,917)
Deferral of transaction costs	(8,247)	—	(8,247)	(75,484)	—	(75,484)
Payment of finance charges (i)	(105,664)	—	(105,664)	(139,566)	—	(139,566)
Capitalized interest	—	—	—	(306,980)	—	(306,980)
Payment of dividends and interest on equity payable	—	(52,842)	(52,842)	—	(220,330)	(220,330)
- Non-cash items						
Effect of the acquisition of Vento de Araripe, Caetés and Cassino Wind Complexes	—	—	—	1,272,337	—	1,272,337
Debt charges	150,057	—	150,057	601,667	—	601,667
Inflation adjustment	—	—	—	134,960	—	134,960
Foreign exchange difference	1,859	—	1,859	(111,413)	—	(111,413)
Limitation period of dividends	—	(45)	(45)	—	(45)	(45)
Allocation of dividends	—	52,877	52,877	—	219,434	219,434
Balance as of December 31, 2022	1,298,543	147	1,298,690	10,895,030	286	10,895,316
- Cash items						
Revenue	15 571,113	—	571,113	1,168,104	—	1,168,104
Payment of principal	15 (1,328)	—	(1,328)	(851,742)	—	(851,742)
Deferral of transaction costs	(324)	—	(324)	(9,739)	—	(9,739)
Payment of finance charges (i)	(173,768)	—	(173,768)	(398,227)	—	(398,227)
Capitalized interest	29 —	—	—	(437,146)	—	(437,146)
Payment of dividends	—	(5)	(5)	—	(217,701)	(217,701)
- Non-cash items						
Debt charges	15 201,961	—	201,961	1,052,502	—	1,052,502
Inflation adjustment	15 —	—	—	184,690	—	184,690
Foreign exchange difference	15 (49,538)	—	(49,538)	(145,345)	—	(145,345)
Limitation period of dividends	—	5	5	—	5	5
Allocation of dividends	—	44,910	44,910	—	263,386	263,386
Balance as of December 31, 2023	1,846,659	45,057	1,891,716	11,458,127	45,976	11,504,103

(i) Finance charges paid are classified as cash flows from operating activities.

34. COMMITMENTS

As of December 31, 2023, the Company and its subsidiaries hold significant contractual commitments not recognized in financial statements, as shown below:

	Consolidated							
	2024	2025	2026	2027	2028	2029 onwards	Total as of December 31, 2023	Total as of December 31, 2022
Inspection Fee for Electric Energy Services (TFSEE)	16,079	16,079	16,079	16,079	16,079	159,425	239,820	219,966
Rate for Use of the Transmission and Distribution System (TUST and TUSD)	372,076	371,732	371,732	371,732	371,732	3,762,932	5,621,936	4,567,773
Financial Offset for the Use of Water Resources (CFURH)	77,937	77,937	77,937	77,937	77,937	272,780	662,465	384,770
Connection charges	7,910	7,910	7,910	7,910	7,910	59,168	98,718	90,714
Construction, modernization and maintenance of power plants	528,649	184,546	128,765	72,113	32,128	3,623	949,824	822,327
Supply of wind turbines	234,042	—	—	—	—	—	234,042	1,380,447
Energy purchase agreements	508,548	237,617	14,869	3,737	535	—	765,306	843,295
Total	1,745,241	895,821	617,292	549,508	506,321	4,257,928	8,572,111	8,309,292

35. INVESTMENTS AND EXPENSES IN ENVIRONMENT

Of the total environmental investments and expenses as of December 31, 2023, R\$ 26,031 (R\$ 18,247 as of December 31, 2021) was recorded in P&L for the year and R\$ 6,417 was recorded as property, plant and equipment. The policy for capitalization of expenses is based on the general instructions of the Accounting Manual of the Electric Energy Public Service - MCSPEE.

	Consolidated	
	2023	2022
Licensing and environmental programs	23,008	16,367
Operating management	—	8
Environmental Management System (SGA)	3,023	1,872
Total	26,031	18,247

Direct subsidiary AES Operações sticks to a constant commitment and responsibility towards environmental issues and seeks excellence and solid basis for planning its actions.

In 2023, direct subsidiary AES Operações conducted an audit for the re-certification of the integrated management system in ISO 14001:2015 (Environment) and ISO 45001:2018 (Health and Safety at Work), both with scope for hydro, solar and wind power plants, and expanded the certification to Ventus Wind Complex, thus ensuring the standardization of processes related to Health, Work Safety and Environment. In addition, all plants have valid environmental permits, issued by the relevant environmental agencies. Direct subsidiary AES Operações engagement in the issue of climate change has been increasing. In 2021, the Company continued the publication of the Greenhouse Gas Emissions Inventory in the Public Emissions Registry, answered to the CDP (Carbon Disclosure Project) Climate Change and Water Security report and B3's Sustainability Index (ISE), reporting information related to the topic.

Direct subsidiary AES Operações develops projects that also consolidate its commitment to efforts to restore and preserve biodiversity, namely:

- a. The flora management program guarantees the production of 1 million seedlings of native tree species in own nursery, with seeds collected in selected matrices in the hydrographic basins where their reservoirs are installed, maintaining on average the variety of 120 different species, guaranteeing forest biodiversity. The program also supports ecological restoration projects through technical support in the diagnosis of the areas, indication of feasible methodologies and, mainly, by offering seedlings of native trees for the projects;

b. The reservoirs repopulation program that aims to maintain the ichthyofauna biodiversity in the reservoirs, as well as guaranteeing the continuity of the fishing activity by the riverside communities. Thus, it maintains an annual goal of producing 2.5 million fingerlings of native species of the Tietê River in hydrobiology and aquaculture units located in Promissão Hydroelectric Plant and Barra Bonita Hydroelectric Power Plant, promoting the reproduction of six native fish species (namely pacu-guaçu, corumbatá, dourado, piracanjuba, tabarana and piapara) observed during the so-called piracema period (migratory movement of the fish in return to the springs), which have been showing records of population recovery in the reservoirs;

c. The water quality monitoring program is key for understanding the structure and functioning of such aquatic ecosystems and long-term spatial and temporal variations, in order to verify the biological productivity of the reservoirs, trophic state and water quality, through the assessment of the seasonal variations of physical, chemical and biological parameters;

d. The fauna monitoring and conservation program aims to characterize fauna on land (mammals, birds, reptiles and amphibians) to understand the current status, allowing the assessment of populations and the ecosystem.

The monitoring and control of reservoir edges is carried out through continuous inspections by the technical team of the Center of Monitoring of Reservoirs (CMR), through a system of detection of changes, satellite images, aerophotogrametric surveys and field inspections with specialized technical team. CMR uses state-of-the-art systems and equipment for mapping and field registration, such as GIS systems and drones. The process of restoring the banks of the reservoirs has been carried out by means of reforestation and also by the removal of illicit occupations.

More restrictive criteria have been included in the agreements of promise and use of banks of reservoirs, based on the pertinent environmental laws and still aiming at the prevention of processes of degradation and environmental pollution.

36. EVENTS AFTER THE REPORTING PERIOD

Issue of debentures

On January 19, 2024, indirect subsidiary Potengi Holdings S.A. issued simple, unsecured, nonconvertible debentures with additional personal guarantee, 76% guaranteed by the Company and 24% by BRF S.A., in the amount of R\$ 300,000, at the cost of IPCA + 7.3706% p.a. and a term of 18 years. The issue aims to partially replace, with a lower financing cost and a longer term, the commercial notes raised on December 19, 2022, used to finance the construction of 165.3 MW of installed capacity at Cajuína Wind Complex.

SUPERVISORY BOARD OPINION

The Supervisory Board of AES Brasil Energia S.A. ("AES Brasil" or "Company"), pursuant to its attributions and legal and statutory responsibilities, based on its work, interviews and monitoring carried out throughout fiscal year ended December 31, 2023, and on the information and clarifications of the independent auditors and also considering the Ernst & Young Auditores Independentes ("EY") Unqualified Report, dated February 26, 2024, states its unanimous opinion that the financial statements and corresponding notes, the management report and the proposal of the Company's management for the allocation of income for the fiscal year ended December 31, 2023, in all material respects, are in a position to be appraised by the Company's shareholders at the Annual Shareholders' Meeting.

São Paulo, February 26, 2024

Raimundo Cláudio Batista
Member and Chairman of the Supervisory Board

Tiago Brasil Rocha
Member of the Supervisory Board

Lidiano de Jesus Santos
Member of the Supervisory Board

To the Board of Directors of

AES Brasil Energia S.A.

Ref.: Annual Report of the Statutory Audit Committee

The Statutory Audit Committee (“CAE” or “Committee”) is a permanent body, created on December 18, 2020, and provided for in article 35 of the current Bylaws of AES Brasil Energia S.A. (“Company”). CAE pursues the best corporate governance practices, as recommended by Resolution No. 23 of the Brazilian Securities and Exchange Commission (“CVM”), dated February 25, 2021, in force since April 1, 2021, and is directly linked to the Company’s Board of Directors.

CAE is composed of 3 members, re-elected by the Board of Directors, at a meeting held on May 4, 2023, with effect from the approval of the Company’s listing on B3 S.A. - Brasil, Bolsa e Balcão (“B3”) and the admission of the shares issued by the Company to B3’s Novo Mercado segment, for a unified term of office of two (2) years, with the possibility of reappointment for up to two successive terms, subject to a maximum term of four (4) years.

All CAE members are independent, of which 2 are also independent members of the Board of Directors and 1 is an external member. The Chairman of the Audit Committee is experienced in corporate accounting matters, is an independent member and is not a member of the Board of Directors.

At a meeting of the Board of Directors held on February 10, 2021, CAE’s Internal Regulations (“Regulations”) were approved, establishing that CAE’s purpose is to advise the Board of Directors in the performance of its duties, acting, among other matters, mainly on: (i) the hiring and assessment of independent auditors’ services; (ii) the examination of quarterly information, interim statements and annual financial statements; (iii) monitoring the activities of internal audit and internal controls area; (iv) the assessment and monitoring of the Company’s risk exposures; and (v) assessing and monitoring internal policies, as well as recommending improvements, when necessary.

The Committee meets ordinarily at least every two (2) months and, extraordinarily, whenever necessary. The Committee’s activities are based on information received from Management, independent auditors, internal audit, those responsible for risk management and internal controls and on their analysis resulting from their supervision and monitoring activities.

CAE has an annual budget, within the limits approved by the Company’s Board of Directors, to conduct or determine consultations, assessments and investigations within the scope of its activities, including the hiring and use of independent external experts.

Summary of activities for Fiscal Year Ended 12/31/2023

In the period from February 24, 2023, when CAE’s first regular meeting was held, to February 26, 2024, CAE’s regular meeting that assessed the Financial Statements for the year ended December 31, 2023, CAE held twelve (12) meetings, which covered a variety of topics. Among the activities performed in the exercise of its duties, the following stand out:

- a. Monitoring the process of preparing financial statements and quarterly information, through meetings with the Company’s management;
- b. Discussion of procedures for managing operational and cyber risks, monitoring the map of risks classified as High and Very High;
- c. Monitoring the work of the ethics and compliance area, with regard to the compliance program, receiving, forwarding and monitoring complaints, statistics and measures adopted;
- d. Monitoring the Annual Internal Audit Activity Plan, through which CAE became aware of the points of attention and recommendations arising from the Internal Audit’s work, as well as monitoring the remedial measures adopted by Management;
- e. Monitoring the work performed by internal controls area, related to assessing the quality of controls and correcting any deficiencies identified and/or implementing improvements, as well as the work performed to draw up, update and maintain the company’s policies;
- f. Monitoring the work performed by EY Auditores Independentes, the company in charge of auditing the financial statements for the fiscal year ended December 31, 2023, on the review of the quarterly information and the audit of the financial statements, discussion of the Key Audit Matters (PAA) and the recommendations and notes in the internal control reports;
- g. Assessing the summary of the Company’s related-party transactions;
- h. Holding 4 joint meetings with the Supervisory Board;
- i. Attending meetings with the Board of Directors to present the summary of activities and the annual budget proposal, and
- j. Holding 1 meeting with the Independent Auditors, without the presence of other executives and members of the Company’s management.

Recommendations to the Company's Management

During the meetings held in the aforementioned period, representatives from the Company's various areas were presented with recommendations for improving policies and processes for controls and business management.

Conclusions

In the fiscal year ended December 31, 2023, CAE members, considering the duties and limitations inherent to the scope of their activities and based on the analyses, studies and debates conducted in the meetings and the monitoring work and supervision carried out, described previously in summary form, concluded that:

- (i) the internal control processes for the production of financial reports were effective and the actions to prevent and combat fraud and corruption were adequate;
- (ii) the Internal Audit had a financial budget compatible with its organizational structure, allowing it to perform its duties with proper and independent action.
- (iii) the Independent Audit was effective and did not report any incident that could jeopardize its independence;
- (iv) the management and monitoring of the main risk factors were carried out by the Management; and
- (v) transactions with related parties assessed and monitored in the period were compliant with the Related Party Transactions Policy and were recorded and disclosed in an appropriate and timely manner.

Among the activities performed by CAE in the fiscal year ended December 31, 2023, the activities of monitoring the quality of financial statements, internal controls, compliance and risk management stood out, so as to ensure balance, transparency and integrity of disclosures included in these financial statements. In this context, as a result of the monitoring and supervision work described previously, CAE members state that no situation of significant divergence was identified between the Management, the Independent Auditors and CAE's members relating to the financial statements for the year ended December 31, 2023.

CAE members understand, as a result of the monitoring and supervision work described above, that the Audited Financial Statements for the year ended December 31, 2023 have been properly prepared and present, in all material respects, the financial position of AES Brasil Energia S.A. CAE members recommend that the Board of Directors approve the aforementioned Audited Financial Statements for disclosure and submission to the Annual Shareholders' Meeting.

This Report is issued in compliance with the provisions of item (vii), item 1.4, of CAE Internal Regulations, and in accordance with the rules established by CVM.

São Paulo, February 26, 2024.

Denise Damiani

Member of the Audit Committee and Board of Directors

Charles Lenzi

Member of the Audit Committee and Board of Directors

Mário Shinzato

Member and Chairman of the Audit Committee

Officers' Statements on the Financial Statements

The Officers of AES Brasil Energia S.A. ("Company"), enrolled with CNPJ/MF under No. 37.663.076/0001-07, headquartered at Avenida das Nações Unidas, 12.495, 12º andar, Condomínio Centro Empresarial Berrini, Brooklin Paulista, São Paulo, SP, Brazil, under the terms and for the purposes of the provisions in items V and VI of paragraph 1 of article 27 of the CVM Resolution No. 80/2022, STATE that they have reviewed, discussed and agreed upon the conclusions expressed in the Company's Independent Auditor's Audit Report by Ernst & Young Auditores Independentes S/S LTDA, as well as they have reviewed, discussed and agreed upon the Company's Financial Statements referring to fiscal year ended December 31, 2023.

São Paulo, February 15, 2024.

Officers:

Rogério Pereira Jorge
Chief Executive Officer

Carlos Renato Xavier Pompermaier
Executive Vice President

José Ricardo Elbel Simão
Executive Vice-President and Investor Relations Officer

Officers' Statements on the Independent Auditor's Report

The Officers of AES Brasil Energia S.A. ("Company"), enrolled with CNPJ/MF under No. 37.663.076/0001-07, headquartered at Avenida das Nações Unidas, 12.495, 12º andar, Condomínio Centro Empresarial Berrini, Brooklin Paulista, São Paulo, SP, Brazil, under the terms and for the purposes of the provisions in items V and VI of paragraph 1 of article 27 of the CVM Resolution No. 80/2022, STATE that they have reviewed, discussed and agreed upon the conclusions expressed in the Company's Independent Auditor's Audit Report by Ernst & Young Auditores Independentes S/S LTDA, as well as they have reviewed, discussed and agreed upon the Company's Financial Statements referring to fiscal year ended December 31, 2023.

São Paulo, February 15, 2024.

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