



**PACTO
ENERGIA**

**Individual and Consolidated
Financial Statements**

Pacto Energia S.A.

December 31, 2023
with independent auditor's report



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A free translation from Portuguese into English of Independent Auditor's Report on Individual and Consolidated Financial Statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board – IASB

Independent auditor's report on individual and consolidated financial statements

To the Shareholders, Board of Directors and Officers of
Pacto Energia S.A.
Aparecida de Goiânia – Goiás (GO)

Opinion

We have audited the individual and consolidated financial statements of Pacto Energia S.A. ("Pacto" or the "Company"), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2023, and the related statements of income, comprehensive income, changes in equity and of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other financial information.

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

Basis for opinion

We conducted our audit in accordance with the Brazilian and International Standards on Auditing. Our responsibilities in accordance with 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 in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants and 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 obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other matters

Statements of value added

The statements of value added (SVA) for the year ended December 31, 2023, prepared under Company management responsibility, whose presentation is required as supplementary information under IFRS, have been subject to audit procedures in conjunction with the audit of the Company's individual and consolidated financial statements. In order to form our opinion, we analyzed whether these statements are reconciled to the financial statements and accounting records, as applicable, and whether their form and content meet the criteria defined in Accounting Pronouncement CPC 09 – Statements of Value Added. In our opinion, these individual and consolidated statements of value added were fairly prepared, in all material respects, in accordance with the criteria defined in referred to Accounting Pronouncement and are consistent with the overall individual and consolidated financial statements.

Responsibilities of management for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the 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 of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform 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 a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 of the Company's and its subsidiaries' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditor's report. However, future events or future conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Goiânia, April 04, 2024.



ERNST & YOUNG
Auditores Independentes S.S Ltda.
CRC-SP-015199/F



Felipe Machado Oliveira
Accountant CRC GO-022208/O

A free translation from Portuguese into English of Individual and Consolidated Financial Statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board – IASB

Statements of financial position

December 31, 2023 and December 31, 2022
(In thousands of reais)

	Note	Individual		Consolidated	
		2023	2022	2023	2022
Assets					
Current assets					
Cash and cash equivalents	4	786	1,239	18,557	9,428
Trade accounts receivable	5	21	102	19,596	39,004
Inventories		-	-	5,853	4,323
Taxes recoverable		99	-	3,580	5,194
Fair value in the purchase and sale of power	20	-	-	24,710	71,351
Related parties	6	546	769	434	769
Dividends receivable	7	378	2,773	-	-
Other receivables		25	16	788	2,134
		1,855	4,899	73,518	132,203
Noncurrent assets					
Long-term receivables					
Fair value in the purchase and sale of power	20	-	-	22,311	10,892
Related parties	6	2,814	200	5,828	2,283
Other receivables		54	50	479	170
Investments	8	68,864	58,196	8,407	7,362
Intangible assets		-	-	247	54
Property and equipment	9	-	-	38,414	31,594
		71,732	58,446	75,686	52,355
Total assets		73,587	63,345	149,204	184,558

See accompanying notes.



Statements of financial position (Continued)

December 31, 2023 and December 31, 2022
(In thousands of reais)

	Note	Individual		Consolidated	
		2023	2022	2023	2022
Liabilities and equity					
Current liabilities					
Trade accounts payable	11	21	9	19,620	30,819
Loans and financing	10	491	724	11,126	6,117
Taxes payable		223	222	979	725
Deferred taxes	19	-	-	4,918	10,775
Social and labor obligations		-	-	356	278
Fair value in the purchase and sale of power	20	-	-	22,298	66,122
Related parties	6	-	-	4	-
Dividend payable		-	-	172	563
Advances from customers	13	-	-	16,240	17,243
Lease obligations		-	-	8	-
Other obligations		429	-	547	280
		1,164	955	76,268	132,922
Noncurrent liabilities					
Loans and financing	10	-	753	13,440	17,969
Related parties	6	49,830	42,034	53	68
Fair value in the purchase and sale of power	20	-	-	12,794	6,718
Deferred taxes	19	-	-	4,736	8
Provision for contingencies	12	-	-	1,578	1,495
Lease obligations		-	-	196	-
Provision for investment losses	8	-	-	1	163
Advances from customers	13	-	-	6,584	-
		49,830	42,787	39,382	26,421
Equity					
Capital	14	8,333	8,000	8,333	8,000
Capital reserve		-	1,180	-	1,180
Income reserves		9,638	5,801	9,638	5,801
		17,971	14,981	17,971	14,981
Future capital contribution (FCC)		4,622	4,622	4,622	4,622
		22,593	19,603	22,593	19,603
Noncontrolling interests		-	-	10,961	5,612
Total equity		22,593	19,603	33,554	25,215
Total liabilities and equity		73,587	63,345	149,204	184,558

See accompanying notes.



Statements of income

December 31, 2023 and 2022

(In thousands of reais, except earnings per share, stated in reais)

	Note	Individual		Consolidated	
		2023	2022	2023	2022
Revenues	15	-	-	217,697	291,246
Costs of sales	16	-	-	(204,647)	(268,556)
Changes in fair value in purchase and sale of power	20	-	-	2,298	(5,694)
Gross profit		-	-	15,348	16,996
Operating expenses					
General and administrative expenses	17	(209)	(204)	(10,188)	(6,805)
Equity pickup	8	2,557	6,523	1,168	389
Other income and expenses, net		314	(632)	2,386	1,736
		2,662	5,687	(6,634)	(4,680)
Operating income before finance income (costs)		2,662	5,687	8,714	12,316
Finance income (costs)	18				
Finance income		304	132	1,261	496
Finance costs		(159)	(414)	(4,901)	(4,021)
		145	(282)	(3,640)	(3,525)
Income before income and social contribution taxes (IRPJ and CSLL)		2,807	5,405	5,074	8,791
Income and social contribution taxes	19				
Current		-	-	(2,203)	(1,521)
Deferred		-	-	126	(1,332)
		-	-	(2,077)	(2,853)
Net income for the year		2,807	5,405	2,997	5,938
Income attributable to:					
Controlling interests				2,807	5,405
Noncontrolling interests				190	533
Net income for the year				2,997	5,938
Earnings per share attributable to Company shareholders in the year (in R\$ per share)					
Number of shares				8,467,000	8,000,000
Earnings per share				0.35	0.68

See accompanying notes.



Statements of comprehensive income

December 31, 2023 and 2022
(In thousands of reais)

	Individual		Consolidated	
	2023	2022	2023	2022
Net income for the year	2,807	5,405	2,997	5,938
Other comprehensive income	-	-	-	-
Comprehensive income for the year	2,807	5,405	2,997	5,938
Income attributable to:				
Controlling interests			2,807	5,405
Noncontrolling interests			190	533
			2,997	5,938

See accompanying notes.



Statements of changes in equity

December 31, 2023 and 2022
(In thousands of reais)

	Individual									Consolidated	
	Note	Capital	Capital transactions	Income reserves		Retained earnings/(accumulated losses)	Subtotal	Future capital contributions (FCC)	Subtotal	Noncontrolling interests	Total equity
				Legal reserve	Retained profits						
Balances at December 31, 2021	14	8,000	1,500	736	1,945	-	12,181	-	12,181	5,717	17,898
Prior year adjustments		-	-	-	-	-	-	4,622	4,622	-	4,622
Net income for the year		-	-	-	-	5,405	5,405	-	5,405	533	5,938
Effects from transactions between shareholders		-	(320)	-	-	-	(320)	-	(320)	(638)	(958)
Legal reserve		-	-	270	-	(270)	-	-	-	-	-
Mandatory minimum dividends		-	-	-	(1,001)	(1,284)	(2,285)	-	(2,285)	-	(2,285)
Retained profits		-	-	-	3,851	(3,851)	-	-	-	-	-
Balances at December 31, 2022		8,000	1,180	1,006	4,795	-	14,981	4,622	19,603	5,612	25,215
Capital increase		67	-	-	-	-	67	-	67	-	67
Future capital contributions (FCC)		-	-	-	-	-	-	-	-	5,159	5,159
Reclassification		-	(1,180)	-	-	1,180	-	-	-	-	-
Effects from transactions between shareholders	14.a	266	-	-	-	(222)	44	-	44	-	44
Net income for the year		-	-	-	-	2,807	2,807	-	2,807	190	2,997
Allocation of income:	14.c										
Legal reserve		-	-	140	-	(140)	-	-	-	-	-
Mandatory minimum dividends		-	-	-	-	(133)	(133)	-	(133)	-	(133)
Retained profits		-	-	-	3,697	(3,697)	-	-	-	-	-
Other	8.b	-	-	-	-	205	205	-	205	-	205
Balances at December 31, 2023		8,333	-	1,146	8,492	-	17,971	4,622	22,593	10,961	33,554

See accompanying notes.



Statements of cash flows

December 31, 2023 and 2022

(In thousands of reais)

	Individual		Consolidated	
	2023	2022	2023	2022
Operating activities				
Income before income and social contribution taxes (IRPJ and CSLL)	2,807	5,405	5,074	8,791
Adjustments to reconcile income before income and social contribution taxes to cash:				
Depreciation and amortization	-	-	563	1,717
Equity pickup	(2,557)	(6,523)	(1,168)	(389)
Write-off of property, plant and equipment	-	-	174	168
Interest on loans and financing	97	388	3,757	3,274
Changes in fair value of future power purchase and sale agreements	-	-	(2,298)	5,694
Provision for unbilled revenues	-	-	-	(30,564)
Provision for costs of unbilled sales	-	-	-	43,485
Allowance for doubtful accounts	-	-	438	33
Provisions for contingencies	-	-	83	-
Other	-	-	(1,734)	-
	347	(730)	4,889	32,209
(Increase) decrease in assets				
Trade accounts receivable	(81)	164	18,970	65,626
Changes in fair value of future power purchase and sale agreements	-	-	-	581
Inventories	-	-	(1,530)	(442)
Taxes recoverable	-	-	712	2,918
Other receivables	(12)	464	1,037	(1,480)
Increase (decrease) in liabilities				
Trade accounts payable	12	(16)	(9,613)	(76,242)
Social and labor obligations	-	-	78	75
Taxes payable	(1)	1	(117)	(4,258)
Advances from customers	-	-	5,581	(2,313)
Other obligations	429	(1,001)	(38)	7,969
	347	(388)	15,080	(7,566)
Income and social contribution taxes paid	-	-	(2,060)	(1,608)
Net cash from (used in) operating activities	694	(1,118)	17,909	23,035
Investing activities				
Capital contribution in investees	(10,255)	(21,845)	(248)	(496)
Dividends received from investees	2,349	-	357	-
Additions to property, plant and equipment	-	-	(7,557)	(13,826)
Additions to intangible assets	-	-	(193)	(54)
Net cash from (used in) investing activities	(7,906)	(21,845)	(7,641)	(14,376)
Financing activities				
Loans and financing raised	-	-	4,797	8,473
Repayment of principal of loans and financing	(986)	(3,339)	(4,926)	(6,308)
Payment of interest on loans and financing	(97)	(388)	(3,148)	(3,274)
Related parties	7,642	29,166	(3,221)	(3,211)
Future capital contributions (FCC)	-	-	5,159	-
Dividends paid out	(133)	(2,661)	(133)	(2,098)
Capital contributions	333	-	333	-
Net cash from (used in) financing activities	6,759	22,778	(1,139)	(6,418)
Increase (decrease) in cash and cash equivalents	(453)	(185)	9,129	2,241
Cash and cash equivalents				
At beginning of year	1,239	1,424	9,428	7,187
At end of year	786	1,239	18,557	9,428
Increase (decrease) in cash and cash equivalents	(453)	(185)	9,129	2,241

See accompanying notes.



Statements of value added

December 31, 2023 and 2022
(In thousands of reais)

	Individual		Consolidated	
	2023	2022	2023	2022
Revenues				
Sales of goods, products and services	-	-	245,598	368,114
Expected credit losses	-	-	(438)	(33)
Other revenues	295	(632)	3,533	1,736
	295	(632)	248,693	369,817
Bought-in Inputs				
Cost of goods and products sold and services rendered	-	-	(202,382)	(315,614)
Materials, power, third-party services and other expenses	(117)	199	(6,062)	(3,781)
	(117)	199	(208,444)	(319,395)
Gross value added				
Depreciation and amortization	-	-	(563)	(1,756)
Value added produced by Company	-	-	(563)	(1,756)
Value added received in transfer				
Equity pickup	2,557	6,523	1,168	389
Finance income	304	132	1,263	496
	2,861	6,655	2,431	885
Total value added to be distributed	3,039	6,222	42,117	49,551
Distribution of value added				
	3,039	6,222	42,117	49,551
Personnel				
Direct compensation	-	-	3,050	1,309
Benefits	67	10	921	605
Unemployment Compensation Fund (FGTS)	-	-	179	109
	67	10	4,150	2,023
Taxes, charges and contributions				
Federal taxes	-	-	27,849	39,617
State taxes	-	-	257	704
Local taxes	-	-	214	39
Other taxes	6	14	860	281
	6	14	29,180	40,641
Debt remuneration				
Interest, foreign exchange differences and other	159	793	4,902	773
Rent	-	-	888	176
	159	793	5,790	949
Equity remuneration				
Dividends and interest on equity paid	133	1,284	133	1,284
Retained profits for the year	2,674	4,121	2,864	4,654
	2,807	5,405	2,997	5,938

See accompanying notes.



Notes to financial statements

December 31, 2023

(In thousands of reais, unless otherwise stated)

1. Operations

Pacto Energia S.A. (individually the “Company” or jointly with its subsidiaries the “Group”) is a privately held corporation incorporated on June 21, 2017, whose business purpose is to hold equity interest in other entities.

Currently, together with its subsidiaries, the Company offers a wide range of products and services in the Brazilian electric power and telecommunications market.

These individual and consolidated financial statements comprise the Company and its direct and indirect subsidiaries (jointly referred to as the “Group”). The main Group companies are presented below.

Pacto Comercializadora de Energia e Gás Natural S.A.

Incorporated on September 9, 2015 and headquartered in the city of Goiânia, Goiás state, this entity is engaged in: i) electric power trading (purchase and sale), operating as a trading agent, pursuant to Resolution No. 265 of August 13, 1998, issued by the Brazilian Electricity Regulatory Agency (“ANEEL”); ii) import and export of electric power, also pursuant to ANEEL Resolution No. 265/98; and iii) rendering of advisory services, representation of agents, intermediation in the purchase and sale of electric power, natural gas, both in the local and foreign market, as well as import and export.

On January 01, 2024, Pacto Comercializadora de Energia Elétrica e Gás Natural Ltda. began trading in the free market to offer a wide range of innovative services, promoting healthy competition and providing customers with more choices and energy efficiency.

Pacto Geração e Transmissão S.A.

Incorporated in 2014 and also headquartered in the city of Goiânia, Goiás State, this entity is engaged in i) holding equity interest in other business companies in the areas of generation, transmission and sale; ii) production, generation, distribution and sale of power; and iii) wholesale sale of electric power.

Pacto Geração e Transmissão is specialized in the development of “greenfield” renewable energy generation projects and in participating in transmission auctions. Its business model implies finding an area with the proper profile for generation, making the necessary measurements, projects and licensing to bring the project to the “ready to build” stage (approval from ANEEL, environmental licenses, authorization from states and cities, etc.), enabling the entry of an investor and/or access to the capital market to then participate in both auctions in the Regulated Market (“ACR”) and in bids for power trade agreements in the Free Market (“ACL”).

Pacto Geração e Transmissão S.A. holds equity interest in Belmonte I Energia SPE Ltda. and Belmonte II Energia SPE Ltda., companies in their pre-operational phase, and in transmission companies Rio Claro II SPE Ltda. and Cruz Alta II SPE Ltda.

Pacto Geração Distribuída Ltda.

Organized on October 05, 2016 and headquartered in the city of Goiânia, state of Goiás, this entity is engaged in the development, sale, installation, operation and maintenance of photovoltaic, wind, hydropower and qualified co-generation solar electric power generation systems, with output below 5MW (five megawatts).



Notes to financial statements *(Continued)*
(In thousands of reais, unless otherwise stated)

Pacto Geração Distribuída S.A. holds equity interest in six photovoltaic generation plants: Capim Branco II Energia Solar SPE Ltda. DP1 Energia Solar SPE Ltda. DP3 Energia Solar SPE Ltda. DP3 Energia Solar SPE Ltda. UFV RS Energia Solar SPE Ltda. and Inhumas I Geração de Energia Solar SPE Ltda., with operating capacity of 5.9MWp, 0.9MWp, 1.19MWp, 1.16MWp and 0.37MWp, respectively.

Pacto Esco S.A.

Incorporated on January 11, 2017 and headquartered in the city of Goiânia, state of Goiás, this entity, not yet in operation, is engaged in: i) metering of electric power, gas and water consumption, sale of products and rendering of services related to energy efficiency projects, water and gas consumption; and ii) lease of other industrial machinery and equipment.

Pacto Indústria Ltda.

Organized on January 11, 2017 and headquartered in the city of Aparecida de Goiânia, state of Goiás, this entity is primarily engaged in: i) the manufacture of apparatus, modules, power plant control panels and equipment; ii) the manufacture of inverters; iii) the manufacture of steel structures, engines and turbines, parts and accessories; iv) the manufacture of hydraulic and tire equipment; v) the manufacture of direct current and alternating current generators, parts and accessories; vi) the manufacture of energy meters; vii) the wholesale trade of machinery and equipment for industrial use, pieces and spare parts, import and export; viii) installation and maintenance services for power generation systems; ix) construction of electric power distribution stations and grids; x) electric installation and maintenance; xi) development and licensing of non-customized software; xii) technical support, maintenance and other information technology services; and xiii) custom software development. The entity's trade name is "Easy Solar".

Pacto Indústria S.A. holds equity interest in 77 Sol Tecnologia S.A.

Pacto Soluções em Energia S.A.

Incorporated on June 21, 2018 and headquartered in the city of Arapoti, state of Paraná, this entity is engaged in: i) the intermediation of businesses related to the sale of electric power; ii) rendering of consulting and advisory services related to the sale of electric power; iii) holding interest in other companies, as a member or shareholder.

W2E Digital S.A.

Incorporated on May 25, 2018 and headquartered in the city and state of São Paulo, this entity is engaged in: i) the management of a digital energy credit platform, aimed at providing services in all areas of interest of associated parties throughout Brazil; ii) holding interest in other companies, as a member or shareholder.

Evolution Comercializadora de Energia Elétrica e Gás Natural Ltda.

Incorporated on June 18, 2019 and headquartered in the city and state of São Paulo, this entity is engaged in: i) the electric power trading (purchase and sale), operating as a trading agent, pursuant to Resolution No. 265 of August 13, 1998, issued by the Brazilian Electricity Regulatory Agency ("ANEEL"); ii) the import and export of electric power, also pursuant to ANEEL Resolution No. 265/98 and; iii) the rendering of advisory services, representation of agents, intermediation in the purchase and sale of electric power, natural gas, both in the local and foreign market, as well as import and export.

Evolution's activities were suspended in 2023 and management is currently working on a business plan to be developed with a view to opening the energy free market to low-tension customers. Evolution is financially supported by its controlling member, mainly by means of future capital contributions, when necessary.



Notes to financial statements *(Continued)*
(In thousands of reais, unless otherwise stated)

Energy Serviços Digitais Ltda.

Incorporated on May 21, 2019 and headquartered in the city and state of São Paulo. This entity invests in the development of a blockchain programming platform named EnergyBank, which will allow individuals and legal entities to carry out power trade on the Free Market (ACL) through a home-broker. The application that can be downloaded from Google Play and AppStore is also a fintech that enables users to have access to a digital account and carry out transfers between accounts, payments, mobile recharges and other services.

Power Labs Participações Ltda.

Incorporated on May 20, 2019 and headquartered in the city and state of São Paulo, Power Labs is an investment holding exclusively engaged in promoting the acceleration of startups, developer of technological innovation projects focused on renewable and non-renewable energies, by means of: (i) holding equity interest, as a member or shareholder, in the capital of startups; and/or (ii) investments, whether through capital, debt, capitalization, financing of any nature, issue or subscription of financial assets and marketable securities, and crowdfunding; (iii) provision of physical spaces; and/or (iv) rendering, directly or indirectly, of legal and regulatory, financial, administrative, technological, operational or marketing advisory services.

Pacto Energia e Manutenções Ltda.

Incorporated on November 7, 2019 and headquartered in the city and state of São Paulo, Pacto Energia is engaged in: electric installation and maintenance, other civil engineering works, construction of stations and electric distribution grids, hydraulic, sanitary and gas installations, retail trade of lighting equipment, hardware and tools, electric material, hydraulic material, lease of machinery and equipment, engineering services, equipment and industrial installation as well as cleaning and gardening services.

Pacto Distribuição Ltda.

Organized on July 2, 2015 and headquartered in the city of Goiânia, state of Goiás, Pacto Distribuição Ltda. is mainly engaged in holding equity interest in other business entities in the areas of electric power generation, transmission, sale and distribution.

Pacto SP Energia I Ltda. and Cantareira Energia S.A.

Pacto SP Energia I Ltda. was incorporated on August 18, 2022 as an SPE destined for the photovoltaic generation project within the scope of Public Call No. 04236/21 launched by SABESP, which resulted in the formalized partnership through the creation of Cantareira Energia S.A.

On October 28, 2022, Cantareira Energia S.A. was incorporated, whose business purpose is the development, production and sale of photovoltaic energy; trade - sell and buy - of energy; rental, free lease and lease of own or third party assets; maintenance operations in power generation plants; and hold equity interest in other companies. The Group holds 51% of registered common no-par-value shares through its subsidiary Pacto SP Energia I Ltda. and SABESP holds the other 49%. At December 31, 2022, operations had not yet started.

Pacto Mobility Ltda.

Pacto Mobility Ltda. was incorporated on February 14, 2023. This company focuses on charging solutions for electric vehicles, providing electric vehicle chargers and other related solutions. Interests are held by subsidiary Pacto Indústria Ltda.



Notes to financial statements *(Continued)*
(In thousands of reais, unless otherwise stated)

Opening of the Energy Free Market

The Energy Free Market is a platform that enables consumers to choose their providers of electric energy rather than being restricted to the services offered by local concession operators. This method provides more freedom of choice, competitiveness and potential for significant energy cost savings.

Benefits for consumers and companies

- **Expanded choice:** Consumers and companies are now free to choose energy suppliers based on their specific needs regarding price, renewable sources or other criteria.
- **Competitiveness:** The entry of new suppliers in the market promotes competition, therefore more competitive prices and improved services.
- **Innovation:** The market opening fosters innovation, with companies seeking to offer more efficient sustainable energy solutions.

Impact on the energy sector

The opening of the Energy Free Market may potentially redefine the energy sector scenario. Traditional concession operators will face pressure to improve their services and prices whereas new participants will provide a myriad of offers to meet market demand.

The opening of the Energy Free Market is a significant step towards a more dynamic, competitive and sustainable energy sector. This change is expected to benefit consumers, companies and the environment, fostering innovation and efficiency in the entire electric energy value chain.

Authorization to issue these financial statements

On April 04, 2024, the Company's individual and consolidated financial statements for the year ended December 31, 2023 were concluded and authorized for issue by Company management.

2. Basis of preparation and presentation of financial statements

The Company's individual and consolidated financial statements for the year ended December 31, 2023 were prepared in accordance with the accounting practices adopted in Brazil and IFRS, including the pronouncements issued by the Brazilian FASB (CPC).

The individual and consolidated financial statements were prepared based on the historical cost, except for certain financial instruments measured at their fair values, and based on the Group's going-concern assumption. The individual and consolidated financial statements evidence all significant information that is consistent with the information used to manage the Company's operations, pursuant to Accounting Guidance OCPC 07.

The preparation of these financial statements requires the use of certain significant accounting estimates, as well as use of judgment by Company management in the process of applying the accounting policies. The areas that involve a higher level of judgment or more complexity or where the assumptions and estimates are significant for the consolidated financial statements are disclosed in the related notes.

In the Company's individual and consolidated financial statements, subsidiaries are recorded using the equity method.



Notes to financial statements *(Continued)*
(In thousands of reais, unless otherwise stated)

Basis of consolidation

The individual and consolidated financial statements include the operations of the Company and its subsidiaries, all of which located in Brazil, as follows:

	<u>(%) Equity interest</u>
Subsidiaries	
Pacto Comercializadora de Energia e Gás Natural S.A. (Pacto Comercializadora S.A.)	98.40%
Evolution Comercializadora de Energia Elétrica e Gás Natural Ltda. (Evolution Comercializadora Ltda.)	100.00%
Pacto Geração Distribuída S.A.	100.00%
Pacto Geração e Transmissão S.A.	100.00%
Pacto Indústria Ltda.	100.00%
Pacto Soluções em Energia S.A.	95.00%
Pacto Esco S.A.	100.00%
Power Labs Participações Ltda.	90.00%
W2E Digital S.A.	100.00%
Pacto Distribuição Ltda.	100.00%
Pacto Engenharia Construção e Manutenção Ltda.	100.00%
Pacto Telecom Ltda.	100.00%
Pacto SP Energia I Ltda.	80.00%
Energy Serviços Digitais Ltda.	100.00%
Capim Branco Energia Solar SPE Ltda.	75.00%
DP1 Energia Solar SPE Ltda.	100.00%
DP2 Energia Solar SPE Ltda.	100.00%
DP3 Energia Solar SPE Ltda.	100.00%
UFV RS Energia Solar SPE Ltda.	100.00%
Salto da Alemoa Energética Ltda.	100.00%
Cantareira Energia S.A.	51.00%
Curió Energia Solar SPE Ltda.	100.00%
Irerê Energia Solar SPE Ltda.	100.00%
Acauã Energia Solar SPE Ltda.	100.00%
Biguá Energia Solar SPE Ltda.	100.00%
Pacto Mobility Ltda.	50.00%
Belmonte I Energia SPE Ltda.	100.00%
Belmonte II Energia SPE Ltda.	100.00%
Edge SP investimentos S.A.	100.00%
MG I Energia Solar SPE S.A.	100.00%
Jointly-controlled subsidiaries	
77 Sol Tecnologia S.A.	27.07%
Associates	
MEZ 3 Energia S.A.	4.20%
MEZ 4 Energia S.A.	4.25%
Inhumas I Geração de Energia SPE Ltda.	10.00%

3. Significant accounting practices

a. Cash and cash equivalents

Cash and cash equivalents are classified in accordance with their realization term, stated at acquisition cost, plus, in the case of short-term investments, income earned up to the years' closing dates, net of provision for impairment, where applicable.



Notes to financial statements *(Continued)*
(In thousands of reais, unless otherwise stated)

b. Accounts receivable

Accounts receivable are recorded and maintained in the statement of financial position at the nominal value of notes representing these receivables, net of the allowance for expected credit losses, where applicable. If the collection period is equivalent to one year or less, the accounts receivable are classified in current assets. Otherwise, they are stated as noncurrent assets.

c. Investments in associates and subsidiaries

Investments in associates

Investments of the Company and its subsidiaries are accounted for using the equity method.

The statement of profit or loss reflects the portion of the results of operations of the investees. Unrealized gains and losses, arising from transactions between the Company and its associates, where applicable, are eliminated according to the equity interest held in such associates.

Interest held in associates is stated in Note 2.3.

The financial statements of the associates are prepared for the same reporting period as that of the Company. When necessary, adjustments are made so that the accounting policies are in accordance with those adopted by the Company. After applying the equity method, the Company and its subsidiaries determine if additional impairment loss needs to be recognized for the Company's investment in its associates.

The Company and its subsidiaries determine, at each statement of financial position closing date, whether there is objective evidence that the investment in associates is impaired. If impairment is identified, the Company and its subsidiaries calculate impairment loss as the difference between the subsidiary's recoverable amount and its carrying amount, and recognize the resulting amount in the statement of profit or loss.

d. Property, plant and equipment

These items are recorded at acquisition or construction cost, plus, where applicable, interest capitalized during the construction period, net of accumulated depreciation and impairment allowance for suspended asset items with no expected reuse or realization.

Depreciation is recognized in profit or loss based on the straight-line method at specific rates, which management understands represent an estimate close to the useful life of the Company's main property, plant and equipment.

Property, plant and equipment items are written off when disposed of, or when no future economic benefits are likely to flow to the Company from the continuous use of these assets. Disposal gains and losses are computed by comparing the proceeds from the sale with the residual value, and then recorded in profit or loss.

e. Impairment of assets

The Company annually tests assets for impairment. If impairment evidence is found, the recoverable amount of the asset is then estimated. The recoverable amount of an asset is the higher of: (a) its fair value less costs that would be incurred to realize it; and (b) its value in use.

The value in use is equivalent to the discounted cash flows (before taxes) resulting from ongoing use of the asset. When the residual carrying amount of the asset exceeds its recoverable amount, an impairment (allowance) is recognized for the asset.

f. Taxation

Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets and liabilities, and they relate to taxes levied by the same tax authority on the same entity subject to taxation. Deferred tax assets are reviewed at each annual reporting date and are reduced to the extent their realization is no longer probable.



Notes to financial statements *(Continued)*
(In thousands of reais, unless otherwise stated)

Sales taxes

These mainly refer to Contribution Taxes on Gross Revenue for Social Integration Program (PIS) and for Social Security Financing (COFINS) under the cumulative taxation regime, calculated at the rates of 1.65% and 7.6%, respectively, on revenues and credited on purchases.

Taxation - subsidiaries

Subsidiaries Pacto Indústria, Pacto Comercializadora and Evolution Comercializadora also adopt the regime whereby taxable profit is computed as per the accounting books (*'Lucro Real'*), and fall within the items above. The other subsidiaries adopted the tax regime whereby taxable profit is computed as a percentage of gross revenue (*'Lucro Presumido'*), and calculated their taxes on a quarterly basis.

Corporate Income Tax - IRPJ (25%) and Social Contribution Tax on net Profit - CSLL (9%) are calculated at their nominal rates, which combined total 34%. PIS and COFINS are fully taxed at 0.65% and 3%, respectively

g. Financial instruments

Recognition and measurement

Financial assets and liabilities are recognized when the Company and its subsidiaries become parties to the contractual provisions of the instrument and are initially measured at amortized cost or fair value, depending on their allocation.

Transaction costs are directly attributable to the acquisition or issue of financial assets and liabilities (except for financial assets and liabilities recognized at fair value through profit or loss), and are increased or decreased to fair value of financial assets or liabilities, where applicable, after initial recognition. Transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in P&L.

Classification

Financial assets and liabilities are stated net in the statement of financial position if, and only if, there is a current enforceable legal right to offset the amounts recognized and if there is the intention to offset or realize the asset and settle the liability simultaneously.

Upon initial recognition, a financial asset is classified as:

- Measured at amortized cost;
- Measured at fair value through other comprehensive income (FVTOCI), with reclassification of accumulated gains and losses (debt instruments);
- Measured at fair value through other comprehensive income (FVTOCI), without reclassification of accumulated gains and losses upon their derecognition (equity instruments);
- Measured at fair value through profit or loss (FVTPL).

Financial assets and liabilities are only reclassified after initial recognition if the Company changes the business model for managing financial assets. In this case, all financial assets affected are reclassified on the first day of the reporting period subsequent to the change in business model.

Offsetting

Financial assets or liabilities are offset and the net amount reported in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends to settle them on a net basis or to realize the asset and settle the liability simultaneously.



Notes to financial statements *(Continued)*
(In thousands of reais, unless otherwise stated)

Impairment test of financial assets

Financial assets are tested at each statement of financial position date, identifying if they are fully recoverable or if there is an impairment loss for these financial instruments.

Power purchase and sale agreements - mark-to-market

The Company and its subsidiaries carry out power purchase and sale transactions to meet their main objective, which is the trade of electric power in the Energy Free Market. Such power purchase and sale transactions are traded in an active market and meet the definition of financial instruments, due to the fact that they are settled in power and readily convertible into cash. These agreements are accounted for as derivatives under CPC 48 and are recognized in the Company's and its subsidiaries' statement of financial position at fair value, on the date the derivative is entered into. Their fair value is reassessed on the statement of financial position date and changes thereto are accounted for in the statement of profit or loss for the year.

The fair value of these derivatives is estimated partly based on price quotations disclosed in active markets, to the extent that such observable market inputs exist, and partly based on the use of valuation techniques that take into consideration: (i) prices set in purchase and sale transactions; (ii) supply risk margin; and (iii) market price projected in the period this information is available. Whenever the fair value on initial recognition for these contracts differs from the transaction price, a fair value gain or fair value loss is recognized.

h. Other assets and liabilities (current and noncurrent)

An asset is recognized in the statement of financial position when its future economic benefits are likely to inure to the Company and their cost or value can be reliably measured. A liability is recognized in the statement of financial position when the Company has a legal or constructive obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits. When applicable, the corresponding charges, monetary variations or foreign exchange differences incurred are added thereto. Provisions are set up reflecting the best estimates of the risk involved.

Assets and liabilities are classified as current whenever their realization or settlement is likely to occur within the following twelve months; Otherwise, they are stated as noncurrent.

i. Present value adjustment of assets and liabilities

When applicable, monetary assets and liabilities are adjusted to their present value upon initial recording of the transaction, taking into consideration the contractual cash flows, and explicit or implicit interest rates, based on market rates for transactions similar to the related assets and liabilities. Subsequently, these effects are reallocated in the finance income or costs lines, in the statement of profit or loss, using the discount rate considered and the amortized cost method. At December 31, 2023, management assessed its main financial assets and liabilities (accounts receivable, trade accounts payable and receivables from/payables to related parties) and concluded that possible present value adjustments would be immaterial to the financial statements.

j. Recognition of sales revenue

Operating revenue in the ordinary course of the Company's and its subsidiaries' businesses is measured at the consideration received or receivable. Operating revenue is recognized when it represents the transfer (or promise) of goods or services to customers to reflect the consideration of which amount is expected to be exchanged for those goods or services.

NBC TG 47 establishes a five-step model for recognizing revenue: (i) identification of the contract with the customer; (ii) identification of the performance obligation defined in the contract; (iii) determination of the transaction price; (iv) allocation of the transaction price to the contract performance obligations; and (v) revenue recognition whether and when the Company meets performance obligations.

Therefore, the revenue is recognized only when (or whether) the performance obligation is satisfied, that is, when the "control" over the goods or services of a certain transaction is effectively transferred to the customer.

Revenue from sale of power is recorded based on bilateral contracts entered into with market agents and duly registered with the Electric Energy Trade Chamber (CCEE).



Notes to financial statements *(Continued)*
(In thousands of reais, unless otherwise stated)

k. Provisions for contingencies

Provisions for contingencies are recognized when the Group has a present or constructive obligation arising from past events, the settlement of which is likely to lead to an outflow of funds and the amount of this liability can be reliably measured. Provisions are quantified at the present value of the disbursement expected to settle the obligation, using the appropriate discount rate according to the risks related to the liability. The provisions are restated up to the statement of financial position dates by the estimated amount of probable losses, considering their nature and supported by the opinion of the Group's legal advisors. The provisions assessed as possible losses by the legal advisors are disclosed in notes.

3.1. Statements of cash flows

The statement of cash flow was prepared by the indirect method and is presented in accordance with the Brazilian Accounting Standard (NBC TG) 03 (R3) Statements of Cash Flow, issued by Brazil's National Association of State Boards of Accountancy (CFC).

3.2. Significant accounting judgments, estimates and assumptions

Judgments

The preparation of the Company's and its subsidiaries' financial statements requires that management make judgments and estimates and adopt assumptions that affect the amounts disclosed referring to revenues, expenses, assets and liabilities, as well as the disclosures of contingent liabilities, at the financial statement reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In applying the accounting policies of the Company and its subsidiaries, management made the following judgments that have a most significant effect on the amounts recognized in the financial statements.

Estimates and assumptions

Significant assumptions regarding sources of uncertainty in future estimates and other major sources of uncertainty in estimates at the statement of financial position date, involving significant risk that a significant adjustment to the carrying amount of assets and liabilities may be required in the following financial year are presented below:

Impairment of nonfinancial assets

An impairment loss exists when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of fair value less costs to sell and value in use. The calculation of fair value less costs to sell is based on information available on sales transactions of similar assets or market prices less additional costs for the disposal of the asset.

Fair value of power purchase and sale agreements

Power purchase and sale agreements recognized at fair values through profit or loss are valued through the quotation in an active market for the related instruments, or when such prices are not available, they are valued using pricing models, applied individually for each transaction, taking into consideration future payment flows, based on contractual conditions, discounted to present value at rates obtained through market interest curves, based, whenever available, on information obtained from Balcão Brasileiro de Comercialização de Energia S.A. - BBCE, DCIDE system, and also comprise the debtor's credit risk rate.

3.3. New or revised pronouncements first-time adopted in 2023

The Company applied for the first time certain standards and amendments that are effective for annual reporting periods beginning on or after January 1, 2023. The Company elected not to early adopt any other standard, interpretation or amendment that has been issued, but is not yet effective.



Notes to financial statements *(Continued)*
(In thousands of reais, unless otherwise stated)

Definition of Accounting Estimates – Amendments to IAS 8

The amendments to IAS 8 (equivalent to CPC 23 – Accounting Policies, Changes in Estimates and Correction of Errors) clarify the distinction between changes in estimates, changes in accounting policies and correction of errors. These amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates.

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

Disclosure of accounting policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 (equivalent to 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 aim to help entities provide accounting policy disclosures that are more useful 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 in making decisions about accounting policy disclosures.

The amendments had an impact on the Company's accounting policy disclosures, but not on the measurement, recognition or presentation of items in the Company's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

The amendments to IAS 12 - Income Taxes (equivalent to CPC 32 - Income Taxes) narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Company's consolidated financial statements.

International tax reform - Pillar two model rules - Amendments to IAS 12

The amendments to IAS 12 (equivalent to CPC 32 – Income taxes) have been introduced in response to the OECD's BEPS Pillar Two rules and include:

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

The mandatory temporary exception - the use of which is required to be disclosed - applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim periods ending on or before December 31, 2023. These amendments had no impact on the Company's financial statements since the Company is not subject to Pillar Two model rules.

3.4. New standards and interpretations issued but not yet effective

The new and amended standards and interpretations issued but not effective until the issue date of the Company's financial statements are described below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 (equivalent to CPC 06 – Leases) to specify the requirements that a seller/lessor uses in measuring the lease liability deriving from a sale and leaseback, in order to ensure that the seller/lessor recognizes no gain or loss relating to the right of use that this seller/lessor retains. These amendments are effective for annual reporting periods beginning on or after January 1, 2024 and should be applied retrospectively to sale and leaseback transactions entered into after IFRS 16 (CPC 06) first-time application date. Early application is allowed and must be disclosed.



Notes to financial statements (Continued)
(In thousands of reais, unless otherwise stated)

Amendments to IAS 1: Classification of liabilities as current or noncurrent

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 through 76 of IAS 1 (equivalent to CPC 26 (R1) - Presentation of financial statements) to specify the requirements for classifying liabilities as current or noncurrent. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a disclosure requirement was introduced when a liability arising from a loan agreement is classified as noncurrent and the entity's right to defer settlement depends on the fulfillment of future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

The Company is currently assessing the impact that the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 (equivalent to CPC 03 (R2) - Cash Flow Statements) and IFRS 7 (equivalent to CPC 40 (R1) - Financial Instruments: Disclosure) to clarify the characteristics of supplier finance arrangements and to require additional disclosures about these arrangements. The disclosure requirements in the amendments aim at assisting users of financial statements in understanding the effects of supplier finance arrangements on an entity's obligations, cash flows, and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Early adoption is allowed but must be disclosed.

These amendments are not expected to have a material impact on the Company's financial statements.

4. Cash and cash equivalents

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Bank deposits and cash	2	-	3,020	2,384
Short-term investments (a)	784	1,239	15,537	7,044
	786	1,239	18,557	9,428

- a. Short-term investments refer to temporary cash surpluses invested in fixed income, available for immediate redemption, maturing in up to three months, and subject to a low risk of change in value. These investments are remunerated at the average rate of 95% of CDI (93% of CDI at December 31, 2022).



Notes to financial statements (Continued)
(In thousands of reais, unless otherwise stated)

5. Accounts receivable

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Accounts receivable				
Unbilled metered/delivered power - third parties (a)	-	-	18,214	29,720
Trade accounts receivable (b)	21	102	1,820	9,317
(-) Allowance for expected credit losses (c)	-	-	(438)	(33)
Total	21	102	19,596	39,004

- a. This balance refers to the power traded by subsidiaries Pacto Comercializadora and Evolution Comercializadora, which is delivered/consumed during the month, however, the billing (issue of invoice) takes place at the beginning of the subsequent month. Therefore, accounts receivable in December correspond to the power generated/delivered in December, whose invoice was issued in early January of the following year. The acquisition cost of this power receives the same treatment, and the accrual payable is recorded in current liabilities matched against cost in profit or loss for the year. There are no accounts receivable within this category overdue at December 31, 2023 and December 31, 2022.
- b. This refers to accounts receivable for the sale of goods and services. The aging list of accounts receivable, already deducted of allowance for expected credit losses, is as follows:

	12/31/2023	12/31/2022
Past due	631	481
Failing due within 30 days	495	6,438
Failing due within 180 days	660	747
Failing due from 181 to 365 days	34	1,651
	1,820	9,317

- c. The criterion used to calculate the allowance for expected credit losses includes receivables with installments overdue for more than 360 days. As at December 31, 2023, the Company recorded allowance for expected credit losses amounting to R\$ 405 (R\$ 33 in 2022).

6. Related parties

All balances with related parties are valued on a historical cost basis, and should be settled in accordance with the specific conditions agreed by and between the parties. The balances have no guarantees, maturities or undergo any restatement.

i) Receivables from related parties

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Assets				
Related companies and individuals				
Epop Coop Cooperativa (a)	-	-	1,420	480
Braço Energética S. A. (c)	200	200	200	200
Loans with individuals (b)	2,613	-	4,095	1,603
Other	547	769	547	769
	3,360	969	6,262	3,052
Current	546	769	434	769
Noncurrent	2,814	200	5,828	2,283

Notes to financial statements (Continued)
(In thousands of reais, unless otherwise stated)

ii) Related-party payables

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Liabilities				
Subsidiaries (a)				
Evolution Comercializadora Ltda.	4,681	4,905	-	-
Pacto Comercializadora Ltda.	37,742	33,277	-	-
Pacto Industria Ltda.	3,263	-	-	-
Pacto Distribuição Ltda.	4,088	3,831	-	-
Pacto Geração Distribuída Ltda.	56	-	-	-
	49,830	42,013	-	-
Related parties				
Salberg S.A. (b)	-	-	-	43
Eagle S.A. (b)	-	-	42	-
Total Solar Participações Ltda. (a)	-	18	-	18
Other	-	3	15	7
	-	21	57	68
	49,830	42,034	57	68
Current	-	-	4	-
Noncurrent	49,830	42,034	53	68

- This refers to operations of a nature known as “current accounts”, as the Group works with centralized cash management in the Company. These operations are not subject to interest, their maturity date is indeterminate, and settlement is not expected for the next 12 months. Current account transactions are used exclusively to fund working capital.
- These are amounts received from/paid to shareholders of the investees and companies of the same economic group. The amounts transacted are not subject to conventional interest.
- This refers substantially to the balances of advances to investees’ shareholders, which are expected to be offset in future years. The operations in question do not bear interest.

iii) Transactions with related parties

Subsidiaries Pacto Comercializadora de Energia Elétrica e Gás Natural Ltda. and Evolution Comercializadora de Energia Elétrica e Gás Natural Ltda. carry out power purchase and sale transactions between themselves. These transactions are eliminated in the consolidated financial statements and can be summarized as follows:

Seller	Buyer	12/31/2023	12/31/2022
Evolution Comercializadora	Pacto Comercializadora	-	39,666

iv) Managing officers’ compensation

At December 31, 2023, the Company paid, through its subsidiary Pacto Comercializadora, R\$764 (R\$878 in 2022) referring to direct or indirect compensation to its managing officers.

The Company and its subsidiaries do not grant to their managing officers and directors any share-based payment, post-employment benefits or severance pay benefits, besides those foreseen in the current legislation.

Notes to financial statements (Continued)
(In thousands of reais, unless otherwise stated)

7. Dividends receivable (Individual)

These refer to dividends receivable from subsidiaries as shown in the table below:

	12/31/2023	12/31/2022
Pacto Comercializadora de E. Elétrica e Gás Natural Ltda.	-	2,571
Pacto Soluções Ltda.	-	88
Evolution Comercializadora de E. Elétrica e Gás Natural Ltda.	-	114
Pacto Geração e Transmissão Ltda.	375	-
Pacto Eng. Construção e Manutenção Ltda.	3	-
	378	2,773

Changes in dividends for the year were as follows:

	12/31/2023	12/31/2022
Opening balance	2,773	3,265
Dividends receivable	2,349	2,773
Dividends offset against intercompany balances	(4,744)	(3,265)
Closing balance	378	2,773

Dividends offset in 2023 were reinvested in the capital of their related subsidiaries.

8. Investments

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Investments in subsidiaries (a)	68,864	58,196	-	-
Investments in subsidiaries and jointly-controlled subsidiaries (c)	-	-	5,407	4,348
Advance for acquisition of equity interest (d)	-	-	3,000	3,014
Total investment	68,864	58,196	8,407	7,362
Losses on investments (c)	-	-	(1)	(163)
	68,864	58,196	8,406	7,199



Notes to financial statements *(Continued)*
(In thousands of reais, unless otherwise stated)

a. Information on investments

	(% Total equity interest)	Balances at December 31, 2023				Equity pickup
		Total assets	Equity	Investment balance	P&L for the year	
Energy Serviços Digitais Ltda.	100%	18	33	31	(57)	(57)
Evolution Comercializadora S.A.	100%	4,984	5,011	5,011	(86)	(86)
Pacto Comercializadora S.A.	98.48%	66,407	30,772	30,336	2,616	2,530
Pacto Energia e Manutenções Ltda.	100%	2	120	120	644	629
Pacto Esco Ltda.	100%	-	1	1	-	-
Pacto Geração Distribuída S.A.	100%	31,533	13,252	13,252	(1,787)	(1,811)
Pacto Geração e Transmissão Ltda.	100%	3,178	7,817	7,817	785	785
Pacto Indústria Ltda.	100%	3,825	3,879	3,879	2,199	2,198
Pacto Soluções em Energia S.A.	95%	-	6	8	196	181
Power Labs Participações	100%	-	9	(8)	-	-
W2E Digital Ltda.	100%	1,421	1,477	1,477	5	5
Pacto Telecom Ltda.	100%	1,643	1,674	1,674	(584)	(583)
Pacto SP Energia I Ltda.	80%	5,439	357	624	(239)	(206)
Acauã I E. Solar SPE Ltda.	50%	-	-	-	(8)	(4)
Biguá I E. Solar SPE Ltda.	50%	-	-	-	(7)	(4)
Irerê I E. Solar SPE Ltda.	50%	-	-	-	(7)	(3)
Curió I E. Solar SPE Ltda.	50%	-	-	-	(7)	(3)
Pacto Distribuição Ltda.	100%	7,093	4,229	4,229	(974)	(974)
Acauã II Energia Solar SPE Ltda.	50%	-	-	-	(6)	(3)
Biguá II Energia Solar SPE Ltda.	50%	-	-	-	(6)	(3)
MG I Energia Solar SPE S.A.	50.10%	1,036	836	413	(62)	(34)
				<u>68,864</u>		<u>2,557</u>

Notes to financial statements (Continued)
(In thousands of reais, unless otherwise stated)

Balances at December 31, 2022							
	(%) Total equity interest	Total assets	Capital	Equity	Investment balance	P&L for the year	Equity pickup
Energy Serviços Digitais	100%	48	82	35	35	(29)	(29)
Evolution Comercializadora Ltda.	100%	9,897	5,000	5,350	5,350	240	240
Pacto Comercializadora S.A	100%	154,053	20,006	29,646	29,646	5,412	5,412
Pacto Eng. e Manutenções	100%	159	100	131	131	311	311
Pacto Esco	100%	-	8	-	1	(1)	(1)
Pacto Geração Distribuidora	100%	28,083	10	9,470	9,469	(1,566)	(1,567)
Pacto Geração e Transmissão	100%	7,390	3,000	7,150	7,151	2,716	2,716
Pacto Industria	100%	9,535	5,000	1,559	1,560	166	166
Pacto Soluções em Energia S.A	95%	94	1	-	3	142	142
Power Labs Participações	90%	-	2	(10)	(8)	(1)	(1)
W2E Digital	100%	3,969	1	202	201	(49)	(49)
Pacto Telecom Ltda	100%	1,369	600	1,110	1,111	(79)	(79)
Pacto SP Energia I Ltda	80%	511	1	511	410	(493)	(395)
Pacto Distribuição Ltda.	100%	7,098	3,479	3,136	3,136	(332)	(343)
					58,196		6,523

b. Changes in investments

	2022	Capital contributions	Dividends	Capital gain (loss)	Other	Equity pickup	Individual 2023
Pacto Serviços Digitais Ltda.	35	53	-	-	-	(57)	31
Evolution Comercializadora Ltda.	5,350	-	(253)	-	-	(86)	5,011
Pacto Comercializadora	29,646	-	(1,021)	(819)	-	2,530	30,336
Pacto Eng. E Manutenções	131	-	(611)	(29)	-	629	120
Pacto Esco	1	-	-	-	-	-	1
Pacto Geração Distribuidora	9,469	4,863	-	731	-	(1,811)	13,252
Pacto Geração	7,151	256	(375)	-	-	785	7,817
Pacto Industria	1,560	122	-	-	(1)	2,198	3,879
Pacto Soluções	3	-	(89)	(92)	5	181	8
Power Labs Participações	(8)	-	-	-	-	-	(8)
W2E Digital	201	1,270	-	-	1	5	1,477
Pacto Telecom Ltda	1,111	1,146	-	-	-	(583)	1,674
Pacto SP Energia I Ltda	410	11	-	409	-	(206)	624
Acauã I E. Solar SPE Ltda	-	4	-	-	-	(4)	-
Biguá I E. Solar SPE Ltda	-	4	-	-	-	(4)	-
Irerê I E. Solar SPE Ltda	-	3	-	-	-	(3)	-
Curió I E. Solar SPE Ltda	-	3	-	-	-	(3)	-
Pacto Distribuição Ltda.	3,136	2,067	-	-	-	(974)	4,229
Acauã II Energia Solar SPE Ltda	-	3	-	-	-	(3)	-
Biguá II Energia Solar SPE Ltda	-	3	-	-	-	(3)	-
MG I Energia Solar SPE S.A.	-	447	-	-	-	(34)	413
	58,196	10,255	(2,349)	200	5	2,557	68,864

Notes to financial statements (Continued)
(In thousands of reais, unless otherwise stated)

							Individual
	2021	Capital contributions	Dividends	Capital gain (loss)	Other	Equity pickup	2022
Energy Serviços Digitais	(6)	70	-	-	-	(29)	35
Evolution Comercializadora	5,326	-	(216)	-	-	240	5,350
Pacto Comercializadora	26,799	-	(2,563)	-	(2)	5,412	29,646
Pacto Energia e Manutenções	28	-	(296)	88	-	311	131
Pacto Esco	(3)	5	-	-	-	(1)	1
Pacto Geração Distribuidora	(531)	11,575	-	-	(8)	(1,567)	9,469
Pacto Geração e Transmissão	4,598	508	-	(671)	-	2,716	7,151
Pacto Industria	(7,089)	8,878	-	-	(395)	166	1,560
Pacto Soluções	452	-	(564)	-	(27)	142	3
Power Labs Participações	(10)	3	-	-	-	(1)	(8)
W2E Digital	(333)	583	-	-	-	(49)	201
Pacto SP Energia I Ltda	-	805	-	-	-	(395)	410
Pacto Telecom Ltda	-	1,190	-	-	-	(79)	1,111
Pacto Distribuição Ltda.	10	3,469	-	-	-	(343)	3,136
	29,241	27,086	(3,639)	(583)	(432)	6,523	58,196

c. Associates

	Consolidated						
	2022	Capital contributions	Dividends	Capital gain (loss)	Other	Equity pickup	12/31/23
BBCE – Balcão B. de C. de Energia	2,307	-	-	-	-	-	2,307
MEZ 3 Energia S/A.	707	-	-	-	-	1,163	1,870
MEZ 4 Energia S/A.	1,104	-	-	-	-	(260)	844
77 Sol S.A.	(150)	-	-	-	150	-	-
Investimento em Startups	231	-	-	-	-	-	231
Inhuma Energia I SPE Ltda	-	241	-	-	(1)	-	240
Total Comercializadora SCP GCM	-	7	(357)	-	-	265	(85)
Other	(14)	-	-	13	-	-	(1)
	4,185	248	(357)	13	149	1,168	5,406

d. Advance for acquisition of equity interest

Pacto Distribuição Ltda. made an advance on the contract signature date in the amount of R\$3,000 for agreement execution purposes, and this amount will be deducted from the final installment payable upon completion of the business. Pacto and Força e Luz Coronel Vivida Ltda. estimate that this business will be concluded until June 2024.

Notes to financial statements (Continued)

(In thousands of reais, unless otherwise stated)

9. Property, Plant and Equipment (Consolidated)

	Generation plant	Machinery and equipment	Furniture and fixtures	Vehicles	Computers and peripherals	Land	Construction in progress	Real properties	Transmission grid	Electro station	Total
Cost											
Book balance at 12/31/2021	20,050	49	30	214	190	400	222	-	-	-	21,155
Additions	1,444	141	193	293	232	334	11,187	-	-	-	13,824
Write-offs	-	-	(7)	(169)	(22)	-	-	-	-	-	(198)
Transfers	334	-	-	-	-	(334)	-	-	-	-	-
Book balance at 12/31/2022	21,828	190	216	338	400	400	11,409	-	-	-	34,781
Additions	1,320	589	112	183	194	-	2,739	2,243	96	81	7,557
Write-offs	-	(121)	(7)	(76)	(6)	-	-	-	-	-	(210)
Transfers	12,677	-	-	-	-	-	(13,919)	-	1,242	-	-
Book balance at 12/31/2023	35,825	658	321	445	588	400	229	2,243	1,338	81	42,128
Depreciation											
Book balance at 12/31/2021	(1,328)	(16)	(14)	(12)	(61)	-	-	-	-	-	(1,431)
Additions	(1,597)	(11)	(11)	(88)	(49)	-	-	-	-	-	(1,756)
Book balance at 12/31/2022	(2,925)	(27)	(25)	(100)	(110)	-	-	-	-	-	(3,187)
Additions	(239)	(40)	(27)	(87)	(100)	-	-	(52)	(18)	(1)	(564)
Write-offs	-	-	-	37	-	-	-	-	-	-	37
Book balance at 12/31/2023	(3,164)	(67)	(52)	(150)	(210)	-	-	(52)	(18)	(1)	(3,714)
Net balance at 12/31/2021	18,722	33	16	202	129	400	222	-	-	-	19,724
Net balance at 12/31/2022	18,903	163	191	238	290	400	11,409	-	-	-	31,594
Net balance at 12/31/2023	32,661	591	269	295	378	400	229	2,191	1,320	80	38,414
Depreciation rate	4.00%	10.00%	10.00%	20.00%	20.00%	-	-	4.00%	4.00%	4.00%	

Notes to financial statements (Continued)
(In thousands of reais, unless otherwise stated)

10. Loans and financing

Company	Creditor	Interest rate p.a.	Currency	Maturity	Balance at 12/31/23	Balance at 12/31/22
Pacto Ger. Distribuida (a)	Bradesco	157% CDI	R\$	26,05,2034	12,044	12,491
Pacto Ger. Distribuida (b)	Bradesco	17.18%	R\$	30,11,2028	3,482	3,956
Pacto Indústria Ltda.	Santander	8.90%	R\$	22,08,2024	858	2,065
Pacto Indústria Ltda.	Bradesco	6.71% + TJLP	R\$	23,10,2023	-	25
Pacto Indústria Ltda.	Bradesco	18.19%	R\$	18,02,2026	163	-
Pacto Energia S.A.	Safra	13.89%	R\$	23,09,2024	142	395
Pacto Energia S.A.	Safra	13.89%	R\$	23,09,2024	350	1,083
Pacto Comerc.	Bradesco	17.77%	R\$	26,10,2025	71	110
Pacto Distribuição	Santander	19.70%	R\$	07,07,2025	2,866	3,961
Pacto SP I E. SPE Ltda. (c)	RZK	5% + CDI	R\$	30,11,2024	4,590	-
					24,566	24,086
Current					11,126	6,117
Noncurrent					13,440	17,969

- This substantially refers to a loan taken out in 2019 by subsidiary Pacto Geração Distribuída for the purpose of contributing to its investee Capim Branco II Energia Solar for the construction of a solar power generation plant project. This loan is guaranteed by assignment of receivables of the power generation plant. This plant has a Power Purchase Agreement (PPA) entered into for 15 years.
- This refers to a loan taken out in 2022 by subsidiary Pacto Distribuição Ltda. for the purpose of contributing capital for acquisition of interests in Força e Luz Coronel Vivida Ltda.
- This refers to financing obtained from strategic business partners. The agreement grants the investor the option to convert the balance financed into interests upon compliance with certain conditions precedent. These conditions had not been met until the date of issue of these financial statements.

Changes in loans

	Consolidated
Balance at 12/31/21	21,921
Fundraising	8,473
Interest incurred	3,274
Repayments of principal	(6,308)
Interest paid	(3,274)
Balance at 12/31/22	24,086
Balance at 12/31/22	24,086
Fundraising	4,797
Interest incurred	3,757
Repayments of principal	(4,926)
Interest paid	(3,148)
Balance at 12/31/23	24,566

Notes to financial statements *(Continued)*
(In thousands of reais, unless otherwise stated)

Falling due noncurrent portions mature as follows:

Year	Consolidated	
	12/31/2023	12/31/2022
2024	-	4,956
2025	3,530	2,918
2026	1,748	1,737
2027	1,737	1,737
2028 onwards	6,425	6,621
	13,440	17,969

Guarantees

These loans are guaranteed by the collateral signatures of controlling shareholders and chattel mortgage of assets.

Covenants

The Company and its subsidiaries do not have loan agreements with covenants requiring compliance with financial and economic indicators.

11. Trade accounts payable (Consolidated)

	12/31/2023	12/31/2022
Unbilled power purchase (a)	9,746	15,939
Resale, services and consumption - suppliers	9,874	14,880
	19,620	30,819

- a. This refers to the supply of energy purchased in the month, whose invoice was billed by the supplier and received only in the subsequent month.

12. Provision for contingencies (Consolidated)

The Company and its subsidiaries are parties to legal and administrative proceedings in various courts and government agencies arising from the ordinary course of their activities, involving labor claims. Provisions for legal contingencies are determined based on analysis of ongoing lawsuits, assessments and risk assessments whereby the likelihood of loss is assessed as probable by management and legal advisors.

	12/31/2023	12/31/2022
Labor (a)	1,578	1,495
	1,578	1,495

- a. Provision related to the claims for social security and labor amounts in subsidiary Pacto Comercializadora de Energia Elétrica e Gás Natural Ltda.

As at December 31, 2023, the Company and its subsidiaries recorded proceedings of a civil and labor nature whose likelihood of an unfavorable outcome was assessed as possible amounting to R\$ 550 (R\$0 at December 31, 2022).



Notes to financial statements (Continued)
(In thousands of reais, unless otherwise stated)

13. Advances from customers

	12/31/2023	12/31/2022
Advances from customers – Trading (a)	20,263	10,062
Advances from customers - EasySolar (b)	2,561	3,495
Advances from customers - W2E	-	3,686
	22,824	17,243
Current	16,240	17,243
Noncurrent	6,584	-

- a. This refers to an advance relating to an energy trading agreement in operation with ABC Comercializadora.
b. This refers to an advance relating to solar plant sale agreements, which will be offset to the extent of the effective provision of service/delivery of the material.

14. Equity

a. Capital

At December 31, 2023, subscribed and paid-up capital amounts to R\$8,467 (R\$8,000 at December 31, 2022), represented by 8,097,162, of which 8,000,000 are common registered shares and 97,162 are preferred shares, with no par value and held as follows:

Shareholders	12/31/2023		12/31/2022	
	R\$	%	R\$	%
Eagle Energy Holding S.A.	5,600	69.22	5,600	70
Salberg Participações S.A.	2,400	29.58	2,400	30
Ana Maria A. de Oliveira Araujo	333	1.00	-	-
Arthur Galvão	67	0.10	-	-
Weldon Paulo de Sousa e Silva	67	0.10	-	-
Total subscribed capital	8,467	100	8,000	100
(-) Unpaid capital	(134)	-	-	-
Total paid-up capital	8,333	-	8,000-	-

At the Annual General Meeting held on April 18, 2023, the shareholders decided to increase capital by R\$ 467, by means of issue of 72,727 new registered common shares with no par value and entry of new shareholders, whose capital was partially paid in local currency and through offset of intercompany balances. The unpaid amount remaining is of R\$ 134.



Notes to financial statements (Continued)
(In thousands of reais, unless otherwise stated)

b. Income reserves

Legal reserve

According to the Articles of Incorporation, 5% of the net income for the year will be allocated to set up the legal reserve addressed in article 193 of Law No. 6404/76, capped at 20% of the capital. At December 31, 2023, management allocated R\$140 (R\$270 at December 31, 2022) to the legal reserve.

Retained profits

This represents the portion of profit allocated after setting up the legal reserve and allocation of the mandatory minimum dividend, which must be resolved definitively through a corporate document.

c. Allocation of income

According to the Company's Articles of Incorporation, shareholders are entitled to a minimum dividend of 5% on net income for the year, adjusted as required by the Brazilian Corporation Law, as follows:

	<u>12/31/2023</u>	<u>12/31/2022</u>
Net income for the year	2,807	5,405
Legal reserve - 5%	(140)	(270)
Dividend calculation base	<u>2,667</u>	<u>5,135</u>

Mandatory minimum dividends	133	1,284
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Changes in dividends are as follows:

Dividends payable - December 31, 2022	-
Provisioned dividends	<u>133</u>
Amounts paid in the year	<u>(133)</u>
Dividends payable - December 31, 2023	-

d. Earnings (loss) per share

The following table presents the reconciliation of net income for the year to the amounts used to calculate basic earnings (loss) per share.

	<u>12/31/2023</u>	<u>12/31/2022</u>
Numerator		
Income for the year - individual	2,807	5,405
Denominator		
Number of shares	<u>8,467,000</u>	<u>8,000,000</u>
Earnings (loss) per share	<u>0.35</u>	<u>0.68</u>



Notes to financial statements (Continued)
(In thousands of reais, unless otherwise stated)

15. Revenues (Consolidated)

	12/31/2023	12/31/2022
Gross revenue from sale of electric power (a)	217,580	313,083
Revenue from sale of goods (b)	19,892	20,025
Service revenue (c)	9,319	4,940
(-)Taxes and returns	(29,094)	(46,802)
	217,697	291,246

- a. This refers to the sale of electric power traded in the free market by subsidiaries Pacto Comercializadora de Energia Elétrica e Gás Natural Ltda. and Evolution Comercializadora de Energia Elétrica e Gás Natural Ltda.
- b. Sale of products used for power generation carried out by subsidiary Pacto Indústria Ltda.
- c. Sale of management services carried out by subsidiaries Pacto Soluções Ltda. and Pacto Engenharia e Manutenções Ltda.; plant installation service by Pacto Indústria Ltda.; and revenue from lease of solar plant by subsidiaries Salto do Alemoa Ltda., Capim Branco SPE Ltda. UFV RS Energia SPE Ltda., DP 1 Energia Solar SPE Ltda., DP 2 Energia Solar SPE Ltda. and DP 3 Energia Solar SPE Ltda.

16. Cost of sales (Consolidated)

	12/31/2023	12/31/2022
Cost of purchase of electric power	(192,646)	(253,901)
Cost of goods sold	(6,782)	(11,755)
Cost of services rendered	(2,275)	(2,900)
Cost of plant lease	(1,154)	-
Cost of labor	(1,790)	-
	(204,647)	(268,556)

17. General and administrative expenses

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Services engaged (a)	(89)	(90)	(2,999)	(1,708)
Payroll and related charges	-	-	(4,305)	(2,279)
Attorney's fees	-	-	(108)	(2)
Travel and lodging expenses	-	-	(407)	(191)
Charges and fees	(6)	(14)	(391)	(903)
Information technology	(46)	-	(677)	(460)
Building maintenance	-	(86)	(716)	(456)
Vehicles	-	-	(312)	(216)
Other	(68)	(14)	(273)	(590)
	(209)	(204)	(10,188)	(6,805)

- a. These substantially refer to expenses with accounting, transportation, IT, consulting and administrative services.



Notes to financial statements (Continued)
(In thousands of reais, unless otherwise stated)

18. Finance income (costs)

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Finance income				
Financial investment yield	316	131	1,237	429
Interest income	(12)	-	(34)	15
Discounts obtained	-	1	58	52
	304	132	1,261	496
Finance costs				
Tax on Financial Transactions (IOF)	(1)	-	(55)	(11)
Bank fees	(4)	(4)	(63)	(48)
Late-payment interest	(21)	(21)	(112)	(147)
Interest on loans	(76)	(388)	(3,757)	(3,274)
Discounts granted	-	-	(368)	(473)
Other	(57)	(1)	(546)	(68)
	(159)	(414)	(4,901)	(4,021)
Finance income (costs)	145	(282)	(3,640)	(3,525)

19. Income and social contribution taxes (Consolidated)

Corporate Income Tax - IRPJ (25%) and Social Contribution Tax on net Profit - CSLL (9%) are calculated at their nominal rates, which combined total 34%.

	12/31/2023	12/31/2022
Income before income and social contribution taxes	5,074	8,791
Statutory rate	34%	34%
IRPJ and CSLL expense, at statutory rates	(1,725)	(2,989)
Adjustment of income of companies in which profit is computed as a percentage of their gross revenue ("lucro presumido")	465	1,165
Income and social contribution taxes are calculated based on the regime whereby profit is computed as a percentage of gross revenue ("lucro presumido")	(580)	(502)
Unrecognized tax loss	(1,007)	(1,567)
Other	251	1,040
Income and social contribution taxes used in the year (a)	519	-
Total IRPJ and CSLL - current and deferred	(2,077)	(2,853)
Current income and social contribution taxes	(2,203)	(1,521)
Deferred income and social contribution taxes	126	(1,332)
	(2,077)	(2,853)

a. In the year tax losses amounting to R\$922 (R\$531 in 2022) were used. Deferred tax credits on tax losses, amounting to R\$3,434, were not recorded by the Group companies since the requirements of the accounting practices adopted in Brazil were fully not met, in the context of future taxable profits.

Notes to financial statements *(Continued)*
(In thousands of reais, unless otherwise stated)

Deferred taxes

Subsidiaries Pacto Comercializadora and Evolution Comercializadora recognize deferred IRPJ, CSLL, PIS and COFINS on the accruals for purchase and sale of power and on the change in fair value of forward power purchase and sale agreements.

At December 31, 2023, deferred taxes presented in the statement of financial position are broken down as follows:

Reconciliation of deferred taxes

	2023	2022
(+) Energy delivered and not billed – Sales Provision	18,167	25,897
(-) Energy delivered and not billed – Provision for cost	(9,746)	(13,966)
(+) Fair value	11,929	8,527
	20,350	20,458
Temporary additions and (exclusions)		
(-) Other exclusions	(459)	(323)
	19,891	20,135
IRPJ and CSLL base		
PIS/COFINS (9.25%)	(2,031)	(2,506)
Deferred income and social contribution taxes (34%)	(6,728)	(6,846)
	(4,918)	(10,775)
Deferred taxes - current liabilities	(4,918)	(10,775)
Deferred taxes - noncurrent liabilities	(4,736)	-
(-) Deferred taxes - current assets	895	1,423
	(8,759)	(9,352)

20. Fair value in the purchase and sale of power (Consolidated)

At December 31, 2023, subsidiaries Pacto Comercializadora de Energia Elétrica e Gás Natural Ltda. and Evolution Comercializadora de Energia Elétrica e Gás Natural Ltda. have commitments regarding power purchase and sale agreements for future supply until 2028, which resulted in mark-to-market effects disclosed below.

At December 31, 2023, these commitments amount to R\$47,021 and R\$35,092 (R\$82,218 and R\$72,840 in 2022), recorded under receivables and obligations, respectively. These subsidiaries operate in the Free Market (“ACL”) and have entered into bilateral power purchase and sale agreements with their counterparties. These transactions resulted in gains and losses for the subsidiaries, which were recognized at their fair value in the statement of profit or loss for the year.

The transactions and related mark-to-market effects are shown below:

Notes to financial statements *(Continued)*
(In thousands of reais, unless otherwise stated)

	<u>2023</u>	<u>2022</u>
Assets related to power purchase and sale agreements		
Fair value in the purchase and sale of power	<u>47,021</u>	82,218
	<u>47,021</u>	<u>82,218</u>
Current assets	24,710	71,326
Noncurrent assets	22,311	10,892
Liabilities related to power purchase and sale agreements		
Fair value in the purchase and sale of power	<u>35,092</u>	72,840
	<u>35,092</u>	<u>72,840</u>
Current liabilities	22,298	66,122
Noncurrent liabilities	12,794	6,718

The actual result of financial instruments (futures contracts) may vary substantially, since these agreements were marked-to market considering the base date December 31.

Mark-to-market of trade agreements

The fair value, through the physical settlement of power sale and purchase agreements, was recognized as follows:

	<u>2023</u>	<u>2022</u>
P&L		
Fair value of mark-to-market of financial instruments	2,551	(6,292)
Deferred PIS and COFINS	(253)	598
	<u>2,298</u>	<u>(5,694)</u>

21. Risk management and financial instrument management

The Company, through its subsidiaries, carries out transactions with financial instruments, which are managed through operating strategy and internal controls, aiming at ensuring liquidity, safety and profitability. Gains and losses on these transactions are in accordance with the practices adopted by the management of the Company and its subsidiaries

The risks associated with these transactions are managed through the application of practices defined by management and include monitoring of the exposure levels of each market risk and forecast of future cash flows. These practices also determine that information is updated in operational systems, as well as the information and operation of transactions with counterparties.

a. Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in a transaction in which there are no favored parties. The fair value concept addresses many variations on metrics used to measure an amount reliably.



Notes to financial statements (Continued)
(In thousands of reais, unless otherwise stated)

b. Financial instruments by category

The table below shows the carrying amounts and fair values of financial assets and liabilities, including their fair value hierarchy level. It does not include information on the fair value of financial assets and liabilities not measured at fair value, if the carrying amount is a reasonable approximation of fair value.

	Consolidated		
	2023		
	Book value at amortized cost	Fair value through profit or loss	Level
Financial assets			
Cash and banks	3,020	-	
Cash equivalents	-	15,537	Level 1
Accounts receivable	19,596	-	
Related parties	6,262	-	
Power purchase and sale agreements	-	47,021	Level 2
Financial liabilities			
Trade accounts payable	19,620	-	Level 2
Loans and financing	24,566	-	
Related parties	57	-	
Power purchase and sale agreements	-	35,092	Level 2

	Consolidated		
	2022		
	Book value at amortized cost	Fair value through profit or loss	Level
Financial assets			
Cash and banks	2,384	-	
Cash equivalents	-	7,044	Level 1
Trade accounts receivable	39,004	-	
Related parties	3,052	-	
Power purchase and sale agreements	-	82,218	Level 2
Financial liabilities			
Trade accounts payable	30,819	-	
Loans and financing	24,086	-	
Related parties	68	-	
Power purchase and sale agreements	-	72,840	Level 2

The following methods and assumptions were used in determining the fair value:

Financial instruments

These are defined as financial assets and liabilities at fair value through profit or loss. The fair value of future power purchase and sale transactions for future delivery and settlement is estimated partly based on price quotations published in active markets, to the extent that such observable market inputs exist, and partly based on the use of valuation techniques that take into consideration: (i) prices set in purchase and sale transactions; (ii) supply risk margin; and (iii) market price projected in the period this information is available.



Notes to financial statements (Continued)
(In thousands of reais, unless otherwise stated)

Fair value hierarchy

The different levels were defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2: inputs, other than quoted prices, included in Level 1, which are observable for the asset or liability, either directly (prices) or indirectly (derived from prices);

Level 3: assumptions, for assets or liabilities, which are not based on observable market inputs (unobservable inputs).

c. Market risk management

Market risk is presented as the possibility of monetary losses due to fluctuations in variables that have an impact on prices and rates traded in the market. These fluctuations, positive or negative, generate an economic impact on all agents operating in the energy free market and are constantly monitored by the management of the Company and its subsidiaries. The Company and its subsidiaries consider the amount already generated in their portfolio and, therefore, use various risk assessment mechanisms, whether market or credit mechanisms, to debug and price their business and portfolio.

d. Price-related risk in power purchase and sale transactions

The Company, through its subsidiaries, operates in the power purchase and sale market in order to achieve results with changes in power prices, respecting the risk limits pre-established by management. This activity, therefore, exposes the Company and its subsidiaries to the power future price risk.

The future power purchase and sale transactions are recognized at fair value through profit or loss, based on the difference between the contracted price and the market future price estimated by the Company and its subsidiaries.

The fair value of power purchase and sale agreements are shown below:

	12/31/2022		12/31/2023		P&L
	Assets	Liabilities	Assets	Liabilities	
Sale agreements					
Sale agreements - IPCA	76,593	-	32,188	(9,499)	(53,904)
Sale agreements – Fixed DI	5,585	(934)	9,519	(654)	4,214
	82,178	(934)	41,707	(10,153)	(49,690)
Purchase agreements					
Purchase agreements - IPCA	-	(62,925)	4,592	(15,320)	52,197
Purchase agreements - Fixed DI	40	(8,981)	722	(9,619)	44
	40	(71,906)	5,314	(24,939)	52,241
Total	82,218	(72,840)	47,021	(35,092)	2,551
Deferred taxes on fair value gain/loss					(253)
Changes in fair value in purchase and sale of power					2,298

For power purchase and sale agreements, the fair value was stipulated by the Company using internal measurement policies based on energy market values in the last week of December, which represented the best estimate of future market prices.

e. Liquidity risk management

Liquidity risk shows the ability of the Company and its subsidiaries to settle the assumed obligations.

The management of the Company and its subsidiaries only takes out credit facilities that enable their operational leverage.



Notes to financial statements *(Continued)*
(In thousands of reais, unless otherwise stated)

f. Capital management

The objectives of the Company and its subsidiaries in managing their capital are to safeguard their ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce this cost.

In order to maintain or adjust their capital structure, the Company and its subsidiaries may revise the policy for distribution of profits, return capital to shareholders or sell assets to reduce their indebtedness, for example.

22. Statements of cash flows

a. Non-cash transactions

CPC 03 (R2) - Statements of Cash Flow, its revision brought that investment and financing transactions that do not involve the use of cash or cash equivalents must be excluded from the statements of cash flow and presented separately in explanatory information.

All transactions that did not involve the use of cash or cash equivalents, that is, that are not presented in the statements of cash flow, are shown in the table below:

	<u>12/31/2023</u>
Individual and Consolidated	
Investing activities	
Changes in equity interest referring to investees	205
Total investing activities	<u>205</u>
Total	<u>205</u>

23. Business segment

The Company analyzes the performance of the segments and allocates resources based on various factors. Revenues and operating income are the predominant financial factors.

Company management evaluates the performance of each segment based on its activities, which reflects the structure of the business model adopted. It is important to highlight that transactions between the Company and its subsidiaries, as well as between subsidiaries, are completely eliminated in the presentation of balances by segment.

The Company elected to organize the entity around the differences between products and services. Therefore, the economic segments in which it operates are:

Generation and Transmission

This segment is composed of subsidiaries Pacto Geração e Transmissão Ltda. and Pacto Geração Distribuída Ltda., as well as subsidiaries Salto do Aemoa Energética Ltda., MEZ 3 Energia S.A., MEZ 4 Energia S.A., Capim Branco Energia Solar SPE Ltda., DP 1 Energia Solar SPE Ltda., DP 2 Energia Solar SPE Ltda., DP 3 Energia Solar SPE Ltda., and UFV RS Energia Solar SPE Ltda.

Generation consists of 5 solar plants and 1 hydro power plant that total 10.47 MW of power, distributed across the states of Goiás, Minas Gerais and Paraná.

The transmission companies operate lines in the cities of Jataí, Goiás state and Cruz Alta, Rio Grande do Sul.



Notes to financial statements *(Continued)*
(In thousands of reais, unless otherwise stated)

Trade

In this segment, power is sold in the Free Market (“ACL”), obligatorily registered with the Electric Energy Trade Chamber (CCEE) through subsidiaries Pacto Comercializadora de Energia e Gás Natural Ltda. and Evolution Comercializadora de Energia e Gás Natural Ltda.

Services

They are related to the Group's businesses that provide services related to the implementation of photovoltaic systems, electric vehicle mobility, consumption metering, power bill management and telecommunications.

This segment is composed of Pacto Indústria Ltda., Pacto Soluções em Energia S.A., W2E Digital Ltda., Pacto Mobility Ltda., Pacto Energia e Manutenção Ltda. and Pacto Telecom Ltda.

Holding and other

This segment is composed of Pacto Energia S.A. in addition to the companies maintained for project development.

The Company's management uses economic performance indicators as the main source of information to guide operational decision-making and capital allocation. Due to this approach, the statements of profit or loss for the reference dates December 31, 2023 and 2022 are presented below, divided by segment.



Pacto Energia S.A.

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Notes to financial statements *(Continued)*

(In thousands of reais, unless otherwise stated)

	Note	Generation and Transmission		Trade		Services		Holding and other		Consolidated	
		12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Revenues	15	4,486	6,931	197,296	272,560	15,915	11,755	-	-	217,697	291,246
Costs of sales	16	(2,164)	(1,712)	(193,474)	(255,864)	(9,009)	(10,980)	-	-	(204,647)	(268,556)
Changes in fair value in purchase and sale of power	20	-	-	2,298	(5,694)	-	-	-	-	2,298	(5,694)
Gross profit		2,322	5,219	6,120	11,002	6,906	775	-	-	15,348	16,996
Operating expenses											
General and administrative expenses	17	(886)	(463)	(4,411)	(3,237)	(3,700)	(2,403)	(1,191)	(702)	(10,188)	(6,805)
Equity pickup	8	2,123	2,560	398	-	(50)	(13)	(1,303)	(2,158)	1,168	389
Other income and expenses, net		685	(502)	486	(27)	894	2,897	321	(632)	2,386	1,736
		1,922	1,595	(3,527)	(3,264)	(2,856)	481	(2,173)	(3,492)	(6,634)	(4,680)
Operating income before finance income (costs)		4,244	6,814	2,593	7,738	4,050	1,256	(2,173)	(3,492)	8,714	12,316
Finance income (costs)	18										
Finance income		18	84	331	261	63	18	849	133.00	1,261	496
Finance costs		(3,097)	(2,466)	(72)	(67)	(566)	(746)	(1,166)	(742)	(4,901)	(4,021)
		(3,079)	(2,382)	259	194	(503)	(728)	(317)	(609)	(3,640)	(3,525)
Income before income and social contribution taxes (IRPJ and CSLL)		1,165	4,432	2,852	7,932	3,547	528	(2,490)	(4,101)	5,074	8,791
Income and social contribution taxes	19										
Current		(512)	(496)	(963)	(952)	(728)	(73)	-	-	(2,203)	(1,521)
Deferred		2	(2)	639	(1,330)	(515)	-	-	-	126	(1,332)
		(510)	(498)	(324)	(2,282)	(1,243)	(73)	-	-	(2,077)	(2,853)
P&L for the year		655	3,934	2,528	5,650	2,304	455	(2,490)	(4,101)	2,997	5,938
Income attributable to:											
Controlling interests		194	3,309	2,487	5,650	2,341	448	(2,215)	(4,003)	2,807	5,405
Noncontrolling interests		461	625	41	-	(37)	7	(275)	(98)	190	533
P&L for the year		655	3,934	2,528	5,650	2,304	455	(2,490)	(4,101)	2,997	5,938

Notes to financial statements (Continued)
(In thousands of reais, unless otherwise stated)

24. Future commitments

Power purchase and sale agreements

At December 31, 2023, the Company, through its subsidiary Pacto Comercializadora de Energia e Gás Natural Ltda., has various power purchase and sale commitments for future years until 2028. These agreements are related to transactions in the domestic market, mostly with other energy traders. At December 31, 2023, all power purchase and sale agreements are recognized in the financial statements at fair value.

Year	Volume transacted - MWm	
	Purchase	Sale
2024	1,143.65	1,329.34
2025	375.57	349.58
2026	54.00	84.55
2027	30.00	6.05
2028	24.00	44.08
Total MWm	1,627.22	1,813.60

25. Insurance coverage

The Company adopts an insurance policy at levels deemed sufficient to cover risks arising from possible claims against fire, lightning strikes, explosion and theft, which would affect inventory and PPE. The insurance amount refers to Usina Fotovoltaica (UFV) Capim Branco II SPE Ltda., DP 1 Energia solar SPE Ltda., DP 2 Energia solar SPE Ltda., and DP 3 Energia solar SPE Ltda., as follows:

Coverage	Insured risk amount	Beginning of effectiveness	End of effectiveness
Fire, lightning, explosion and aircraft crash	R\$25,000	02/27/2022	07/27/2024
Fire, lightning, explosions and aircraft crash, theft, electric damages, windstorm, hurricane, cyclone, hailstorm and tornado.	R\$ 9,810	10/26/2023	10/26/2024

26. Events after the reporting period

Change in management

On January 01, 2024, a change in the Company's leadership occurred. By means of the minutes of a Special General Meeting, CEO Rodrigo Ferreira Fonseca Pedroso withdrew from his position as CEO to become a member of the Board of Directors. Mr. Carlos Eduardo Fontoura is the new CEO.

Increase in equity interests – Pacto Mobility Ltda.

Pursuant to the agreement amendment dated March 2024, the Company, through its subsidiary Pacto Indústria Ltda., increased its interest percentage from 50% to 100% in Pacto Mobility by purchasing such company's units of interest.





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