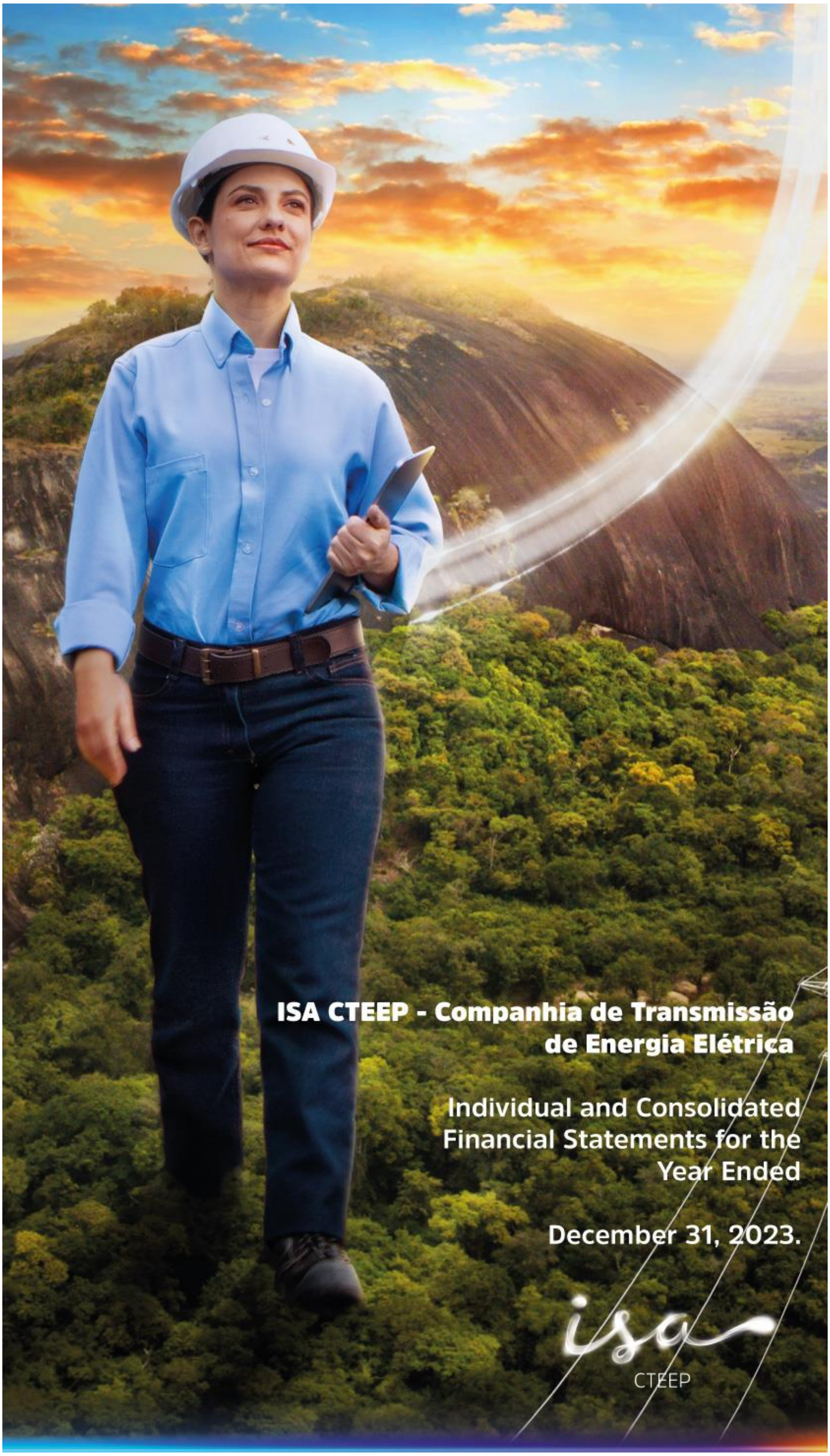
ISA CTEEP - Companhia de Transmissão de Energia Elétrica
Individual and Consolidated Financial Statements for the Year Ended
December 31, 2023.
isa
CTEEP

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT AUDITOR'S REPORT ON THE
INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders, Directors and Officers of
CTEEP - Companhia de Transmissão de Energia Elétrica Paulista S.A.

Opinion

We have audited the accompanying individual and consolidated financial statements of CTEEP - Companhia de Transmissão de Energia Elétrica Paulista S.A. ("CTEEP" or "Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheet as of December 31, 2023, and the related statements of income, of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including the significant accounting policies.

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of CTEEP - Companhia de Transmissão de Energia Elétrica Paulista S.A. as of December 31, 2023, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards - IFRS, issued by the International Accounting Standards Board - IASB.

Basis for opinion

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

Emphasis of matter

Law No. 4.819/58

As described in note 9 to the individual and consolidated financial statements, the Company recognizes receivables from the State of São Paulo amounting to R$2,371,307 thousand, net, related to the impacts of Law No. 4.819/58, which granted the employees of companies owned by the State of São Paulo the retirement and pension supplementation benefits that are already granted to other civil servants.
The Company's Executive Board has been monitoring the new facts related to the matter and is also continuously assessing any impacts on its financial statements. Our opinion is not qualified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual and consolidated financial statements for the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and, therefore, we do not provide a separate opinion on these matters.

Contract asset

As disclosed in notes 5 and 16 to the individual and consolidated financial statements, the Company and its subsidiaries operate as service providers, under concession arrangements, and are compensated for the construction and implementation of the electric power infrastructure, as well as for the maintenance and operation of such infrastructure. During the construction stage, the Company and its subsidiaries recognize, as a contra entry to the construction revenue, a contract asset, which is amortized after the beginning of operations, to the extent that the Company and its subsidiaries operate and maintain the infrastructure built, and based on the receipt of the compensation for the fulfillment of both performance obligations. As of December 31, 2023, the Company's contract asset balance is R$19,682,366 thousand in Parent and R$25,989,375 thousand in Consolidated.

The recognition of the Company's and its subsidiaries' contract asset and revenue in accordance with technical pronouncement CPC 47 - Revenue from Contracts with Customers (IFRS 15 - Revenue from Contracts with Customers) requires the exercise of significant judgment about the timing in which the customer obtains control of the asset. Additionally, the measurement of the progress in relation to the fulfillment of the performance obligation satisfied over time also requires the use of estimates and significant judgment by the Executive Board to estimate the necessary efforts or inputs to fulfill the performance obligation, such as materials and labor, expected profit margins in each performance obligation identified, and expected revenue projections. Finally, as it is a long-term contract, the identification of the discount rate that represents the financial component embedded in the flow of future receipts also requires the use of judgment by the Executive Board. Due to the materiality of the amounts and significant judgment involved, we consider the measurement of the contract asset and revenue from contracts a key audit matter.

Accordingly, our main audit procedures included, without limitation: (i) understanding the process for recognition of the contract asset and respective revenues, by nature; (ii) assessing the design, implementation and operational effectiveness of the significant internal control activities related to the recognition of the respective revenues deriving from the contract asset; (iii) understanding the criteria and assumptions used in determining the construction margins, the implicit rates applied to the future flows of receipt and the estimated indemnity amounts on the residual values of the transmission infrastructure, when applicable; (iv) performing substantive tests related to the additions to the contract asset, on a sampling basis; (v) recalculating the future flows of receipt of the infrastructure projects (new lines, reinforcements and improvements), on a sampling basis; (vi) recalculating the inflation adjustments and financial compensation for the contract assets on a sampling basis, based on the contractual conditions established and other assumptions used by the Company; (vii) analyzing the flow of receipt related to the infrastructure already built, as well as the corresponding law (Law No. 12.783/13 - RBSE), for purposes of classification as contract asset; and (viii) assessing the disclosures made by the Executive Board in the individual and consolidated financial statements.

Based on the audit procedures performed related to the measurement of the Company's and its subsidiaries' contract assets and the audit evidence supporting our tests, we believe that the contract asset and respective revenue measurement criteria adopted by the Executive Board, as well as the related disclosures in notes 5 and 16 to the individual and consolidated financial statements, are acceptable within the context of the individual and consolidated financial statements for the year ended December 31, 2023 taken as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added for the year ended December 31, 2023, prepared under the responsibility of the Company's Executive Board and disclosed as supplemental information for purposes of the IFRS, were subject to audit procedures performed together with the audit of the Company's individual and consolidated financial statements. In forming our opinion, we assess whether these statements are reconciled with the financial statements and the accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added were appropriately prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

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

The Executive Board is responsible for such other information. The other information comprises the Management Report.

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

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

Responsibilities of the Executive Board and those charged with governance for the individual and consolidated financial statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board.

- Conclude on the appropriateness of the Executive Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

The accompanying individual and consolidated financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, February 20, 2024

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.

Renato Vieira Lima
Engagement Partner

2024SP029648

ÍNDICE

MESSAGE FROM THE MANAGEMENT

At ISA CTEEP, we work every day to build connections that inspire – and the bigger connection we have is with the Life! With a team of more than 1.6 thousand employees, we operate in 18 States, operating a transmission grid where 28% of all electric energy transmitted in Brazil and 96% in the state of São Paulo passes through.

Security is an unnegotiable value in terms of everything we plan and achieve in the Brazilian electric sector. In the development of new projects and operation of our transmission lines and substations, the prevention of accidents, the care for the people and the mitigation of risks, are decisive factors to guide any decision making. This is a belief of our leaders and business partners, which will continue to be reinforced and strengthened in 2024 and in the next years.

Another certainty we share is that the electric energy boosts life. Our assets are essential for the cities and countryside as a fundamental input to maximize the development, work, education and welfare. Therefore, our Company has the responsibility of structuring and maintaining a successful and long-lasting business model, capable of fulfilling the needs of the current society and future generations.

In order to generate sustainable value and promote positive social and environmental impacts in the long term, we are accelerating ISA CTEEP's growth strategy. Between 2013 and 2023, our portfolio grew from 15 to 35 concessions and the total transmission lines we managed has grown more than twice. The assets won at the transmission auctions account for more than half of the annual operating revenue, which totaled R$2.9 billion in the past year.

Another significant portion of our Company's revenue is linked to the renewed agreement 059/2001, which comprises transmission lines and substations in the state of São Paulo. In this front, our commitment is to the reliability and strength of this extremely important grid for the National Interconnected System (SIN) and it materializes with the excellence in making investments in enhancements and improvements that modernize and update old equipment or expand the capacity in some cases.

Until the end of 2028, we will invest approximately R$5 billion in approximately 250 enhancement and improvements projects under agreement 059. Only in 2023, we earmarked R$1.2 billion, the biggest contribution of our history in this front. In the past year, we replaced a total of 1.9 thousand equipment, such as transformers, circuit breakers, protection systems and transmission lines. These investments, which are critical to increase the security and reliability of the transmission sector, are a leverage for our Company's organic growth, strengthening the Annual Permitted Revenue (RAP) in the tariff review cycles that recognize the modernization of the assets.

We ended 2023 with three new concessions won at ANEEL's auctions: Lot 1 (Serra Dourada Project), Lot 7 (Itatiaia Project) and Lot 9 (Água Vermelha Project). With a total expected investment of R$5.6 billion in these projects, we will achieve around 25% of CAPEX projected by Aneel in the auction, building 2,160 kilometers in new transmission lines and four substations, in addition to expanding another existing one.

In addition to the growth of the new concession portfolio, we completed the startup of activities of Itaúnas Project and started the operation of Triângulo Mineiro project, which are important projects for the population in the Southeast region. Another seven projects were in progress, with construction works in execution.

ISA CTEEP's financial soundness is a pillar for the materialization of all planned projects and developments. At the closing of the period, considering the IFRS, our Company reached a net operating revenue of R$6,215.5 million, 14% higher than in 2022, total EBITDA of R$3,967.5 million, a 12.8% growth – in the regulatory accounting and a total regulatory profit of R$1,942.3 million, a 107.3% growth.

Our preferred shares also posted positive performance during 2023. In addition to starting comprising for the first time ever the ISE, Corporate Sustainability Index of B3, they comprised again the IBRX 100, indicator of the average performance of the quotations of the 100 assets with higher trading and representativeness in the Brazilian stock market and the ICO2, index comprised of shares of the IBrX 100, which transparently report their greenhouse gas emissions (GEE). Our shares appreciated 15% in 2023, period during which their average daily trading volume accumulated in 12 months grew 44%, thus supporting their return to the IBOVESPA, the main index of B3, 10 years after the last participation.

Being connected to life also means steering ISA CTEEP to be the protagonist in a world with less greenhouse gas emissions. The fight against climate changes is one agenda for the entire society and goes through the transition to a renewable energy matrix. The transmission sector play a critical role in this journey, connecting new wind farms, photovoltaic plants and hydroelectric power plans to the major consumer centers, in particular in the South and Southeast regions.

With this look to the sustainable future, we are a company that provides solutions for the energy transition. We operate as innovation agents to add new technologies and new business forms to the electric system, bringing more efficiency, strength and reliability. Without transmission, there is no transition.

This is how we structured the unprecedented battery energy storage project in a substation at the shore of São Paulo, thus avoiding the use of diesel generators to meet the seasonality of the energy demand. We also strengthened our pioneer nature and installed the first 4.0 substation in Brazil at the Substation Jaguariúna, an already existing asset located at the countryside of São Paulo. The initiative is intended to meet the new demands from the electric sector to improve the integration of the renewable sources, increase the grid capacity and accelerate the energy transition through a fully digital asset management system.

In the sector, we are pioneers in establishing emission reduction goals linked to the SF6 gas, which is used as electric insulation in high voltage equipment. Even without a specific regulation for this matter, we have been investing in monitoring systems and solutions (such as digital cameras and containment devices) to prevent and correct leaks as quickly as possible.

In another front, the Conexão Jaguar program contributed in 2023 to the first carbon credit certification at the Pantanal. Held in partnership with the Instituto do Homem Pantaneiro (IHP) and together with our controlling shareholder, ISA, the project is classified in the REDD+ category (Emission Reduction due to Deforestation and Forest Degradation).

We are a B2S (Business to Society) company. This makes people to be at the center of our strategy, oriented to generate positive environmental impacts, contribute to the social development and guarantee an ethical, responsible and transparent conduct.

Hence, together with the business growth and operational excellence that generate value and ensure the corporate longevity, we invested in the development of our employees, promotion of diversity and inclusion (with the Outros Olhares program) and development of social programs (with Conexão Desenvolvimento). The results obtained in those fronts show our capacity to plan and perform important projects beyond the electric infrastructure.

We will continue to pursue our journey with the trust of shareholders, debenture holders, regulatory bodies and the entire society – and with the certainty that we are strengthening the pillars of even more long-lasting, innovative and sustainable ISA CTEEP.

Rui Chammas
Chief Executive Officer

COMPANY'S PROFILE

ISA CTEEP is the leading company in the Brazilian electric power transmission sector. Through its activities and those of its subsidiaries and joint controlled subsidiaries, the Company operates as concession manager to provide solutions that boost energy transition, transmitting renewable energy to all regions in Brazil and operates in 18 Brazilian states (Alagoas, Bahia, Espírito Santo, Goiás, Maranhão, Mato Grosso, Mato Grosso do Sul, Minas Gerais, Paraíba, Paraná, Pernambuco, Piauí, Rio de Janeiro, Rio Grande do Sul, Rondônia, Santa Catarina, São Paulo and Tocantins). The National System Operator (ONS), as inspected and regulated by the National Electric Energy Agency (ANEEL), is responsible for coordinating and controlling the operation of the Company's facilities and of all National Interconnected System's (SIN) electric power generation and transmission facilities.

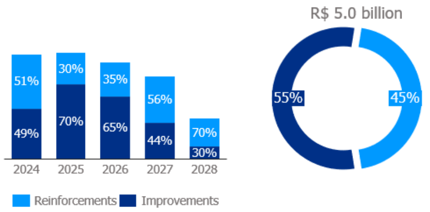
As of December 31, 2023, its infrastructure contemplated approximately 23 thousand kilometers of transmission lines with 32 thousand kilometers of circuits, 137 own substations with voltage of up to 550 kv (assets in operation and construction) and 85 thousand MVA of transformation capacity which make up a complex transmission network that transmit 28% of all electric power transmitted in Brazil and 96% of the electric power transmitted in the State of São Paulo.

In order to efficiently operate its complex transmission system and managed concession portfolio, ISA CTEEP relies on a team comprised of more than 1,600 employees and facilities that allow providing high-quality and reliable services.

Seeking to ensure the corporate longevity and maximize the generation of value to its shareholders, in 2023, the Company expanded its portfolio by winning three new lots in Auction 01/2023 – Itatiaia, Água Vermelha and Serra Dourada Projects, that will add around R$510 million of RAP and have an expected CAPEX Aneel of R$5.6 billion.

Besides ensuring the future growth, ISA CTEEP has energized two new projects (greenfield) during 2023, Itaúnas and Triângulo Mineiro (partially energized), totaling 12 projects energized since 2019. Another growth front are the enhancement and improvement projects in Agreement 059/2001, concession in which the RAP grows organically due to the investments made. The modernization and replacement of equipment, as well as projects to expand the transmission capacity, are critical to ensure the reliability and security in a system that is critical to the Brazilian electric system. After investing R$1.2 billion in enhancement and improvement projects in 2023, the Company was able to rebalance its investment plan in this type of projects thar has approximately R$5.0 billion in investments already approved by the regulatory body to be made in the next five years.

Investment Authorized for Reinforcements and Improvements



SHAREHOLDING STRUCTURE AND CORPORATE GOVERNANCE

ISA CTEEP is controlled by ISA, a multi-Latin company with head office in Colombia, operating in the energy, highway and telecommunication sectors. ISA is a mixed publicly-held company with shares listed on the Colombia stock exchange and ADRs (American Depositary Receipts) traded at the New York (USA) stock exchange. Its controlling shareholder is Ecopetrol S.A., a mixed capital company, with stake held by the Colombian government and shares listed on the Colombia a US stock exchanges.

ISA CTEEP has governance practices aligned with best market practices that comply with the requirements of Level 1 of Corporate Governance of the Brazilian stock exchange B3 S.A. - Brasil, Bolsa, Balcão (B3), the listing segment where the Company's common (TRPL3) and preferred shares (TRPL4) are listed since 2002. More than 64% of the Company's total shares is outstanding (free float).

Shareholders	TRPL3 (common)		TRPL4 (preferred)		Total (common + preferred)	
	Shares	%	Shares	%	Shares	%
ISA Capital do Brasil S.A	230.856.832	89,50%	5.144.528	1,28%	236.001.360	35,82%
Management	-	-	-	-	-	-
Free Float	27.080.900	10,50%	395.801.044	98,72%	422.881.944	64,18%
Eletrobras	25.106.829	9,73%	210.399.836	52,48%	235.506.665	35,74%
Others	1.974.071	0,77%	185.401.208	46,24%	187.375.279	28,44%
Total	257.937.732	100,00%	400.945.572	100,00%	658.883.304	100,00%

Base date: 12/31/2023

The Company's corporate governance structure is comprised of the General Shareholders' Meeting, the Board of Directors, supported by three non-statutory committees (Audit and Risk Committee, Organization Talent Committee and Environmental, Corporate Governance, Sustainability, Technology and Innovation (ASGTI) Committee), the Executive Board and the Supervisory Board.

ISA CTEEP's Board of Directors has one-year term of office and is currently comprised of eight members, of which two are independent and one is the representative of the Company's employees. The Board of Directors is responsible for steering the overall business conduction, monitoring corporate risks, based on the corporate risk management model adopted by the Company, and also for being aware of the exposures and mitigation plans presented. Also, the Board of Directors must be informed about and monitor any weaknesses in controls and processes or involving ethics and conduct, as well as significant regulatory compliance deficiencies by monitoring the plans proposed by the Company's Executive Board to solve them.

The Supervisory Board is permanent and comprised of five effective members and five alternates with one-year term of office.

The Executive Board is comprised of the Chief Executive Officer and four statutory officers, with three-year term of office, reelection being permitted. The Executive Board is responsible for implementing and maintaining efficient mechanisms, processes and programs for monitoring and disclosure of the financial and operating performance and the impacts of our activities on the society and the environment.

Currently, the Board of Directors carries out an annual self-evaluation: the prior-year performance is analyzed at the beginning of each year. The process encompasses the individual performance, group performance and frequency evaluation and significance of the meeting topics, Executive Board's participation and Governance Office's participation in the meetings. Executive Officers are evaluated based on the goals validated by the Board of Directors through the Full Management Board (QGI) and Strategic Initiatives.

In addition, the Company has policies that guide the business conduction on responsible manner, aligned with the corporate development context, making reference to market standards and external initiatives whenever necessary. These regulatory instruments, publicly available at the Investors Relations website, are approved by the Board of Directors and applicable to several Company's areas. Each one of them provides for the conduct parameters for topics within its cope and determine the roles and responsibilities of the teams in the implementation of these guidelines.

STRATEGY

Connected to the superior goal "Conexões que Inspiram" (Connections that Inspire) our strategy is focused on the generation of sustainable value. In line with this context, our strategy comprises three vectors and strategic pillars that support the performance of our activities:

- **Generate value to the shareholder** – grow in the transmission market, through the participation in auctions (greenfield), mergers & acquisitions (brownfield) and investments in asset enhancements and improvements, always focused on financial strength and appropriate profitability and risk criteria.

- **Create positive social and environmental impacts** – generate value for the society and the planet through high-impact social and environmental projects and actions to reduce and mitigate the climate change impacts.
- **Ensure corporate longevity** – invest in new energy business and the innovation and entrepreneurship capacity, ensuring the longevity of our activities. Create high-performance teams and enter into strategic partnerships, focused on improving competitiveness and developing capabilities.

The 2030 Strategy is supported by four pillars that guide our day-to-day actions and decisions, and also the way how ISA CTEEP builds a relationship with all stakeholders. These pillars together form the acronym V.I.D.A.:

- **Green**: Minimize the environmental impacts of operations and promote initiatives that generate positive environmental impact;

- **Innovation**: Seize the business opportunities arising from the technological evolution and electric sector trends;

- **Development:** Develop organizational capabilities to respond to the long-term challenges and contribute to the development of communities and entrepreneurship ecosystem;

- **Articulation:** Build partnerships to attain the strategic goals.

The electric power availability is essential for the human life and, therefore, ISA CTEEP pursues a strategy that prioritizes the Company's growth with strength, creating positive environmental and social impacts and consistent results to ensure its longevity.

Within this context, the transition to a clean energy matrix with more renewable sources is one of the most urgent requirements for the sustainable development. The electric power sector transformation is critical to reducing greenhouse gas emissions and mitigating the impacts from climate changes.

Also, as an adaptation measure, it is necessary to ensure a robust power infrastructure resilient to extreme weather events that can become more frequent. For this reason, the Company always seek to increase its competitiveness to advance in the generation of new business, with innovation, consolidation of new technologies and continuing increase of the operating efficiency.

The transmission sector plays a key role for the energy transition. The operation and maintenance of the assets comprising the National Interconnected System (SIN) are critical to ensure the security and reliability in the supply of electric energy to the Brazilian population. At the same time, the investment in new transmission projects, with innovation and lower environment impact technologies allows the connection of the renewable source generation plants (wind, solar and hydroelectric) to the major consumer centers.

Therefore, the investment in power transmission assets that allow this higher integration of renewable sources is essential to speed up the energy transition and competitiveness in the electric power sector.

The Company is well positioned, with its technical capacity and experience, to participate in auctions and, besides getting ready for the auctions through previous studies, bids and partnerships, and it also adopts a high level of requirement to provide the resources that should be dedicated to the project and ensure a minimum level of appropriate return for all auction lots.

INNOVATION

The innovation is one of the leverages to boost the energy transition, and the Company seeks to develop modern solutions for the transmission sector. Its pioneer nature is recognized for the implementation of reliable projects that generate efficiency, cost optimization and environmental benefits.

One of the main projects implemented in this context is the first large scale energy battery storage system in Brazil. Implemented at Substation Registro at the end of 2022, the innovation made loads at the grids in its first summer of operation. With 180 lithium battery racks and 30 MW power, the system contributes mainly to avoid supply failures during summer vacation period, when the power demand increases significantly at the São Paulo shore.

Authorized by ANEEL as part of the enhancement and improvement program of Agreement 059/2001, the battery energy storage avoided the installation of diesel generators to meet the additional power, avoiding the emission of up to one thousand tons of carbon. Also, the infrastructure is flexible, and can be allocated in another system point when the enhancement at the Substation Registro is no longer necessary.

With the same focus on the transmission sector growth, it also led the implementation of the 4.0 digital substations in Brazil, with the first operation starting in August 2023 at substation Jaguariúna, in the countryside of the state of São Paulo. With investment of around R$11 million, the solution is based on the Internet of Things (IoT) concept and aggregates protection system, control, automation, monitoring, communication and management of assets fully digital and centralized, through a computer platform and high-performance communication using optic fiber cables. These solutions reduce the demand for physical spaces, the generation of waste and make the operation of assets more efficient.

Another innovation project where ISA CTEEP is working is the ZACCX, a communication system between maneuvers and operation. The platform is already present in more than 100 substations, facilitating the interaction between operators and field technicians and speeding up decision making. During such initial period, it already allowed 52% reduction of the operator’s time at the telephone and 41% reduction of the maneuver execution time.

The main method used by the Company to promote innovations is the Research, Development and Innovation (RDI) Program, regulated by ANEEL. In 2023, the Company’s investment in the RDI has virtually doubled when compared to the prior year and reached R$19.9 million, with higher contributions in the development of solutions for planning of transmission systems and asset supervision, control and protection.

Employees are encouraged to participate in the creation processes and learn new methodologies for application of innovative projects on a regular basis. In 2023 ISA CTEEP created the SINAPSE, a program that qualifies professionals groups for efficient methodologies, who can act in integrated technological innovation initiatives, process optimization, digital transformation and efficient culture. The Company also organizes the annual award “Destaques em Inovação e Transformação Digital”, which is granted to employees whose projects stand out in terms of actions related to these matters.

The Open Innovation Program is the vehicle through which ISA CTEEP promotes interaction mainly with startups in the search for innovative solutions for the main challenges of its business model.

In 2023, for the second consecutive year, the Company was ranked in the Top 10 of the 100 Open Startups Ranking – Electric and Renewable Energy category. The ranking recognizes the companies that most search for open innovation in the country, considering 5.3 thousand companies that established partnerships with startups in the past 12 months. The award is conducted by 100 Open Startups, a leading open innovation platform in Latin America.

SUSTAINABILITY AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) PERFORMANCE

Oriented by the strategic pillar of creating positive social and environmental impacts throughout the entire value chain, the Company, besides adopting in its corporate positioning, makes resolutions that consider the contributions of its business model to the 17 Sustainable Development Goals (SDG), proposed by the UN within the scope of the Agenda 2030.

ISA CTEEP is a signatory of the Global Compact since 2011, participating in the initiatives and movements led by Rede Brasil of the UN’s initiative. In 2023, it mapped the SDG with priority correlation with its activities and operations, establishing corporate commitments to contribute to the attainment of the global goals oriented to the sustainable development.

The management of the matter is shared with all business areas and the growth of the operation strategy is monitored by the Sustainability area, supervised by the ASGTI Committee and the Board of Directors. The work involves the management of critical indicators for the business, related to the Materiality Matrix topics, and the report of regular performance to the senior management and external audience.

In 2023, the Company included SDG goals in the scope of the variable compensation of all employees, aligning the business development to the short, medium and long-term goals.

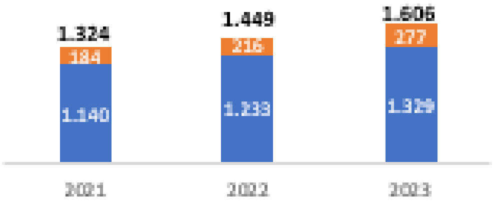
The Company’s management quality with respect to environmental, social and corporate governance aspects has been recognized. In 2024 the Company was selected to comprise the portfolio of the Corporate Sustainability Index (ISE B3) and the Efficient Carbon Index (ICO2 B3) for the second consecutive year.

The Company also comprises the FTSE4Good, one of the most important international sustainability indices of the London Stock Exchange. Comprised of publicly-held companies committed to SDG criteria, the index analyzes more than 300 indicators.
ISA CTEEP voluntarily and annually discloses information on risk management and opportunities associates with climate changes. Also, the Company answers the questionnaires of the Carbon Disclosure Program (CDP) platform, an initiative that gathers information on the management for climate changes of companies and governments throughout the world, and received A- grade in the most recent evaluation of its governance model for the matter.

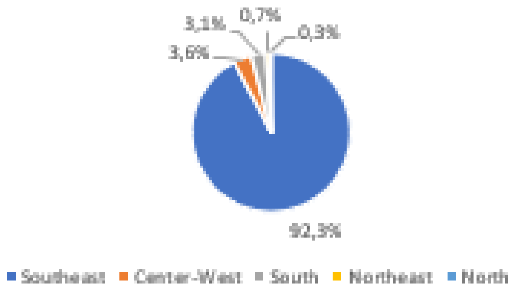
Also in this front, ISA CTEEP adopts the guidelines of the Brazilian GHG Protocol Program to measure the emissions of greenhouse gas and annually prepare the GEE (greenhouse gas) inventory. The document is available to all stakeholders at the Public Emission Register.

PEOPLE

The success of the 2030 Strategy is directly related to the training and development of highly qualified teams for the development of new projects ad businesses in the energy transmission sector. Therefore, ISA CTEEP adopts a human capital management approach that encourages the alignment with its values and principles, the continuing learning and the culture of appreciation of professional talents.



*Does not consider apprentices, interns and advisors



OCCUPATIONAL SAFETY AND HEALTH

ISA CTEEP's people management begins with an unnegotiable value: safety.

To steer its management method, the Company has defined clear guidelines in terms of Occupational Health and Safety Policy and a set of procedures and rules to ensure the promotion of safe work conditions at the several activities it performs using these tools, strengths the organization involving the entire leadership and the CIPA. All these rules, trainings and awareness actions comprise the "Conectados com a Vida" program, which transform this commitment into reality.

As the higher risks for people are in the field activities, in 2023 ISA CTEEP reorganized the management structure, integrating the Occupational Health and Safety Management (SST) into the Operations Department, strengthening the safety culture mainly in the relationship with third parties and construction and maintenance service providers.

With a series of structured actions and continuing growth planning, the Company showed improvement in the performance in relation to safety in operations.

In 2023, the accident frequency rate with and without leave of absence dropped from 3.57 (consolidated result for employees and third parties in 2022) to 0.68. There was no death and no accident involving employees. No case of occupational disease involving employees or third parties was also not recorded.

In July 2023, the "Parada de Segurança" was held, a moment when all employees and third parties fully interrupt their activities in substations, construction works and at the corporate headquarter. The professionals met with the leaders to discuss safety, improvement opportunities, strength the commitments to life and know the updates of the 8 Gold Rules, which are a set of guidelines, principles and rules that must be followed by all employees and third parties, in all projects and activities.

The effectiveness of the health and safety system is continuously evaluated, through the Company's Health and Safety Committee, in particular the following bodies:
Central Committee: monitors the occupational safety and health management and strengthen the culture through the "Conectados com a Vida" Program;

Executive Committee of Operations and Executive Committee of Projects: responsible for monitoring occupational safety and health indicators, activities and actions plans;

Also, to promote the topic in its value chain, ISA CTEEP presides the Occupational Health and Safety Committee of the Brazilian Association of Electric Energy Transmission Companies (Abrate), strengthening the exchange of practices with other companies and the sharing of challenges, trends and market innovations.

People development

ISA CTEEP has a qualification and training program that strengthens the technical and behavioral abilities of all of its 1,606 employees.

In 2023, the Company invested R$1.8 million in training and qualification, reaching more than 72 thousand hours of training (average of 45 hours per employee). In this period, it formed 80 professionals as drone operators, which ensured that 100% of transmission line inspections was carried out without using this type of aircraft, with efficiency gains and higher security.

Despite the employee average training time reduction, actions were adjusted to ensure the development and qualification of the teams. Annually, the need for training is evaluated together with the business area managers, ensuring that the development strategies are aligned with the organizational goals and market expectations.

Average training hours per employee[1]	2023	2022	2021
By gender			
Male	48.05	77.53	39.47
Female	30.61	28.76	13.19
By functional level			
Executive Board	27.01	21.56	8.67
Management	30.36	17.58	12.64
Coordination	53.01	39.52	23.16
Specialists	16.55	20.04	17.95
Administrative	87.13	15.76	9.16
Operational	35.55	89.59	43.89
Total	**45.04**	**70.26**	**35.70**
[1] Calculated as the total training hours applied during the year divided by the headcount at the end of the period			

In 2023, the Company started to structure a training schedule for the development of new technical abilities of the operational technicians. The purpose is to ensure that the talents identified have a multidisciplinary view of the Operation and Maintenance (O&M) challenges and activities. This initiative, development after the identification of opportunities with the business growth to other Brazilian regions, was initially conducted at the São Paulo regional and will be expanded to the other Company's units as from 2024.

With the ambition of maximizing the development of leaders and potential successors, one of the main objectives desired by ISA CTEEP for 2024 is the structuring of an integrated leader training and development platform, in the concept of a corporate university.

Diversity and inclusion

The promotion of diversity is a leverage for the Company to attract the best talents in the transmission sector for its staff. This view is formalized in the Diversity and Inclusion Policy, and guides the initiatives to make sure that all persons have equal access to the professional growth opportunities.

The initiatives are structure within the Outros Olhares" Program, a platform focused on promoting the diversity and inclusion culture and the professional acceleration of groups sub-represented at the companies. The Program is conducted by the Strategic Diversity Committee, comprised of executives and officers, and the four established Affinity Groups – Gender; Race and Ethnics; Disabled Persons (PCDs) and LGBTI+.

The Company, in its internship and trainee programs, offers affirmative positions to the four diversity pillars mentioned above.

ISA CTEEP has developed, in partnership with Senai, an electrician course exclusive for women seeking to increase the female presence in operational positions in the energy transmission sector and, thus, promote diversity with the fulfillment of the demand for qualified professionals for the area.

The recruitment of candidates for the positions offered is made at communities with higher social vulnerability, in order to also provide a positive economic impact and expand the opportunities of access to the market.

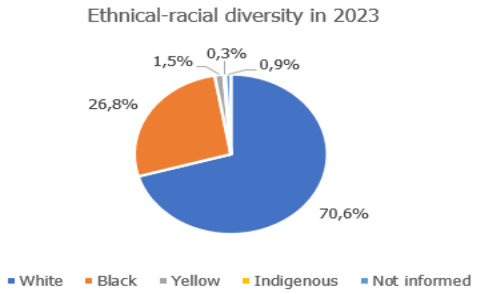
The first group of electrician women was formed in 2023, at the Pirituba – Jorge Mahfuz unit of Senai. 75 scholarships were offered for the course, with a course load of 160 hours.

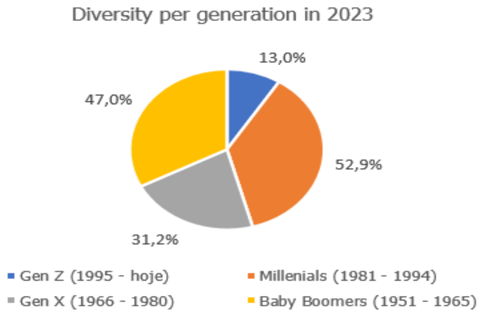
At the end of 2023, women corresponded to 17% of ISA CTEEP's staff.

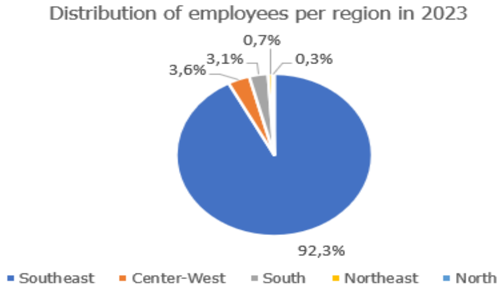
With respect to leadership positions, this group accounts for 22% of the staff. Considering the Executive Board position (statutory), ISA CTEEP shows the highest participation of women between the electric power sector companies, with 60% of positions occupied by women.

At the end of 2023, black and brown individuals accounted for 27% of ISA CTEEP's staff. With respect to leadership positions, this group accounts for 10% of the staff.

At the end of 2023, disabled persons accounted for 4% of ISA CTEEP's staff.







RISK MANAGEMENT

The full management of corporate risks is a tool that supports the development of governance processes, with the continuing assessment of external and internal factors that can adversely impact the implementation of the 2030 Strategy. To conduct such management, ISA CTEEP relies on an administrative structure and a system in line with the best standards, including ISO 31000 and the Sarbanes-Oxley (SOx) Law.

The guidelines of such management front are established in the Full Risk Management Policy, a document that guides the structuring of the Corporate Risk Matrix, where the mapped risk factors are classified according to four levels of criticality and 20 groupers in the economic, operational, social and environmental and compliance categories.

Such matrix is quarterly updated, a process that allows the continuing evaluation and update of the factors that can have adverse effects on the strategic goals or corporate resources. Hence, since, 2022, the risks associated to climate changes were classified as of high impact for the business model, demanding mitigating and internal control actions.

On a quarterly basis, the risk management condition is presented to the risk Critical Analysis Committee, comprised of the Company's senior management and other risk responsible persons, at a meeting where the risks and their mitigation actions are presented and discussed. ISA CTEEP also relies on the Business Continuity Committee, which establishes management standards for response to emergencies and crises. Subsequently, the events are presented to the Audit and Risk Committee and the Board of Directors.

The Company also relies on the Internal Audit and Risk Department, responsible for providing independent, objective opinions about the effectiveness of internal controls and governance processes. The area is directly subordinated to the CEO and the Audit and Risk Committee.

The Company's internal control system was developed based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) and is being continuous enhanced.

ECONOMIC AND SECTORIAL ENVIRONMENT

The Brazilian economy in 2023 was marked by a series of factors, including the investor's trust recovery, tax reforms and the search for higher efficiency in public spending. The administration elected in 2022 took office in January 2023 and promoted an agenda to reduce budget deficit and ensure the balance of public accounts.

The restraining monetary policy adopted by the Central Bank of Brazil (BACEN) with the increase of the benchmark interest rate in 2021 and 2022, was successful and inflation in 2023, as measured by the Expanded National Consumer Price Index (IPCA), was 4.62%, below the target ceiling. Inflation control allowed the BACEN to start the cycle of reduction of the benchmark interest rate goal, and make 3 drops in the year which together totaled 150 basic points. With this, the benchmark interest rate reached 11.75% at the end of the year.

The economic activity in Brazil, as measured by the Gross Domestic Product ("GDP") posted a year-on-year 3.1% growth at the end of the third quarter (3Q23), and, in December 2023, the Applied Economic Research Institute ("IPEA") has reviewed its projection of growth of the Brazilian economy to 3.2% in 2023.

Besides the performances of the inflation and GDP in 2023, Brazil still posted decrease of the unemployment rate from 9.6% to 7.8%, and growth of 3.1% in the average real income in the same period.

The projections of the Focus bulletin of February 06, 2024 for the IPCA and GDP in 2024 were 3.81% and 1.6%, respectively.

Brazil, in acknowledging the importance of the energy infrastructure for the country's development, has been investing even further in the energy transition. This investment was prioritized and is based on the improvement of the matrix with increase of the share of renewable sources and, not only contributes to the sustainability, but also strengthens the security of supply. Clean energy, such as solar and wind, projects, receive incentives and obtain space in the domestic production and are naturally concentrated in the Northeast region and Northern area of the state of Minas Gerais. At the end of 2023 Brazil posted a record increase of its electric energy generation capacity. Over the year, the start of operations of new generation plants added 10.3 GW to Brazil's installed capacity, of roughly 200 GW.

In addition to the investment in renewable energy sources, the energy transition requires investments in the expansion of the transmission grid, due to country's geographic and demographic characteristics as the main consumer center for this energy is located in the Center-South region.

With this, ANEEL has held the biggest energy transmission auctions in the country's history in 2023. Two auctions were held with a total of 14 lots and investments in projects that will contribute to the expansion and security of the electric energy transmission system in Brazil.

Additionally, at the Annual Meeting held on February 14, 2023, ANEEL's Executive Board approved the full postponement of the Period Tariff Revision (RTP) of the concession arrangements renewed for July 2024. It was defined that the cut-off period was maintained to June 2023 and the retroactive effects deriving from the postponement of the RTP for the 23/24 cycle, will be considered through the Adjustment Portion (PA).

OPERATIONAL PERFORMANCE

ISA CTEEP operates in the electric power transmission segment, through its activities, subsidiaries and associates, and is present in 18 Brazilian states. As of December 31, 2023, its infrastructure contemplated approximately 23 thousand kilometers of transmission lines with 30 thousand kilometers of circuits, 137 own substations with voltage of up to 500 kV (assets in operation and construction) and 85 thousand MVA of transformation capacity which make up a complex transmission network that transmit 30% of all electric power transmitted in Brazil and 94% of the electric power transmitted in the State of São Paulo. The Company's Non-Supplied Energy Index (IENS) totaled 0.000425%. As a reference, the IENS of the National Interconnected System was 0.0046%.

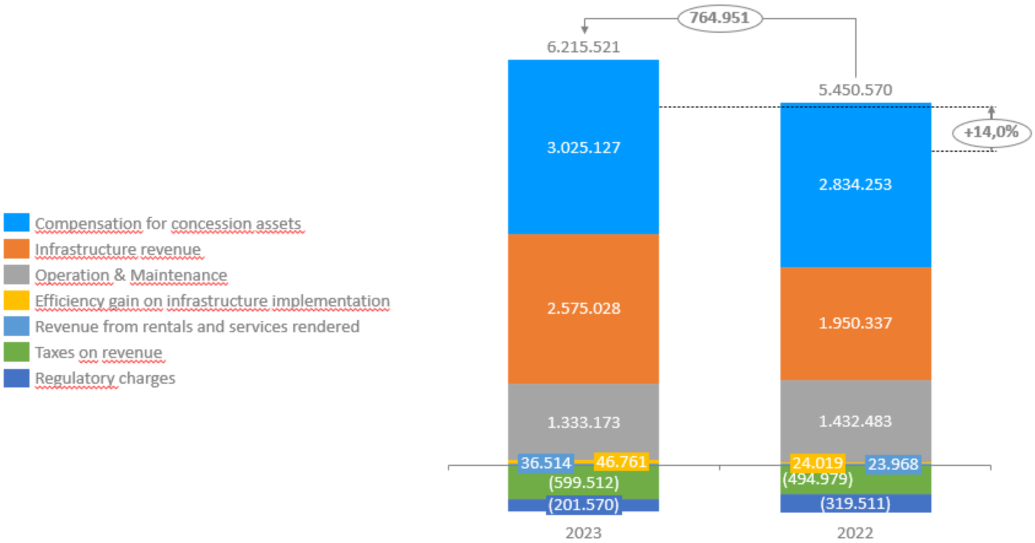
As at December 31, 2023, the Company and its subsidiaries and jointly controlled subsidiaries were parties to 35 concession arrangements for electric power transmission totaling the right to a RAP of R$5,509,662 (ISA CTEEP and subsidiaries) and R$705,257 (jointly controlled subsidiaries), 2023/2024 cycle.

The Company's strategy is to generate sustainable value, supported by the operational excellence in the management of assets and operation and maintenance (O&M) processes, with growing investments in greenfield projects and investments in reinforcements and improvements, seeking longevity, expansion nationwide and modernization of the assets. In 2023, R$1,942,958 was invested, a 13.72% increase when compared to the same period of 2022, of which 1,089 enhancement and improvement projects and greenfield projects of subsidiaries: Triângulo Mineiro (contract 007/2020) of IEMinas Gerais, Minuano (contract 001/2020) of Evrecy, IERiacho Grande (contract 005/2021), IEItaúnas (contract 018/2017), Jacarandá (contract 011/2022) of IEJaguar 8 and Companhia Piraquê project (contract 008/2022).

ECONOMIC AND FINANCIAL PERFORMANCE - IFRS

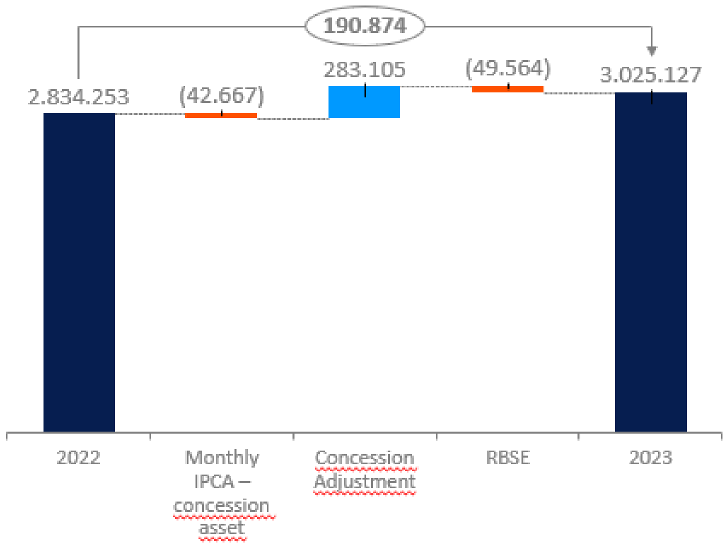
Analysis of consolidated earnings for the year ended December 31, 2023, stated in thousands of Brazilian reais – R$. In 2023, the Company, its subsidiaries and jointly controlled subsidiaries recorded profit of R$2,892,362, compared to the total amount of R$2,319,791 earned in 2022, an increase of 24.68%, illustrated in the line items below.

Year-on-year **net operating revenue** was up 14.03% when compared to the previous year and consists of the following changes:



In 2023, the **concession asset compensation** totaled R$3,025,127, compared to R$2,834,253 in 2022 mainly due to: (i) increase due to the financial flow adjustment by the implicit rate of R$253,525, offset by (ii) lower inflationary effect of the monthly IPCA adjustment[1], resulting in a decrease of R$62,651.

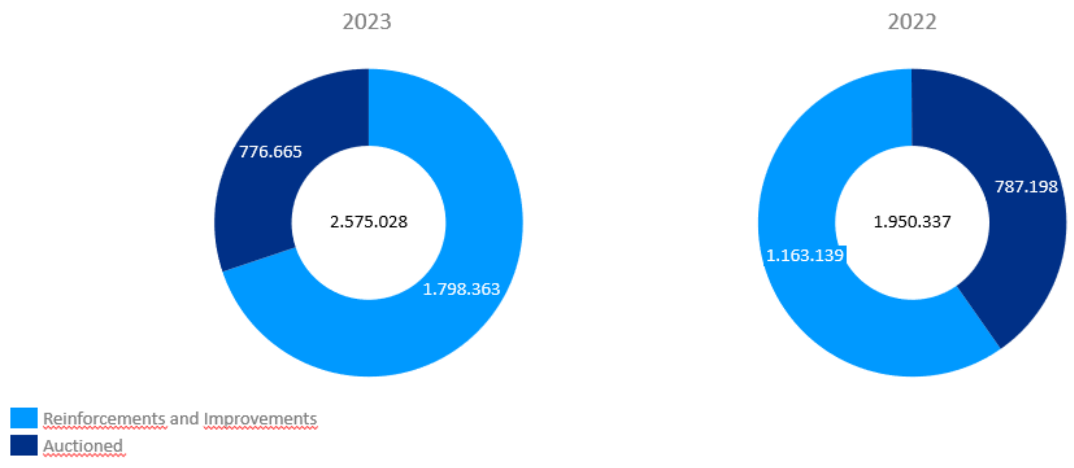
1 IPCA 2023 4.59% - 2022 5.77%



Infrastructure revenue totaled R$2,575,028 in 2023 and R$1,950,337 in 2022. The variation primarily derives from:

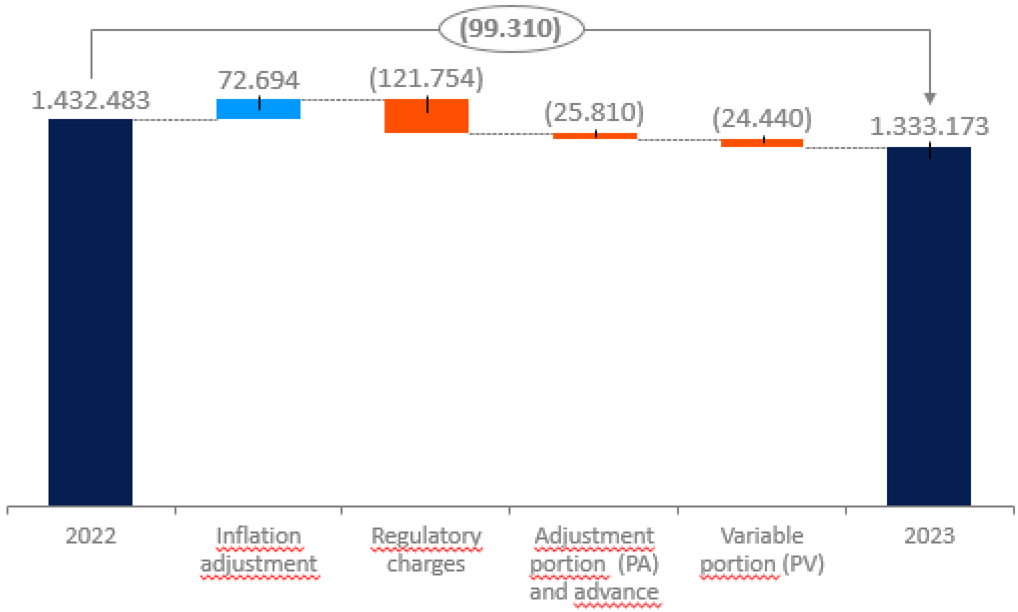
- **Auctioned:** increase of R$286,083 in Piraquê project, offset by the decrease of R$296,616 in subsidiaries (i) Evrecy (Minuano) due to the final percentage-of-completion of the works; (ii) the startup of operations in 2023 of subsidiaries Itaúnas and IEMG (Triângulo Mineiro) and (iii) startup of operations, in 2022, of subsidiaries Tibagi (Três Lagoas) and Biguaçu.

- **Reinforcements and Improvements:** increase of R$635,224 due to new investments in reinforcement and improvement projects.



The **efficiency gain** refers to the additional gain recorded through construction margin during the construction, which originates from the higher efficiency in relation to the expected costs and/or advance in relation to ANEEL's deadline. In 2023, it totaled R$46,761 compared to R$24,019 in 2022, the variation was due to: (i) gains relating to reinforcement and improvement projects energized in 2023, in the Parent, in the amount of R$64,611, offset by (ii) the startup of operation, in 2022, of subsidiaries IE Biguaçu and IE Tibagi in the amount of R$35,607 and (iii) loss in subsidiary IE Itaúnas, in the amount of R$6,393 in 2023.

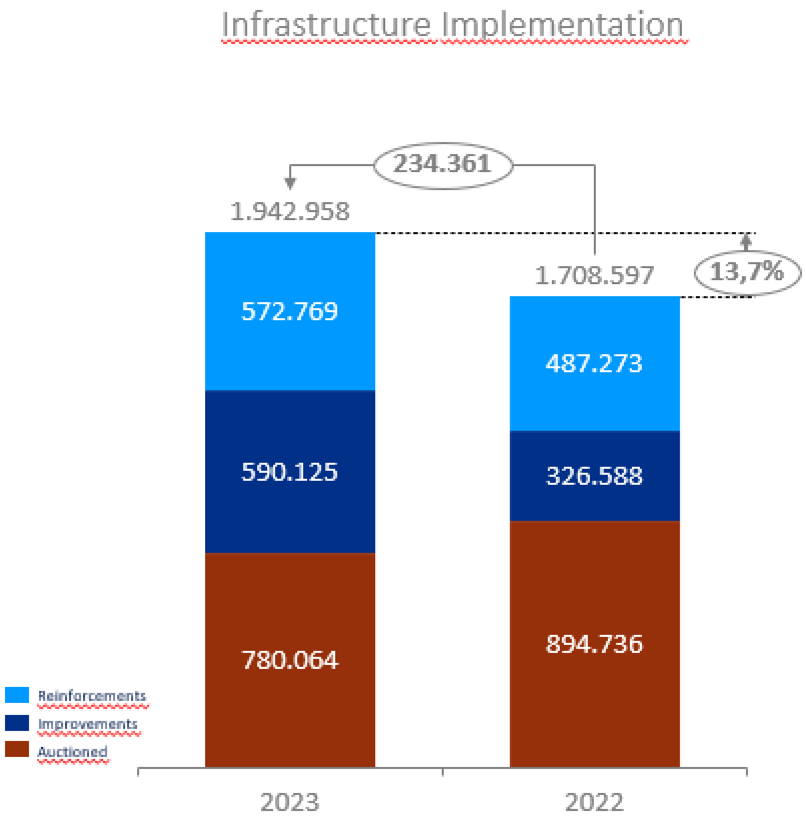
Operating and maintenance revenues totaled R$1,333,173 in 2023, compared to R$1,432,483 in 2022, due to the following main factors: (i) variable portion and decrease in the transfer of regulatory charges embedded in revenue of R$146,194; plus (iii) the negative variation in the adjustment portion and prepayment installments, totaling R$25,810, offset by (iii) positive variation of R$72,694 due to the inflation adjustment to the RAP by the IPCA, 2023/2024 cycle.



Deductions from operating revenue totaled R$801,082 in 2023 against R$814,490 in 2022, primarily due to: the decrease in regulatory charges amounting to R$117,941, which varies according to the effective consumption from free consumers, offset by the increase in current and deferred PIS and COFINS by R$103,158 which follow the gross revenue variance.

The **costs of infrastructure implementation, operation and maintenance services and services provided** increased by 15.5%, totaling R$2,506,641 in 2023 against R$2,170,946 in 2022, of which:

The **costs of infrastructure implementation services** followed the revenue variations and increased by R$234,361 in 2023, primarily due to (i) higher investment in the Parent's works in reinforcements, improvements and the auctioned Piraquê project in the amount of R$602,105, offset by (ii) decrease of R$207,883 in subsidiaries, particularly Evrecy (Minuano) due to the final percentage-of-completion of works and the partial startup of operations in 2023 of subsidiaries Itaúnas and IEMG (Triângulo Mineiro); coupled with (iii) decrease of R$159,861 due to the startup of operations in 2022 of subsidiaries Tibagi (Três Lagoas) and Biguaçu.

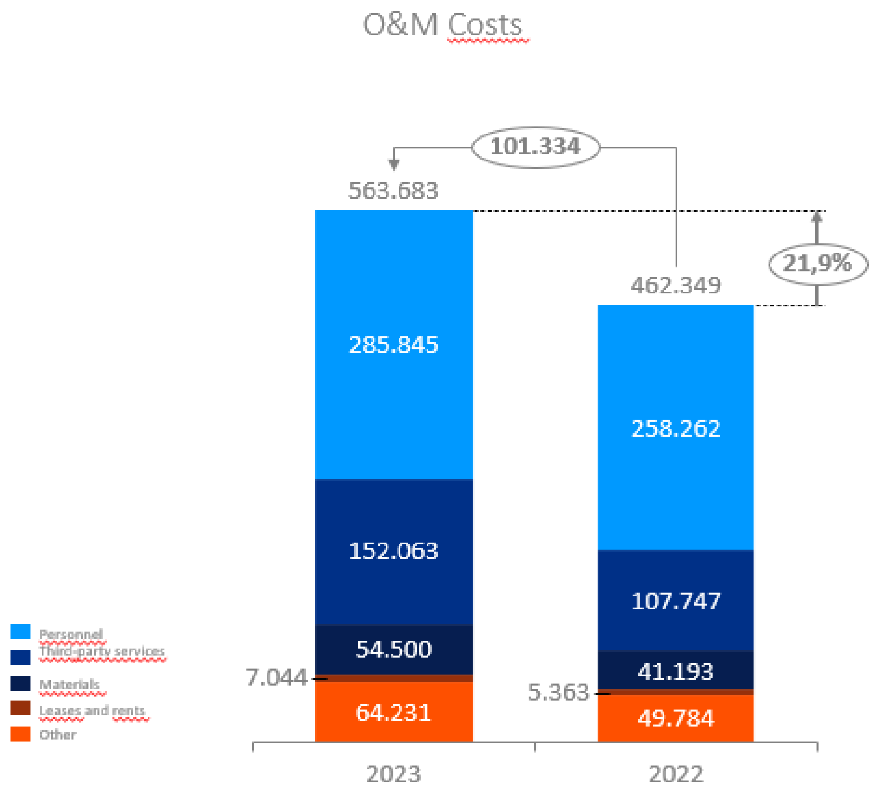


Operation and maintenance costs and service costs increased by R$101,334 in 2023, mainly due to:

- **Personnel:** increase due to the collective bargaining agreement and increase in the staff to support the Company's continuing growth. These effects were partially offset by the higher dedication of the technical staff to reinforcement and improvement projects;

- **Outside services:** due to the expansion of the installed plant there was (i) an increase in the provision of maintenance services in substations and transmission lines; (ii) higher expenses related to security, documentation and ownership of the Company's properties; (iii) higher expenses on commute to perform field services; in addition to factors such as higher expenses on information technology consulting; and expenditures arising from the Company's implementation and regularization for compliance with ISO 14.001;

- **Other:** increase relating to the costs on asset insurance and IPTU.

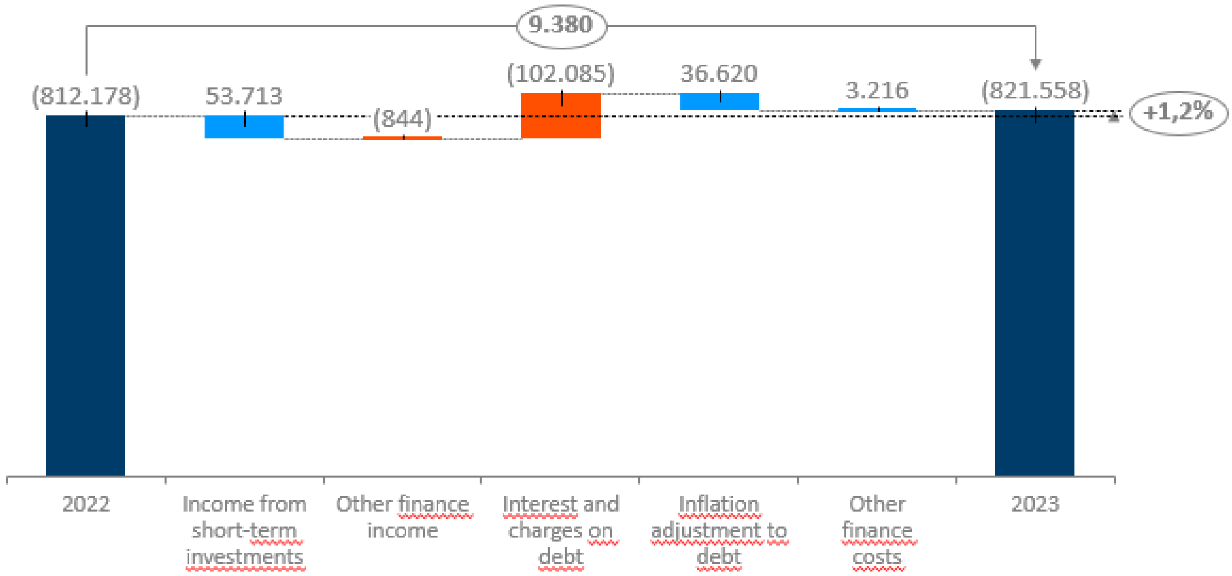


General and administrative expenses decreased by 14.3%, totaling R$250,717 in 2023, compared to R$292,521 in 2022. Such variation mainly resulted from the following: (i) a positive variation of R$39,150, due to lower provision to cover the actuarial liability of the pension plan as a result higher discount rate; (ii) increase in personnel in the amount of R$4,990, mainly relating to the collective bargaining agreement; (iii) decrease in third-party services in the amount of R$1,221 arising from information technology consulting services and attorneys' fees; and (iv) variation in contingencies in the amount of R$1,631, arising from labor and land lawsuits.

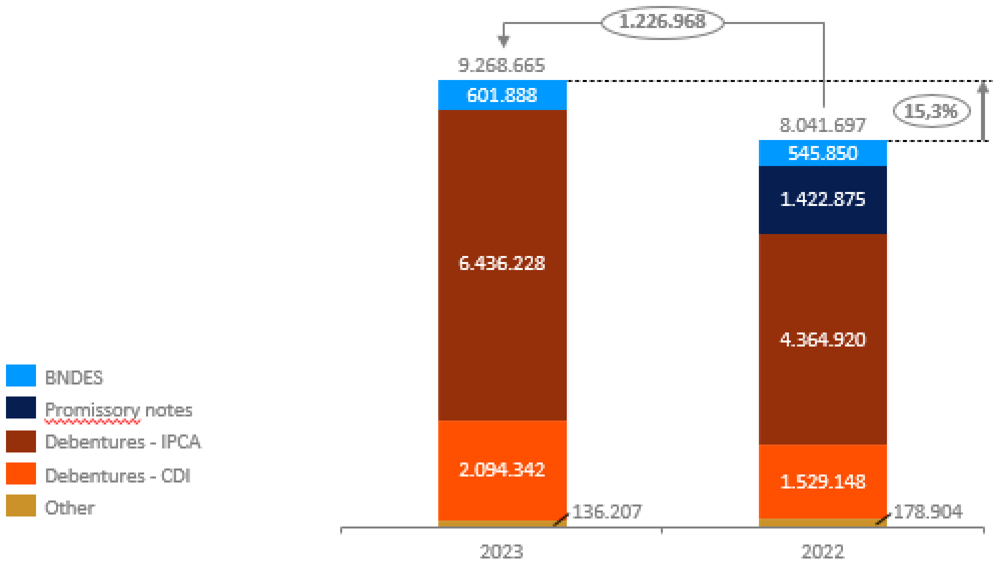
Other operating income (expenses) totaled expenses of R$1,239 in 2023 when compared to expenses of R$9,504 in 2022, due mainly to: (i) adjustment of court-ordered debt payments receivable from the City of São José dos Campos, in the amount of R$17,767; (ii) income from receipt of asset insurance in the amount of R$8,191, offset by (iii) penalty imposed by ANEEL relating to the maintenance process at substation Santo Angelo, in the amount of R$15,463 in the 4th quarter of 2023.

Finance income (costs) presented net cost of R$821,558 in 2023 compared to R$812,178 in 2022, mainly due to: (i) increase in the cost of debt service due to higher indebtedness; offset by (ii) decrease of expenses with inflation adjustments on debentures, due to the lower inflation effect of the IPCA[1] in 2023; coupled with (iii) growth in finance income by 31.2%, due to the higher volume of short-term investments, arising from cash flows.

1 IPCA 2023 4.59% - 2022 5.77%



The consolidated **gross debt** totaled R$9,268,665 in 2023 against R$8,041,697 in 2022, a growth due to the: (i) issue of the 13th and 14th debentures in the amount of R$2,450,000, (ii) BNDES disbursement in the amount of R$105,000, (iii) adjustment based on the indices to which the debts are indexed, mainly IPCA and CDI, offset by (iv) early redemption of the promissory notes of its 8th issue in the amount of R$1,615,411. The average consolidated debt cost was 11.06% p.a. in 2023 compared to 12.78% p.a. in 2022.



The **share of profit (loss) of investees** totaled R$489,318 in 2023, compared to R$510,888 in 2021, mainly due to the variations posted by jointly controlled subsidiaries:

(i) **IEMadeira,** in operation, variation mainly due to the lower inflation effect of the IPCA[1] in 2023 on the adjustment to the concession asset.

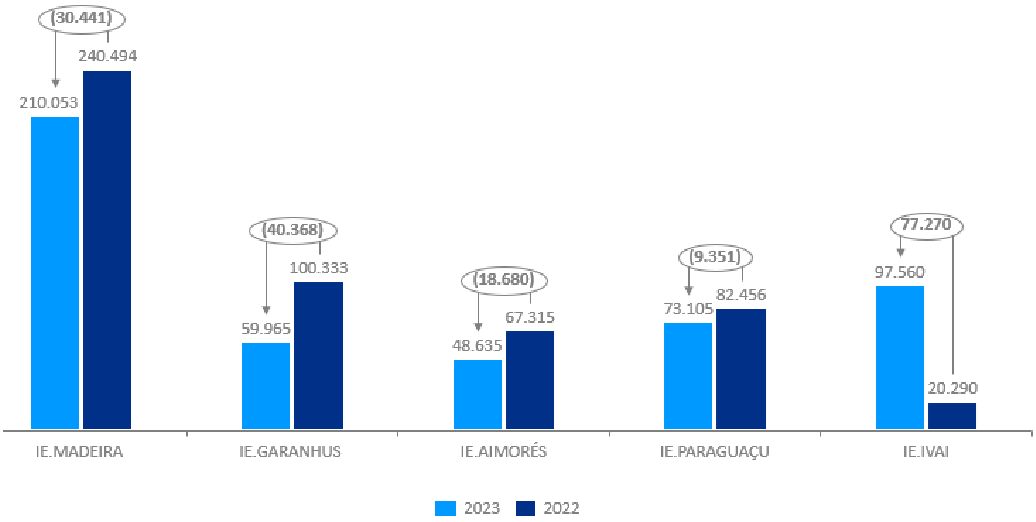
(ii) **IE Garanhuns,** in operation, the variation mainly refers to: (i) the lower inflation effect of the IPCA[1] in 2023 on the adjustment to the concession asset; (ii) positive impact of the RTP in the amount of R$53,005 in 2022, offset by (ii) adjustment of the concession asset by the implicit rate.

(iii) **IEAimorés,** in operation, the variation is mainly due to: (i) efficiency gain of R$37,705 due to the startup of operation in May 2022 and (ii) inflationary effect of the IPCA in 2023 on the adjustment to the concession asset.

(iv) **IEParaguaçu,** in operation, the variation is mainly due to: (i) efficiency gain of R$23,030 due to the startup of operation in July 2022 and (ii) inflationary effect of the IPCA in 2023 on the adjustment to the concession asset.

(v) **IEIvaí,** partial startup of operation, in November 2022, the variation is mainly due to: (i) efficiency gain of R$37,676; (ii) inflationary effect of the IPCA in 2023 on the adjustment to the concession asset; (iii) decrease of inflation adjustment costs on its debentures, offset by (iv) negative impact of the RTP in the amount of R$47,680.

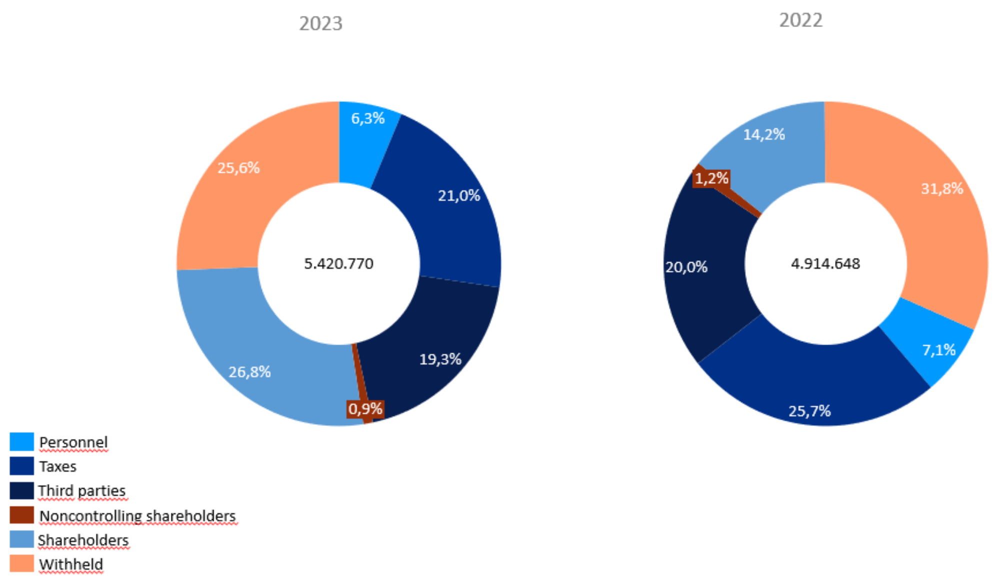
1 IPCA 2023 4.59% - 2022 5.77%



Income tax and social contribution expenses totaled R$228,637 in 2023 compared to R$358,343 in 2022, which follows the change in profit less the share of profit (loss) of investees and deductibility of interest on capital. The effective tax rate is 7% in 2023 and 13% in 2022. The variation of the effective rate is basically due to: (i) the volume of the tax benefit on the payment of interest on capital, (ii) representativeness of the share of profit (loss) of investees.

Value added

In 2023, the Company's wealth totaled R$5,420,770, compared to R$4,914,648 in 2022, distributed as follows:

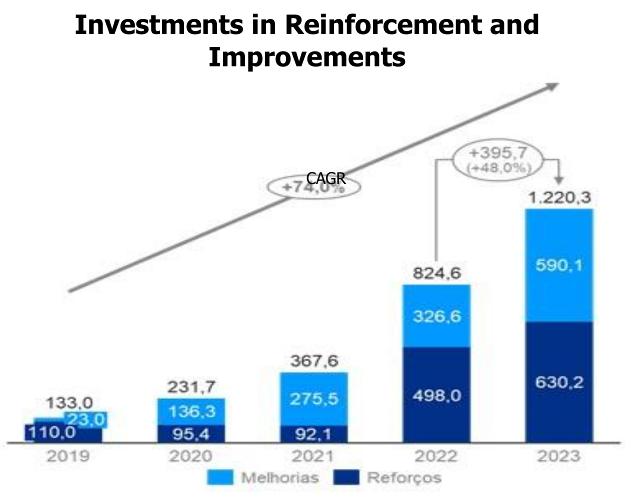


INVESTMENTS AND EXPANSION

The Company invested R$2,067.0 million in 2023, combining reinforcements and improvements and greenfield projects of its Parent, subsidiaries 100% and jointly controlled subsidiaries, therefore, the amount invested in new projects, posted growth of R$132.5 million (+7.2%) when compared to 2022.

ISA CTEEP followed its proposal for expanding the investments in Reinforcement and Improvement projects that are concentrated in renewed contracts, as well as Contract 059, and which, besides renovating the asset and allowing the decrease of operating and maintenance (O&M) costs, have their CapEx remunerated in accordance with the law; therefore, the amount invested strengthen the sustainable value generation commitment with projects that contribute to the expansion, electric energy transmission system security, and energy transition in Brazil, thus consolidating the increase of capacity and modernization of its assets started in 2020.

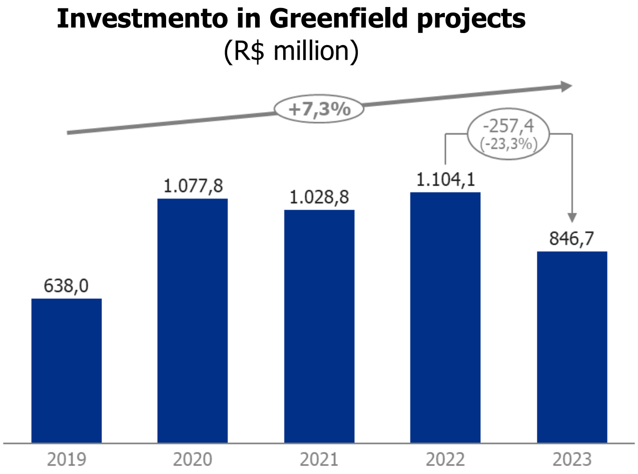
As a whole, the Company invested R$1,220.3 million in Reinforcement and Improvement projects in 2023, 48.0% higher than the amount invested in 2022.



Currently, the Company has approximately R$5 billion in investments in projects already authorized by ANEEL that will be made within the next five years. The annual average amount invested in Reinforcement and Improvement projects in the past four years was R$661.1 million.

In 2023, the Company invested R$846.7 million in projects that were auctioned in transmission auctions, a decrease of R$257.4 million, 23.3% less than the amount invested in 2022, due to the initial stage of construction of new projects.

In 2023 ISA CTEEP has energized the Itaúnas and Triângulo Mineiro projects, with a joint RAP of approximately R$108 million.



Also, the Company can also grow and expand its operations through mergers and acquisitions (M&A), like in the case of PBTE's acquisition in 2021. ISA CTEEP continues to analyze acquisition opportunities that can generate sustainable value.

RATING

On July 25, 2023, Fitch Ratings ("Fitch") has ratified the Long-term National Rating 'AAA (bra)' of the Company and its debenture issues. The corporate rating prospects is "stable". In its report Fitch lists the main grounds that support the rating assigned to the Company:

- Low business risk: highly predictable revenue, based on the line availability, which exempt it from the risk of demand. The long term of concessions, with only a small concession expiring up to 2027. The exposure, concentration and future revenue loss must be gradually reduced, to the extent that the Company progresses in the implementation of its projects.

- Solid cash generation: ISA CTEEP must maintain strong operating cash generation, also benefiting from the recovery of the revenue from the Existing System Basic Grid ("RBSE").

- Robust credit indicators: The adjusted consolidated net financial leverage of ISA CTEEP must remain conservative in terms of the rating. The adjusted net debt/adjusted EBITDA ratio must continue at around 3.2 times up to 2024, on regulatory basis. Fitch expects a net leverage peak of 3.8 times in 2026, reflecting the strong investment cycle.

- Termination of RBSE is manageable: The revenue deriving from new assets already assured by ISA CTEEP must account for more than half of the RBSE up to 2028. The Company also has approximately R$5 billion in investments already approved by the regulatory body in Reinforcements and Improvements, expected through 2027, which must increase the RAP from R$600 to R$850 million in the next years.

- Relationship with the indirect Parent: ISA controls 35.8% of the capital and 89.5% of the voting capital of ISA CTEEP. The Brazilian subsidiary accounts for more than 40% of the Parent's EBITDA and must be an important vehicle for obtaining new concessions.

CAPITAL MARKET

ISA CTEEP has common shares ("TRPL3") and preferred shares ("TRPL4") listed and traded on the São Paulo Stock Exchange ("B3") and since 2002, comprises the Level 1 of Corporate Governance, appreciating the ethics and transparency in the relationship built with shareholders and other stakeholders.

The price of the common and preferred shares of ISA CTEEP was R$35.45 and R$26.50 at the end of 2023, respectively. With this, shares appreciated 22.5% and 15.2%, respectively, in the year. The Company's market value was R$19.8 billion as of December 31, 2023. The average daily trading volume ("ADTV") of preferred shares at B3 was R$60.9 million, 41.9% up in relation to 2022. The average daily number of trades conducted with the preferred shares grew 2.9% in the year to 7,950 trades/day.

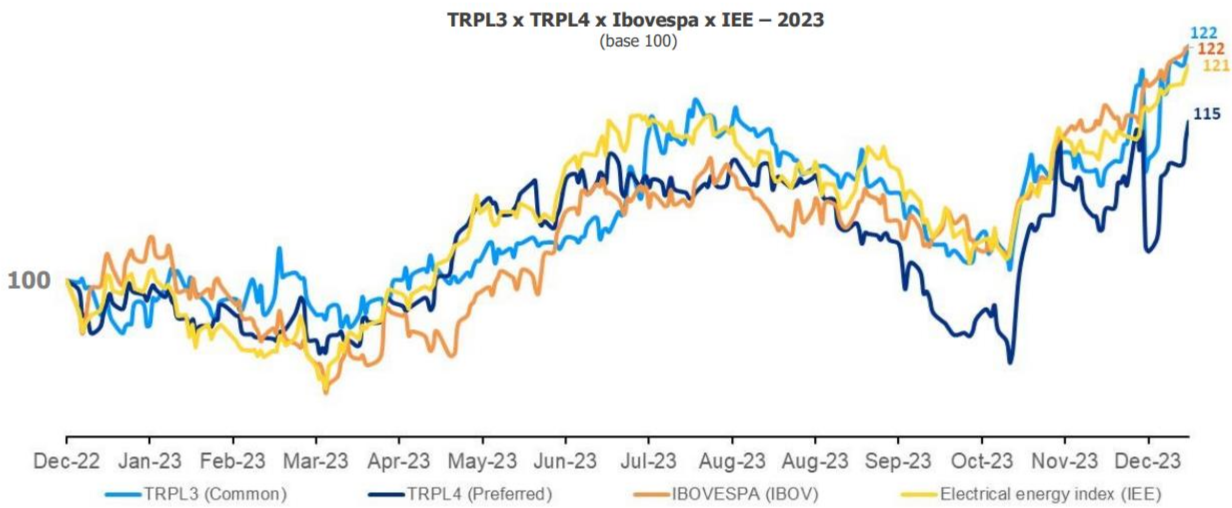
The increase in the ADTV observed during the year has impacted the tradability index of the preferred share of ISA CTEEP, which was ranked as the 78th most traded share at the Brazilian stock exchange at the end of 2023, with Accumulated Tradability Index of 83.9%, results that allowed its return to the IBOVESPA at the beginning of 2024. The Ibovespa index is the main performance indicator of the shares traded at B3 – Brasil, Bolsa, Balcão S.A. (B3) and gathers the most important companies in the Brazilian capital market.

In addition to the return to the IBOVESPA, the Company's preferred shares maintained their share in the Corporate Sustainability Index of B3 (ISE), comprising the 19th portfolio that will be effective between January 2 and December 29, 2024 and is comprised of 78 companies from 36 different sectors. The purpose of the Corporate Sustainability Index is to be the average performance index of the quotations of assets of companies selected based on their recognized commitment to corporate sustainability and, thus, provide support to the investors in their investment decision making. The permanence of the Company's shares in the ISE portfolio is due to the operating strategy focused on sustainable value generation going through three pillars: (i) create positive social and environmental impacts; (ii) ensure corporate longevity; and (iii) generate value to the shareholder.

Additionally, the Company's shares comprise several indices such as the Corporate Governance Trade Index (IGCT) and the Corporate Governance Index (IGC), both responsible for measuring the performance of the shares of companies listed in the Novo Mercado segment and Levels 1 of 2 of corporate governance of B3. Additionally, the preferred shares also comprise the Brazil Broad-Based Index (IBRA), which measures the average performance of the quotations of all assets traded in the spot market (standard lot) of B3 that fulfill the minimum liquidity and auction presence criteria, the Dividend Index (IDIV), and the Bovespa Smart Dividend Index (IBSD), the Electric Utilities Index (IEE), the MidLarge Cap Index (MLC) and the Public Utility Index (UTIL).

Also in 2023, ISA CTEEP decided to discontinue the American Depositary Receipts ("ADRs") Program – Rule 144A, in the United States, under ticker symbols "CTPTY" (common share) and "CTPZY" (preferred share), due to the small volume of traded ADRs.

Evolution TRPL3 x TRPL4 x Ibovespa x IEE – 2023 (base 100)

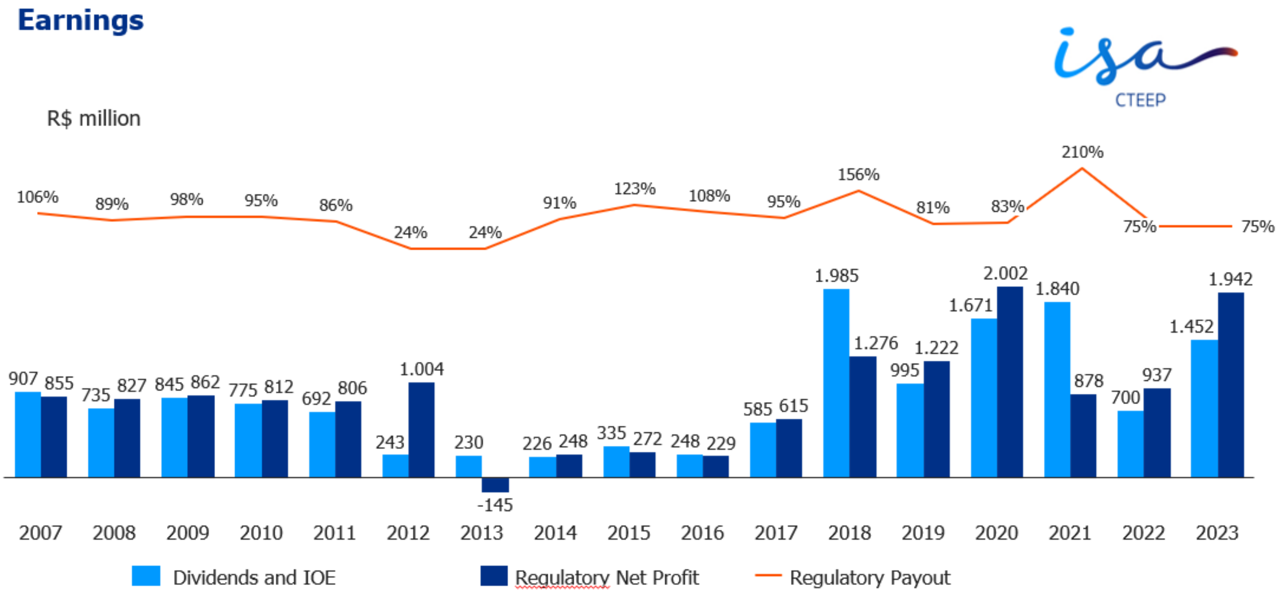


SHAREHOLDERS' COMPENSATION

Pursuant to the Company's Bylaws, ISA CTEEP provides for the distribution of minimum dividend, which is the higher of R$359 million and 25% of profit for the year, adjusted by the allocation of 5% to the recognition of the legal reserve.

The Company distributes at least 75% of the regulatory profit (used as proxy for cash generation).

In 2023, the Company is consistent is terms of its dividend distribution practice which seeks to always maximize the generation of value to its shareholders and announced the distribution of R$1,452.2 million in interest on capital relating to 2023. The amount corresponds to R$2.20408 per share subject to withholding of Income Tax at source of 15%, resulting in a payout of 75% of regulatory profit.



INDEPENDENT AUDITORS

With respect to the provision of services relating to external audit, ISA CTEEP informs that, on April 14, 2023, it has engaged Deloitte Touche Tohmatsu Limited to provide services for the issuance of an independent auditor's report on the individual and consolidated financial statements for the fiscal year ended December 31, 2023, prepared in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The auditor's overall compensation in 2023 totaled R$5.4 million, an amount paid for the external audit services for the fiscal year ended 2023 and other services related to securities offering processes.

ISA CTEEP adopts and follows the Code of Ethics and Conduct, a document reviewed and approved by the Board of Directors in December 2021, and which formally expresses the Company's ethical principles such as key good corporate governance axis, and it is the main guide for the relationship with its stakeholders, establishing clear guidelines for a transparent interaction with all stakeholders. The Code of Ethics and Conduct is delivered to all employees, managers and stakeholders and, in addition to addressing topics related to anti-corruption, money laundering, bribery and all forms of bribery (giveaways, gifts, and amenities, conflict of interests, interaction with public officials, participation in external events, among others), also contemplates the principles, values and guidelines regarding the Foreign Corrupt Practices Act (FCPA).

Also, in 2018 the Company started to strengthen the Corporate Ethics and *Compliance* Program, with the sponsorship and engagement of senior management, awareness, rating of anti-corruption compliance risks in conformity with Law Lei 12.846/2013, independent, safe, confidential whistleblowing channel, with anonymous reports, if desirable and without retaliation to the whistleblower, as well as the adequacy of guidelines on the processing of personal data relating to the General Data Protection Law (LGPD) – Law 13.709/2018.

(In thousands of Brazilian reais – R$, unless otherwise stated)

		Parent		Consolidated	
Assets	**Note**	**2023**	**2022**	**2023**	**2022**
Current assets					
Cash and cash equivalents	6.4.2	204,012	327,065	245,819	336,523
Short-term investments	6.5.2	1,019,348	462,256	1,526,208	907,326
Concession assets	5.3	2,838,526	2,536,251	3,370,449	3,030,059
Inventories	-	149,129	76,852	164,941	91,236
Recoverable taxes	12.1	265,751	111,932	268,730	114,235
Derivative financial instruments	22.1.3	-	816	-	816
Receivables from related parties	21.1	244,381	222,955	107,483	89,563
Other		291,824	99,250	294,798	100,412
		5,012,971	**3,837,377**	**5,978,428**	**4,670,170**
Noncurrent assets					
Long-term assets					
Concession assets	5.3	16,843,840	15,579,159	22,618,926	20,828,913
Receivables - Finance Department	9.2	2,371,307	2,175,500	2,371,307	2,175,500
Sureties and restricted deposits	14.2.2	42,672	41,271	42,677	41,298
Inventories	-	103,278	34,374	134,930	48,280
Derivative financial instruments	22.1.3	2,615	-	2,615	-
Receivables from related parties	21.1	-	8,700	-	-
Other		140,774	76,050	157,966	93,906
		19,504,486	**17,915,054**	**25,328,421**	**23,187,897**
Investments	7.2	9,662,118	8,870,704	4,022,567	3,794,693
Property and equipment	10.1.2	116,493	112,328	120,104	114,932
Intangible assets	10.2.2	523,480	539,412	461,636	475,858
		10,302,091	**9,522,444**	**4,604,307**	**4,385,483**
		29,806,577	**27,437,498**	**29,932,728**	**27,573,380**
Total assets		**34,819,548**	**31,274,875**	**35,911,156**	**32,243,550**

(In thousands of Brazilian reais – R$, unless otherwise stated)

		Parent		Consolidated	
Liabilities	**Note**	**2023**	**2022**	**2023**	**2022**
Current liabilities					
Borrowings and financing	6.2.2	60,633	63,579	75,811	78,060
Debentures	6.1.2	570,815	88,833	570,815	88,833
Leases	6.3.2	5,978	13,777	6,268	14,124
Trade payables		147,934	88,350	177,986	111,557
Taxes and payroll charges payable	12.2	96,055	185,865	115,139	197,315
Regulatory charges payable	13.2	51,515	62,338	53,071	63,287
Interest on capital and dividends payable	15.2.2	1,247,850	611,208	1,247,850	611,208
Derivative financial instruments		-	-	25,926	-
Other		124,535	92,887	171,870	128,962
		2,305,315	**1,206,837**	**2,444,736**	**1,293,346**
Noncurrent liabilities					
Borrowings and financing	6.2.2	541,255	1,905,146	633,914	2,012,601
Debentures	6.1.2	7,959,755	5,805,235	7,959,755	5,805,235
Leases	6.3.2	20,500	40,836	22,102	42,844
Deferred taxes on revenue (PIS and COFINS)	8.2	1,807,896	1,643,620	2,034,661	1,849,888
Deferred income tax and social contribution	8.4	4,246,707	4,184,419	4,436,717	4,357,908
Regulatory charges payable	13.2	33,923	25,990	38,163	28,142
Provisions	14.1.3	105,904	118,149	129,803	140,759
Post-employment benefit - actuarial deficit	11.3	401,059	153,836	401,059	153,836
Derivative financial instruments		-	-	880	-
Other		17,094	13,355	17,654	22,510
		15,134,093	**13,890,586**	**15,674,708**	**14,413,723**
Equity					
Capital	15.1	3,590,020	3,590,020	3,590,020	3,590,020
Capital reserves	15.3	666	666	666	666
Earnings retention and reserves	15.4	13,997,026	12,608,142	13,997,026	12,608,142
Other comprehensive income	15.5	(207,572)	(21,376)	(207,572)	(21,376)
		17,380,140	**16,177,452**	**17,380,140**	**16,177,452**
Noncontrolling interests in investment funds		-	-	411,572	359,029
		17,380,140	**16,177,452**	**17,791,712**	**16,536,481**
Total liabilities and equity		**34,819,548**	**31,274,875**	**35,911,156**	**32,243,550**

(In thousands of Brazilian reais – R$, unless otherwise stated)

	Note	Parent		Consolidated	
		2023	**2022**	**2023**	**2022**
Net operating revenue	16.3	**5,133,704**	**4,085,953**	**6,215,521**	**5,450,570**
Compensation for concession assets, net	16.3	2,179,166	2,029,997	2,745,303	2,572,085
Revenue from infrastructure, operation and maintenance, efficiency gain on infrastructure implementation and other, net	16.3	2,954,538	2,055,956	3,470,218	2,878,485
Costs on infrastructure implementation and operation and maintenance services	17	(1,984,841)	(1,299,330)	(2,506,641)	(2,170,946)
Gross profit		**3,148,863**	**2,786,623**	**3,708,880**	**3,279,624**
Operating income (expenses)					
Revenues – Periodic Tariff Revision, net		-	(9,157)	(3,685)	1,825
General and administrative expenses	17	(222,979)	(263,994)	(235,036)	(278,536)
Management fees	17 and 21.2	(15,681)	(13,985)	(15,681)	(13,985)
Other operating income (expenses), net		(12,618)	(11,421)	(1,239)	(9,504)
Share of profit (loss) of investees	7.3	1,014,123	954,335	489,318	510,888
		762,845	655,778	233,677	210,688
Profit before finance income (costs) and taxes		**3,911,708**	**3,442,401**	**3,942,557**	**3,490,312**
Finance income	19	146,441	92,656	222,090	169,221
Finance costs	19	(1,032,950)	(965,802)	(1,043,648)	(981,399)
		(886,509)	(873,146)	(821,558)	(812,178)
Profit before income tax and social contribution		**3,025,199**	**2,569,255**	**3,120,999**	**2,678,134**
Income tax and social contribution					
Current	20.2	(37,202)	(92,853)	(64,532)	(114,501)
Deferred	20.2	(146,880)	(214,157)	(164,105)	(243,842)
		(184,082)	(307,010)	(228,637)	(358,343)
Profit for the year		**2,841,117**	**2,262,245**	**2,892,362**	**2,319,791**
Attributable to:					
Company's owners				2,841,117	2,262,245
Noncontrolling interests				51,245	57,546
Basic earnings per share	15.6.2	4.31202	3.43345		
Diluted earnings per share	15.6.2	4.31173	3.43322		

(In thousands of Brazilian reais – R$, unless otherwise stated)

		Parent		Consolidated	
	Note	2023	2022	2023	2022
Profit for the year		2,841,117	2,262,245	2,892,362	2,319,791
Other comprehensive income					
Items that will not be subsequently reclassified to profit					
Post-employment benefit – actuarial surplus (deficit)	11.3	(250,598)	373,380	(250,598)	373,380
Deferred taxes on post-employment benefit – actuarial surplus (deficit)		85,204	(126,950)	85,204	(126,950)
Adjustment to financial instrument of subsidiaries from profit (loss) of subsidiaries, net	7.2	(21,990)	(32,241)	(21,990)	(32,241)
Adjustment to financial instrument of Parent, net		1,188	1,812	1,188	1,812
Total other comprehensive income, net		**(186,196)**	**216,001**	**(186,196)**	**216,001**
Total comprehensive income for the year		**2,654,921**	**2,478,246**	**2,706,166**	**2,535,792**
Attributable to:					
Company's owners				2,654,921	2,478,246
Noncontrolling interests				51,245	57,546

(In thousands of Brazilian reais – R$, unless otherwise stated)

Parent and Consolidated

	Capital	Capital reserves	Earnings retention and reserves: Legal reserve	Statutory reserve	Earnings retention	Unrealized special earnings reserve	Retained earnings	Other comprehensive income	Total	Noncontrolling interests	Total
As at December 31, 2021	**3,590,020**	**666**	**718,004**	**1,862,804**	**266,149**	**8,198,940**	**-**	**(237,377)**	**14,399,206**	**393,529**	**14,792,735**
Acquisition of additional equity interest from noncontrolling shareholders	-	-	-	-	-	-	-	-	-	(92,046)	(92,046)
Other comprehensive income											
Post-employment benefit - actuarial deficit	-	-	-	-	-	-	-	373,380	373,380	-	373,380
Deferred taxes on post-employment benefit – actuarial deficit	-	-	-	-	-	-	-	(126,950)	(126,950)	-	(126,950)
Adjustment to financial instrument of subsidiaries from profit (loss) of subsidiaries, net	-	-	-	-	-	-	-	(32,241)	(32,241)	-	(32,241)
Adjustment to financial instrument of Parent, net	-	-	-	-	-	-	-	1,812	1,812	-	1,812
Profit for the year	-	-	-	-	-	-	2,262,245	-	2,262,245	57,546	2,319,791
Allocation of profit:											
Recognition of statutory reserve	-	-	-	452,449	-	-	(452,449)	-	-	-	-
Recognition of unrealized special earnings reserve	-	-	-	-	-	529,489	(529,489)	-	-	-	-
Recognition of earnings retention	-	-	-	-	580,307	-	(580,307)	-	-	-	-
Interim interest on capital (R$1.062404 per share)	-	-	-	-	-	-	(700,000)	-	(700,000)	-	(700,000)
As at December 31, 2022	**3,590,020**	**666**	**718,004**	**2,315,253**	**846,456**	**8,728,429**	**-**	**(21,376)**	**16,177,452**	**359,029**	**16,536,481**

(In thousands of Brazilian reais – R$, unless otherwise stated)

Parent and Consolidated

	Capital	Capital reserves	Legal reserve	Statutory reserve	Earnings retention	Unrealized special earnings reserve	Retained earnings	Other comprehensive income	Total	Noncontrolling interests	Total
			Earnings retention and reserves								
As at December 31, 2022	**3,590,020**	**666**	**718,004**	**2,315,253**	**846,456**	**8,728,429**	**-**	**(21,376)**	**16,177,452**	**359,029**	**16,536,481**
Acquisition of additional equity interest from noncontrolling shareholders	-	-	-	-	-	-	-	-	-	1,298	1,298
Other comprehensive income											
Post-employment benefit - actuarial deficit	-	-	-	-	-	-	-	(250,598)	(250,598)	-	(250,598)
Deferred taxes on post-employment benefit – actuarial deficit	-	-	-	-	-	-	-	85,204	85,204	-	85,204
Adjustment to financial instrument of subsidiaries from profit (loss) of subsidiaries, net	-	-	-	-	-	-	-	(21,990)	(21,990)	-	(21,990)
Adjustment to financial instrument of Parent, net	-	-	-	-	-	-	-	1,188	1,188	-	1,188
Profit for the year	-	-	-	-	-	-	2,841,117	-	2,841,117	51,245	2,892,362
Allocation of profit:											
Recognition of statutory reserve	-	-	-	556,763	-	-	(556,763)	-	-	-	-
Unrealized special earnings reserve	-	-	-	-	-	(569,140)	569,140	-	-	-	-
Recognition of earnings retention	-	-	-	-	1,401,261	-	(1,401,261)	-	-	-	-
Interest on capital (R$2.204083 per share)	-	-	-	-	-	-	(1,452,233)	-	(1,452,233)	-	(1,452,233)
As at December 31, 2023	**3,590,020**	**666**	**718,004**	**2,872,016**	**2,247,717**	**8,159,289**	**-**	**(207,572)**	**17,380,140**	**411,572**	**17,791,712**

(In thousands of Brazilian reais – R$, unless otherwise stated)

	Parent		Consolidated	
	2023	2022	2023	2022
Operating activities				
Profit for the year	2,841,117	2,262,245	2,892,362	2,319,791
Adjustments to reconcile profit to cash generated by operating activities				
Deferred PIS and COFINS (8.2)	164,276	119,675	184,773	155,302
Depreciation and amortization (note 17)	24,331	26,841	24,889	27,498
Deferred income tax and social contribution (note 8.4)	146,880	214,157	164,105	243,842
Lawsuits (note 14.1.4)	652	7,592	1,940	21,945
Residual cost of property and equipment/intangible assets written off (notes 10.1.2 and 10.2.2)	(120)	2	(118)	2
Tax benefits - merged goodwill	37	36	37	36
Employee benefits - actuarial deficit (note 11.3)	23,755	62,905	23,755	62,905
Realization of concession asset on acquisition of subsidiary (note 7.2)	19,854	19,722	19,854	19,722
Share of profit (loss) of investees (note 7.3)	(1,012,225)	(952,306)	(489,318)	(510,888)
Concession assets (note 5.3)	(5,800,510)	(4,771,257)	(6,976,264)	(6,242,306)
Income from short-term investments	(53,317)	(45,661)	(61,479)	(57,546)
Interest and exchange gain (loss) on borrowings, financing and debentures	1,008,938	928,436	1,018,114	942,655
Proceeds from the disposal of assets and rights	-	(7,452)	-	(7,452)
Transactions with noncontrolling shareholders	-	-	(51,245)	(57,546)
Interest, inflation adjustment and exchange gain (loss) on assets and liabilities	(559)	2,010	1,256	3,547
	(2,636,891)	(2,133,055)	(3,247,339)	(3,078,493)
(Increase) decrease in assets				
Restricted cash	8,349	2,612	10,064	8,621
Concession assets	4,127,346	3,391,527	4,739,653	3,877,112
Inventories	(141,181)	(72,074)	(160,355)	(77,585)
Recoverable taxes	(153,819)	(43,130)	(154,495)	(42,085)
Receivables - Finance Department	(195,807)	(207,753)	(195,807)	(207,753)
Other	(156,382)	78,626	(159,223)	81,608
	3,488,506	3,149,808	4,079,837	3,639,918
Increase (decrease) in liabilities				
Trade payables	59,750	10,352	62,120	27,611
Taxes and payroll charges payable	(164,286)	130,101	(133,779)	147,539
Income tax and social contribution paid	(143,359)	(101,041)	(166,233)	(116,249)
Labor obligations	10,130	7,303	10,130	7,303
Regulatory charges payable	(3,419)	(6,280)	(971)	(8,175)
Provisions	(22,495)	(12,443)	(24,281)	(19,827)
Other	(1,548)	(24,923)	10,364	66
	(265,227)	3,069	(242,650)	38,268
Net cash flow generated by operating activities	**586,388**	**1,019,822**	**589,848**	**599,693**

(In thousands of Brazilian reais – R$, unless otherwise stated)

	Parent		Consolidated	
	2023	2022	2023	2022
Investing activities				
Short-term investments	(2,646,384)	(2,450,667)	(2,985,529)	(2,913,375)
Redemption of short-term investments	2,142,609	2,284,871	2,480,669	2,842,729
Property and equipment (note 10.1.2)	(35,108)	(26,892)	(36,484)	(27,063)
Intangible assets (note 10.2.2)	(9,485)	(7,055)	(9,485)	(7,055)
Increase of capital in investees (note 7.2)	(359,025)	(879,998)	-	(133,500)
Dividends received	548,597	498,700	244,439	139,179
Net cash flow (used in) generated by investing activities	**(358,796)**	**(581,041)**	**(306,390)**	**(99,085)**
Financing activities				
Increase of borrowings and debentures (notes 6.2.2 and 6.1.2)	2,467,412	926,960	2,467,412	926,960
Payment of borrowings and debentures (principal) (notes 6.2.2 and 6.1.2)	(1,297,484)	(736,448)	(1,311,578)	(812,756)
Payment of borrowings and debentures (interest) (notes 6.2.2 and 6.1.2)	(906,828)	(416,743)	(916,093)	(430,756)
Payment of leases (note 6.3.2)	(14,186)	(14,014)	(14,344)	(14,352)
Derivative financial instruments	(1,802)	(16,491)	(1,802)	(18,087)
Dividends and interests on capital paid (note 15.2.2)	(597,757)	(97,726)	(597,757)	(97,726)
Net cash flow (used in) generated by financing activities	**(350,645)**	**(354,462)**	**(374,162)**	**(446,717)**
Increase (decrease) in cash and cash equivalents, net	**(123,053)**	**84,319**	**(90,704)**	**53,891**
Cash and cash equivalents as at January 1	327,065	242,746	336,523	282,632
Cash and cash equivalents as at December 31	204,012	327,065	245,819	336,523
Changes in cash and cash equivalents	**(123,053)**	**84,319**	**(90,704)**	**53,891**

(In thousands of Brazilian reais – R$, unless otherwise stated)

	Parent		Consolidated	
	2023	2022	2023	2022
Revenue				
Operating	5,876,829	4,824,896	7,012,918	6,266,885
Other operating	40,991	27,311	118,743	34,080
	5,917,820	4,852,207	7,131,661	6,300,965
Inputs acquired from third parties				
Costs of services	(1,625,374)	(995,868)	(2,156,188)	(1,865,936)
Materials, electric power, outside services and other	(179,388)	(160,050)	(241,222)	(172,992)
	(1,804,762)	(1,155,918)	(2,397,410)	(2,038,928)
Gross value added	**4,113,058**	**3,696,289**	**4,734,251**	**4,262,037**
Retentions				
Depreciation and amortization	(24,331)	(26,841)	(24,889)	(27,498)
Wealth created by the entity	**4,088,727**	**3,669,448**	**4,709,362**	**4,234,539**
Wealth received in transfer				
Share of profit (loss) of investees	1,014,123	954,335	489,318	510,888
Finance income	146,441	92,656	222,090	169,221
Total wealth for distribution	**5,249,291**	**4,716,439**	**5,420,770**	**4,914,648**
Wealth distributed				
Personnel				
Salaries and wages	(223,414)	(195,972)	(222,822)	(197,340)
Benefits	(91,039)	(127,909)	(96,400)	(132,068)
Severance Pay Fund (FGTS)	(22,038)	(20,710)	(22,038)	(20,710)
	(336,491)	(344,591)	(341,260)	(350,118)
Taxes, fees and contributions				
Federal	(987,179)	(1,102,448)	(1,090,392)	(1,220,638)
State	(784)	(1,011)	(888)	(1,071)
Municipal	(48,609)	(40,295)	(48,653)	(40,335)
	(1,036,572)	(1,143,754)	(1,139,933)	(1,262,044)

(In thousands of Brazilian reais – R$, unless otherwise stated)

	Parent		Consolidated	
	2023	2022	2023	2022
Lenders and lessors				
Rentals	(5,583)	(4,832)	(7,503)	(6,357)
Interest, inflation adjustments and exchange rate gain (loss)	(1,029,528)	(961,017)	(1,039,712)	(976,338)
	(1,035,111)	(965,849)	(1,047,215)	(982,695)
Shareholders				
Interest on capital and dividends	(1,452,233)	(700,000)	(1,452,233)	(700,000)
Retained earnings	(1,388,884)	(1,562,245)	(1,388,884)	(1,562,245)
Noncontrolling interests in retained earnings	-	-	(51,245)	(57,546)
	(2,841,117)	(2,262,245)	(2,892,362)	(2,319,791)
Total wealth distributed	**5,249,291**	**4,716,439**	**5,420,770**	**4,914,648**

Highlights

Management highlights below important operational, regulatory and economic-financial matters for this earnings release:

- ### Operational

Start-up of operation

In 2023 the following works were completed:

(i) Subsidiary Itaúnas ("IEItaúnas") obtained the Instrument of Provisional Release ("TLP") with the National Electric System Operator ("ONS") for contract 018/2017, which, as at December 31, 2023, is entitled to receive 90% of the total Annual Permitted Revenue ("RAP") in the amount of R$58,464 (2023/2024 tariff cycle). Currently, the project presents non-impeditive pending item with expected resolution for the first quarter of 2024, which will allow requesting the Instrument of Final Release ("TLD") and receiving the total RAP.

(ii) Triângulo Mineiro Project owned by subsidiary Interligação Elétrica Minas Gerais S.A. ("IEMG") obtained the Instrument of Release of Revenue ("TLR") with the ONS, 20 months before ANEEL's term. As at December 31, 2023, TLR is entitled to receive 77% of the total Annual Permitted Revenue ("RAP") of R$29,469 (2023/2024 tariff cycle).

Obtainment of Installation License

In May and June 2023, the Company obtained the Installation License ("LI") for Riacho Grande and Minuano projects the Brazilian Institute of Environment and Natural Resources ("IBAMA") and the State Environmental Protection Foundation ("FEPAM"), respectively.

- ### Regulatory

Transmission Auction 01/2023

In June 2023, the Company, won lots 1 (Serra Dourada project), 7 (Água Vermelha project) and 9 (Itatiaia project), of Transmission Auction 01/2023 held by the National Electric Energy Agency (ANEEL), with investments totaling R$5,593,668 and RAP of R$510,157.

Decision handed down by the Federal Court of Auditors (TCU) – Substation Centro (CTR)

In November 2023, after ANEEL filing an appeal, which decision thereon was unfavorable to the Company at Plenary decision of the Federal Court of Auditors (TCU), Centro substation ("SE Centro", "CTR") has ceased to be part of concession arrangement 059/2001. In January 2023, the TCU justices had unanimously decided on the annulment of Substation Centro's rebidding, the subject of lot 6 of auction 02/2022, held in December 2022.

Confirmation Resolutions

Resolution 3.205

On June 13, 2023, Confirmation Resolution 3.205 was published, repositioning the RAP of subsidiaries IENNE, IETibagi, IEItaquerê, IEItapura, IEAguapeí and jointly controlled subsidiary IEIvaí (note 16.4.1).

Resolution 3.216

Confirmation Resolution No. 3.216 was published on July 7, 2023, establishing new amounts related to the Company's and its subsidiaries' annual permitted revenue for the 2023/2024 cycle, in the amount of R$6,214,919, with application beginning July 2023 (note 1.2).

Ordinance 4.675

Ordinance 4.675 was published on December 12, 2023, through which ANEEL recognizes the effects from Confirmation Resolution 3.205 in the RAP of subsidiaries IENNE, IETibagi, IEItaquerê, IEItapura, IEAguapeí and jointly controlled subsidiary IEIvaí, with effects as from the adjustment to the 2024/2025 tariff cycle.

- **Economic and Financial**

In 2023 the Company made payments of interest on capital in the amount of R$700,000 and approved R$1,452,233, which payment will be made up to April 2024.

The Company carried out two issuances of debentures (13th and 14th issuances), in the total amount of R$2,450,000, and carried out the total optional early redemption of the promissory notes of its 8th issuance, in the amount of R$1,615,411 (notes 6.1 and 6.2).

1 General Information

1.1 Corporate purpose

CTEEP - Companhia de Transmissão de Energia Elétrica Paulista ("ISA CTEEP", "CTEEP" or "Company") is a Brazilian publicly held corporation authorized to operate as an electric power public service concessionaire, and is principally engaged in energy transmission, which requires planning, infrastructure implementation, and operation and maintenance of subordinated power transmission systems. The Company's headquarters are located at Avenida das Nações Unidas, 14.171, Torre C (Crystal Tower), andares 5, 6 e 7, Vila Gertrudes, in the city of São Paulo, State of São Paulo. In performing its operating activities, the Company is required to make investments and manage research & development programs related to power transmission and other activities related to the technology available. These activities are regulated and inspected by the National Electric Energy Agency (ANEEL).

The Company derived from a partial spin-off of Companhia Energética de São Paulo ("CESP") and started to operate on April 1, 1999. On November 10, 2001, the Company merged Empresa Paulista de Transmissão de Energia Elétrica S.A. ("EPTE"), which was originated from the partial spin-off of Eletropaulo - Eletricidade de São Paulo S.A. ("Eletropaulo"). In a privatization auction held on June 28, 2006, the State Government of São Paulo sold the common shares held by it, corresponding to 50.10% of the common shares issued by CTEEP. The entity winning the auction was Interconexión Eléctrica S.A. E.S.P. ("ISA").

Currently, the Company is consolidated in the electric energy transmission sector, operating as an economic group, and directly controls 16 companies, besides holding the shared control of another five companies. Together, these companies total 35 concession arrangements (note 1.2), 20.4 thousand kilometers of built lines, 78.0 thousand MVA of transformation capacity, in addition to more than 2.7 thousand kilometers and 6.9 thousand MVA of power at pre-operating stage.

Management assessed the Company's and its subsidiaries' ability to continue as a going concern and understands that they have the resources necessary to allow the continuity of their business in the future. These financial statements have been prepared on the going concern basis.

The Company adopts B3's Differentiated Corporate Governance Practices - Level 1 since September 2002, where its shares are listed under ticker symbols TRPL3 and TRPL4. The commitments undertaken as a result of this adhesion ensure greater transparency from the Company towards the market, investors and shareholders, thus facilitating the monitoring of Management's actions.

The Company is a member of Bovespa Index (Ibovespa B3), Brasil Amplo Index (IBRA), Dividends Index (IDIV), Electric Power Index (IEE), Corporate Governance Index (IGC), Corporate Governance Trade Index (IGCT), MidLarge Cap Index (MLCX) and Public Utility Index (UTIL), Brasil 100 Index (IBrX100), Efficient Carbon Index (ICO2), Bovespa Smart Dividendos B3 Index (IBSD) and Corporate Sustainability Index (ISE).

(In thousands of Brazilian reais – R$, unless otherwise stated)

1.2 Concessions

The Company, its subsidiaries and jointly controlled subsidiaries are authorized to operate the following concession arrangements relating to electric energy transmission services:

					Periodic Tariff Revision			Annual Permitted Revenue (RAP)	
Concessionaire	**Arrangement**	**Stake (%)**	**Term (years)**	**Maturity**	**Term (years)**	**Next**	**Adjust. index**	**R$ thousand**	**Base month**
CTEEP (i)	059/2001		30	12.31.42	5	2024	IPCA	3,672,766	06/23
CTEEP	012/2016		30	11.20.46	5	2027	IPCA	207,419	06/23
CTEEP (Piraquê project)	008/2022		30	09.29.52	5	2028	IPCA	313,506	06/23
CTEEP (Itatiaia project) (ii)	012/2023		30	09.28.53	5	2029	IPCA	218,979	Offered RAP
CTEEP (Serra Dourada project) (ii)	006/2023		30	09.28.53	5	2029	IPCA	283,817	Offered RAP
Subsidiaries									
IEJaguar 6	143/2001	100	30	12.20.31	n/a	n/a	IGPM	18,962	06/23
IEMG	004/2007	100	30	04.23.37	5	2027	IPCA	19,726	06/23
IENNE	001/2008	100	30	03.16.38	5	2028	IPCA	59,405	06/23
IEJaguar 8	012/2008	100	30	10.15.38	5	2024	IPCA	14,248	06/23
IESul	013/2008	100	30	10.15.38	5	2024	IPCA	7,742	06/23
IEJaguar 9	015/2008	100	30	10.15.38	5	2024	IPCA	80,102	06/23
IESul	016/2008	100	30	10.15.38	5	2024	IPCA	19,318	06/23
IEPinheiros	018/2008	100	30	10.15.38	5	2024	IPCA	8,085	06/23
Evrecy	020/2008	100	30	07.17.25	4	2025	IGPM	19,238	06/23
IESerra do Japi	026/2009	100	30	11.18.39	5	2025	IPCA	53,932	06/23
IEItapura	021/2011	100	30	12.09.41	5	2027	IPCA	8,063	06/23
IEItaúnas	018/2017	100	30	02.10.47	5	2027	IPCA	64,960	06/23
IETibagi	026/2017	100	30	08.11.47	5	2028	IPCA	21,485	06/23
IEItaquerê	027/2017	100	30	08.11.47	5	2028	IPCA	62,911	06/23
IEJaguar 6	042/2017	100	30	08.11.47	5	2028	IPCA	13,452	06/23
IEAguapeí	046/2017	100	30	08.11.47	5	2028	IPCA	74,219	06/23
IEBiguaçu	012/2018	100	30	09.20.48	5	2024	IPCA	49,526	06/23
IEItapura	021/2018	100	30	09.20.48	5	2024	IPCA	14,346	06/23
Evrecy	001/2020	100	30	03.20.50	5	2025	IPCA	48,320	06/23
IETibagi	006/2020	100	30	03.20.50	5	2025	IPCA	5,770	06/23
IEMG	007/2020	100	30	03.20.50	5	2025	IPCA	42,099	06/23
IERiacho Grande	005/2021	100	30	03.30.51	5	2026	IPCA	85,068	06/23
IEJaguar 8 (Jacarandá project)	011/2022	100	30	09.30.52	5	2028	IPCA	14,737	06/23
IETibagi (Água vermelha project) (ii)	014/2023	100	30	09.28.53	5	2029	IPCA	7,461	RAP Ofertada
Total CTEEP and Subsidiaries								**5,509,662**	
Jointly controlled subsidiaries									
IEMadeira	013/2009	51	30	02.25.39	5	2024	IPCA	361,623	06/23
IEMadeira	015/2009	51	30	02.25.39	5	2024	IPCA	312,946	06/23
IEGaranhuns	022/2011	51	30	12.09.41	5	2027	IPCA	127,864	06/23
IEParaguaçu	003/2017	50	30	02.10.47	5	2027	IPCA	133,525	06/23
IEAimorés	004/2017	50	30	02.10.47	5	2027	IPCA	95,896	06/23
IEIvaí	022/2017	50	30	08.11.47	5	2028	IPCA	362,611	06/23
Total jointly controlled subsidiaries								**1,394,465**	
Company's stake in total jointly controlled subsidiaries								**705,257**	

The concession arrangements above, acquired up to the 2018 auction, provide for the right of compensation from concession-related assets at the end of their effective term. As from 2019 only the assets authorized by ANEEL, through reinforcements or improvements, consider the right to indemnity. For contracts subject to periodic tariff revision, according to ANEEL's regulations, yielding income on investments in expansion, reinforcements and improvements is provided for.

(i) In CTEEP, the Annual Permitted Revenue ("RAP") relating to the Existing Service ("SE") assets increased from R$1,549,630 as of June 2022 to R$2,377,119 as of June 2023, as established in the Annual Tariff Revision (RTP) for transmission concessionaires under Confirmation Resolution No. 3.216/23 of July 7, 2023.

(ii) Lots won at ANEEL Auction 01/2023 of June 2023, with expected signature of concession arrangements on September 29, 2023.

(a) Law No. 12.783/2013

The Extraordinary Shareholders Meeting of December 03, 2012 unanimously approved the extension of Concession Arrangement No. 059/2001, under Law No. 12.783/2013, to December 2042, ensuring the Company the right to receive the amounts relating to NI (*) and SE assets (**).

The amounts relating to NI assets, equivalent to R$2,891,291, according to Inter-ministry Ruling No. 580, were received between 2013 and 2015 (note 5.1).

For the SE amounts, ANEEL Technical Note No. 336/2016 was issued in 2016, which presents a proposal for regulation with respect to the provisions in MME Ordinance No. 120/2016 for the calculation methodology of the cost of capital (Ke) and RAP calculation and determines payment amounts and dates for the concessionaires.

ANEEL Order No. 1.484/17 was issued on May 30, 2017, which recognized as the total value of these assets the amount of R$4,094,440 as of December 31, 2012. The initial impact of RBSE amounts was accounted for in September 2016, and the additional value recognized by ANEEL was recognized during the second quarter of 2017 and is presented as "Concession assets" (note 5.1).

Under ANEEL Technical Note No.108/2020 – SGT/ANEEL, of June 25, 2020, the RAP amounts were recalculated as from the 2020/2021 cycle, including the portion of the remuneration of cost of capital (Ke) and the effects of the preliminary injunctions, which prevented Ke from being paid, were reversed. Such amounts were included in the calculation of the RTP and approved by ANEEL's Executive Board under Confirmation Resolution No. 2.714/2020. Currently, there are two injunctions in force.

On April 22, 2021, ANEEL judged favorably the administrative appeal filed by the Company against Confirmation Resolution No. 2.714/2020, which claimed the right to retroactive adjustment of the RBSE amounts, and applied the reprofiling of the RBSE financial component pursuant to the Technical Note No. 068/2021. The assumptions effective as from the 2021/2022 cycle are: (i) the final payment of the RBSE in 2028; (ii) the decrease of amortization of the RBSE amounts receivable during the 2021/2022 and 2022/2023 cycles; and iii) the compensation under the regulatory WACC defined in the 2018 RTP, ensuring the recognition of R$1.8 billion in the flow receivable which, at present value, resulted in an increase of R$497,346 in the balance of the corresponding contract asset. As from the 2023/2024 cycle, the payment flows expected by ANEEL returned to levels similar to those approved in Authorization Resolution No. 2.714/2020.

In June 2022, ANEEL General Tariff Superintendence issued Technical Note No. 85/2022 which discusses the analysis of the requests for reconsideration filed within the scope of payment of the financial component and reprofiling of the RBSE; also in June 2022, a first-instance decision (Order 1.762/22) was handed down by ANEEL's director on the matter. The first-instance decision was suspended and such Technical Note is only effective after joint decision of ANEEL's Executive Board. On April 27, 2023, ANEEL's Tariff Management Superintendence issued Technical Note 85/2023 which discusses the statements about the calculations presented within the scope of the payment of the financial component of the RBSE in Technical Note 85/2022-SGT/ANEEL. Technical Note 85/2023 has no immediate practical effects and any and all progress related to the RBSE matter depends on a joint decision at the meeting of ANEEL's Executive Board. The assumptions, methodologies and calculations considered so far, approved through Confirmation Resolution No. 2.851/2021 are effective and remain appropriate, according to Management's understanding, and are reflected in these financial statements.

(*) NI – facilities energized as of June 1, 2000.
(**) SE – facilities of nondepreciated assets existing on May 31, 2000.

(b) Substation Centro (CTR)

On November 29, 2023, ANEEL's appeal was judged by the Federal Court of Auditors (TCU), where Substation Centro ("SE Centro") ceases to be a part of the Company's concession arrangement 59/2001 and will be entitled to receive an indemnity (set forth in clause 2 of the 8th addendum to the concession arrangement).

The lawsuit resulted from the exclusion of Substation Centro from concession arrangement 59/2001 to be the subject of bidding of Auction 02/2022, held on December 16, 2022.

The indemnity will be approved by ANEEL together with the next tariff review of the 2024/2025 cycle and its subject matter are: (i) the assets comprising the Regulatory Compensation Base resulting from the 2018 RTP, will be received through the Adjustment Installment in the tariff cycle, within 12 months; and (ii) the full reimbursement of the investments made between 2018 and December 22, 2023, pursuant to the PRORET 9.1, to be received through RAP, effective up to December 2042, so as to ensure the right to the economic and financial rebalance.

As at December 31, 2023, the amount of R$106,208 relating to the receipt flows of SE Centro included in line item "Concession asset" were transferred to line item "Other assets" (current and noncurrent assets) at the same proportion, not impacting on this base date the Company's results (note 5.5) and will be adjusted in the tariff review of the 2024/2025 cycle.

2 Presentation of the financial statements

The explanatory notes are presented and organized according to Management's understanding of the significance of the balance sheet and income statement items, reflecting the performance of the Company's operating and financing activities.

2.1 Basis of preparation and presentation

The individual financial statements, identified as "Parent", and the consolidated financial statements, identified as "Consolidated", have been prepared and are presented in accordance with the accounting practices adopted in Brazil, which comprise the provisions set out by the Brazilian Corporate Law and the pronouncements, interpretations and guidelines issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission ("CVM"), which are in conformity with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Since there is no difference between the consolidated equity and consolidated profit or loss attributable to the Company's owners, included in the consolidated financial statements, and the Parent's equity and profit or loss, included in the individual financial statements, the Company elected to present these individual and consolidated financial statements as a single set, in a side-by-side format.

The individual and consolidated financial statements have been prepared at the historical cost, except for financial instruments measured at fair value, as described in the accounting practices below. The historical cost is generally based on the value of the consideration paid in exchange for an asset.

Nonfinancial data included in these financial statements, such as electric power volume and capacity, non-supplied power, contract information, projections, insurance and environment data, was not audited.

The financial statements were approved and authorized for disclosure by the Board of Directors on February 20, 2024.

These financial statements, as well as the regulatory financial statements, mentioned in note 2.6, will be available at the Company's website as from February 20 until April 30, 2024, respectively.

2.2 Statement of relevance

The Company's Management applied in the preparation of the financial statements the technical guidance OCPC 7 (R1) and CVM Resolution 189/23, for the purpose of disclosing only relevant information that assists the users of the financial statements in making decisions, while meting all the existing minimum requirements. Also, Management asserts and evidence that all relevant information specific to the financial statements, and only this information, is consistent with the information used by Management in managing the Company.

2.3 Functional and presentation currency

The financial statements of the Parent and of each one of its subsidiaries, included in the consolidated financial statements, are presented in Brazilian reais – R$, the currency of the main economic environment where the companies operate ("functional currency").

2.4. Critical accounting judgments and key estimates and assumptions

The preparation of the individual and consolidated financial statements requires Management to make judgments and use estimates and assumptions based on objective and subjective factors and, in the opinion of its legal and actuarial advisors, to determine the appropriate amounts for accounting for certain transactions that affect assets, liabilities, income and expenses. Actual results may differ from those estimates.

These judgments, estimates and assumptions are revised at least annually and any adjustments are recognized in the period in which estimates are revised.

The critical judgments, estimates and assumptions are related to the following:

- Accounting for concession arrangements (note 5.2.1)
- Timing of contract asset recognition (note 5.2.2)
- Determination of the discount rate of the contract asset (note 5.2.3)
- Determination of the profit margin (note 16.2.1)
- Determination of infrastructure revenue (note 16.2.2)
- Determination of operation and maintenance revenue (note 16.2.3)
- Analysis of the risks to determine the need to recognize provisions, including the provision for tax, civil and labor risks (note 14.1).
- Recognition of deferred tax asset or liability (note 8.1).
- Employee benefits - actuarial deficit (note 11.2)

(In thousands of Brazilian reais – R$, unless otherwise stated)

2.5 Consolidation procedures

The consolidated financial statements include the financial statements of the Company and its subsidiaries.

Control is obtained when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power in the investee.

Subsidiaries are fully consolidated from the date control is obtained until the date on which control ceases to exist.

As at December 31, 2023 and 2022, equity interests in subsidiaries were as follows:

		Equity interest - %			
	Reporting date	2023		2022	
Subsidiaries					
Interligação Elétrica Serra do Japi S.A. (Serra do Japi)	12.31.2023	100		100	
Interligação Elétrica de Minas Gerais S.A. (IEMG)	12.31.2023	100		100	
Interligação Elétrica Norte e Nordeste S.A. (IENNE)	12.31.2023	100		100	
Interligação Elétrica Pinheiros S.A. (Pinheiros)	12.31.2023	100		100	
Interligação Elétrica do Sul S.A. (IESul)	12.31.2023	100		100	
Interligação Elétrica Evrecy S.A. (Evrecy)	12.31.2023	100		100	
Interligação Elétrica Itaúnas S.A. (Itaúnas)	12.31.2023	100		100	
Interligação Elétrica Tibagi S.A. (Tibagi)	12.31.2023	100		100	
Interligação Elétrica Itaquerê S.A. (Itaquerê)	12.31.2023	100		100	
Interligação Elétrica Aguapeí S.A. (Aguapeí)	12.31.2023	100		100	
Interligação Elétrica Biguaçu S.A. (Biguaçu)	12.31.2023	100		100	
Interligação Elétrica Itapura S.A. (Itapura)	12.31.2023	100		100	
Interligação Elétrica Riacho Grande S.A. (Riacho Grande)	12.31.2023	100		100	
Interligação Elétrica Jaguar 6 S.A. (Jaguar 6)	12.31.2023	100		100	
Interligação Elétrica Jaguar 8 S.A. (Jaguar 8)	12.31.2023	100		100	
Interligação Elétrica Jaguar 9 S.A. (Jaguar 9)	12.31.2023	100		100	
Fundo de Investimento Referenciado DI Bandeirantes (i)	12.31.2023	80	(*)	77	(*)
(Fundo de Investimento Xavantes Referenciado DI (ii)	12.31.2023	56	(*)	49	(*)
Fundo de Investimento Assis Referenciado DI	12.31.2023	100	(*)	100	(*)
Fundo de Investimento Barra Bonita	12.31.2023	100	(*)	100	(*)

(*) Considers direct interest through the Company and indirect interest through the subsidiaries.

(i) As at December 31, 2023, the jointly controlled subsidiary Interligação Elétrica do Madeira (IEMadeira) holds 20% interest in Fundo de Investimento Referenciado DI Bandeirantes.

(ii) As at December 31, 2023, the jointly controlled subsidiaries Interligação Elétrica do Madeira (IEMadeira) Interligação Elétrica Garanhuns S.A. (IEGaranhuns) and Interligação Elétrica Ivaí S.A. (IEIvaí) hold 22%, 2%, and 20% interest, respectively, in Fundo de Investimento Xavantes Referenciado DI.

Consequently, these interests impact noncontrolling interests in investments funds, totaling R$411,572 as at December 31, 2023. Any change in the regulation or structure of the investment funds must be agreed with and approved by CTEEP.

The following procedures were adopted in the preparation of the consolidated financial statements:

- elimination of equity of subsidiaries;
- elimination of share of profit (loss) of investees; and
- elimination of assets and liabilities, income and expenses between consolidated companies.

The accounting practices were consistently applied to all consolidated companies and the fiscal year of these companies is equal to that of the Parent.

(In thousands of Brazilian reais – R$, unless otherwise stated)

Noncontrolling interests are presented as part of equity and profit and are highlighted in the consolidated financial statements.

The jointly controlled subsidiaries are accounted for under the equity method, in accordance with CPCs 18 (R2)/IAS 28, 19 (R2)/IFRS 11 and 36 (R3)/IFRS 10 and are parties to shareholders' agreement that define joint control.

As at December 31, 2023 and 2022, interests in jointly controlled subsidiaries are as follows:

		Equity interest - %
	Reporting date	**2023 and 2022**
Jointly controlled subsidiaries		
Interligação Elétrica do Madeira S.A. (IEMadeira)	12.31.2023	51
Interligação Elétrica Garanhuns S.A. (IEGaranhuns)	12.31.2023	51
Interligação Elétrica Paraguaçu S.A. (IEParaguaçu)	12.31.2023	50
Interligação Elétrica Aimorés S.A. (IEAimorés)	12.31.2023	50
Interligação Elétrica Ivaí S.A. (IEIvaí)	12.31.2023	50

2.6 Regulatory Financial Statements

Pursuant to the Accounting Manual of the Electric Sector, the Company is required to disclose Regulatory Financial Statements (DCR) which present the complete set of financial statements for regulatory purposes and will be presented separately from the corporate financial statements.

These DCR are audited by the same firm that audit the financial statements for corporate purposes, and as prescribed in the Accounting Manual of the Electric Sector (MCSE) and Ordinance No. 4.356, of December 22, 2017 issued by ANEEL, they must be made available at the website of that Agency and the Company until April 30, 2024.

3 Significant accounting policies

The significant accounting policies, corresponding to the material accounting policies, adopted in the preparation of these financial statements are presented and summarized in the respective notes and were consistently applied in the years.

3.1 Business segment

Operating segments are defined as business activities that can earn revenues and incur expenses, for which there is individual financial information available and whose operating income/expenses are regularly reviewed by Management in the decision-making process.

Based on Management's opinion, even though revenue is recognized for infrastructure implementation and operation and maintenance activities, such revenue originates from concession arrangements that have only one business segment: electric power transmission.

3.2 Statement of value added ("DVA")

The purpose of this statement is to disclose the wealth created by the Company and its distribution to several stakeholders during a certain reporting period, and is presented by the Company, as required by the Brazilian Corporate Law, as an integral part of its individual financial statements, and as supplemental information for the consolidated financial statements, as it is not a statement required by the IFRS.

(In thousands of Brazilian reais – R$, unless otherwise stated)

The DVA was prepared using information obtained in the same accounting records used to prepare the interim financial information and pursuant to the provisions of CPC 09 - Statement of Value Added.

3.3 Statement of cash flows ("DFC")

The statement of cash flows has been prepared under the indirect method and is presented in accordance with CVM Resolution 641, of October 7, 2010, which approved accounting pronouncement CPC 03 (R2) (IAS 7) - Statement of Cash Flows, issued by the CPC.

The Company classifies interest paid on borrowings, debentures and leases as financing activities and dividends received as investing activities, as it understands that these refer to borrowing costs or return on investments, respectively.

4 New and revised standards and interpretations

4.1 Revised and effective:

Standard	Amendment	IFRS / IAS correlation	Effective beginning
CPC 50 – Insurance Contracts	New standard	IFRS 17	01.01.2023
OCPC 07 (R1) – Disclosure of General-Purpose Accounting and Finance Reports	Disclosure of Accounting Policies	IAS 1	01.01.2023
CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors	Definition of Accounting Estimates	IAS 8	01.01.2023
CPC 32 – Income Taxes	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	IAS 12	01.01.2023

The Management of the Company and its subsidiaries assessed the abovementioned pronouncements and did not identify significant impacts on the financial statements.

4.2 Revised and not yet effective

Standard	Amendment	IFRS / IAS correlation	Effective beginning
CPC 36 (R3) – Consolidated Financial Statements CPC 18 (R2) - Investments in Associates and Joint Ventures	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	IFRS 10 IAS 28	Not defined
CPC 26 (R1) – Presentation of Financial Statements	Classification of Liabilities as Current or Non-current	IAS 1	(*)
CPC 26 (R1) – Presentation of Financial Statements	Presentation of Financial Statements – Non-current Liabilities with Covenants	IAS 1	(*)
CPC 26 (R2) – Leases	Lease Liability in a Sale and Leaseback	IFRS 16	(**)
CPC 03 (R2) – Statement of Cash Flows CPC 40 (R1): Financial Instruments: Disclosures	Supplier Finance Arrangements	IAS 7 IFRS 7	(*)

(*) The amendments containing specific transition measures for the first annual period in which the entity applies the amendments are applicable to annual periods beginning on or after January 1, 2024, with early adoption being permitted.

(**) The amendments are applicable to annual periods beginning on or after January 1, 2024, with early adoption being permitted. If the seller-lessee applies the amendments to a previous period, it must disclose such fact.

The Management of the Company and its subsidiaries is analyzing the impacts of the pronouncements mentioned above.

5 Concession assets

5.1 Accounting practice

As set forth in the concession arrangement, the concessionaire is a service provider, that it, it builds, expands, enhances or improves the infrastructure (infrastructure implementation services) used to provide public services, and also operates and maintains this infrastructure (operation and maintenance services) during a given period. The electric power transmission company is remunerated for the infrastructure availability over the concession term.

The concession arrangement does not transfer to the concessionaire the right to control the use of the public service infrastructure. Only the assignment of ownership of these assets is expected for purposes of provision of public services, which assets are reversed to the concession grantor after the end of the respective contract. The concessionaire is entitled to operate the infrastructure for the provision of public services on behalf of the Concession Grantor, based on the terms and conditions set forth in the concession arrangement.

The concessionaire must account for and measure the revenue from the services provided in accordance with technical pronouncements CPC 47 – Revenue from Contracts with Customers (IFRS 15), CPC 48 – Financial Instruments (IFRS 9) and ICPC 01 (R1) (IFRIC 12) – Service Concession Arrangements. If a concessionaire performs more than one service governed by a single arrangement, the consideration received or receivable must be allocated to each performance obligation based on the amounts related to the services provided if the amounts are separately identifiable.

The concession assets record amounts receivable relating to the infrastructure implementation, the compensation for concession assets, operation and maintenance services and Law 12.783 - SE assets, classified as:

5.1.1 Concession assets - financial

The operation and maintenance of the transmission infrastructure begins after the end of the construction stage and start of infrastructure operation. The recognition of receivables and the related revenue takes place only after the performance obligation (of operating and maintaining the transmission infrastructure) is satisfied on a monthly basis, so that these amounts receivable, recorded as “O&M services”, are considered as a financial asset at amortized cost.

5.1.2 Concession assets - contractual

All concessions of the Company and its subsidiaries are classified under the contract asset model, in accordance with CPC 47 – Revenue from Contracts with Customers (IFRS 15). The contract asset originates to the extent that the concessionaire satisfies the obligation of building and implementing the transmission infrastructure, and revenue is recognized over the project period, but the receipt of cash flow is contingent on the satisfaction of the operation and maintenance performance obligation. On a monthly basis, as the Company operates and maintains the infrastructure, the portion of the contract asset equivalent to the monthly consideration for the satisfaction of the building performance obligation becomes a financial assets since only the passage of time will be required for the receipt of the amount. The benefits of this asset are the future cash flows.

The amount of the Company’s and its subsidiaries’ contract asset is determined based on the present value of their future cash flows. The future cash flow is estimated at the beginning of concession, or its extension (*), and its measurement assumptions are revised at the Periodic Tariff Revision (RTP).

The cash flows are defined based on the Annual Permitted Revenue (“RAP”), which is the consideration received by the concessionaires for the provision of the transmission service to the users. These receipts amortize the investments in this transmission infrastructure and any unamortized investments (reversible assets) give rise to the right of indemnity of the Concession Grantor at the end of the arrangement, based on the concession type. These flows of receipt are: (i) remunerated at the implicit rate that represents the financial component of the business established at the beginning of each project, ranging between 4.2% and 9.9% per year; and (ii) adjusted by the IPCA/IGPM, as determined in the respective concession arrangement.

The infrastructure implementation, which is an activity performed during the construction stage, is entitled to consideration (cash) related to the completion of the works and satisfaction of performance obligations of operation and maintenance, and not only the passage of time, and revenue and costs of construction works related to the formation of this asset are recognized based on costs incurred.

The revenue from infrastructure implementation and revenue from concession asset compensation are subject to deferral of cumulative taxes on revenue (PIS and COFINS), recorded in "Deferred taxes" in noncurrent liabilities.

(*) Concession Arrangement No. 059/2001 was extended up to December 2042 pursuant to Law No. 12.783/2013, which amounts are determinable based on the conditions set forth in Ordinance No. 120/16. This asset is comprised of the cash flow regulated in ANEEL Technical Note No. 336/2016. The assets recorded in "Law 12.783 - SE assets", as from January 1, 2020, started to be classified as contract asset, in conformity with Circular Letter/CVM/SNC/SEP/ 04/2020.

5.2 Judgments and estimates

5.2.1 Accounting for concession arrangements

In the accounting for concession arrangements, the Company conducts analysis that involve Management's judgment, mainly with respect to the applicability of the interpretation of concession arrangements, determination and classification of revenues by performance obligation, between revenue from infrastructure implementation, revenue from contract asset compensation and operation and maintenance revenue.

5.2.2 Timing of contract asset recognition

The Company's Management assesses the concession asset recognition timing based on the economic characteristics of each concession arrangement. The contract asset originates as the concessionaire satisfies the obligation of building and implementing the transmission infrastructure, and revenue is recognized over the project period. The contract asset is recognized as a contra entry to the infrastructure revenue, which is recognized as costs are incurred. The portion of indemnifiable contract asset, existing in certain types of contract, is ultimately identified when the infrastructure implementation is completed.

5.2.3 Determination of the discount rate of the contract asset

In order to segregate the financing component existing in the infrastructure implementation, the Company estimates the discount rate that would be reflected in a separate financing transaction between the entity and its customer at the commencement of the contract.

The rate applied to the contract asset reflects the implicit rate of the financial flow of each development/project and considers the Company's estimate to determine the price of the financial component established at the commencement of each concession arrangement, based on the macroeconomic characteristics aligned with the methodology of the Concession Grantor and the structure of the individual cost of capital of the projects.

These rates are set at the date of commencement of each concession arrangement or improvement and reinforcement projects, and remain unchanged over the concession term. When the Concession Grantor reviews or adjusts the revenue the Company is entitled to receive, the carrying amount of the contract asset is adjusted to reflect the revised flows, and the adjustment is immediately recognized as income or expense in profit or loss for the year.

(In thousands of Brazilian reais – R$, unless otherwise stated)

5.3 Breakdown

	Parent		Consolidated	
	2023	2022	2023	2022
Financial assets				
O&M services (i)	103,439	220,045	163,128	270,155
Contract asset				
Receivables - Law No. 12.783 – SE (ii)				
Financial component (ii)	5,859,736	6,171,689	5,859,736	6,171,689
Economic component (ii)	3,222,229	3,566,677	3,222,229	3,566,677
Infrastructure implementation (iii)	10,496,962	8,156,999	16,744,282	13,850,451
	19,578,927	17,895,365	25,826,247	23,588,817
	19,682,366	**18,115,410**	**25,989,375**	**23,858,972**
Current	**2,838,526**	**2,536,251**	**3,370,449**	**3,030,059**
Noncurrent	**16,843,840**	**15,579,159**	**22,618,926**	**20,828,913**

(i) **O&M - Operation and Maintenance** refers to the portion of revenues monthly and separately informed by the ONS for compensation of O&M services, with an average collection period below 30 days.

(ii) **Receivables under Law No. 12.783** - amounts receivable relating to investments under Concession Arrangement No. 059/2001, which was extended under Law No. 12.783 and had the right to the receivable subdivided into SE and NI:

NI facilities

The compensation relating to NI facilities was received partly in cash partly in installments by means of transfer made to the Company by Eletrobras. However, the adjustment approach to be applied on the remaining installments is being discussed in court (note 14.1.3 (ii)).

SE facilities

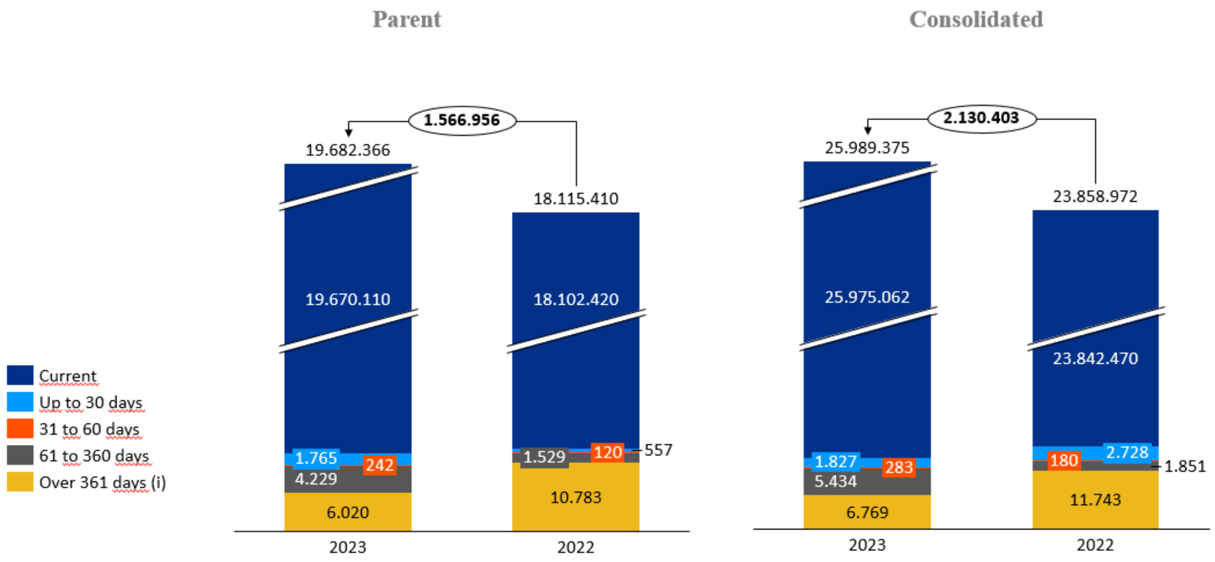
The amounts receivable relating to SE facilities have specific characteristics in view of the renewal conditions established in Administrative Ruling No. 120/16 and amounts regulated by ANEEL Technical Note No. 336/2016, and are treated as a contract asset segregated from the other assets of the Company. The future cash flow from RBSE is comprised of: (i) the portion relating to cost of equity capital (Ke) (financial component); and (ii) the portion relating to the remuneration base (economic component), which have different realization terms and whose amounts were remeasured in June 2020, according to the Periodic Tariff Revision defined in Confirmation Resolution No. 2.714, of June 30, 2020, which included Ke installments relating to 2017/2018, 2018/2019 and 2019/2020 tariff cycles.

In the 2020/2021 cycle the amounts were received as set forth in Confirmation Resolution No. 2.714. On April 22, 2021, Confirmation Resolution No. 2.851 was issued, acknowledging the right to real Ke and changing the payment flow regarding the RBSE financial component, which has been maintained since July 2021 (note 1.2).

(iii) **Infrastructure implementation** - flow of receipt of expected cash relating to the remuneration from the implementation investments, reinforcements and improvements in the electric power transmission infrastructure, discounted to present value and, when applicable, includes the portion of the investments made and not amortized through the end of the concession term (reversible assets).

(In thousands of Brazilian reais – R$, unless otherwise stated)

5.4 Breakdown by maturity



The breakdown by current and past-due amounts show in the chart above present disproportional scales due to the immateriality of the amounts past due in relation to the total balance.

(i) Balances classified as long-term receivables derive from amounts deposited in escrow by agents in the system, which for some reason disagree with the billed amounts relating to the Basic Grid and, therefore, file a lawsuit. The Company bills the amounts according to authorizations granted by regulatory agencies and, therefore, no provision for risks relating to these discussions is recognized. The balance decreased during 2023 as a result of amounts received due to favorable decisions.

The Company does not have any history or expectation of losses on collection of trade receivables, which are collateralized by letters of guarantee and/or guarantee agreements managed by the National System Operator (ONS) and, therefore, no allowance for expected credit losses was recognized.

5.5 Changes

	Parent	Consolidated
Balances in 2021	**16,735,680**	**21,493,778**
Infrastructure revenue (note 16.3)	1,217,802	1,950,337
Efficiency gain (loss) on infrastructure implementation (note 16.3)	(11,588)	24,019
Compensation for concession assets (note 16.3)	2,236,911	2,834,253
O&M revenues (note 16.3)	1,338,222	1,432,483
Revenues – Periodic Tariff Revision (RTP)	(10,090)	1,214
Receipts	(3,391,527)	(3,877,112)
Balances in 2022	**18,115,410**	**23,858,972**
Infrastructure revenue (note 16.3)	2,139,109	2,575,028
Efficiency gain on infrastructure implementation (note 16.3)	53,023	46,761
Compensation for concession assets (note 16.3)	2,401,285	3,025,127
O&M revenues (note 16.3)	1,207,093	1,333,173
Revenues – Periodic Tariff Revision (RTP)	-	(3,825)
Transfer – Substation SE Centro (note 1.2 (b)) (*)	(106,208)	(106,208)
Receipts	(4,127,346)	(4,739,653)
Balances in 2023	**19,682,366**	**25,989,375**

(*) Transfer to line item “Other” in current and noncurrent assets.

(In thousands of Brazilian reais – R$, unless otherwise stated)

6 Net debt

	Parent		Consolidated	
	2023	2022	2023	2022
Debentures	8,530,570	5,894,068	8,530,570	5,894,068
Borrowings and financing	601,888	1,968,725	709,725	2,090,661
Leases	26,478	54,613	28,370	56,968
Gross debt	**9,158,936**	**7,917,406**	**9,268,665**	**8,041,697**
Cash and cash equivalents	204,012	327,065	245,819	336,523
Short-term investments	1,019,348	462,256	1,526,208	907,326
Deductions	**1,223,360**	**789,321**	**1,772,027**	**1,243,849**
Net debt	**7,935,576**	**7,128,085**	**7,496,638**	**6,797,848**

The Company, its subsidiaries and jointly controlled subsidiaries do not obtain financing through “forfeit”, “confirming”, “reverse factoring”, “payables finance”, “supplier finance program obligations”, “payor risk” transactions or other supplier financing mechanisms.

(In thousands of Brazilian reais – R$, unless otherwise stated)

6.1 Debentures

6.1.1 Accounting practice

Debentures are measured at the amortized cost using the effective interest method (note 22.1.3).

6.1.2 Breakdown

												Parent and Consolidated	
												2023	2022
Issue	Number of securities	Green Bonds	Total amount	Issue date	Maturity	Purpose	Borrowing costs	Charges	IRR p.a.	Payment conditions	Financial indicators	Total	Total
5th – Single Series	300,000	-	300,000	02.15.2017	02.15.2024	Investment in reinforcements	7,397	IPCA + 5.04%	6.9%	Annual interest and Principal Bullet	Net debt/EBITDA < 3.5 and EBITDA/ Finance income (costs)> 2.0	430,280	408,151
7th – Single Series	621,000	✓	621,000	04.15.2018	04.15.2025	Investment in Greenfield Projects	17,123	IPCA + 4.70%	6.5%	Semiannual interest and Principal Bullet	None	845,123	804,803
8th – Single Series	409,325	✓	409,325	12.15.2019	12.15.2029	Investment in Greenfield Projects	21,473	IPCA + 3.50%	5.6%	Semiannual interest and Principal Bullet	None	510,097	484,568
9th – First Series	800,000	-	800,000	11.15.2020	11.15.2028	Working Capital	6,728	CDI + 2.83%	8.3%	Semiannual interest and Principal 6th, 7th and 8th years	None	809,155	810,145
9th – Second Series	800,000	✓	800,000	11.15.2020	05.15.2044	Investment in Greenfield Projects and Reinforcements	37,619	IPCA + 5.30%	9.6%	Semiannual interest and principal	None	864,564	853,959
10th – Single Series	672,500	✓	672,500	02.15.2021	07.15.2044	Investment in Greenfield Projects	34,215	IPCA + 5.07%	9.0%	Semiannual interest and principal	None	904,834	820,100
11th – First Series	668,833	✓	668,833	10.15.2021	10.15.2031	Investment in Greenfield Projects	23,945	IPCA + 5.77%	9.5%	Semiannual interest and Principal Bullet	None	739,966	704,163
11th – Second Series	281,167	✓	281,167	10.15.2021	10.15.2039	Investment in Greenfield Projects	16,739	IPCA + 5.86%	10.0%	Semiannual interest and Principal in the 16th, 17th and 18th years	None	304,032	289,176
12th – Single Series	700,000	-	700,000	04.15.2022	04.15.2029	Working Capital	2,147	CDI + 1.55%	13.5%	Semiannual interest and Principal in the 5th, 6th and 7th years	None	716,906	719,003
13th – Single Series	550,000	-	550,000	03.15.2023	03.15.2030	Working Capital	2,104	CDI + 1.50%	13.2%	Semiannual interest and Principal Bullet	None	568,281	-

(In thousands of Brazilian reais – R$, unless otherwise stated)

Issue	Number of securities	Green Bonds	Total amount	Issue date	Maturity	Purpose	Borrowing costs	Charges	IRR p.a.	Payment conditions	Financial indicators	Parent and Consolidated 2023 Total	2022 Total
14th – First Series	783,786	✓	783,786	10.15.2023	10.15.2033	Investment in Greenfield Projects	28,384	IPCA + 6.26%	10.6%	Semiannual interest and Principal in the 9th and 10th years	None	764,680	-
14th – Second Series	1,116,214	✓	1,116,214	10.15.2023	10.15.2038	Investment in Greenfield Projects	57,101	IPCA + 6.44%	10.8%	Semiannual interest and Principal in the 13th, 14th and 15th years	None	1,072,652	-
Total												**8,530,570**	**5,894,068**
Current												**570,815**	**88,833**
Noncurrent												**7,959,755**	**5,805,235**

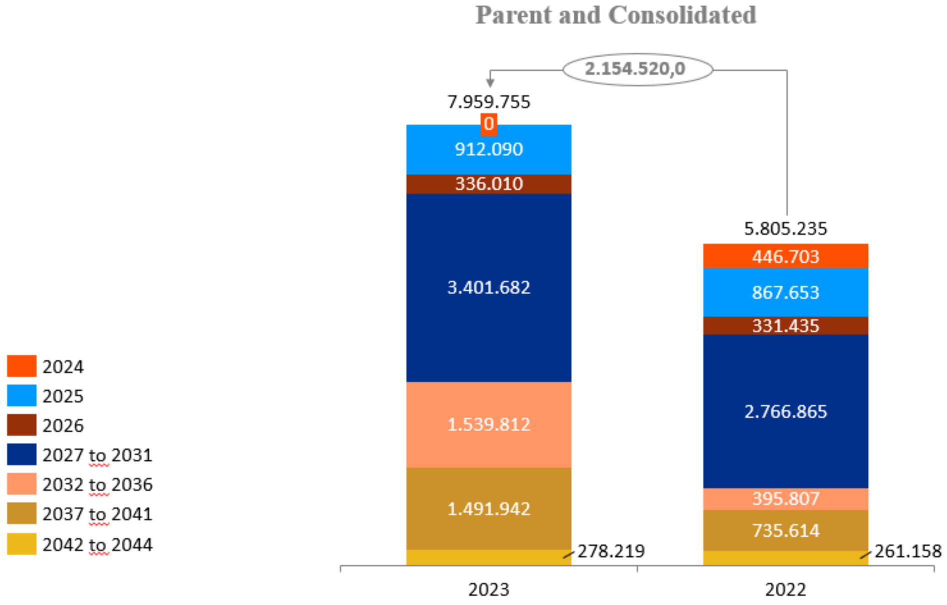
(In thousands of Brazilian reais – R$, unless otherwise stated)

All requirements and financial and non-financial covenants set out in the indentures of the issuances have been properly met and satisfied by the Company and its subsidiaries through the reporting date.

Debentures are not convertible into shares. The issuance costs recognized on the financial transactions through December 31, 2023 totaled R$257,937. The balance of the remaining costs to be recognized beginning December 31, 2023 is R$203,951

6.1.3 Breakdown by maturity

The noncurrent portion of installments matures as follows:



6.1.4 Changes

Balances in 2021	**4,889,102**
Addition	700,000
Transaction cost	(2,147)
Repayments of principal	(31,038)
Payments of interest	(341,218)
Interest and inflation adjustment	679,369
Balances in 2022	**5,894,068**
Addition (*)	2,450,000
Transaction cost	(87,588)
Repayments of principal	(33,218)
Payments of interest	(451,911)
Interest and inflation adjustment	759,219
Balances in 2023	**8,530,570**

(*) Amounts relating to the 13th and 14th issuance of debentures occurred in March and October, respectively.

(In thousands of Brazilian reais – R$, unless otherwise stated)

6.2 Borrowings and financing

6.2.1 Accounting practice

Borrowings and financing are measured at amortized cost using the effective interest method (note 22.1.3).

6.2.2 Breakdown

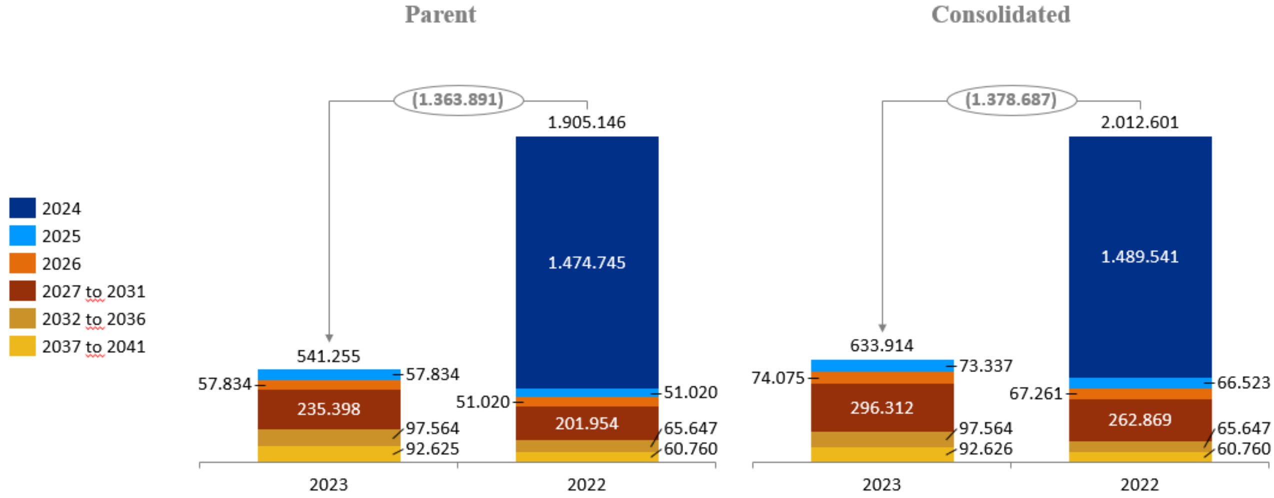
Agreement	Entity	Borrowing amount	Start date	Charges	IRR p.a.	End date	Purpose	Payment conditions	Collateral	Financial indicator	Parent 2023	Parent 2022	Consolidated 2023	Consolidated 2022
BNDES														
Agreement 13.2.1344.1 (*)	CTEEP	284,136 105,231 1,940	12.23.2013	TJLP + 1.80% p.a. 3.50% p.a. TJLP	8.35% 3.60% 6.17%	03.15.2029 01.15.2024 03.15.2029	Pluriannual Investment Plan 2012 - 2015	Quarterly interest through March 2015 and payment of principal and interest beginning April 2015	Fiduciary assignment		102,921 853 33	121,158 11,069 26	102,921 853 33	121,158 11,069 26
Agreement 17.2.0291.2 (*)	CTEEP	272,521 1,378	08.08.2017	TJLP + 2.62% p.a. TJLP	7.04% 4.98%	03.15.2032	Pluriannual Investment Plan 2016-2019	Principal and monthly interest beginning April 15, 2018	Fiduciary assignment	Net debt/ adjusted EBITDA < 3.5 and net debt / net debt + equity < 0.7	163,634 39	181,511 32	163,634 39	181,511 32
Agreement 21.2.0416.1 (*)	CTEEP	567,400	01.23.2022	TJLP + 2.01%	8.00%	12.15.2041	Investment Plan Improvements 2020-2022	Principal and monthly interest beginning July 15, 2022	Fiduciary assignment		334,408	232,054	334,408	232,054
8th promissory notes (**)	CTEEP	1,200,000	05.06.2021	CDI + 1.25%	4.35%	05.06.2024	-	Principal and interest bullet	-	-	-	1,422,875	-	1,422,875
BNB	IENNE	220,000	05.19.2010	10.0% p.a.	10.00%	05.19.2030	Financing of projects of Lot An Auction 004/2008	Quarterly interest up to May 2012 and monthly beginning June 2012	Reserve account held at BNB	-	-	-	107,837	121,936
Total in local currency											**601,888**	**1,968,725**	**709,725**	**2,090,661**
Current											**60,633**	**63,579**	**75,811**	**78,060**
Noncurrent											**541,255**	**1,905,146**	**633,914**	**2,012,601**

(*) For purposes of calculation and to show that such indicators were reached, as determined and required in the BNDES agreements, the Company consolidates all subsidiaries and jointly controlled subsidiaries (proportionately to its equity interest), provided that the equity interest held is equal to or higher than 10%.

(**) On November 27, 2023, the Company carried out the total optional early redemption of the promissory notes of its 8th issuance.

(In thousands of Brazilian reais – R$, unless otherwise stated)

6.2.3 Breakdown by maturity



6.2.4 Changes

	Parent	Consolidated
Balances in 2021	**2,272,463**	**2,470,529**
Addition (i)	226,960	226,960
Transaction cost	(2,837)	(2,837)
Repayments of principal	(705,410)	(781,718)
Payments of interest	(70,541)	(84,554)
Interest, inflation adjustments and exchange rate changes	248,090	262,281
Balances in 2022	**1,968,725**	**2,090,661**
Additions (ii)	105,000	105,000
Repayments of principal	(1,264,266)	(1,278,360)
Payments of interest	(454,917)	(464,182)
Interest, inflation adjustments and exchange rate changes	247,346	256,606
Balances in 2023	**601,888**	**709,725**

(i)Amount relating to the borrowing from BNDES on March 21, 2022.
(ii) Amount relating to the borrowing (second disbursement) from BNDES on August 16, 2023.

(In thousands of Brazilian reais – R$, unless otherwise stated)

6.2.5 Collaterals

The Company participates as intervening guarantor, to the limit of its interests in subsidiaries and jointly controlled subsidiaries, in their financing agreements, as shown below:

Subsidiary	Equity interest in subsidiary	Bank	Debt type	Outstanding balance at 12.31.2023	Type of collaterals	Balance guaranteed by CTEEP	End of collateral
IENNE	100%	Banco do Nordeste	FNE	107,837	Pledge of shares/corporate	107,837	05.19.2030
IE Madeira	51%	Banco da Amazônia	Bank credit note	248,522	Pledge of shares	126,746	01.10.2033
IE Madeira	51%	BNDES	FINEM and PSI	693.157	Pledge of shares	353,510	02.15.2030
IE Madeira	51%	Itaú/BES	Infrastructure debentures	344,568	Pledge of shares/corporate	175,730	03.18.2025
IEGaranhuns	51%	BNDES	FINEM and PSI	94,556	Pledge of shares	48,224	12.15.2028
IE Ivaí	50%	Itaú	Infrastructure debentures	2,267,916	Pledge of shares	1,133,958	12.15.2043

In addition to the collaterals mentioned above, the financing agreements between the subsidiaries and jointly controlled subsidiaries with the development banks (BNDES/BASA/BNB) require the creation and maintenance of a reserve account for the debt service in an amount equivalent to three to six times the last installment paid under the financing, including the portion of principal and interest, classified under “other” in assets in the balance sheet in the amount of R$16,140, consolidated (R$29,707 as of December 31, 2022).

The BNDES financing agreements and debentures of subsidiaries and jointly controlled subsidiaries contain covenants that require the maintenance of financial ratios for the Debt Service Coverage Ratio (DSCR) as well as cross default clauses that provided for the acceleration of payment in case of failure to comply with the obligations under the agreements.

As of December 31, 2023, no acceleration of payment occurred relating to financial and non-financial covenants under the agreements with the Parent, subsidiaries and jointly controlled subsidiaries.

(In thousands of Brazilian reais – R$, unless otherwise stated)

6.3. Leases

6.3.1 Accounting practice

The Company assesses at the contract inception date, whether the contract transfers the right to control the use of an identified asset for a period of time in exchange for a consideration.

At the lease commencement date, the Company recognizes lease liabilities measured at the net present value of the lease payments to be made over the lease term. Lease payments include fixed payments (mainly including fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, and expected amounts to be paid under residual value guarantees.

When calculating the net present value of lease payments, the Company uses the incremental rate represented by the Company's borrowing rate at the commencement date. After the commencement date, the amount of the lease liability is increased to reflect the increase of interest and reduced for the lease payments made. Additionally, the carrying amount of lease liabilities is remeasured if there is a modification: a change in the lease term, a change in lease payments or a change in the assessment of the call option of the underlying asset.

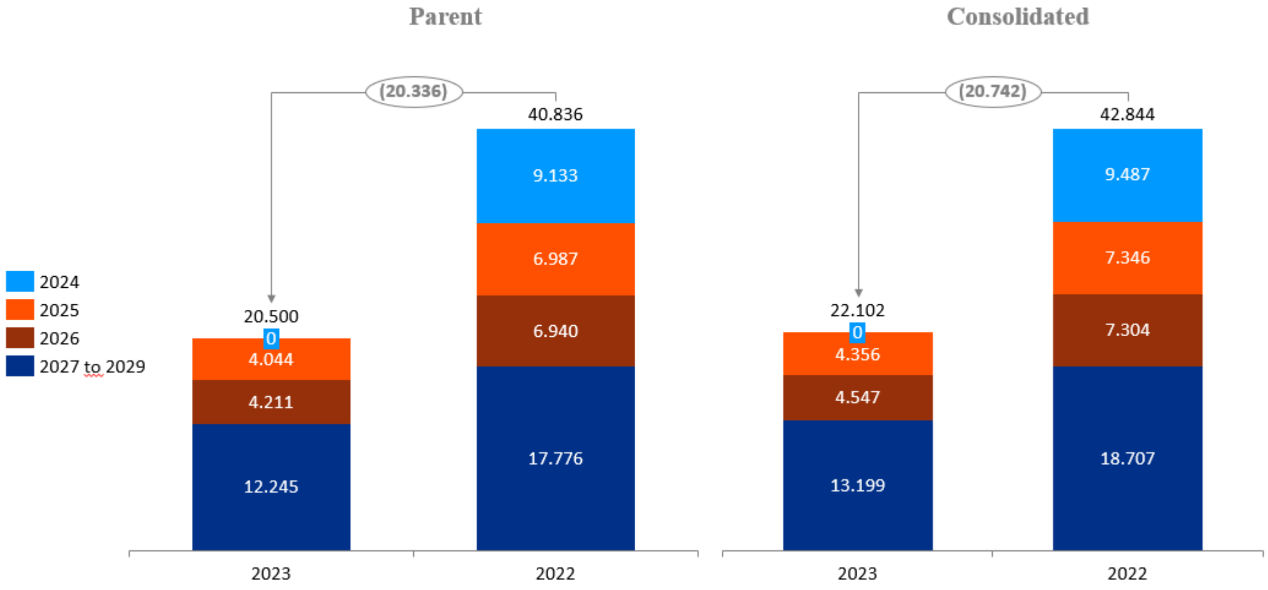
Short-term and low-value asset lease payments are recognized as expenses on a straight-line basis over the lease term.

6.3.2 Breakdown

						Parent		Consolidated	
Contract	**Contractual amount**	**Start date**	**Rate**	**End date**	**Payment conditions**	**2023**	**2022**	**2023**	**2022**
Leases of vehicles	17,883	03.15.2019	0.60% p.m.	03.14.2024	Principal and monthly interest	2,209	9,645	2,209	9,645
Lease of properties	43,652	06.01.2019	0.59% p.m.	06.30.2029	Principal and monthly interest	24,269	44,968	26,161	47,323
Total leases						**26,478**	**54,613**	**28,370**	**56,968**
Current						**5,978**	**13,777**	**6,268**	**14,124**
Noncurrent						**20,500**	**40,836**	**22,102**	**42,844**

(In thousands of Brazilian reais – R$, unless otherwise stated)

6.3.3 Breakdown by maturity



6.3.4 Changes

	Parent	Consolidated
Balances in 2021	**55,269**	**56,916**
Additions	12,381	13,399
Payments	(14,014)	(14,352)
Interest	977	1,005
Balances in 2022	**54,613**	**56,968**
Additions	186	908
Payments	(14,186)	(14,344)
Interest	2,373	2,289
Write-offs (*)	(16,508)	(17,451)
Balances in 2023	**26,478**	**28,370**

According to Circular Letters No. 02/2019 and No. 01/2020, issued on December 18, 2019 and February 05, 2020, respectively, the inflation effects on the balances reported in the financial statements relating to CPC 06 (R2) (IFRS 6) are as follows (considering the balance adjusted at the nominal rate): (i) right of use of R$29,963, Parent, and R$32,012, consolidated; (ii) lease liability of R$29,263, Parent, and R$31,256, consolidated; (iii) depreciation of R$12,491, Parent, and R$12,845, consolidated; and (iv) finance cost of R$4,655, Parent, and R$4,665, consolidated.

(*) Write-off relating to the remeasurement to reflect amendments to the contract with the supplier, from May 2023 to April 2026.

(In thousands of Brazilian reais – R$, unless otherwise stated)

6.4 Cash and cash equivalent

6.4.1 Accounting practice

Cash and cash equivalents include cash, banks and short-term investments.

In order to be qualified as a cash equivalent, a short-term investment needs to be immediately convertible into a known amount of cash and be subject to an insignificant risk of change in value. Therefore, an investment is normally classified as a cash equivalent only when it has a short maturity of, for example, three months or less counted from the acquisition date.

Cash equivalents are measured at fair value through profit or loss, with daily liquidity, and are represented by securities issued by the banks, as follows: Bank Credit Certificate (CDB) at rates pegged to the variation of the Interbank Certificate of Deposit (CDI).

6.4.2 Breakdown

	Parent		Consolidated	
	2023	**2022**	**2023**	**2022**
Cash and banks	23,376	8,912	32,410	11,100
Cash equivalents				
CDB (i)	180,636	318,153	213,409	325,423
Cash and cash equivalents	**204,012**	**327,065**	**245,819**	**336,523**

(i) The average yield for 2023 of the Bank Deposit Certificate (CDB) portfolio in CDI was 105.4%, Parent, and 105.0%, Consolidated

6.5 Short-term investments

6.5.1 Accounting practice

Short-term investments correspond to financial assets measured at fair value through profit or loss (note 22.1.3).

6.5.2 Breakdown

	Parent		Consolidated	
	2023	**2022**	**2023**	**2022**
Fundo de Investimento Bandeirantes Referenciado DI	287,380	206,806	360,857	269,741
Fundo de Investimento Xavantes Referenciado DI	351,001	206,829	770,924	584,523
Fundo de Investimento Assis Referenciado DI	375,779	40,246	375,779	39,483
Fundo de Investimento Barra Bonita Referenciado DI	5,188	8,375	18,648	13,579
	1,019,348	**462,256**	**1,526,208**	**907,326**

The Company, its subsidiaries and jointly controlled subsidiaries concentrated their short-term investments in the following investment funds:

- Fundo de Investimento Referenciado DI Bandeirantes: an investment fund organized exclusively for the Company, its subsidiaries and jointly controlled subsidiaries, managed by Banco Bradesco, having its portfolio comprised of units in Fundo de Investimento Renda Fixa Referenciado DI Coral (Referenciado DI Rubi merged into Renda Fixa Referenciado DI Coral).

- Fundo de Investimento Xavantes Renda Fixa Referenciado DI: an investment fund organized exclusively for the Company, its subsidiaries and jointly controlled subsidiaries, managed by Banco Itaú-Unibanco, having its portfolio comprised of units in Fundo de Investimento Special Renda Fixa Referenciado DI (Corp Referenciado DI merged into Special Renda Fixa Referenciado DI).

- Fundo de Investimento Assis Renda Fixa Referenciado DI: an investment fund organized exclusively for the Company, its subsidiaries and jointly controlled subsidiaries, managed by Banco Santander, having its portfolio comprised of units in Fundo de Investimento Santander Renda Fixa Referenciado DI.

- Fundo de Investimento Barra Bonita Renda Fixa Referenciado DI LP: an investment fund organized exclusively for the Company, its subsidiaries and jointly controlled subsidiaries, managed by Banco do Brasil, having its portfolio comprised of units in Fundo de Investimento Top DI Renda Fixa Referenciado DI LP.

Said investment funds are highly liquid, readily convertible into a cash amount, regardless of the assets, and any risk of change in value will be directly linked to the composition of the funds, which holds government bonds and private securities. Portfolios are comprised of fixed income securities, such as federal government bonds and private securities, in order to follow the variation of the Interbank Certificates of Deposits (CDI) and/or of the SELIC rate. The average yield for 2023 of the CDI-indexed portfolio was 107.9% in the Parent and 107.2% in the Consolidated.

The investment funds are consolidated as described in note 2.5 and amounts equivalent to the Company's, subsidiaries' and jointly controlled subsidiaries' interests (IE Madeira, IE Garanhuns and IE Ivaí) are added to the total balances. As of December 31, 2023, the amount of short-term investment held by jointly controlled subsidiaries, not consolidated, amounted to R$411,572. This balance is eliminated through noncontrolling interests in the Consolidated.

Management's analysis of the exposure of these assets to interest rate risks, among others, is disclosed in note 22.4.

7 Investments

7.1 Accounting practice

The investments in direct and indirect subsidiaries are stated under the equity method in the individual financial statements ("Parent"), and fully consolidated in the consolidated financial statements. On the other hand, the investments in jointly controlled subsidiaries are stated under the equity method both in the individual and consolidated financial statements. The changes in other comprehensive income in these jointly controlled subsidiaries, if any, are recognized as other comprehensive income in the Parent.

(In thousands of Brazilian reais – R$, unless otherwise stated)

7.2 Changes in investments

Parent

	Balances in 2021	Capital payment	Share of profit (loss) of investees	Realization of control acquisition	Adjustment to financial instrument	Dividends	Corporate reorganization (**)	Balances in 2022
IESerra do Japi	539,958	-	76,366	-	-	(66,960)	(131,894)	417,470
IEMG (*)	124,543	289,587	(33,587)	1,475	-	-	-	382,018
IENNE	365,547	-	47,018	-	-	(45,821)	-	366,744
IEPinheiros	635,613	2,300	76,191	-	-	(51,481)	(601,207)	61,416
Evrecy (*)	106,328	225,589	(59,381)	(2,490)	-	-	-	270,046
IEItaúnas	390,350	82,781	28,471	-	-	-	-	501,602
IETibagi	208,025	15,471	23,658	-	-	(5,619)	-	241,535
IEItaquerê	498,128	-	72,838	-	-	(17,299)	-	553,667
IEItapura	184,086	-	31,585	-	-	(1,256)	(36,729)	177,686
IEAguapeí	562,984	-	107,687	-	-	(39,217)	-	631,454
IESul (*)	155,686	-	14,821	3,044	-	-	-	173,551
IEBiguaçu	323,835	83,073	42,603	-	(10,502)	(5,571)	-	433,438
IERiacho Grande	70,857	46,897	(876)	-	(21,739)	-	-	95,139
IEJaguar6	-	300	2,158	-	-	(512)	241,296	243,242
IEJaguar8	-	100	2,228	-	-	-	102,911	105,239
IEJaguar9	-	400	9,638	-	-	(13,897)	425,623	421,764
IEMadeira	1,790,615	-	240,495	-	-	(128,645)	-	1,902,465
IEGaranhuns	429,968	-	100,332	-	-	15,043	-	545,343
IEParaguaçu	455,432	33,000	82,456	-	-	(19,584)	-	551,304
IEAimorés	302,196	10,500	67,315	-	-	(15,988)	-	364,023
IEIvaí	321,268	90,000	20,290	-	-	-	-	431,558
Total	**7,465,419**	**879,998**	**952,306**	**2,029**	**(32,241)**	**(396,807)**	**-**	**8,870,704**

(*) The adjusted equity includes the fair value adjustments according to appraisal report as of the acquisition date.
(**) Reclassification of the concession arrangements due to the corporate reorganization conducted on October 31, 2022.

(In thousands of Brazilian reais – R$, unless otherwise stated)

							Parent
	Balances in 2022	Capital payment	Share of profit (loss) of investees	Realization of control acquisition	Adjustment to financial instrument	Dividends	Balances in 2023
IESerra do Japi	417,470	7,500	53,233	-	-	(44,550)	433,653
IEMG (*)	382,018	122,166	904	1,344	-	-	506,432
IENNE	366,744	-	66,191	-	-	(28,720)	404,215
IEPinheiros	61,416	1,200	13,647	-	-	(7,885)	68,378
Evrecy (*)	270,046	136,412	(18,607)	(2,490)	-	-	385,361
IEItaúnas	501,602	8,050	29,777	-	-	(7,072)	532,357
IETibagi	241,535	-	30,216	-	-	(7,176)	264,575
IEItaquerê	553,667	-	70,129	-	-	(22,834)	600,962
IEItapura	177,686	-	21,582	-	-	(22,126)	177,142
IEAguapeí	631,454	-	59,268	-	-	(49,500)	641,222
IESul (*)	173,551	-	8,674	3,044	-	(2,217)	183,052
IEBiguaçu	433,438	-	68,831	-	-	(43,776)	458,493
IERiacho Grande	95,139	73,997	12,771	-	(21,990)	-	159,917
IEJaguar6	243,242	-	11,393	-	-	(29,193)	225,442
IEJaguar8	105,239	18,400	11,210	-	-	(2,662)	132,187
IEJaguar9	421,764	-	83,688	-	-	(39,289)	466,163
IEMadeira	1,902,465	-	210,053	-	-	(70,614)	2,041,904
IEGaranhuns	545,343	-	59,965	-	-	(39,862)	565,446
IEParaguaçu	551,304	-	73,105	-	-	(64,313)	560,096
IEAimorés	364,023	-	48,635	-	-	(63,454)	349,204
IEIvaí	431,558	-	97,560	-	-	(23,201)	505,917
Total	**8,870,704**	**367,725**	**1,012,225**	**1,898**	**(21,990)**	**(568,444)**	**9,662,118**

(*) The adjusted equity includes the fair value adjustments according to appraisal report as of the acquisition date.

(In thousands of Brazilian reais – R$, unless otherwise stated)

					Consolidated
	Balances in 2021	Capital payment	Share of profit (loss) of investees	Dividends	Balances in 2022
IEMadeira	1,790,615	-	240,495	(128,645)	1,902,465
IEGaranhuns	429.968	-	100,332	15,043	545,343
IEParaguaçu	455.432	33,000	82,456	(19,584)	551,304
IEAimorés	302,196	10,500	67,315	(15,988)	364,023
IEIvaí	321,268	90,000	20,290	-	431,558
Total	**3,299,479**	**133,500**	**510,888**	**(149,174)**	**3,794,693**

					Consolidate
	Balances in 2022	Capital payment	Share of profit (loss) of investees	Dividends	Balances in 2023
IEMadeira	1,902,465	-	210,053	(70,614)	2,041,904
IEGaranhuns	545.343	-	59,965	(39,862)	565,446
IEParaguaçu	551.304	-	73,105	(64,313)	560,096
IEAimorés	364,023	-	48,635	(63,454)	349,204
IEIvaí	431,558	-	97,560	(23,201)	505,917
Total	**3,794,693**	**-**	**489,318**	**(261,444)**	**4,022,567**

(In thousands of Brazilian reais – R$, unless otherwise stated)

7.3 Breakdown of share of profit (loss) of investees

	Parent		Consolidated	
	2023	**2022**	**2023**	**2022**
Share of profit (loss) of investees	1,012,225	952,306	489,318	510,888
*Realization of control acquisition (7.2)	1,898	2,029	-	-
	1,014,123	**954,335**	**489,318**	**510,888**

(*) Control acquisition dates: IEMG (February 2011); Evrecy (December 2012); IESUL (September 2018).

(In thousands of Brazilian reais – R$, unless otherwise stated)

7.4 Information on investments in subsidiaries

		Reporting date	Number of common shares	Share of paid-in capital - %	Paid-in capital	Assets	Liabilities	Equity	Adjusted equity (*)	Gross revenue	Profit (loss) for the year
IESerra do Japi	Operational	2023	89,985,000	100	89,985	479,881	46,228	433,653	-	66,540	53,233
		2022	44,394,000	100	44,394	476,923	59,453	417,470	-	89,458	76,366
IEMG	Operational Partial	2023	551,073,000	100	551,073	573,533	46,434	527,099	506,432	160,971	904
		2022	428,907,000	100	428,907	444,851	40,821	404,030	382,018	303,706	(33,587)
IENNE	Operational	2023	338,984,000	100	338,984	568,708	164,493	404,215	-	69,431	66,191
		2022	338,984,000	100	338,984	526,224	159,480	366,744	-	73,710	47,018
IEPinheiros	Operational	2023	20,885,000	100	20,885	78,732	10,354	68,378	-	20,247	13,647
		2022	29,606,000	100	29,606	76,300	14,884	61,416	-	94,321	76,191
Evrecy	Operational Partial	2023	438,352,000	100	438,352	428,609	47,191	381,418	385,361	149,601	(18,607)
		2022	301,940,000	100	301,940	289,887	26,274	263,613	270,046	196,916	(59,381)
IEItaúnas	Operational Partial	2023	342,359,000	100	342,359	609,134	76,777	532,357	-	83,727	29,777
		2022	334,309,000	100	334,309	542,309	40,707	501,602	-	119,693	28,471
IETibagi	Operational Partial	2023	180,869,000	100	180,869	295,540	30,965	264,575	-	36,981	30,216
		2022	180,869,000	100	180,869	278,951	37,416	241,535	-	50,633	23,658
IEItaquerê	Operational	2023	206,096,000	100	206,096	662,896	61,934	600,962	-	81,721	70,129
		2022	206,096,000	100	206,096	642,225	88,558	553,667	-	88,469	72,838
IEItapura	Operational	2023	106,137,000	100	106,137	199,423	22,281	177,142	-	39,500	21,582
		2022	86,284,000	100	86,284	191,587	13,901	177,686	-	39,484	31,585

(*) The adjusted equity includes the fair value adjustments according to appraisal report as of the acquisition date.

(In thousands of Brazilian reais – R$, unless otherwise stated)

(Continued)

		Reporting date	Number of common shares	Share of paid-in capital - %	Paid-in capital	Assets	Liabilities	Equity	Adjusted equity (*)	Gross revenue	Profit (loss) for the year
IEAguapeí	Operational	2023	351,108,000	100	351,108	704,497	63,275	641,222	-	100,933	59,268
		2022	351,108,000	100	351,108	710,040	78,586	631,454	-	121,965	107,687
IESul	Operational	2023	220,660,000	100	220,660	266,241	38,027	228,214	183,052	40,177	8,674
		2022	220,660,000	100	220,660	252,086	30,329	221,757	173,551	30,331	14,821
IEBiguaçu	Operational	2023	415,551,000	100	415,551	538,217	79,724	458,493	-	68,774	68,831
		2022	415,551,000	100	415,551	516,513	83,075	433,438	-	185,668	42,603
IE Riacho Grande	Pre-Operational	2023	179,147,000	100	179,147	201,155	41,238	159,917	-	93,727	12,771
		2022	105,150,000	100	105,150	107,140	12,001	95,139	-	48,958	(876)
IEJaguar6	Operational	2023	159,865,000	100	159,865	241,708	16,266	225,442	-	16,493	11,393
		2022	196,164,000	100	196,164	257,637	14,395	243,242	-	2,439	2,158
IEJaguar8	Operational Partial	2023	68,058,000	100	68,058	148,877	16,690	132,187	-	39,808	11,210
		2022	46,934,000	100	46,934	112,810	7,571	105,239	-	2,407	2,228
IEJaguar9	Operational	2023	202,438,000	100	202,438	528,929	62,766	466,163	-	111,693	83,688
		2022	194,097,000	100	194,097	469,054	47,290	421,764	-	12,471	9,638

(*) The adjusted equity includes the fair value adjustments according to appraisal report as of the acquisition date.

(In thousands of Brazilian reais – R$, unless otherwise stated)

7.5 Information on investments in jointly controlled subsidiaries

					2023					2022
	IEMadeira	IEGaranhuns	IEParaguaçu	IEAimorés	IEIvaí	IEMadeira	IEGaranhuns	IEParaguaçu	IEAimorés	IEIvaí
Current assets										
Cash and cash equivalents	147	2,066	27,233	16,254	92,240	35	3,399	37,487	66,037	46,301
Short-term investments	244,498	11,047	-	-	47,989	217,120	41,207	-	-	100,702
Concession asset	672,021	112,576	138,796	89,384	331,207	639,607	107,539	133,070	85,697	281,029
Other assets	106,147	17,456	23,682	17,639	7,632	74,509	20,719	20,687	13,859	39,580
Noncurrent assets										
Concession asset	6,158,807	1,357,443	1,477,860	936,584	3,777,644	6,108,840	1,247,419	1,434,985	909,397	3,343,385
Other noncurrent assets	134,334	13,820	5,525	3,705	308,209	142,303	18,177	13,878	4,448	4,210
Current liabilities										
Borrowings and financing	157,501	19,170	-	-	-	156,071	28,583	-	-	-
Debentures	63,977	-	-	-	91,100	67,669	-	-	-	213,888
Other liabilities	357,267	48,087	80,530	47,867	314,696	410,926	14,920	92,388	61,332	61,803
Noncurrent liabilities										
Borrowings and financing	784,178	75,386	-	-	-	913,773	93,289	-	-	-
Debentures	280,591	-	-	-	2,176,816	315,056	-	-	-	2,046,110
Other liabilities	1,668,707	263,048	472,375	317,291	970,476	1,588,596	232,367	445,110	290,060	630,290
Equity	4,003,733	1,108,717	1,120,191	698,408	1,011,833	3,730,323	1,069,301	1,102,609	728,046	863,116

					2023					2022
	IEMadeira	IEGaranhuns	IEParaguaçu	IEAimorés	IEIvaí	IEMadeira	IEGaranhuns	IEParaguaçu	IEAimorés	IEIvaí
Net operating revenue	712,294	226,921	189,099	124,351	854,193	735,154	180,710	377,493	257,671	556,650
Infrastructure and O&M costs	(46,255)	(75,288)	(2,411)	-	(248,512)	(35,361)	(32,856)	(125,384)	(54,763)	(262,389)
Revenues – Periodic Tariff Revision, net	-	-		-	(95,360)	-	103,932	-	-	-
General and administrative expenses	(24,255)	(8,302)	(7,858)	(4,514)	(20,592)	(15,655)	(9,734)	(4,389)	(3,560)	(6,501)
Finance income (costs)	(111,084)	(4,759)	6,692	4,359	(195,315)	(107,694)	(5,570)	2,250	4,602	(225,791)
Other operating income (expenses)	(5,842)	8	-	-	2	24,301	(10,251)	-	-	-
Income tax and social contribution	(112,990)	(21,002)	(39,312)	(26,926)	(99,296)	(129,188)	(29,499)	(85,058)	(69,321)	(21,388)
Profit	411,868	117,578	146,210	97,270	195,120	471,557	196,732	164,912	134,629	40,581
CTEEP’s equity interest (%)	**51%**	**51%**	**50%**	**50%**	**50%**	**51%**	**51%**	**50%**	**50%**	**50%**

(In thousands of Brazilian reais – R$, unless otherwise stated)

7.6 Subsidiaries and jointly controlled subsidiaries

Operating agreements

Company	Incorporation	Agreement	Start of commercial operations	Substations	Installed power (MVA)	Transmission lines	Extension of lines (KM)	Region
IESerra do Japi	07.01.2009	026/2009	2011	Jandira and Salto	2.000	-	-	São Paulo
IEMG	12.13.2006	004/2007	2008	-	-	Neves 1 – Mesquita	173	Minas Gerais
	12.19.2019	007/2020 (*****)	2023	Nova Ponte Araxá 3 Uberlândia 10 and Monte Alegre de Minas 2	1.600	Nova Ponte - Araxá 3 Nova Ponte - Uberlândia 10	173	Minas Gerais
IENNE	12.03.2007	001/2008	2010	-	-	Colinas - Ribeiro Gonçalves - C2Ribeiro Gonçalves - São João Do Piauí - C2	711	Maranhão, Piauí and Tocantins
IEPinheiros	07.22.2008	018/2008	2010	Atibaia II	400	-	-	São Paulo
Evrecy	11.14.2006	020/2008	2008	Aimorés, Mascarenhas	450	Aimores-Se - U. Mascarenhas - C1, Aimores - Conselheiro Pena - C1, Conselheiro Pena - Governador Valadares 6 - C1, Governador Valadares 6 - Governador Valadares 2 - C1	163	Espírito Santo and Minas Gerais
IESul	07.23.2008	016/2008 013/2008	2010	Forquilhinha, Scharlau 2	900	Curitiba - Joinville Norte - C2– Jorge Lacerda B - Tubarão Sul - C1 Tubarão Sul - Siderópolis - C1 e Nova Santa Rita - Scharlau - C1 E C2	179	Paraná, Santa Catarina and Rio Grande do Sul
IEItaquerê	04.11.2017	027/2017	2020	SE Araraquara 2 - 3 x Synchronous compensators 500 kV - (-180/+300) Mvar	900	-	-	São Paulo
IETibagi	04.11.2017	026/2017	2020	Rosana	500	Nova Porto Primavera – Rosana C1 e C2	17	São Paulo and Paraná
IEAguapeí	04.11.2017	046/2017	2021	Baguaçu and Alta Paulista	1.400	Marechal Rondon – Taquaruçu e Ilha Solteira – Bauru C1/C2	-	São Paulo
IEItapura	04.11.2017	021/2018 021/2011	2021 2013	Lorena Itapeti	2.000	- -	-	São Paulo
IETibagi (*)	04.11.2017	006/2020	2022	-	500	Ilha Solteira - Três Irmãos C2	37	Mato Grosso do Sul e São Paulo
IEBiguaçu (**)	07.06.2018	018/2017	2022	Ratones	300	-	54	Santa Catarina
IEJaguar 6	11.19.2018	143/2001 042/2017	2004 2019	- Bauru – Static compensator 440 kV (-125/250) Mvar	- 250	Botucatu – Chavantes C4 -	137 -	São Paulo São Paulo
IEJaguar 8	11.19.2018	012/2008	2010	Piratininga ll	1.200	Interlagos – Piratininga II	1	São Paulo
IEJaguar 9	11.19.2018	015/2008	2010	Mirassol ll, Getulina, Araras	2.100	-	-	São Paulo
IEItaúnas (****)	01.13.2017	018/2017	2023	João Neiva 2	1.200	Viana 2 – João Neiva 2	79	Espírito Santo
IEMadeira	12.18.2008	013/2009 015/2009	2013	Porto Velho rectifying station and Araraquara inverter station	7.464	Porto Velho – Araraquara II	2.385	Rondônia, Mato Grosso, Goiás, Minas Gerais and São Paulo
IEGaranhuns	10.07.2011	022/2011	2015	Garanhuns ll and Pau Ferro	2.100	Luiz Gonzaga – Garanhuns, Garanhuns – Pau Ferro, Garanhuns – Campina Grande III, Garanhuns – Angelim, Angelim I	633	Paraíba, Pernambuco and Alagoas
IEAimorés	11.18.2016	004/2017	2022	-	-	Padre Paraíso 2 – Governador Valadares 6 C2	208	Minas Gerais
IEParaguaçu	11.18.2016	003/2017	2022	-	-	Poções III – Padre Paraíso 2 C2	338	Bahia and Minas Gerais
IEIvaí (***)	05.17.2017	022/2017	2022	Guaíra, Sarandi and Paranavaí Norte	2.988	Guaíra – Sarandi, Foz do Iguaçu – Guaíra, Londrina – Sarandi, Sarandi – Paranavaí Norte	589	Paraná

(*) TrêsLagoas (006/2020): started commercial operations on June 08, 2022, fourteen months earlier than ANEEL's estimated date. A double circuit project.
(**) IEBiguaçu: started commercial operations on September 02, 2022, one year earlier than ANEEL's estimated date.
(***) IEIvaí: started commercial operations in November 2022. A double circuit project.
(****) IEItaúnas: started partial commercial operations in March 2023.
(*****) IEMG (Triângulo Mineiro):started commercial operations in August 2023, 20 months earlier than ANEEL's estimated date.

(In thousands of Brazilian reais – R$, unless otherwise stated)

Pre-operating agreements

Company	Incorporation	Agreement	Expected start of operation (*)	Substations	Installed power (MVA)	Transmission lines	Extension of lines (KM)	Region	Estimated investment (**)	Agreement execution date
Evrecy	12.19.2019	001/2020	60 months	Caxias Norte	2.700	Caxias Norte – Caxias 6 C1 Caxias Norte - Vinhedos C1 Caxias Norte - Monte Claro	169	Rio Grande do Sul	R$681,550	03.20.2020
IERiacho Grande	12.17.2020	005/2021	60 months	São Caetano do Sul	800	Miguel Reale - São Caetano do Sul, C1/C2; Sul - São Caetano do Sul, C1/C2; Trechos LT entre SE Sul - LT Ibiuna - Tijuco Preto C2.	63	São Paulo	R$1,140,629	03.31.2021
IEJaguar 8 (projeto Jacarandá)	06.30.2022	011/2022	42 months	SE 440/88 kV Água Azul – new yard of 88 kV and transformation 440/88 kV	600 MVA	-	-	São Paulo	R$232,292	09.30.2022
IETibagi (Àgua Vermelha project)***	06.30.2023	014/2023	36 months	– SE 500/138 kV Água Vermelha – new transformation 500/138 kV	400 MVA	-	-	Minas Gerais	R$94,000	09.29.2023

(*) Term for placement into operation as from the agreement execution date, according to ANEEL's estimate.
(**) Investment according to ANEEL's estimate.
(***) Lot won in ANEEL Auction 001/2023 conducted on June 30, 2023.

(In thousands of Brazilian reais – R$, unless otherwise stated)

8 Deferred taxes

8.1 Accounting practice

Deferred tax assets arising from temporary differences were recognized in conformity with CPC 32 (IAS 12) – Income Taxes, and consider the history of profitability and expected generation of future taxable income based on a technical feasibility study approved by Management bodies.

The recovery of the deferred tax asset balance is reviewed at the end of each reporting period and when it is no longer probable that future taxable income will be available to allow the recovery of all or part of the assets, the asset balance is adjusted based on the expected recoverable amount.

Deferred tax assets and liabilities are measured at the tax rates prevailing in the period in which the asset is expected to be realized and the liability is expected to be settled, based on tax rates set forth in the tax law effective at the end of each reporting period or when a new law has been substantially approved.

Deferred tax assets and liabilities are offset only when the current tax asset can be offset against the current tax liability and when they are related to taxes managed by the same tax authority and the Company have the intention to settle the net amount of its current tax assets and liabilities.

8.2 Breakdown

	Parent		Consolidated	
	2023	**2022**	**2023**	**2022**
Deferred income tax and social contribution	4,246,707	4,184,419	4,436,717	4,357,908
Deferred PIS	322,490	293,186	362,872	329,927
Deferred COFINS	1,485,406	1,350,434	1,671,789	1,519,961
	1,807,896	1,643,620	2,034,661	1,849,888
	6,054,603	**5,828,039**	**6,471,378**	**6,207,796**

8.3 Deferred PIS and COFINS (taxes on revenue)

Deferred PIS and COFINS relate to infrastructure implementation revenues and compensation for concession assets determined on the contract asset recorded on an accrual basis. Payment is made as monthly revenues are billed, as provided for in Law No. 12.973/14.

(In thousands of Brazilian reais – R$, unless otherwise stated)

8.4 Deferred income tax and social contribution

Assets / (Liabilities)	Parent 2023	Parent 2022	Consolidated 2023	Consolidated 2022
Receivables - Law No. 12.783 – SE (i)	(1,359,204)	(1,714,735)	(1,359,204)	(1,714,735)
IFRS adjustments (ICPC 01 (R1) and CPC 47) (ii)	(3,267,150)	(2,738,197)	(3,456,336)	(2,911,560)
Deferred taxes – Acquisition of SF Energia (iii)	(38,114)	(51,566)	(38,114)	(51,566)
Accrued receivables - Finance Department (note 9)	175,527	175,527	175,527	175,527
Other temporary differences	242,234	144,552	241,410	144,426
Total, net	**(4,246,707)**	**(4,184,419)**	**(4,436,717)**	**(4,357,908)**

(i) Deferred income tax and social contribution on the compensation for concession assets relating to SE facilities, which will be incorporated into the tax base as amounts are actually received.

(ii) Refers to income tax and social contribution on revenue from infrastructure implementation to provide the electric power transmission services and compensation for concession assets (ICPC 01 (R1) and CPC 47 (IFRS 15)) recognized on an accrual basis, which are taxed when amounts are actually received, as provided for in article 168 of Regulatory Instruction No. 1700/17 and article 36 of Law No. 12973/14.

(iii) Amount arising from the business combination on the acquisition of SF Energia Participações. Income tax and social contribution refer to the gain arising on the bargain purchase regarding the acquisition of shares of PBTE by SF Energia Participações on April 12, 2019, prior to the acquisition by the Company. After the merger of SF Energia into the Company in November 2021, this amount will be amortized over a 5-year period.

The Company's Management believes that deferred income tax and social contribution assets arising from temporary differences will be realized proportionately to the lawsuits, trade receivables and the materialization of the events that gave rise to the provisions for risks.

9 Receivables - Finance Department

9.1 Accounting practice

Receivables from the Finance Department correspond to financial assets measured at amortized cost (note 21.1.1.1).

9.2 Breakdown

	Parent and Consolidated 2023	Parent and Consolidated 2022
Payroll fees – Law No. 4.819/58	2,567,905	2,384,441
Labor claims - Law No. 4819/58	319,657	307,314
Expected credit losses - SEFAZ	(516,255)	(516,255)
	2,371,307	**2,175,500**

Payroll fees – Law No. 4.819/58

The supplementary pension plan governed by State Law No. 4819/58, which established the creation of the State Social Security Fund, is applicable to government body's employees, corporations in which the State of São Paulo holds the majority of shares, with right to control and industrial services owned and managed by the State, hired through May 13, 1974, and also provided for supplementary pension plans, bonus leave and family allowance. It also provided for the State's responsibility for the full payment of these benefits.

In 1996, upon enactment of Law No. 9.361/96 and also of Decree No. 42.698/97, it is determined that the payroll for retirement and pension supplementation under Law No. 4.819/58 must be processed by the State through the State Personnel Expense Department (DDPE), through budget fee, reiterating the State's responsibility.

From December 10, 1999 to December 2003, through the agreement signed between the Finance Department of the State of São Paulo (SEFAZ-SP) and CTEEP, the payment of these charges was made by Vivest (CESP Foundation). Such procedure was regularly adopted until December 2003 by Vivest (CESP Foundation), using resources from SEFAZ-SP, transferred through CESP subsequently, the Company.

Upon termination of the agreement in 2003, and the enactment of Decree No. 42.698/87, SEFAZ- SP reassumed as from January 1, 2004 the processing and payment of the retirement and pension supplementation payroll under Law No. 4.819/58, by directly processing the benefit payments, without the interference of CTEEP and Vivest (CESP Foundation), and started to abide by the criteria governing public officials regarding the benefit payment, which resulted in the payment of amounts lower than those historically paid up to December 2003, and no longer pays the fees up to then recognized.

Since 2005, when the AAFC obtained a court decision to adopt again the methodology adopted up to December 2003, SEFAZ-SP is transferring to the Company and amount lower than the necessary for the payment of the fees paid to retired employees.

From January 2005 to December 2023, the Company transferred to Vivest (CESP Foundation) the total amount of R$6,901,229 for the payment of benefits under State Law No. 4.819/58, and received from SEFAZ-SP the amount of R$4,333,324 for such purpose. The difference between the amounts transferred to Vivest (CESP Foundation) and those reimbursed by SEFAZ-SP (payroll processing), together with the amounts related to labor claims settled by the Company and of SEFAZ-SP's responsibility (labor claims), is recorded in "Receivables – Finance Department".

Labor claims - Law No. 4819/58

Labor claims relating to employees retired under the terms of State Law No. 4.819/58, are being settled by CTEEP, upon a court order, and then recorded as receivables from the Finance Department.

Additionally, the Company is also a party to 736 claims filed by individuals and by multiple plaintiffs amounting to approximately R$545,213. If the outcome of such claims is not favorable, according to the assessment of the Company and of its external legal counsel, any amounts to be paid will be subsequently charged from the State of São Paulo Finance Department.

Expected credit losses - SEFAZ

As of September 30, 2013, the Company recognized expected loss in the amount of R$516,255, which was based on decisive factors such as the extension of the expected term for realization of part of accounts receivable from the State of São Paulo and on the status of pending litigation in that period. In spite of the events occurred after the recognition of said allowance, the Company still considers as appropriate the amount accrued, without any significant events up to December 31, 2023 that would indicate the need to change the expected loss (impairment).

9.3 Retirement supplementation plan governed by Law 4.819/58

(a) Civil class action under discussion at the 2nd Court of the Treasury Department

The change in SEFAZ's method used to pay retirements and pensions made retirees to file lawsuits, especially a civil class action. The 2nd Court of the Treasury Department issued a decision thereon in June 2005 overruling the pension supplementation claim and allowing the processing of payroll and payments of retirements and pensions by SEFAZ-SP under Law No. 4819/58; the Association of Retired Employees of Funcesp (AAFC), which represents the retired employees and pensioners, filed an appeal against the decision challenging the authority of the common justice. On November 24, 2015, a final and unappealable decision was issued by the STF, which maintained the discussion at the common courts.

Accordingly, on June 27, 2016, AAFC's appeal was stayed, and the labor court injunction (item "b" below) should be maintained until the appeal is judged.

Since June 2016, a public-interest civil action is in progress in conjunction with a class action whose status is reported in item (b.(i)) below. Although these actions are in progress together, they are independent from each other.

(b) Civil class action under discussion at the 2nd Court of the Treasury Department/SP (former Labor Claim which was discussed at the 49th Labor Court)

Class action filed by AAFC, simultaneously to the civil class action referred to above. This time, however, before the Labor Court, in an individual lawsuit for which advanced relief had been granted. On July 11, 2005, the advanced relief was ratified so that Vivest (Fundação CESP) resumed the processing of payments of those benefits under State Law No. 4819/58, under the respective regulation, the same way as that effective until December 2003, in which the Company was acting as an intermediary between SEFAZ-SP and Vivest (Fundação CESP).

Currently, the public-interest civil action and civil class action are being discussed at the common courts, as established in the decision obtained by the Company in a conflict of jurisdiction before the STF.

Following the decision on the Conflict of Jurisdiction mentioned above, the class action was received at the 2nd Court of the Treasury Department on May 20, 2016 and, on May 30, 2016, a decision was issued revoking the preliminary injunction that ordered the Company to make monthly payments, extinguishing the claims relating to payroll processing, and considering groundless the request for refunding any differences that may be owed to retirees and pensioners under Law No. 4819/58.

Since June 2016, the class action was in progress in conjunction with the public-interest civil action whose status is reported in item (b.i) below. Although these actions are in progress together, they are independent from each other.

(i) Status of the Public-interest Civil Action and Class Action (items a and b)

On August 2, 2017, the São Paulo Court of Justice (TJ/SP) unanimously considered the decision groundless, condemned AAFC's position due to malicious abuse of legal process, and revoked the injunction.

Following the unanimous decision above, on August 8, 2017, SEFAZ sent an Official Letter to the Company informing that they were assuming the payroll of the retirees and pensioners under Law No. 4819/58 beginning August 2017. AAFC filed appeals against TJ/SP's unanimous decision: one special appeal with the STJ and one extraordinary appeal with the STF, both of them claiming TJ/SP's unanimous decision to be stayed.

The TJ/SP, on October 18, 2017, and STJ, on October 31, 2017, denied the claim filed by AAFC. However, STF granted an injunction staying the effects of the decision issued by TJ/SP and ordering defendants to continue to adopt the same procedures as those were adopted before the matter was judged by TJ/SP until STF analyzes the grounds of the request.

As a result of this court injunction, SEFAZ determined that the payroll should be processed by Vivest (Fundação CESP) beginning December 2017.

In April 2020, the STJ did not recognize the Special Appeals filed by AAFC, which filed a new appeal. According to STJ's judge-rapporteur, the court decision should be analyzed by the STF before being analyzed by the STJ to avoid conflicting decisions. Therefore, the lawsuit was immediately distributed to the STF so that AAFC's Extraordinary Appeals could be judged.

On December 26, 2020, a first-instance decision by the STJ's judge-rapporteur for the public-interest civil action was issued ratifying the injunction published on January 08, 2021, against which the Company filed an appeal, which is pending judgment.

On September 13, 2021, the STF issued a first-instance decision on the class action unfavorable to the company, similarly to the decision issued on December 26, 2020 on the public-interest civil action, against which the Company filed an appeal, which is pending judgment.

(c) Collection claim

SEFAZ-SP has transferred to the Company, since September 2005, amounts lower than those established by the decision issued by the 49th Labor Court, referred to in letter (b) above.

In December 2010, CTEEP filed a collection claim against SEFAZ-SP to recover the amounts that were not received. After a decision that dismissed the case without analyzing its grounds in May 2013, the decision was upheld by TJ/SP in December 2014.

The Company filed an appeal and, on August 31, 2015, TJ/SP accepted the Company's appeal and sentenced SEFAZ-SP to make the transfers relating to supplementary retirement and pension as agreed with the Company and in accordance with the governing legislation, except for the disallowed amounts.

Seeking the inclusion of the disallowed amounts in the decision, the Company filed a new appeal for clarifications, which was accepted on February 1, 2016 by the TJ/SP, which upheld the decision of August 31, 2015 and determined the measurement of the amounts pending transfers by SEFAZ-SP at the settlement phase.

SEFAZ-SP, on March 7, 2016, filed an appeal that was rejected by a judgment held on July 4, 2016, thus upholding the sentence of SEFAZ-SP, which filed a new appeal also denied by TJ/SP on June 5, 2017.

After the Special Appeal was rejected by TJ/SP, SEFAZ filed a new appeal which is pending judgment by STJ.

In August 2018, the Company was granted a decision by São Paulo Court Justice under which SEFAZ is required not to make any disallowance in the transfer to pay the benefits provided for by Law No. 4819/58 until the administrative proceedings started to determine irregularity in payments are closed. In March 2019, the STJ in a first-instance decision suspended the effects of the decision that prohibited SEFAZ from making discounts in the transfers to the Company, which started to receive again the transfer with the disallowances and complement the payment amount since April 2019. The appeal was included in the judgment docket on September 3, 2019, but was postponed without definition of a new date. The other procedural changes occurred did not involve or change the merits of the decision in effect.

(In thousands of Brazilian reais – R$, unless otherwise stated)

CTEEP's opinion

The Company continues to seek a final and unappealable decision that maintains the procedure of making direct payments of the benefit payroll under State Law No. 4819/58 by SEFAZ-SP. The Company also reinforces the opinion of its legal department and external legal advisors that the expenses in connection with State Law No. 4819/58 and respective regulation should be fully borne by SEFAZ-SP and continues to adopt additional measures to protect the Company's interests.

The Company's Management has monitored the progress and new facts related to the legal aspects of the issue and has, also, continuously assessed the potential impacts that the matter may have on its financial statements.

10 Property and equipment and intangible assets

	Parent		Consolidated	
	2023	**2022**	**2023**	**2022**
Property and equipment	116,493	112,328	120,104	114,932
Intangible assets	523,480	539,412	461,636	475,858
	639,973	**651,740**	**581,740**	**590,790**

10.1 Property and equipment

10.1.1 Accounting practice

The property and equipment of the Company and its subsidiaries is basically represented by administrative assets. Depreciation is calculated on a straight-line basis, based on the estimated useful life of the assets.

Other expenditures are capitalized only when there is an increase in the economic benefits of such property and equipment item. Any other type of expenditure is recognized as expense when incurred.

Gains and losses arising from the derecognition of a property and equipment item are measured as the difference between the net sales proceeds and its carrying amount, and are recognized in the statement of income when the asset is derecognized.

10.1.1.1 Lease - Right-of-use assets

The Company recognizes right-of-use assets at the lease commencement date. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and are adjusted by any new remeasurement of lease liabilities. The determination of the cost of the right of use is based on the amount of lease liabilities recognized, plus direct costs incurred, lease payments made up to the commencement date and the estimated cost incurred to recover and return the underlying asset to the lessor at the end of the lease term, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

(In thousands of Brazilian reais – R$, unless otherwise stated)

10.1.2 Breakdown

Refers mainly to chattels used by the Company and not related to the concession arrangement.

					Parent
			2023	2022	Average annual depreciation rates
	Cost	Accumulated depreciation	Net	Net	%
Land	2,060	-	2,060	2,060	-
Buildings	1,246	(980)	266	277	3.44%
Lease of buildings (i)	53,057	(25,119)	27,938	43,886	10.04%
Machinery and equipment	33,525	(6,255)	27,270	14,940	6.39%
Furniture and fixtures	11,819	(6,356)	5,463	5,979	6.24%
IT equipment	33,167	(21,890)	11,277	10,877	16.05%
Company cars	11,733	(10,574)	1,159	1,574	14.29%
Leases of vehicles (i)	36,937	(34,853)	2,084	8,774	32.60%
Leasehold improvements	11,828	(4,661)	7,167	8,680	12.79%
Property and equipment in progress	31,809	-	31,809	15,281	-
	227,181	**(110,688)**	**116,493**	**112,328**	

(i) Depreciation rate over the lease agreement term.

					Consolidated
			2023	2022	Average annual depreciation rates
	Cost	Accumulated depreciation	Net	Net	%
Land	2,060	-	2,060	2,060	-
Buildings	1,246	(980)	266	277	3.44%
Lease of buildings (i)	56,106	(26,224)	29,882	46,177	10.04%
Machinery and equipment	33,741	(6,280)	27,461	15,002	6.39%
Furniture and fixtures	11,830	(6,359)	5,471	5,986	6.24%
IT equipment	33,288	(21,955)	11,333	10,948	16.05%
Company cars	11,733	(10,573)	1,160	1,573	14.29%
Leases of vehicles (i)	37,199	(35,115)	2,084	8,773	32.60%
Leasehold improvements	11,828	(4,661)	7,167	8,680	12.79%
Property and equipment in progress	33,220	-	33,220	15,456	-
	232,251	**(112,147)**	**120,104**	**114,932**	

(i) Depreciation rate over the lease agreement term.

(In thousands of Brazilian reais – R$, unless otherwise stated)

10.1.3 Changes

	Balances in 2021	Additions	Depreciation	Write-offs	Transfers (*)	Balances in 2022
						Parent
Land	2,060	-	-	-	-	2,060
Buildings	288	-	(11)	-	-	277
Lease of properties	39,224	10,772	(6,110)	-	-	43,886
Machinery and equipment	4,912	-	(1,112)	-	11,140	14,940
Furniture and fixtures	6,255	-	(535)	(2)	261	5,979
IT equipment	11,282	-	(4,301)	-	3,896	10,877
Company cars	2,728	-	(1,357)	-	203	1,574
Leases of vehicles	14,370	2,391	(7,987)	-	-	8,774
Leasehold improvements	8,287	-	(1,365)	-	1,758	8,680
Property and equipment in progress	2,090	26,892	-	-	(13,701)	15,281
	91,496	**40,055**	**(22,778)**	**(2)**	**3,557**	**112,328**

(*) Transfers from intangible assets

	Balances in 2022	Additions	Depreciation	Write-offs	Transfers	Balances in 2023
						Parent
Land	2,060	-	-	-	-	2,060
Buildings	277	-	(11)	-	-	266
Lease of properties	43,886	183	(5,788)	(10,343)	-	27,938
Machinery and equipment	14,940	-	(1,948)	-	14,278	27,270
Furniture and fixtures	5,979	-	(511)	(5)	-	5,463
IT equipment	10,877	-	(3,902)	-	4,302	11,277
Company cars	1,574	-	(300)	(115)	-	1,159
Leases of vehicles	8,774	3	(6,693)	-	-	2,084
Leasehold improvements	8,680	-	(1,513)	-	-	7,167
Property and equipment in progress	15,281	35,108	-	-	(18,580)	31,809
	112,328	**35,294**	**(20,666)**	**(10,463)**	**-**	**116,493**

(In thousands of Brazilian reais – R$, unless otherwise stated)

	Consolidated					
	Balances in 2021	Additions	Depreciation	Write-offs	Transfers (*)	Balances in 2022
Land	2,060	-	-	-	-	2,060
Buildings	288	-	(11)	-	-	277
Lease of properties	40,832	11,790	(6,445)	-	-	46,177
Machinery and equipment	4,968	-	(1,116)	-	11,150	15,002
Furniture and fixtures	6,264	-	(536)	(2)	260	5,986
IT equipment	11,289	-	(4,315)	-	3,974	10,948
Company cars	2,727	-	(1,357)	-	203	1,573
Leases of vehicles	14,369	2,391	(7,987)	-	-	8,773
Leasehold improvements	8,288	-	(1,365)	-	1,757	8,680
Property and equipment in progress	2,180	27,063	-	-	(13,787)	15,456
	93,265	**41,244**	**(23,132)**	**(2)**	**3,557**	**114,932**

(*) Transfers from intangible assets.

	Consolidated					
	Balances in 2022	Additions	Depreciation	Write-offs	Transfers	Balances in 2023
Land	2,060	-	-	-	-	2,060
Buildings	277	-	(11)	-	-	266
Lease of properties	46,177	906	(6,135)	(11,066)	-	29,882
Machinery and equipment	15,002	-	(1,959)	-	14,418	27,461
Furniture and fixtures	5,986	-	(512)	(3)	-	5,471
IT equipment	10,948	-	(3,917)	-	4,302	11,333
Company cars	1,573	-	(298)	(115)	-	1,160
Leases of vehicles	8,773	2	(6,691)	-	-	2,084
Leasehold improvements	8,680	-	(1,513)	-	-	7,167
Property and equipment in progress	15,456	36,484	-	-	(18,720)	33,220
	114,932	**37,392**	**(21,036)**	**(11,184)**	**-**	**120,104**

10.2 Intangible assets

10.2.1 Accounting practice

Separately acquired intangible assets are stated at cost on initial recognition.

The useful life of an intangible asset is assessed either as finite or indefinite: (i) intangible assets with finite useful life are amortized over their useful lives and tested for impairment whenever there is any indication that the asset might be impaired; (ii) intangible assets with indefinite useful lives are not amortized, but are annually tested for impairment, individually or at the cash-generating unit level.

Gains and losses arising from the derecognition of an intangible asset are measured as the difference between the net sales proceeds and its carrying amount, and are recognized in the statement of income when the asset is derecognized.

(In thousands of Brazilian reais – R$, unless otherwise stated)

10.2.2 Breakdown

	Parent		Consolidated	
	2023	2022	2023	2022
ERP-SAP and software (i)	25,010	19,190	25,054	19,422
Concession asset generated on acquisition of subsidiary (ii)	498,470	520,222	436,582	456,436
	523,480	**539,412**	**461,636**	**475,858**

(i) Primarily refers to expenses incurred to upgrade ERP-SAP and software licenses, amortized on a straight-line basis over five years.

(ii) Refers to concession intangible assets, calculated according to reports prepared by independent consultants, generated upon the acquisitions of subsidiaries Evrecy, IEMG, IESul, PBTE and SF Energia which have as business basis prospect future economic benefit arising from concession arrangement of the acquirees during the related concession exploitation terms, amortized according to the remaining periods of the concession arrangements of the subsidiaries, as prescribed by ICPC 09 (R2) - Individual Financial Statements, Separate Financial Statements, Consolidated Financial Statements and Application of the Equity Method of Accounting. These are, Evrecy contract 020/2008, IEMG contract 004/2007, IESul contracts 013/2008 and 016/2008, and PBTE contract 012/2016 (merged into the Company), maturing as described in note 1.2.

10.2.3 Changes

					Parent
	Balances in 2021	Additio ns	Amortization/ Realization (**)	Transfers (*)	Balances in 2022
Software	2,167	-	(1,208)	2,132	3,091
Licenses	6,091	-	(2,853)	2,109	5,347
Intangible assets in progress	11,495	7,055	-	(7,798)	10,752
Concession-related intangible assets	541,973	-	(21,751)	-	520,222
	561,726	**7,055**	**(25,812)**	**(3,557)**	**539,412**

(*) Transfer to property and equipment
(**) Realization of control acquisition of SF Energia and PBTE

(In thousands of Brazilian reais – R$, unless otherwise stated)

					Parent
	Balances in 2022	**Additions**	**Amortization /Realization (*)**	**Transfers**	**Balances in 2023**
Software	3,091	-	(1,210)	510	2,391
Licenses	5,347	-	(2,455)	358	3,250
Intangible assets in progress	10,752	9,485	-	(868)	19,369
Concession-related intangible assets	520,222	-	(21,752)	-	498,470
	539,412	**9,485**	**(25,417)**	**-**	**523,480**

(*) Realization of control acquisition of SF Energia and PBTE

					Consolidated
	Balances in 2021	**Additions**	**Amortization/Realization (**)**	**Transfers (*)**	**Balances in 2022**
Software	2,212	-	(1,232)	2,132	3,112
Licenses	6,563	-	(3,123)	2,129	5,569
Intangible assets in progress	11,504	7,055	-	(7,818)	10,741
Concession-related intangible assets	476,158	-	(19,722)	-	456,436
	496,437	**7,055**	**(24,077)**	**(3,557)**	**475,858**

(*) Transfers to property and equipment

(**) Realization of control acquisition of IEMG, Evrecy, IESul, SF Energia and PBTE.

					Consolidated
	Balances in 2022	**Additions**	**Amortization/Realization (*)**	**Transfers**	**Balances in 2023**
Software	3,112	-	(1.229)	510	2.393
Licenses	5,569	-	(2.624)	358	3.303
Intangible assets in progress	10,741	9.485	-	(868)	19.358
Concession-related intangible assets	456,436	-	(19.854)	-	436.582
	475,858	**9.485**	**(23.707)**	**-**	**461.636**

(*) Realization of control acquisition of IEMG, Evrecy, IESul, SF Energia and PBTE.

11 Post-employment benefit

11.1 Accounting practice

The Company sponsors a retirement and survivors' pension plan for its employees, former employees and respective beneficiaries, managed by Fundação CESP (Vivest (former Funcesp)), to supplement the benefits offered by the Social Security.

Payments to defined contribution pension plans are recognized as expense when the services that grant the right to these payments are provided.

Upon actuarial valuation of the plan commitments, the Company adopted the projected unit credit method, in accordance with CPC 33 (R1) (IAS19).

The actuarial valuation is carried out annually and the effects of the remeasurement of the plan commitments, which include actuarial gains and losses, the effect of changes in the upper limit of the asset (if applicable) and the return on the plan assets (excluding interest), are immediately reflected in the balance sheet as a charge or credit recognized in other comprehensive income in the period in which they occur.

Short-term benefits comprise: (i) profit sharing program; (ii) health and dental care plans; and (iii) other benefits usual in the market.

11.2 Retirement and pension plan - PSAP/CTEEP

On February 15, 2022, the Board of Directors approved the withdrawal of sponsorship of the retirement and pension supplementation plan ("PSAP/CTEEP"). The process for withdrawal of sponsorship is suspended due to the injunction under a lawsuit filed by unions and one association.

On November 13, 2023, VIVEST submitted to PREVIC a request for change of the PSAP/CTEEP Regulation to replace the Plan benefit index (from IGP-DI to IPCA) and plan closing for new participants. In the event of PREVIC's consent, the Company will not continue with the sponsorship withdrawal process.

The Company continues to monitor the progress of such sponsorship withdrawal and as of December 31, 2023, it was not possible to determine any additional impacts on the financial statements.

PSAP/CTEEP includes the following subplans:

- Proportional Supplemental Settled Benefit (BSPS) - (Plan "B");
- Defined benefit (BD) - (Plan "B1");
- Variable contribution (VC) - (Plan "B1").

PSAP/CTEEP, governed by Supplementary Law No. 109/2001 and managed by Vivest (formerly "Funcesp"), is sponsored by the Company itself and offers retirement and survivors' pension supplementation benefits, whose reserves are determined on a funded basis.

PSAP/CTEEP originated from the spin-off of PSAP/CESP B1 on September 1, 1999 and covers all participants transferred to the Company. On January 1, 2004, PSAP/EPTE was merged into PSAP/Transmissão, whose name was changed from that date to PSAP/Transmissão Paulista and from December 1, 2014 changed to PSAP/CTEEP.

Subplan "BSPS" refers to the Proportional Supplemental Settled Benefit arising from the Supplementary Retirement and Pension Plan PSAP/CESP B, transferred to this plan on September 1, 1999 and from PSAP/Eletropaulo Alternativo, transferred to this plan after the merger of PSAP/EPTE on January 1, 2004, calculated on December 31, 1997 (CTEEP) and March 31, 1998 (EPTE), based on effective regulations, and the actuarial asset-liability balance was obtained at the time.

(In thousands of Brazilian reais – R$, unless otherwise stated)

The Defined Benefit ("DB") subplan defines contributions and related matching responsibilities between the Company and Participants on 70% of employees' Actual Contribution Salary in order to obtain the plan's actuarial asset-liability balance. This subplan ensures lifetime income retirement and death benefits to employees, former employees and beneficiaries in order to supplement the benefits provided by the official social security system.

The CV subplan defines voluntary contributions from Participants with limited compensation of the Company, levied on 30% of the Actual Contribution Salary of these employees in order to provide additional supplementation in the cases of retirement and death pension. On the date of receipt of the benefit, the Variable Contribution (CV) subplan may become a Defined Benefit ("BD") if the lifetime income is chosen by the Participant as a form of receipt of this supplementation.

11.3 Actuarial valuation

The actuarial valuation prepared by an independent actuary relating to the PSAP/CTEEP pension plans adopted the projected unit credit method.

As of December 31, 2023, PSAP/CTEEP recorded actuarial deficit of R$401,059 (R$153,836 as of December 31, 2022), calculated in conformity with the methodology set forth in CPC 33.

The main financial-actuarial information is as follows:

	2023	2022
Amount recognized in the entity's balance sheet		
Defined benefit obligation	(4,889,433)	(4,658,194)
Fair value of the plan assets	4,488,374	4,504,358
Surplus / (deficit)	**(401,059)**	**(153,836)**
Non-recoverable surplus (effect of the asset limit)		-
Net (liability)/ asset	**(401,059)**	**(153,836)**
Changes in non-recoverable surplus		
Non-recoverable surplus at the end of the prior year	-	-
Interest on non-recoverable surplus	-	-
Change in non-recoverable surplus during the year	-	-
Non-recoverable surplus at the end of the year	-	-
Reconciliation of the defined benefit obligation		
Defined benefit obligation at the end of the prior year	(4,658,194)	(5,058,556)
Cost of current service	(9,982)	(19,199)
Cost of interest	(465,713)	(458,470)
Benefit paid by the plan	414,321	399,272
Participant's contribution	(2,012)	(3,666)
Actuarial gain / (loss)	(167,853)	482,425
Defined benefit obligation at the end of the year	**(4,889,433)**	**(4,658,194)**
Reconciliation of the fair value of the plan assets		
Fair value of the plan assets at the end of the prior year	4,504,358	4,593,102
Expected return on investments	451,940	414,764
Contribution paid by the company	30,160	3,686
Participant's contribution	2,012	3,666
Benefit paid by the plan	(414,321)	(399,272)
Gain / (loss) on return on investments	(85,775)	(111,588)
Fair value of the plan assets at the end of the year	**4,488,374**	**4,504,358**

(In thousands of Brazilian reais – R$, unless otherwise stated)

	2023	2022
Components of (cost) / income from defined benefit		
Cost of current service	(9,982)	(19,199)
Interest on defined benefit obligation	(465,713)	(458,470)
(Interest) / income on the fair value of the plan assets	451,940	414,764
Interest on non-recoverable surplus	-	-
Cost of the defined benefit obligation included in the company's profit or loss	**(23,755)**	**(62,905)**
Transfer to other comprehensive income (OCI)		
Actuarial gain / (loss)	(167,853)	482,425
Gain / (loss) on return on investments	(85,775)	(111,588)
Change in non-recoverable surplus during the year	-	-
Transfer of the obligation included in OCI	**(253,628)**	**370,837**
Total cost of the defined benefit obligation included in the company's profit or loss and OCI	**(253,628)**	**307,932**
Reconciliation of the defined benefit net (liability) / asset amount		
Net (liability) / asset at the end of the prior year	(153,836)	(465,454)
Cost of the defined benefit obligation included in the company's profit or loss (*)	(23,755)	(62,905)
Transfer of the obligation included in OCI	(253,628)	370,837
Contribution paid by the company	30,160	3,686
Net (liability) / asset at the end of the year	**(401,059)**	**(153,836)**
Estimated costs for the next year		
Cost of defined benefit obligation	(44,624)	(23,755)
Estimated amount for the next year	**(44,624)**	**(23,755)**
Sensitivity analysis in the assumptions adopted		
Defined benefit obligation (interest rate - 100 basic points)	5,418,142	5,143,326
Defined benefit obligation (interest rate + 100 basic points)	4,444,524	4,248,587
Expected cash flows for the next year and commitment term		
Company's expected contribution	61,695	42,967
Participants' expected contribution	2,967	4,633
Total projected benefit payments by the plan:		
Year 1	372,937	370,512
Year 2	386,080	384,499
Year 3	399,920	398,357
Year 4	413,598	413,105
Year 5	427,255	427,619
5 subsequent years	2,338,051	2,358,420
Term of the plan's commitments	**10.0 years**	**10.3 years**

(*) Expense recorded in "General and administrative expenses"

(In thousands of Brazilian reais – R$, unless otherwise stated)

	2023	2022
Breakdown of the investment portfolio (in R$)		
Fixed income	3,945,017	3,449,661
Variable income	300,586	712,016
Structured investments	122,156	150,399
Foreign investments	60,341	80,911
Properties	46,094	87,574
Transactions with participants	14,180	23,797
	4,488,374	**4,504,358**
Main financial and actuarial assumptions		
Notional discount rate	9.58% p.a.	10.41% p.a.
Notional salary growth rate	0.65% p.a.	5.39% p.a.
Inflation	4.00% p.a.	4.00% p.a.
General mortality table	AT-2000 (M/F) (*)	AT-2000 (M/F) (*)
Disability table	Mercer Disability (**)	Mercer Disability (**)
Disability mortality table	AT-1949 M (*)	AT-1949 (*)
Turnover	Exp.Vivest 2013-2021	Exp.Vivest 2013-2021
(*) decreased by 10%		
(**) decreased by 30%		
Demographic data		
Number of active participants	1,086	1,221
Number of associates	138	126
Number of assisted beneficiaries	2,884	2,839

11.4 Agreements with Vivest

In order to adjust the actuarial deficit in PSAP/CTEEP, in conformity with the prevailing law, the Company has formalized legal instruments with VIVEST in 2022, in the form of debt acknowledgement agreements, which represent in practice the Company's commitment to ensure the future payment flow, as sponsor of the plans, in the total amount of R$398,791, as follows:

- The first agreement, entered into on March 7, 2022, in the net amount of R$11,193, determined on December 31, 2020, included in a specific Actuarial Opinion, corresponding to the portion of ISA CTEEP of the deficit of CV subplan of PSAP/CTEEP. The amortization period was 16.73 years (201 months).

- On December 26, 2022, two new agreements were entered into, in the net amounts of R$372,761 and R$14,837, determined on December 31, 2021, included in a specific Actuarial Opinion, corresponding to the portion of ISA CTEEP of the deficits of BSPS and CV subplans of PSAP/CTEEP, respectively. The amortization periods were 15.75 years (189 months) for the deficit of the BPSP subplan and 17.60 years (212 months) for the deficit of the CV subplan.

These agreements are part of the actuarial liability determined by the independent actuary and have variable clauses providing for annual revision due to the actuarial gains and/or losses observed at the end of each fiscal year, without constituting new liabilities or financial liabilities. The differences between the actuarial liability recorded for purposes of compliance with CVM Resolution 110/2022 and the balances of these agreements as of December 31, 2023 refer solely to the set of assumptions and the methodology used in each calculation.

(In thousands of Brazilian reais – R$, unless otherwise stated)

11.5 Defined Contribution Retirement Plan ISA CTEEP – ISA CTEEP PREV

ISA CTEEP PREV is a Defined Contribution Plan, approved by the National Superintendence of Supplementary Pension Plan (PREVIC) on January 25, 2022, which started to be offered to the Company's new employees and those who were unable to join the PSAP/CTEEP due to the entry fee, beginning February 1, 2022.

The participant's basic contribution varies according to the Real Benefit Salary (SRC) with maximum percentage ranging between 4% and 9% of the SRC. The sponsor's basic contribution corresponds to 100% of the participant's basic contribution.

All Plan monthly income benefits will be paid as income calculated in terms of quotas or percentage rate, determined based on the balance in the Participant's Total Account.

12 Taxes, payroll charges and contributions

12.1 Recoverable taxes

	Parent		Consolidated	
	2023	**2022**	**2023**	**2022**
Prepaid income tax	137,284	46,176	137,284	46,124
Prepaid social contribution	67,884	21,826	67,884	21,826
Withholding income tax	4,681	2,579	7,128	4,798
Withholding social contribution	-	-	2	2
Tax on revenue (COFINS)	36,070	26,254	36,113	26,260
Tax on revenue (PIS)	7,831	5,700	7,840	5,701
Taxes in installments	5,134	4,682	5,134	4,682
Other	6,867	4,715	7,345	4,842
	265,751	**111,932**	**268,730**	**114,235**

12.2 Taxes and payroll charges payable

	Parent		Consolidated	
	2023	**2022**	**2023**	**2022**
Income tax	-	-	2,750	2,998
Social contribution	-	-	2,396	2,097
Tax on revenue (COFINS)	37,968	33,883	39,730	35,346
Tax on revenue (PIS)	7,904	7,013	8,285	7,331
Social security contribution (INSS)	11,891	7,253	13,749	9,218
Service tax (ISS)	4,477	1,670	5,167	3,425
Severance pay fund (FGTS)	1,475	1,098	1,475	1,098
Withholding income tax	7,088	5,773	7,205	5,955
Income tax on interest on capital	-	105,000	-	105,000
Other	25,252	24,175	34,382	24,847
	96,055	**185,865**	**115,139**	**197,315**

13 Regulatory charges payable

13.1 Accounting practices

13.1.1 Taxes on services

Revenues, expenses and assets are recognized net of taxes on services, except when taxes on sales incurred upon the purchase of goods or services cannot be recovered from the tax authorities, in which case taxes on services are recognized as part of the acquisition cost of the asset or expense item, as applicable.

13.1.2 Regulatory charges

The sector charges described below are part of the government policies for the electric power sector and are set out in the law. Their amounts are established in ANEEL Resolutions or Ordinances, for purposes of payment of the amounts charged from consumers in the form of electric power supply tariffs by the concessionaires and are classified as regulatory charges payable in the statement of financial position.

- **Energy Development Account (CDE)**

Created by Law No. 10.438, of April 26, 2002, for the purpose of financing: i) the energy development of the States; ii) the competitiveness of the energy produced using wind power sources, small hydroelectric plants, biomass, natural gas and charcoal, in the areas served by the interconnected electric systems; iii) the universalization of the electric power service throughout the Brazilian territory. The amount is annually set by ANEEL based on the electric power used by consumer units connected to transmission facilities. This amount is paid to the Electric Power Commercialization Camber (CCEE) and transferred to the consumer units through the TUST (transmission system use tariff) (note 13.2).

- **Alternative Power Sources Incentive Program (PROINFA)**

Established by Law No. 10.438, of April 26, 2002, the Program has the purpose of increasing the participation of alternative renewable sources in the production of electric power in Brazil, such as wind power (winds), biomass and small hydroelectric plants. The amount is fixed due to the projected generation of electric power by the plants comprising the PROINFA. This amount is paid to Eletrobras and transferred to the consumer units through the TUST (note 13.2).

- **Global Reversal Reserve (RGR)**

Charge created by Decree No. 41.019, of February 26, 1957 comprising an annual amount established by ANEEL, monthly paid in twelfths by the concessionaries, for the purpose of providing funds for reversal and/or expropriation of the electric power services, and financing the expansion and improvement of these services. Pursuant to article 21 of Law No. 12.783/2013, beginning January 1, 2013, electric power transmission concessionaires with concession arrangements extended as set forth in the aforementioned Law are not required to pay the annual RGR amount (note 13.2).

- **Research & Development (R&D)**

The electric power distribution, transmission or generation concessionaires, the electric power distribution assignees and the independent electric power producers, excluding, by exemption, those exclusively generating power using wind and solar power, biomass, qualified co-generation and small hydroelectric plants must annually apply a percentage rate of their net operating revenue in technological Research & Development projects for the Electric Power Sector (R&D), pursuant to regulations established by ANEEL (note 13.2).

(In thousands of Brazilian reais – R$, unless otherwise stated)

- **Electric Power Service Inspection Fee (TFSEE)**

Created by Law No. 9.427/1996, the fee is levied on electric power production, transmission, distribution and sale and, pursuant to article 29 of Law No. 12.783/2013, the TFSEE was 0.4% of the annual economic benefit amount.

13.2 Breakdown

	Parent		Consolidated	
	2023	2022	2023	2022
Research & Development - R&D (i)	53,859	41,462	59,655	44,562
Global Reversal Reserve (RGR) (ii)	9,171	12,199	9,171	12,199
Energy Development Account (CDE) (iii)	18,004	29,523	18,004	29,523
Alternative Power Sources Incentive Program (PROINFA)	4,404	5,144	4,404	5,144
ANEEL inspection fee	-	-	-	1
	85,438	**88,328**	**91,234**	**91,429**
Current	**51,515**	**62,338**	**53,071**	**63,287**
Noncurrent	**33,923**	**25,990**	**38,163**	**28,142**

(i) The Company and its subsidiaries recognize obligations relating to tariff amounts already billed (1% of net operating revenue), invested in the Research and Development (R&D) Program, monthly adjusted, as from the second month subsequently to its recognition up to its actual realization, based on SELIC (Central Bank interest rate) as established in ANEEL Resolutions 300/2008 and 316/2008. According to Official Letter No. 0003/2015, of May 18, 2015, expenditures invested in R&D are accounted for in assets and, by completion of the project, they are recognized as obligation settled and, subsequently, submitted to audit and final evaluation by ANEEL. The amount invested in projects not completed by December 31, 2023 totals R$52,462 (R$37,649 at December 31, 2022) and is recorded in other assets.

(ii) Refers to the funds deriving from the reversal reserve, amortization and portion retained in the Company of the monthly shares of the Global Reversal Reserve (RGR) relating to investments of funds to expand power services and repay borrowings raised for the same purpose, occurred through December 31, 1971. According to ANEEL order, 5% interest is levied on the reserve amount, with monthly settlement. Pursuant to article 27 of Decree 9.022, of March 31, 2017, electric power concessionaires must fully amortize the RGR debts as from January 2018 up to December 2026.

(iii) The CDE is a fee transmission companies are required to transfer based on amounts collected from free consumers.

14 Provisions, contingencies, sureties and restricted deposits

	Parent		Consolidated	
	2023	2022	2023	2022
Provisions	105,904	118,149	129,803	140,759
	105,904	**118,149**	**129,803**	**140,759**
Sureties and restricted deposits	42,672	41,271	42,677	41,298
	42,672	**41,271**	**42,677**	**41,298**
	63,232	**76,878**	**87,126**	**99,461**

(In thousands of Brazilian reais – R$, unless otherwise stated)

14.1 Provisions and contingencies

14.1.1 Accounting practices

Provisions are recognized when there is a present obligation as a result of a past event, when a reliable estimate can be made of the amount of the obligation, and its settlement is probable.

The amount recognized as a provision is the best estimate of the consideration required to settle the obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is equivalent to the present value of those cash flows, using the appropriate discount rate according to the liability-related risks. Provisions are adjusted through the balance sheet date for the probable loss amount, according to the nature of each contingency and based on the opinion of the Company's and its subsidiaries' legal counsel.

Provisions are recognized when the Company and its subsidiaries have a present obligation as a result of past events and it is probable that an outflow of funds will be required to settle the obligation and its amount can be reliably estimated.

14.1.2 Lawsuits and administrative proceedings

Lawsuits and administrative proceedings are assessed periodically and classified based on their likelihood of loss for the Company and its subsidiaries. Provisions are recognized for all lawsuits for which it is probable that an outflow of funds will be required to settle the obligation and a reliable estimate can be made.

14.1.3 Breakdown

	Parent		Consolidated	
	2023	**2022**	**2023**	**2022**
Labor (i)	45,476	41,836	46,371	43,278
Civil (ii)	50,381	45,332	51,147	45,493
Tax – IPTU (iii)	5,070	26,075	5,070	26,075
Land (iv)	4,853	4,906	26,978	25,811
Other	124	-	237	102
	105,904	**118,149**	**129,803**	**140,759**

(i) Labor

The Company is a defendant in certain lawsuits that are under discussion at different courts relating to claims for salary equalization, overtime, hazardous duty premium, among others. The balance corresponding to these deposits as of December 31, 2023 is R$24,916, Parent, and R$24,921, consolidated (R$24,792 and R$24,819 as of December 31, 2022, respectively), as shown in note 14.2.2.

(ii) Civil

The Company is a party to civil lawsuits relating to issues including real estate, indemnities, collections, annulment and class actions arising in the normal course of business, that is, operation and maintenance of transmission lines, substations and equipment under the electric power transmission concession arrangement. The principal amount refers to the lawsuit that discusses the remaining indemnity amount of NI facilities, reclassified to lawsuits in 2021.

(In thousands of Brazilian reais – R$, unless otherwise stated)

The indemnity arising from the extension of Concession Arrangement No. 059/2001 under Law No. 12.783/2013, relating to NI facilities, corresponded to the original amount of R$2,891,291, adjusted for inflation to R$2,949,121, as determined by Inter-ministry Ruling No. 580. The equivalent to 50% of this amount was received on January 18, 2013, and the remaining 50% were divided into 31 monthly installments, which had been transferred to the Company by Eletrobras. However, the terms under which these remaining installments should be adjusted are still under discussion. Following a Federal Court of Auditors' (TCU) request, ANEEL revised the amounts transferred as compensation for NI facilities to all concessionaires and understood that incorrect adjustment calculations were made, which resulted in overpayments to concessionaires. Although recognizing that calculations were incorrect, Eletrobras challenged ANEEL`S understanding of the matter. Based on an independent appraisal report and on the opinion of its legal counsel, the Company's interpretation of the adjustment approach differs from that applied by ANEEL. Based on this, the Company maintained its best estimate for the involved amount of R$48,869 (not including the fine and late payment interest that would be due in favor of the Company, considering the delays in the transfers) recorded. Eletrobras filed a collection action against ISA CTEEP and, on December 17, 2020, a decision was published requiring the return of the amount overpaid to the Company, less the amounts related to late payment effects, due to the delayed payment of the indemnity portions. Eletrobras and the Company filed an appeal, which is pending judgment, and the determination of the amounts will depend on the lawsuit being settled.

(iii) Tax – IPTU (property tax)

The Company is a party to tax lawsuits relating to the collection of Property Tax (IPTU) and recognizes a provision to cover debts to the government of various municipalities in the State of São Paulo. In 2023, lawsuits from 2005 to 2007 were settled.

(iv) Land

Civil-land lawsuits relating to properties, involving right of ways, expropriation, indemnities and other claims arising in the normal course of business, that is, operation and maintenance of transmission lines, substations and equipment under the electric power transmission concession arrangement.

14.1.4 Changes

						Parent
	Labor	**Civil**	**Tax – IPTU (property tax)**	**Land**	**Other**	**Total**
Balances in 2021	**44,823**	**56,374**	**2,589**	**5,170**	**1,551**	**110,507**
Recognition	11,655	409	22,917	631	1,973	37,585
Reversal	(7,539)	(17,225)	(36)	(1,564)	(3,629)	(29,993)
Payment	(11,609)	(818)	(16)	-	-	(12,443)
Adjustment	4,506	6,592	621	669	105	12,493
Balances in 2022	**41,836**	**45,332**	**26,075**	**4,906**	**-**	**118,149**
Recognition	15,020	2,592	204	3,011	123	20,950
Reversal	(12,020)	(638)	(5,667)	(1,973)	-	(20,298)
Payment	(3,579)	(39)	(17,484)	(1,393)	-	(22,495)
Adjustment	4,219	3,134	1,942	302	1	9,598
Balances in 2023	**45,476**	**50,381**	**5,070**	**4,853**	**124**	**105,904**

(In thousands of Brazilian reais – R$, unless otherwise stated)

						Consolidated
	Labor	Civil	Tax – IPTU (property tax)	Land	Other	Total
Balances in 2021	**44,860**	**56,490**	**2,589**	**19,175**	**1,644**	**124,758**
Recognition	13,727	442	22,917	14,811	1,973	53,870
Reversal	(8,204)	(17,225)	(36)	(2,833)	(3,627)	(31,925)
Payment	(11,650)	(818)	(16)	(7,341)	(2)	(19,827)
Adjustment	4,545	6,604	621	1,999	114	13,883
Balances in 2022	**43,278**	**45,493**	**26,075**	**25,811**	**102**	**140,759**
Recognition	15,974	3,394	204	12,561	123	32,256
Reversal	(12,850)	(638)	(5,667)	(11,161)	-	(30,316)
Payment	(4,394)	(296)	(17,484)	(2,107)	-	(24,281)
Adjustment	4,363	3,194	1,942	1,874	12	11,385
Balances in 2023	**46,371**	**51,147**	**5,070**	**26,978**	**237**	**129,803**

14.1.5 Proceedings whose likelihood of loss is assessed as possible

The Company and its subsidiaries are parties to labor, civil, social security and tax lawsuits involving risks of loss which, based on the assessment of the legal counsel, Management classified as possible, in the estimated amounts of R$949,827 and R$974,842 as of December 31, 2023 (R$1,032,316 and R$1,050,249 as of December 31, 2022), Parent and consolidated, respectively, for which no provision was recognized.

		Parent
Classification	**2023**	**2022**
Labor	26,893	20,438
Social security	8,168	3,297
Civil	145,753	146,985
Civil - Land	7,319	4,926
Civil – Annulment of merger of EPTE into CTEEP (i)	380,322	558,656
Tax - Goodwill amortization (ii)	190,234	188,016
Tax - CSLL tax loss carryforwards (iii)	49,243	40,982
Tax – IPTU (property tax)	107,625	60,590
Tax – Other	34,270	8,426
	949,827	**1,032,316**

(In thousands of Brazilian reais – R$, unless otherwise stated)

Classification	Consolidated 2023	2022
Labor	28,111	20,671
Social security	8,168	3,297
Civil	156,917	154,575
Civil - Land	16,961	14,552
Civil – Annulment of merger of EPTE into CTEEP (i)	380,322	558,656
Tax - Goodwill amortization (ii)	190,234	188,016
Tax - CSLL tax loss carryforwards (iii)	49,243	40,982
Tax – IPTU (property tax)	107,625	60,604
Tax – Other	37,261	8,896
	974,842	**1,050,249**

(i) Annulment of merger of EPTE into CTEEP

- Declaratory Action

Ordinary Action whereby noncontrolling shareholders claim the annulment of Empresa Paulista de Transmissão de Energia Elétrica's (EPTE) merger into the Company or, in a jointly liable manner, the declaration of its right to withdrawal and determination of the payment of the share reimbursement value. After acceptance of the request for dismissal by the Court of Justice of São Paulo, the noncontrolling shareholders started to enforce the decision, causing the Company to file an objection. The objection was partially accepted by the Court (August 2022) to, on practical terms, determine the settlement of the amounts, with subsequent return of the shares by the noncontrolling shareholders – there are appeals filed at the Superior Court of Justice discussing this decision, including filed by the Company, which seeks the extinguishment of the right of noncontrolling shareholders. Concurrently, the award calculation phase was initiated upon determination of production of documentary evidence to obtain reliable and accurate information on the number of shares held by the noncontrolling shareholders on the corporate transaction date. Such evidence was accepted to enable the calculation of any credit that the noncontrolling shareholders might be entitled to due to their respective shareholding positions on the merger date (October 31, 2001), and to identify the number of shares they must consequently return to the Company.

In addition to the defenses above, on January 22, 2015, the Company filed a recission claim against the decision that acknowledged the right of withdrawal of the noncontrolling shareholders and obtained an injunction subjecting the possible withdrawal of amounts by the plaintiffs to the submission of an appropriate bond. On October 22, 2019, the rescission claim was deemed groundless by majority of votes and the Company filed an appeal with the Superior Court of Justice, which was accepted and is pending judgment.

- Action for damages

In October 2020, the Company's noncontrolling shareholders filed a new action against the Company claiming that the indemnity for the value of the shares be calculated based on the RBSE report. The noncontrolling shareholders submitted an economic technical opinion indicating the amount of around R$133 million for the lawsuit. The Company issued an opinion on the technical opinion submitted by the noncontrolling shareholders and presented a regulatory technical opinion. On August 25, 2022, the action was deemed groundless and an appeal was filed by noncontrolling shareholders. Considering the favorable decision and the current stage of the litigation, the likelihood of loss is assessed as remote.

(ii) Tax - Goodwill amortization

Lawsuits arising from tax assessment notices issued by the Federal Revenue Service (SRFB) from 2013 to 2017 (period from 2008 to 2013), relating to the goodwill paid by ISA Capital on the acquisition of CTEEP shareholding control.

- The 2008 case was judged at the higher court of the Administrative Board of Tax Appeals (CARF), which granted an unfavorable decision. The Company filed a lawsuit which was partially granted (for the income tax but not for the social contribution). An appeal was filed at the appellate court, which was judged on November 20, 2023, with fully favorable decision for the Company.

- The 2009, 2010, 2011 and 2012 cases were awarded a final favorable decision by the superior court of the Administrative Board of Tax Appeals (CARF).

  For 2013, the decision was partially favorable to the Company at the lower court. An appeal was filed, which was judged on November 07, 2023, with fully favorable decision for the Company.

(iii) Tax - CSLL tax loss carryforwards

Lawsuit arising from a tax assessment notice issued in 2007, in connection with the failure to confirm the CSLL tax loss carryforwards basis, arising from the partial spin-off of CESP. Administrative Proceeding with CARF had an unfavorable outcome by a casting vote. The Company discusses the issue at the judicial level and obtained an injunction to suspend the requirement to pay the debt without posting a bond. In September 2020, the Company was awarded an unfavorable decision and filed an appeal which is pending judgment. However, a favorable decision was granted to the Company, suspending the enforceability of the debt with no bond being required.

14.1.6 Lawsuits whose likelihood of loss is assessed as remote

14.1.6.1 PIS/COFINS (taxes on revenue)

The Company is a defendant to tax assessment notices relating to PIS and COFINS (taxes on revenue) for the period from 2003 to 2011, under the allegation that the Company would be required to pay PIS/COFINS on a cumulative basis. The Company paid PIS/COFINS on a cumulative basis until 2003. With the changes introduced in legislation in October 2003, the general rule became paying PIS/COFINS on a non-cumulative basis, except for revenues meeting the four following requirements: i) agreements executed before October 2003, ii) with an effective term longer than one year, iii) at preset prices, iv) for purchases of goods or services. Since SE revenue (Agreement 059/2001 prior to Law No. 12.783/2013) meets these requirements, and, also, following ANEEL's instructions, the Company requested the offset of the amounts overpaid in the period the Company paid PIS and COFINS on a non-cumulative basis and started paying such taxes cumulatively on the portion of SE revenue.

In 2009 the Company submitted 48 Declarations for Offset (DCOMPs) claiming the homologation of the offsets carried out to utilize the credit arising from the amounts unduly paid as PIS/COFINS under the non-cumulative regime from February to October 2004. The theory discussed is that the adjustment of the agreements by the IPG-M does not disqualify the preset price, in conformity with the other requirements set forth in the law, and the calculation under the cumulative regime must be maintained. Decision orders not homologating the offsets were issued. The Company filed voluntary appeals, which are pending judgment. The adjusted amount of these lawsuits is R$223 million.

Currently, the cases from 2003 to 2010 which, after adjusted, total approximately R$1,614 million, were closed at the CARF with unfavorable decision for the Company. In 2022 the Company filed a lawsuit to discuss the merit of the matter for these periods and obtained a preliminary decision suspending the collection without the need of posting a bond.

The proceeding relating to 2011 was granted an unfavorable decision at CARF's lower level. CARF´s Lower Panel determined that the National Treasury Attorney General should analyze the report prepared by the specialized consulting firm, which was analyzed and validated. In September 2022 there was a judgment at CARF´s Lower Panel with decision favorable to the Company. The Finance Department filed an appeal against this decision, which was denied on July 17, 2023, and the lawsuit was dismissed on July 20, 2023.

(In thousands of Brazilian reais – R$, unless otherwise stated)

14.1.6.2 Retroactive collection - Eletropaulo

The debt discussed originated in 1989, when Eletrobras has filed an ordinary collection action against Eletropaulo, relating to the financing agreement balance. In October 2001, Eletrobras has enforced the sentence related to the above-mentioned financing agreement, collecting R$429.0 million from Eletropaulo and R$49.0 million from EPTE, a company resulting from Eletropaulo's partial spin-off, carried out in December 1997. In November 2001, the Company merged EPTE and did not recognize a provision for risks, as it believes that such amount must be borne by Eletropaulo in view of the failure to transfer this contingency at the spin-off process. In 2018 Eletrobras and Eletropaulo entered into an agreement to settle the debt, in the amount of R$1.4 billion for Eletrobras and in the same year the agreement was homologated and CTEEP was excluded from the lawsuit. In October 2018 Eletropaulo has filed an appeal in an attempt to include CTEEP in the lawsuit again. In 2019 the Court of Justice of Rio de Janeiro has judged the appeal and confirmed the full homologation of the settlement and CTEEP's exclusion from the lawsuit, which court ruling was final and unappealable.

The Company is a defendant to a retroactive collection actin filed by Eletropaulo in March 2021 claiming the recognition of the Company's liability for the total debt arising from the financing agreement entered into among Eletropaulo (ENEL) and Eletrobrás and that it be sentenced to reimburse the past-due and falling-due installments of the agreement entered into by Eletropaulo and pay court costs and burden of defeat (up to 20% of the amount under discussion).

In 2021, the Company received a favorable decision, where the lower court judged the lawsuit with grounds. The parties filed an appeal. In September 2023, an appellate court decision was handed down favorably to the Company, denying the appeal filed by Eletropaulo (ENEL). The adjusted amount of the lawsuit is R$2,413 million.

14.2 Sureties and restricted deposits

14.2.1 Accounting practice

Sureties and escrow deposits correspond to financial assets measured at amortized cost (note 22.1.3), recorded in noncurrent assets, given the uncertainties around the outcome of the litigations subject to deposits and are recognized at nominal value and adjusted for inflation based on the Benchmark Rate (TR) for labor and social security deposits and on SELIC for tax and regulatory deposits.

14.2.2 Breakdown

	Parent		Consolidated	
	2023	2022	2023	2022
Escrow deposits				
Labor (note 14.1.3 (a) (i))	24,916	24,792	24,921	24,819
Taxes on revenue (PIS and COFINS) (i)	15,285	14,049	15,285	14,049
Assessments - ANEEL (ii)	2,451	2,307	2,451	2,307
Other	20	123	20	123
	42,672	**41,271**	**42,677**	**41,298**

(i) In March 2015, through Decree No. 8.426/15, the PIS/COFINS rate applicable on finance income was reinstated at 4.65% effective as from July 1, 2015. For the period from July 2015 to February 2018, the Company filed a lawsuit seeking the non-levy of such tax based on the fact that the levy could only be required by Law, as set forth in article 150, item I, of the Federal Constitution, and that Decree No. 8.426/15 also violates the principle of non-cumulative taxation established in paragraph 12 of article 194.

(ii) Refers to deposits for the purpose of voiding ANEEL assessment notices which the Company has challenged.

(In thousands of Brazilian reais – R$, unless otherwise stated)

14.2.3 Changes

Parent

	Labor	PIS and COFINS	ANEEL assessments	Other	Total
Balances in 2021	**27,472**	**12,928**	**2,151**	**3,434**	**45,985**
New deposits	255	-	47	85	387
Favorable assessment	(3,037)	-	-	-	(3,037)
Unfavorable assessment	(448)	-	(23)	(3,418)	(3,889)
Adjustment	550	1,121	132	22	1,825
Balances in 2022	**24,792**	**14,049**	**2,307**	**123**	**41,271**
New deposits	390	-	-	3	393
Favorable assessment	(589)	-	(2)	-	(591)
Unfavorable assessment	(56)	-	-	(23)	(79)
Adjustment	379	1,236	146	(83)	1,678
Balances in 2023	**24,916**	**15,285**	**2,451**	**20**	**42,672**

Consolidated

	Labor	PIS and COFINS	ANEEL assessments	Other	Total
Balances in 2021	**27,498**	**12,928**	**2,151**	**3,434**	**46,011**
New deposits	255	-	47	85	387
Favorable assessment	(3,038)	-	-	-	(3,038)
Unfavorable assessment	(448)	-	(23)	(3,418)	(3,889)
Adjustment	552	1,121	132	22	1,827
Balances in 2022	**24,819**	**14,049**	**2,307**	**123**	**41,298**
New deposits	390	-	-	3	393
Favorable assessment	(599)	-	(2)	-	(601)
Unfavorable assessment	(68)	-	-	(23)	(91)
Adjustment	379	1,236	146	(83)	1,678
Balances in 2023	**24,921**	**15,285**	**2,451**	**20**	**42,677**

(In thousands of Brazilian reais – R$, unless otherwise stated)

15 Equity

15.1 Capital

As of December 31, 2023, the Company's issued capital is R$5,000,000, of which R$1,957,386 in common shares and R$3,042,614 in preferred shares, all registered, book-entry, and without par value.

The subscribed and paid-in capital as of December 31, 2023 and 2022 totals R$3,590,020, represented by common and preferred shares as follows:

	2023		2022	
	Number of Shares	**R$ thousand**	**Number of Shares**	**R$ thousand**
Common	257,937,732	1,405,410	257,937,732	1,405,410
Preferred	400,945,572	2,184,610	400,945,572	2,184,610
	658,883,304	**3,590,020**	**658,883,304**	**3,590,020**

Common shares entitle their holders the right to one vote at the resolutions of general meetings.

Preferred shares are not entitled to vote; however, they have priority in the refund of capital and payment of dividends corresponding to this class of shares.

15.2 Dividends and interest on capital

15.2.1 Accounting practice

The dividend recognition policy is in conformity with CPC 24 (IAS 10) and ICPC 08 (R1), which determine that proposed dividends based on statutory obligations, must be recorded in current liabilities.

The Company can pay interest on capital, which is deductible for tax purposes and considered as part of the mandatory dividends and is stated as allocation of profit or loss directly in equity.

15.2.2 Bylaws – allocation of profit

The Company's bylaws establish that the allocation of profit for the year in the following order: (i) recognition of the legal reserve; (ii) of the balance, payment of dividends attributed to preferred and common shares, at the higher value between R$218,461 and R$140,541, respectively, and 25% of profit for the year; (iii) of the balance, up to 20% of profit for recognition of the statutory reserve.

In 2023, the Board of Directors approved the payment of interest on capital for 2023, as follows:

	Interest on capital		
BoD Meeting	**Total**	**Per share**	**Payment**
08.12.2023	1,452,233	2.204083	01.15.2024 and 04.10.2024

The total dividends and interest on capital paid up to December 31, 2023 is R$597,757, which resolutions occurred in 2022. The amount of R$1,247,850 recorded in interest on capital and dividends payable refers to the balance to be settled subsequently.

(In thousands of Brazilian reais – R$, unless otherwise stated)

(a) Changes in dividends and interests on capital payable

	Parent and Consolidated	
	2023	2022
Opening balance	611,208	110,543
Interest on capital approved	1,452,233	700,000
Withholding income tax	(217,834)	(101,609)
Payments	(597,757)	(97,726)
Closing balance	**1,247,850**	**611,208**

(b) Allocation of profit

	2023	2022
Profit for the year	**2,841,117**	**2,262,245**
Recognition of statutory reserve	(556,763)	(452,449)
Realization (recognition) of unrealized special earnings reserve, net	569,140	(529,489)
Recognition of earnings retention	(1,401,261)	(580,307)
Interest on capital approved	(1,452,233)	(700,000)
	-	-

15.3 Capital reserves

	2023	2022
Investment grants - CRC	78	78
Special goodwill reserve - merger	588	588
	666	**666**

15.4. Reserves and earnings retention

	2023	2022
Legal reserve (i)	718,004	718,004
Statutory reserve (ii)	2,872,016	2,315,253
Earnings retention (iii)	2,247,717	846,456
Unrealized special earnings reserve (iv)	8,159,289	8,728,429
	13,997,026	**12,608,142**

(In thousands of Brazilian reais – R$, unless otherwise stated)

(i) Legal reserve

Recognized as 5% of profit for the year, before any allocation, up to 20% of capital. In the year ended December 31, 2019, the Company reached the maximum percentage for recognition of the legal reserve, and there was no new recognition for the period ended December 31, 2023.

(ii) Statutory reserve

Pursuant to article 36, item IV, of the Company's Bylaws, of the balance of profit for the year, after deducting the legal reserve and mandatory dividend, up to 20% must be allocated to the statutory reserve, the amount of which may not exceed the capital amount. The statutory reserve may be used for the following purposes: (a) support investments to expand the Company's activities; (b) help maintain a proper working capital; (c) maintain funds necessary to meet obligations with third parties, including lenders; and (d) protect the Company against potential contingencies or losses arising from regulatory risks. If Management understands that the reasons that justified the recognition of the statutory reserve are no longer applicable, it can propose its reversal and subsequently distribute the amount to the shareholders.

(iii) Earnings retention

Management proposes to maintain in equity prior years' retained earnings, in earnings retention, which is intended to meet the capital budget approved at the General Shareholders' Meeting in the respective periods, in conformity with art. 196 of Law 6.404/76. The earnings retention based on capital budget is not considered for the calculation of the limit prescribed by art. 199 of Law 6.404/76.

(iv) Unrealized special earnings reserve

The unrealized special earnings reserve includes the impacts of (i) amounts receivables from SE (note 5.1); (ii) adjustments due to application of ICPC 01 (R1) Concession Arrangements; (iii) first-time adoption of CPC 47 (IFRS 15); and (iv) share of profit of investees, which will be realized in the future. Once realized, in case the special reserve is not absorbed by subsequent losses, the Company will allocate its balance for: (i) capital increase, distribution of dividends or recognition of other earnings reserves, pursuant to article 19 of CVM Instruction 247/1996 for amounts recognized up to the date of revocation of such Instruction; (ii) distribution of dividends for amounts recognized after the revocation of CVM Instruction 247/1996, considering Management's proposals to be made on a timely basis.

Changes in 2023 are as follows:

Balance in 2022	**8,728,429**
Realization (*)	(754,746)
Recognition (**)	185,606
Balance in 2023	**8,159,289**

(*) The realization mainly includes the amounts received relating to RBSE and dividends received from subsidiaries and jointly controlled subsidiaries.

(**) The amount recognized is comprised of the adjusted RBSE balance receivable and non-cash items from the application of the accounting practices adopted in Brazil and IFRS standards, mainly the application of IFRS 9 and IFRS 15, and their specific characteristics for the transmission sector.

15.5 Other Comprehensive Income (OCI)

The Company recognizes in Other Comprehensive Income the remeasurement arising from the actuarial deficit liability and respective tax effects as supported by a report prepared by an independent actuary. As of December 31, 2023, this amounts to R$183,800, net of taxes (R$18,408 as of December 31, 2022).

(In thousands of Brazilian reais – R$, unless otherwise stated)

Derivative financial instruments are also classified in Other Comprehensive Income, namely non-deliverable forwards (NDF) to manage the currency risk of the cash flow of the Company and subsidiary IERiacho Grande in the amount of R$23,772, net of taxes, whereby the effective portion of changes in the fair value of the hedge accounting is recorded in equity.

15.6 Earnings (loss) per share

15.6.1 Accounting practice

The Company calculates earnings per share based on the weighted average number of outstanding common and preferred shares, during the period corresponding to the earnings, as prescribed by technical pronouncement CPC 41 (IAS 33).

Basic earnings per share are calculated by dividing profit for the period by the weighted average number of shares issued.

15.6.2 Calculation of earnings (loss) per share

Basic earnings or loss per share are calculated through the Company's profit or loss, based on the weighted average number of common and preferred shares outstanding in the respective period. Diluted earnings or loss per share are calculated by obtaining such average number of outstanding shares, adjusted by instruments potentially convertible into shares. In this case, the Company considered shares that may be issued through capitalization of the special goodwill reserve on merger in favor of the controlling shareholder.

As prescribed in CVM Instruction No. 319, to the extent that the tax benefit of the special goodwill reserve on merger is realized, included in the Company's equity, this benefit can be capitalized on behalf of the Parent, and other shareholders shall have an interest in such capital increase, so as to maintain its ownership interest in the Company.

Those shares issued based on this realization were considered as dilutive for purposes of calculating the Company's earnings or loss per share, based on the assumption that all issuance conditions have been met. As of December 31, 2023 and 2022, the share issuance conditions relating to goodwill amortization have been met.

The table below shows the profit or loss and share data used to calculate basic and diluted earnings per share:

	Parent	
	2023	**2022**
Basic and diluted earnings per share		
Profit – R$ thousand	2,841,117	2,262,245
Weighted average number of shares		
Common	257,937,732	257,937,732
Preferred	400,945,572	400,945,572
	658,883,304	658,883,304
Weighted adjusted number of shares		
Common	257,956,900	257,957,698
Preferred	400,970,462	400,970,557
	658,927,362	658,928,255
Basic earnings per share (common and preferred)	4.31202	3.43345
Diluted earnings per share (common and preferred)	4.31173	3.43322

16 Net operating revenue

16.1 Accounting practice

The Company and its subsidiaries account for and measure the revenue from the services provided in accordance with technical pronouncements CPC 17 – Revenue from Contracts with Customers (IFRS 15) and CPC 48 – Financial Instruments (IFRS 9), even when provided under one single concession arrangement. Revenue is recognized when or as the entity satisfies the performance obligations under the contract with the customer, and only when there is an approved contract; it is possible to identify the rights; there is commercial substance and it is probable that the entity will receive the consideration to which it will be entitled.

16.2 Judgments and estimates

16.2.1 Determination of the profit margin

The profit margin is attributed differently per type of performance obligation.

The profit margin for infrastructure implementation is determined based on the characteristics and complexity of projects, as well as their macroeconomic condition, and consider the weighing of the estimated cash inflows in relation to the estimated flows of expected costs for the investments in infrastructure implementation. The profit margins are reviewed annually, at the project startup of operation and/or in case of significant changes in the progress of the works.

The profit margin for the transmission infrastructure operation and maintenance is determined based on the individual revenue applied to similar observable circumstances, in those cases where the Company is solely, that is, separately, entitled to compensation for the operation and maintenance, and the costs incurred to provide operation and maintenance services.

16.2.2 Determination of infrastructure revenue

For the infrastructure implementation, an infrastructure revenue is recognized at fair value and the respective costs relating to the infrastructure implementation services are recognized as incurred, plus the estimated margin for each development/project, considering the estimated consideration with variable portion.

The variable portion for unavailability (PVI) is estimated based on the historical series of occurrences, and the historical average is immaterial. As a result of the difficulty of projection before the startup of each project, the variable portion for startup (PVA) and the variable portion for operation restriction (PVRO) are considered, when applicable, in the inflows when the Company assesses that its occurrence is probable.

16.2.3 Determination of operation and maintenance revenue

For the operation and maintenance services, the revenue is recognized at the fair value previously established, which considers the estimated profit margin, as services are provided.

(In thousands of Brazilian reais – R$, unless otherwise stated)

16.3 Breakdown of net operating revenue

	Parent		Consolidated	
	2023	2022	2023	2022
Gross revenue				
Infrastructure revenue (i) (note 5.3)	2,139,109	1,217,802	2,575,028	1,950,337
Efficiency gain (loss) on infrastructure implementation (ii) (note 5.3)	53,023	(11,588)	46,761	24,019
Compensation for concession assets (iii) (note 5.3)	2,401,285	2,236,911	3,025,127	2,834,253
Operation & Maintenance (iv) (note 5.3)	1,207,093	1,338,222	1,333,173	1,432,483
Revenue from rentals and services rendered	76,319	52,706	36,514	23,968
Total gross revenue	**5,876,829**	**4,834,053**	**7,016,603**	**6,265,060**
Taxes on revenue				
COFINS	(453,927)	(361,157)	(489,590)	(404,853)
PIS	(98,550)	(78,409)	(106,295)	(87,874)
Other	(3,620)	(2,241)	(3,627)	(2,252)
	(556,097)	**(441,807)**	**(599,512)**	**(494,979)**
Regulatory charges				
Energy Development Account (CDE)	(115,612)	(212,395)	(115,612)	(212,395)
Global Reversal Reserve (RGR)	548	-	(6,090)	(6,782)
Research and Development (R&D)	(33,821)	(27,666)	(39,635)	(32,291)
Alternative Power Sources Incentive Program (PROINFA)	(25,657)	(55,186)	(25,657)	(55,186)
Electric Power Service Inspection Fee	(12,486)	(11,046)	(14,576)	(12,857)
	(187,028)	**(306,293)**	**(201,570)**	**(319,511)**
Net operating revenue	**5,133,704**	**4,085,953**	**6,215,521**	**5,450,570**

(i) Infrastructure implementation services

The revenue from the performance obligation relating to infrastructure implementation for providing electric power transmission services, including new facilities, reinforcements and improvements under the concession arrangement is recognized as performance obligations are satisfied, which is determined based on expenses incurred plus the estimated margin for each project and gross-up of taxes.

For concession arrangement 059/2001 regulated by Law No. 12.783/2013, the Company recognized infrastructure implementation revenue also for electric power facility improvement projects, as prescribed in ANEEL Order No. 4.413 of December 27, 2013 and Regulatory Resolution No. 443 of July 26, 2011.

(ii) Efficiency gain (loss) on infrastructure implementation

Efficiency gain (loss) on the infrastructure implementation reflects the positive variances determined reliably when reinforcement projects and improvement are placed into operation and new concession arrangements arising from savings in investments in relation to the estimate made at the beginning of the works, revision of the RAP and placement into operation earlier than the date determined by ANEEL. The other variances such as excess costs or delay in works are recognized when known. As of December 31, 2023, the efficiency gain in the Company refers to reinforcement and improvement projects and in subsidiary Itaúnas refers to a loss in Agreement 018/2017.

(In thousands of Brazilian reais – R$, unless otherwise stated)

(iii) Compensation for concession assets

Revenue from compensation for assets is recognized on a straight-line basis at the implicit rate of each project on the future flow of cash receipts, considering the specific characteristics of each reinforcement project, improvements and auctions and that compensates the transmission infrastructure investment. The purpose of the implicit rate is to price the financial component of the contract asset established at the commencement of the contracts/projects and is not subsequently adjusted. The rate levies on the amount receivable of the future flow of cash receipts and ranges between 4.2% and 9.9% per year.

(iv) Operation & Maintenance

Revenue from performance obligation of operation and maintenance services is recognized when services are provided by the Company, beginning after the end of the construction stage and intended not to interrupt the availability of these facilities, recognized based on the consideration for services. When the Company provides more than one service under a concession arrangement, the compensation received is allocated by reference to the fair values of the services delivered.

16.4 Performance obligation margins

	Parent		Consolidated	
	2023	**2022**	**2023**	**2022**
Infrastructure implementation				
Infrastructure revenue	2,139,109	1,217,802	2,575,028	1,950,337
Infrastructure implementation cost	(1,467,070)	(864,965)	(1,942,958)	(1,708,597)
Margin	672,039	352,837	632,070	241,740
% perceived margin	**31.42%**	**28.97%**	**24.55%**	**12.39%**
Efficiency gain	**53,023**	**(11,588)**	**46,761**	**24,019**
O&M				
O&M revenue	1,207,093	1,338,222	1,333,173	1,432,483
O&M cost	(517,771)	(434,365)	(563,683)	(462,349)
Margin	689,322	903,857	769,490	970,134
% perceived margin	**57.11%**	**67.54%**	**57.72%**	**67.72%**
Compensation for concession assets	**2,401,285**	**2,236,911**	**3,025,127**	**2,834,253**
Implicit rate of contract assets range between	4.2% to 9.9%			

16.5 Variable Portion (PV) and RAP Additional

Regulatory Resolution 906, of December 8, 2020, regulates the Variable Portion (PV) and RAP Additional. The Variable Portion is the pecuniary penalty applied by the Concession Grantor for any unavailability or operating restrictions of the facilities comprising the Basic Grid. The RAP Additional corresponds to the pecuniary premium granted to transmission companies as an incentive for improving the availability of transmission facilities. For both situations, a revenue and/or O&M revenue reduction is recognized in the period they occur.

(In thousands of Brazilian reais – R$, unless otherwise stated)

16.6 Periodic revision of the Annual Permitted Revenue (RAP)

Under concession arrangements, at every four and/or five years, after the contract execution date, ANEEL will periodically revise the electric power transmission RAP to promote tariff efficiency and moderation.

Each arrangement has its specific characteristics; however, in general terms, until 2019 concessionaires have their RAP revised three times (every five years), when the cost of debt capital is revised. Reinforcement and improvements related to the bid agreements are revised every five years. A revenue reduction may also be applied for Operation and Maintenance (O&M) costs to capture Business Efficiency Gains.

Concession arrangements entered into beginning 2019 are under version 3.0 of Proret 9.2, which established that the reinforcements and improvements of the arrangements without review clause would be subject to review at every five years. Therefore, arrangement 143/2001 of subsidiary IEJaguar 6 is not subject to Period Tariff Revision (RTP), does not have reinforcements or improvements and its RAP was not affected.

The periodic tariff revision for concession arrangements, such as Concession Arrangement No. 059/2011, of concessionaires considered as existing, is made every five years and includes the revenue repositioning upon determination of the following:

- the regulatory compensation basis for RBNI and RBSE;
- efficient operating costs;
- optimal capital structure and definition of the transmission companies' compensation;
- identification of the amount to be considered as tariff reduction - Other Revenues;
- application of the "x" factor (ratio set by ANEEL in the periodic revision process to promote efficiency and capture productivity gains for the consumer).

The information on the latest periodic tariff revisions is described below:

Concessionaire	Arrangement	Confirmation Resolution (REH)	REH date	Effective date
CTEEP	059/2001	2.714	06.30.2020	01.07.2020
CTEEP	012/2016	3.050	07.01.2022	01.07.2022
Subsidiaries				
IESerra do Japi	026/2009	2.840	03.30.2021	07.01.2020
IEMG	004/2007	3.050	07.01.2022	07.01.2022
IENNE	001/2008	3.205	06.13.2023	07.01.2023
IEJaguar8	012/2008	2.556	06.11.2019	07.01.2019
IEJaguar9	015/2008	2.556	06.11.2019	07.01.2019
IEPinheiros	018/2008	2.556	06.11.2019	07.01.2019
IEItapura	021/2011	3.050	07.01.2022	07.01.2022
Evrecy	020/2008	2.883	06.22.2021	07.01.2018
IESul	013 and 016/2008	2.556	06.11.2019	07.01.2019
IEItaúnas	018/2017	3.050	07.01.2022	07.01.2022
IETibagi	026/2017	3.205	06.13.2023	07.01.2023
IEItaquerê	027/2017	3.205	06.13.2023	07.01.2023
IEJaguar 6	042/2017	3.205	06.13.2023	07.01.2023
IEAguapeí	046/2017	3.205	06.13.2023	07.01.2023
Jointly controlled subsidiaries				
IEMadeira	013 and 015/2009	2.556	06.11.2019	07.01.2019
IEGaranhuns	022/2011	3.050	07.01.2022	07.01.2022
IEAimorés	004/2017	3.050	07.01.2022	07.01.2022
IEParaguaçu	003/2017	3.050	07.01.2022	07.01.2022
IEIvaí	022/2017	3.205	06.13.2023	07.01.2023

(In thousands of Brazilian reais – R$, unless otherwise stated)

16.6.1 Confirmation Resolution No. 3.205

On June 13, 2023, Confirmation Resolution 3.205 was published, repositioning the RAP of subsidiaries IENNE, IETibagi, IEItaquerê, IEJaguar 6, IEAguapeí and jointly controlled subsidiary IEIvaí with accounting impacts recognized in the third quarter of 2023, totaling a negative amount of R$3,685 recorded in Periodic Tariff Revision. However, the effects of said Resolution were ruled out in Confirmation Resolution 3.216 (note 16.5) for the RAP 2023/2024 cycle. The Company filed an administrative appeal with ANEEL, claiming the consideration of the tariff repositioning.

On December 12, 2023, Ordinance 4.675 was published, providing for the outcome of said administrative proceeding, where ANEEL recognizes the effects of Confirmation Resolution 3.205/23 in the RAP of the relevant concessions. However, the effects will be applied as from the adjustment to the 2024/2025 tariff cycle.

16.6.2 Postponement of the periodic tariff revision for 2023

ANEEL, through Ordinance 402/2023, has decided to postpone the Periodic Tariff Revision for the entire agreement 059/2001 and for the reinforcements and improvements of the agreements subject to bid. Such Ordinance establishes that the tariff revision will occur in the 2024/2025 tariff cycle.

The next periodic tariff revisions for the RAP of the Company and its subsidiaries and jointly controlled subsidiaries are described in note 1.2.

16.7 Annual revenue adjustment

Confirmation Resolution No. 3.216, published on July 7, 2023, established new amounts for the annual permitted revenues for the Company and its subsidiaries for the availability of the transmission facilities comprising the Basic Grid and other transmission facilities, for a 12-month cycle, from July 1, 2023 to June 30, 2024, as shown in the table below:

			RAP Cycle 23/24						
Concessionaire	**Rate**	**REH 3.067 (*)**	**Inflation**	**Reinforcements/improvements**	**RBSE (***)**	**Other**	**REH 3.216**	**PA**	**Total**
ISA CTEEP	IPCA	3,047,437	119,942	37,927	766,498	-	3,971,804	(91,618)	3,880,186
Operating subsidiaries (**)	IPCA	590,134	19,801	3,357	-	(4,706)	608,586	6,903	615,489
Total		**3,637,571**	**139,743**	**41,284**	**766,498**	**(4,706)**	**4,580,390**	**(84,715)**	**4,495,675**

(*) RAP of 2022/2023 cycle where the amounts do not include the positive adjustment portion (PA) of R$70,425.
(**) Considering the RAP of subsidiaries Biguaçu and Itaúnas, which started to operate during the 2022/2023 cycle.
(***) Full recomposition of the financial component, after the reprofiling set forth in REH 2.851.

(In thousands of Brazilian reais – R$, unless otherwise stated)

	Basic grid				Other transmission facilities (DIT)					
Concession arrangement	RBSE	RBNI	Auctioned	PA	RPC (²)	RCDM (²)	Auctioned	PA	Total 2023 (¹)	Total 2022 (¹)
059/2001	2,403,163	291,723	-	(50,041)	796,391	265,972	-	(34,442)	3,672,766	2,917,317
012/2016	-	-	214,555	(7,136)	-	-	-	-	207,419	199,976
143/2001	-	-	19,355	(393)	-	-	-	-	18,962	19,644
004/2007	-	-	19,745	(19)	-	-	-	-	19,726	24,585
012/2008	-	9	11,395	(180)	-	1,284	1,718	22	14,248	13,709
015/2008	-	28,361	21,794	11,886	-	10,286	534	7,241	80,102	50,297
018/2008	-	209	5,613	841	-	1,846	68	(492)	8,085	6,819
021/2011	-	-	6,174	(375)	-	-	2,265	(1)	8,063	7,879
026/2009	-	7,185	38,827	(920)	-	-	8,831	9	53,932	52,378
001/2008 (**)	-	9	61,309	(1,913)	-	-	-	-	59,405	52,513
020/2008	-	16,197	-	(356)	-	3,396	-	1	19,238	21,564
013/2008	-	-	7,956	(214)	-	-	-	-	7,742	7,237
016/2008	-	4,110	13,964	922	-	-	323	(1)	19,318	19,257
018/2017 (*)	-	-	64,524	(921)	-	-	1,357	-	64,960	-
026/2017 (**)	-	-	22,290	(805)	-	-	-	-	21,485	19,588
027/2017 (**)	-	-	64,935	(2,024)	-	-	-	-	62,911	61,089
046/2017 (**)	-	-	65,548	(1,593)	-	-	9,925	339	74,219	87,613
042/2017 (**)	-	-	15,085	(1,633)	-	-	-	-	13,452	13,718
006/2020	-	-	6,805	(1,035)	-	-	-	-	5,770	6,548
012/2018 (*)	-	-	50,919	(2,155)	-	-	762	-	49,526	-
021/2018	-	-	13,673	673	-	-	-	-	14,346	13,155
	2,403,163	**347,803**	**724,466**	**(57,391)**	**796,391**	**282,784**	**25,783**	**(27,324)**	**4,495,675**	**3,594,886**

The Company's and its subsidiaries' Regulatory Revenue, net of PIS and COFINS, is as follows:

(¹) Including the amounts relating to the adjustment portion (PA).
(²) RPC represents the equivalent to "RBSE" whereas RCDM represents the equivalent to "RBNI" for the DITs.
(*) Placement into operation in 2022 and in the 1st half of 2023.
(**) The effects of Ordinance 4.675/23 will be applied as from the 2024/2025 tariff cycle (note 16.6.1).

16 Costs of infrastructure implementation, operation and maintenance services, and general and administrative expenses

17.1 Parent

	2023				2022
	Implementation and O&M costs	Costs of services rendered	Expenses	Total	Total
Management fees	-	-	(15,681)	(15,681)	(13,985)
Personnel	(354,351)	-	(92,026)	(446,377)	(429,324)
Outside services	(747,109)	(3,394)	(74,666)	(825,169)	(424,529)
Depreciation and amortization	-	-	(24,331)	(24,331)	(26,841)
Materials	(775,202)	-	(1,384)	(776,586)	(553,022)
Other	(104,785)	-	(30,572)	(135,357)	(129,608)
	(1,981,447)	**(3,394)**	**(238,660)**	**(2,223,501)**	**(1,577,309)**

(In thousands of Brazilian reais – R$, unless otherwise stated)

17.2 Consolidated

	2023				2022
	Implementation and O&M costs	Costs of services rendered	Expenses	Total	Total
Management fees	-	-	(15,681)	(15,681)	(13,985)
Personnel	(343,409)	-	(97,387)	(440,796)	(433,510)
Outside services	(1,005,991)	(3,394)	(79,272)	(1,088,657)	(797,806)
Depreciation and amortization	-	-	(24,889)	(24,889)	(27,498)
Materials	(1,027,552)	-	(1,096)	(1,028,648)	(977,214)
Other	(126,295)	-	(32,392)	(158,687)	(213,454)
	(2,503,247)	**(3,394)**	**(250,717)**	**(2,757,358)**	**(2,463,467)**

Out of the costs shown above, the Parent’s infrastructure implementation costs totaled R$1,467,070 in 2023 and R$864,965 in 2022. Consolidated infrastructure implementation costs totaled R$1,942,958 in 2023 and R$1,708,597 in 2022. The respective infrastructure implementation revenue, shown in note 16.4, is calculated by adding the estimated margin for each project and PIS and COFINS rates and other charges to the cost of the investment.

18 Other operating income (expenses)

As of December 31, 2023, recognition of expense of (R$12,618) in the Parent and expense of (R$1,239) in the consolidated refers mainly to: (i) income of R$28,356, from the review of the court-ordered amounts receivable from the Municipal Government of São José dos Campos relating to the expropriation of land of former EPTE; (ii) income on the receipt of building insurance in the amount of R$8,191; (iii) amortization expenses on the surplus relating to the acquisition of PBTE and SF Energia in the amount of R$21,752 and (iv) penalty imposed by ANEEL relating to the maintenance process at substation Santo Angelo in the amount of R$15,463.

(In thousands of Brazilian reais – R$, unless otherwise stated)

19 Finance income (costs)

	Parent		Consolidated	
	2023	2022	2023	2022
Income				
Income from short-term investments	128,720	71,491	201,571	147,858
Interest income	75	450	103	469
Inflation adjustments	11,257	2,653	11,262	2,676
Other	6,389	18,062	9,154	18,218
	146,441	92,656	222,090	169,221
Expenses				
Interest on borrowings	(35,776)	(63,186)	(44,954)	(77,140)
Interest expense	(566)	(692)	(580)	(703)
Charges on promissory notes	(192,567)	(172,513)	(192,567)	(172,513)
Charges on debentures	(532,004)	(417,664)	(532,004)	(417,664)
Inflation adjustments	(257,532)	(297,870)	(257,996)	(298,336)
Other	(14,505)	(13,877)	(15,547)	(15,043)
	(1,032,950)	(965,802)	(1,043,648)	(981,399)
	(886,509)	**(873,146)**	**(821,558)**	**(812,178)**

20 Income tax and social contribution

20.1 Accounting practice

Current and deferred income tax and social contribution are calculated pursuant to the applicable law, based on profit, adjusted by the inclusion of non-deductible expenses, exclusion of non-taxable income and inclusion and/or exclusion of temporary differences.

The Company opted for the annual taxable income regime. Current and deferred income tax and social contribution for the year are calculated at the rates of 15%, plus a 10% surtax on taxable income exceeding R$240 for income tax, and 9% on taxable income for social contribution, and consider the offset of tax loss carryforwards, limited to 30% of taxable income, if any. The Company makes monthly prepayments by applying the deemed income rates on gross revenue while subsidiaries adopt the deemed income regime.

The provision for income tax and social contribution is recognized monthly on an accrual basis and computed as provided for in Law No. 12.973/14.

(In thousands of Brazilian reais – R$, unless otherwise stated)

20.2 Reconciliation of the effective tax rate

The reconciliation of income tax (IRPJ) and social contribution (CSLL) expenses for the year with book profit is as follows:

	Parent		Consolidated	
	2023	**2022**	**2023**	**2022**
Profit before income tax and social contribution	3,025,199	2,569,255	3,120,999	2,678,134
Statutory rates	34%	34%	34%	34%
Income tax and social contribution at statutory rate	(1,028,568)	(873,547)	(1,061,140)	(910,565)
Income tax and social contribution on permanent differences				
Interest on capital	493,759	238,000	493,759	238,000
Share of profit (loss) of investees	344,802	324,474	166,368	173,702
Income – non-taxable	10,814	4,184	10,814	4,184
Effect of adopting the deemed income regime for subsidiaries (i)	-	-	166,451	136,457
Other	(4,889)	(121)	(4,889)	(121)
Income tax and social contribution at effective rates	**(184,082)**	**(307,010)**	**(228,637)**	**(358,343)**
Income tax and social contribution				
Current	(37,202)	(92,853)	(64,532)	(114,501)
Deferred	(146,880)	(214,157)	(164,105)	(243,842)
	(184,082)	**(307,010)**	**(228,637)**	**(358,343)**
Effective rate	**6%**	**12%**	**7%**	**13%**

(i) the deemed income regime was adopted to calculate income tax and social contribution for subsidiaries.

(In thousands of Brazilian reais – R$, unless otherwise stated)

21 Related-party transactions

The main balances and transactions with related parties in the year are as follows:

21.1 Balance sheet

	Assets				(Liabilities)	2023	2022
Related parties	Dividends	Sublease, reimbursement and expense sharing (b)	Services rendered (c)	Short-term investments - investment funds (note 6.5)	Other	Total	Total
ISA Capital	(442,142)	20	32	-	-	(442,090)	(213,078)
IEMG	-	210	491	-	-	701	435
IEPinheiros	3,241	31	13	-	-	3,285	5,979
IESerra do Japi	12,643	91	133	-	-	12,867	26,820
Evrecy	-	207	769	-	-	976	2,507
IENNE	15,720	229	303	-	-	16,252	559
IEItaúnas	7,072	131	1,584	-	-	8,787	62
IETibagi	9,572	79	161	-	-	9,812	12,109
IEItaquere	16,656	98	84	-	-	16,838	45,022
IEItapura	5,126	66	1,767	-	-	6,959	297
IEAguapei	14,076	142	348	-	-	14,566	26,046
IESul	2,060	122	83	-	-	2,265	1,547
IEGaranhuns	13,036	-	52	-	-	13,088	43
IEMadeira	44,461	-	-	-	-	44,461	52,161
IEBiguaçu	16,347	181	106	-	-	16,634	6,199
Internexa Brasil	-	-	298	-	-	298	589
Riacho Grande	-	48	208	-	-	256	101
IEAimorés	9,642	-	-	-	-	9,642	15,987
IEParaguaçu	14,397	-	-	-	-	14,397	19,583
IEIvaí	23,201	723	1,621	-	-	25,545	1,159
IEJaguar 6	2,706	40	257	-	-	3,003	512
IEJaguar 8	2,662	137	50	-	-	2,849	-
IEJaguar 9	20,687	50	111	-	-	20,848	13,897
Eletrobras	(441,215)	-	-	-	(48,869)	(490,084)	(44,139)
Bandeirantes	-	-	-	360,857	-	360,857	269,741
Xavantes	-	-	-	770,924	-	770,924	584,523
Assis	-	-	-	375,779	-	375,779	39,483
Barra Bonita	-	-	-	18,648	-	18,648	13,579
Total	**(650,052)**	**2,605**	**8,471**	**1,526,208**	**(48,869)**	**838,363**	**881,723**

(In thousands of Brazilian reais – R$, unless otherwise stated)

21.2 Profit or loss

					Income (expense)	2023	2022
Related parties	Short-term benefits (a)	Sublease, reimbursement and expense sharing (b)	Services rendered (c)	Short-term investments - investment funds (note 6.5)	Other	Total	Total
Management	(15,681)	-	-	-	-	(15,681)	(13,985)
ISA Capital	-	45	381	-	-	426	425
IEMG	-	541	6,156	-	-	6,697	3,919
IEPinheiros	-	467	808	-	-	1,275	2,472
IESerra do Japi	-	371	1,447	-	-	1,818	1,837
Evrecy	-	584	2,363	-	-	2,947	4,235
IENNE	-	906	3,262	-	-	4,168	4,515
IEItaúnas	-	307	3,217	-	-	3,524	2,118
IETibagi	-	334	2,557	-	-	2,891	3,073
IEItaquere	-	382	1,005	-	-	1,387	1,336
IEtapura	-	267	2,714	-	-	2,981	1,976
IEAguapei	-	543	5,183	-	-	5,726	4,408
IESul	-	434	6,172	-	-	6,606	1,889
IEGaranhuns	-	-	595	-	-	595	522
IEBiguaçu	-	570	2,410	-	-	2,980	1,900
Internexa Brasil	-	-	1,309	-	-	1,309	1,247
Riacho Grande	-	151	1,397	-	-	1,548	887
IEAimorés	-	-	-	-	-	-	50
IEParaguaçu	-	-	-	-	-	-	99
IEIvaí	-	2,940	11,318	-	-	14,258	1,285
IEJaguar 6	-	76	697	-	-	773	-
IEJaguar 8	-	302	500	-	-	802	-
IEJaguar 9	-	95	662	-	-	757	-
AISCE	-	-	-	-	(20)	(20)	(60)
IABRATE	-	-	-	-	(475)	(475)	(10)
Bandeirantes	-	-	-	35,751	-	35,751	35,782
Xavantes	-	-	-	62,977	-	62,977	67,169
Assis	-	-	-	12,713	-	12,713	9,191
Barra Bonita	-	-	-	1,283	-	1,283	4,438
Total	**(15,681)**	**9,315**	**54,153**	**112,724**	**(495)**	**160,016**	**140,718**

(a) Refers to management fees, which, as disclosed in the Company's statement of income, amount to R$15,681, Parent and consolidated (R$13,985 as of December 31, 2022).

The Company's compensation policy does not include post-employment benefits, other long-term benefits, severance benefits or share-based compensation.

(b) The sublease agreement comprises the sub-leased area of the Company's headquarters building, as well as apportionment of common area and maintenance expenses, reimbursement of shared services, among others.

The personnel expenses sharing agreement requires the proportional allocation of expenses relating to employees shared between the Company and its subsidiaries.

(c) The Company maintains the following service agreements: (i) ISA Capital - tax and accounting bookkeeping services, tax calculation and payroll processing; (ii) IEAguapei, IETibagi, IEItapura, IEItaquere, Evrecy, IEMG, IEItaúnas, IEPinheiros, IESerra do Japi, IENNE, IESul, IEBiguaçu, IEGaranhuns, IEIvaí, IEJaguar 6, IEJaguar 8 and IEJaguar 9 - operation and maintenance of its facilities; (iii) Internexa Brasil, a subsidiary of ISA Group - two service agreements including assignment of right of use, on an onerous basis, of the support infrastructure necessary for the installation of fiber optic cables, auxiliary services and related improvements and sharing of IT infrastructure. Additionally, the Company contracted the provision of 10 Mbps internet link services with Internexa Brasil; (iii) IEAguapei, IETibagi, IEItapura, IEItaquere, Evrecy, IEItaúnas, IEMG, IENNE, IESUL, IESerra do Japi, IEPinheiros, IERiacho Grande, IEBiguaçu, Ivaí, IEJaguar 6, IEJaguar 8 and IEJaguar 9 – services including engineering, analysis of basic and executive projects, technical support to the acquisition of materials and equipment, and substation and transmission line construction management.

The transactions between related parties are conducted under terms and conditions set forth in an agreement and are recognized pursuant to specific contractual terms, and are adjusted based on the charges set forth in the agreements, when applicable. No transactions assessed as atypical were conducted that are outside the normal course of business.

The Company has free lease agreements with subsidiaries IEItapura, IEPinheiros and IENNE and the jointly controlled subsidiary IEMadeira to formalize the borrowing of pieces of equipment and materials that the companies did not have readily available in inventory.

The Company entered into a non-onerous Procurement Management Cooperation Agreement with Interconexión Elétrica S.A. E.S.P. to generate increased synergy and efficiency in managing the quotation and negotiation process for ISA Group's purchases.

Additionally, the Company contributes as a founding member of Brazil's Association for Social and Cultural and Business Interchange – Colombia (AISCE), whose objective is to be the largest platform of bilateral relationship between Brazil and Colombia, fostering bilateral social, culture and trade investments.

The Company, as sponsor, entered into a Cooperation Agreement with Instituto Abrate de Energia (IABRATE) for implementation of the Research & Development (R&D) project of the Analytical Intelligence System of the Electric Sector (SIASE).

22 Financial instruments

22.1 Accounting practice

The Company and its subsidiaries apply the requirements of CPC 48 – Financial Instruments (IFRS 9), relating to the classification and measurement of financial assets and financial liabilities and the measurement and recognition of impairment losses.

22.1.1 Financial assets

22.1.1.1 Classification and measurement

Pursuant to CPC 48 (IFRS 9), the financial instruments are classified in three categories: measured at amortized cost, at fair value through other comprehensive income ("FVTOCI"), and at fair value through profit or loss ("FVTPL").

The classification of financial assets on initial recognition depends on the contractual cash flow characteristics and the business model for managing these financial assets. The Company presents the financial instruments according to the categories mentioned above:

- Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets held for trading, financial assets designated on initial recognition at fair value through profit or loss or financial assets mandatorily required to be measured at fair value.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss. The net changes in fair value are recognized in profit or loss.

- Amortized cost

A financial asset is classified and measured at amortized cost when it has the purpose of receiving contractual cash flows and generating cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is performed at the instrument level.

The assets measured at amortized cost use the effective interest method, less any impairment losses. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise financial assets whose contractual cash flows result only from the receipt of principal and interest on principal on specific dates and whose business model aims both at collecting contractual cash flows from the asset and its sale.

22.1.1.2 Impairment of financial assets

Pursuant to CPC 48 (IFRS 9) the expected loss model is applicable to financial assets measured at amortized cost or at fair value through other comprehensive income, except for investments in equity instruments.

22.1.1.3 Derecognition of financial assets

The derecognition of a financial asset occurs when the contractual rights to the asset's cash flows expire or when the rights to receiving contractual cash flows from a financial asset are transferred in a transaction that transfers substantially all the risks and rewards of ownership of the financial asset to a third party. Any interest in these transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

22.1.2 Financial liabilities

Financial liabilities are classified at fair value through profit or loss when they are either held for trading or designated at fair value through profit or loss. Other financial liabilities (including borrowings) are measured at amortized cost using the effective interest method.

(In thousands of Brazilian reais – R$, unless otherwise stated)

22.1.3 Identification of the main financial instruments

	Level	Parent 2023	Parent 2022	Consolidated 2023	Consolidated 2022
Financial assets					
Fair value through profit or loss					
Cash and cash equivalents	1	204,012	327,065	245,819	336,523
Short-term investments	2	1,019,348	462,256	1,526,208	907,326
Derivative financial instruments	2	2,615	816	2,615	816
Restricted cash	2	8,094	16,443	24,235	34,299
Amortized cost					
Concession assets - O&M services	-	103,439	220,045	163,128	270,155
Accounts receivable - São Paulo State Finance Department	-	2,371,307	2,175,500	2,371,307	2,175,500
Receivables from related parties	-	244,381	231,655	107,483	89,563
Sureties and restricted deposits	-	42,672	41,271	42,677	41,298
Other - Receivables	-	57,546	58,750	57,546	58,750
Financial liabilities					
Fair value through profit or loss					
Derivative financial instruments	2	-	-	26,806	4,117
Amortized cost					
Borrowings and financing					
Current	-	60,633	63,579	75,811	78,060
Noncurrent	-	541,255	1,905,146	633,914	2,012,601
Debentures					
Current	-	570,815	88,833	570,815	88,833
Noncurrent	-	7,959,755	5,805,235	7,959,755	5,805,235
Leases					
Current	-	5,978	13,777	6,268	14,124
Noncurrent	-	20,500	40,836	22,102	42,844
Trade payables	-	147,934	88,350	177,986	111,557
Interest on capital and dividends payable	-	1,247,850	611,208	1,247,850	611,208

The carrying amounts of financial assets and financial liabilities, when compared to the amounts that could be obtained if they are traded in an active market or, in the absence of such market, the net present value adjusted based on the prevailing market interest rate, approximate their fair values. The Company classifies financial instruments as required by CPC 46 (IFRS 13) - Fair Value Measurement:

Level 1 – quoted prices (unadjusted) in active markets, net and observable for identical assets or liabilities, available on the measurement date;

Level 2 – quoted prices (which can be adjusted or unadjusted) for similar assets or liabilities in active markets, other inputs not directly or indirectly observable in Level 1, pursuant to asset or liability terms; and

Level 3 - assets and liabilities whose prices are unavailable or prices or valuation techniques supported by a small or inexistent, unobservable or illiquid market. In this level, the fair value estimate becomes highly subjective. As of December 31, 2023 and December 31, 2022, the Company, its subsidiaries and jointly controlled subsidiaries did not use Level 3 information to measure the fair value of any asset or liability.

22.2 Derivative instruments and hedging activities

22.2.1 Accounting practice

CPC 48 (IFRS 9) provides for a hedge accounting approach based on Management's risk management, more supported by principles. The standard sets forth that Management must assess the effectiveness conditions and percentages, introducing a qualitative viewpoint to the process.

The Company and its subsidiaries Biguaçu and Riacho Grande use derivative financial instruments for hedging purposes, such as interest rate swaps, forward exchange contract and commodities price. These financial instruments are initially recognized at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value.

The Company designates and documents the hedge relationship to which the hedge accounting will be applied and the risk management objective and strategy. The documentation includes identifying the hedging instrument, the hedged item, the nature of the hedged risk and how the entity assesses whether the hedge relationship fulfills the hedge effectiveness requirements.

The financial instruments are classified as fair value hedge and cash flow hedge:

Fair value hedge: intended to hedge against the exposure to changes in the fair value of an asset or liability. The changes in the fair value of a hedging instrument and hedged item are recorded in profit or loss.

Cash flow hedge: intended to hedge against the exposure to variations in the cash flow that are attributable to a specific risk associated with an asset or liability. A financial instrument classified as cash flow hedge, the effective portion of the gain or loss on a hedging instrument is recognized in other comprehensive income, whereas any ineffective portion is immediately recognized in the statement of income. Any amounts in other comprehensive income are accounted for, based on the nature of the transaction originated by the hedged item. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount in equity is included in the initial cost of the hedged asset or liability.

As of December 31, 2023 and 2022, forward exchange contracts of the Company and subsidiaries Biguaçu and Riacho Grande were classified as cash flow hedge.

22.2.2 Hedge contracts

In December 2020, subsidiary IERiacho Grande entered into NDF currency hedge contracts with BTG Pactual, whereby the company bought future dollar with a notional value of USD32,723. The purpose of these transactions was to hedge foreign currency commitments assumed (CAPEX) by the subsidiary.

In July and September 2023, the Company entered into NDF currency hedge contracts with Citibank, whereby the Company fixed the aluminum price in reais, with a notional total amount of R$566,807. The purpose of these transactions is to hedge the fluctuation in the aluminum price, which will be used in Lots 1 and 7 won in Auction 001/2023.

The Company and its subsidiaries classify the derivative instruments contracted as cash flow hedge and, based on the requirements of CPC 48 and IFRS 9, the Company adopted the hedge accounting for such transactions.

(In thousands of Brazilian reais – R$, unless otherwise stated)

Financial instrument management is in line with the Risk Management Policy and Financial Risk Guidelines of the Company and its subsidiaries. The results from these transactions and adoption of controls to manage these risks are part of the monitoring of the financial risks adopted by the Company and its subsidiaries as follows:

									Consolidated
									12.31.2023
Company	Instrument	Hedging purpose	Nature	Counterparty	Contract date	Final maturity flow	Currency	Notional value	Fair value adjustment (R$)
Riacho Grande	Non-Deliverable Forward - NDF	USD	Purchase	BTG Pactual	Dec/20	Jul/25	USD	25,903	(26.806)
CTEEP	Non-Deliverable Forward - NDF	Aluminum BRL	Purchase	Citibank	Jul/23	May/26	BRL	232.501	8,145
CTEEP	Non-Deliverable Forward - NDF	Aluminum BRL	Purchase	Citibank	Sep/23	Aug/27	BRL	334.306	(5,530)

22.3 Financing

Debt-to-equity ratio

The debt-to-equity ratio at the end of the year is as follows:

	Parent		Consolidated	
	2023	2022	2023	2022
Borrowings and financing				
Current	60,633	63,579	75,811	78,060
Noncurrent	541,255	1,905,146	633,914	2,012,601
Leases				
Current	5,978	13,777	6,268	14,124
Noncurrent	20,500	40,836	22,102	42,844
Debentures				
Current	570,815	88,833	570,815	88,833
Noncurrent	7,959,755	5,805,235	7,959,755	5,805,235
Total debt	9,158,936	7,917,406	9,268,665	8,041,697
Cash and cash equivalents and short-term investments	1,223,360	789,321	1,772,027	1,243,849
Net debt	7,935,576	7,128,085	7,496,638	6,797,848
Equity	17,380,140	16,177,451	17,791,712	16,536,480
Net debt ratio	45.7%	44.1%	42.1%	41.1%

CTEEP and its subsidiaries are parties to borrowings and financing agreements that contain covenants determined based on debt ratios (notes 6.2 and 6.3). As of December 31, 2023, the Company and its subsidiaries are compliant with the requirements relating to covenants.

The carrying amount of borrowings and financing, considering the financial instruments applicable, and debentures is pegged to the TJLP, CDI and IPCA fluctuation and approximates the fair value.

22.4 Risk management

The main risk factors inherent in the Company's and its subsidiaries' transactions are as follows:

(i) Credit risk - The Company and its subsidiaries enter into agreements with the ONS concessionaires and other agents, governing the provision of services relating to the basic grid, including a bank guarantee clause. The Company and its subsidiaries also maintain agreements governing the provision of services directly to free consumers, also containing a bank guarantee clause, to mitigate the risk of default.

(ii) Price risk - The Company's and its subsidiaries' revenues are, as set forth in the concession arrangement, annually adjusted by ANEEL, based on the IPCA and IGP-M fluctuation, and a portion of the revenues is subject to periodic tariff revision (note 16.5).

(iii) Interest rate risk - The adjustment of financing agreements is pegged to the TJLP, IPCA and CDI fluctuation (notes 6.2 and 6.3). Additionally, the Company's Management monitors the valuation of the pension plan's actuarial assets, pegged to the interest rate, which is determined based on market inputs for returns on NTN-B notes.

(iv) Currency risk - The Company and its subsidiaries do not have foreign currency-denominated trade receivables and other assets; however, there are transactions involving the acquisition of cables as well as the provision of the services necessary to their implementation, in subsidiary Riacho Grande, with future cash disbursements in dollars, for which a NDF derivative instrument has been contracted to manage the cash flow's currency risk.

(v) Borrowing risk – The deterioration of Brazil's political and/or economic condition would give rise to credit decrease, which scenario would result in higher competition of funds in the market. The Company and its subsidiaries may face difficulties in the future to raise funds at costs and payment terms aligned with their cash generation profile and/or debt obligations. In this case, the Company and its subsidiaries, in order to make investments, would have to raise funds at higher interest rates, thus adversely impacting its finance income (costs).

(vi) Guarantee risk – The main guarantee risks are the following:

- Management of risks related to the retirement and health care benefits via Vivest (formerly "Funcesp"), a closed-end supplementary private pension entity, through its representation in management bodies.

- Participation as intervening guarantor, within the limit of its interests, for subsidiaries and jointly controlled subsidiaries, in their financing agreements (note 6.2).

(vii) Liquidity risk - The Company's and its subsidiaries' main sources of cash are the following:

Its operations, mainly the collection for the use of the electric power transmission system by other concessionaries and market participants. The cash amount, represented by the RAP linked to the basic grid's facilities and other transmission facilities (DIT) is defined, as set forth in prevailing laws, by ANEEL.

The Company is compensated for the transmission system availability, and any electric power rationing will have no impact on revenue and respective cash receipts.

The Company manages the liquidity risk by maintaining adequate credit facilities and lines of credit to raise borrowings it considers appropriate, based on the continuous monitoring of budgeted and actual cash flows, and the combination of the maturity profiles of financial assets and financial liabilities.

(In thousands of Brazilian reais – R$, unless otherwise stated)

Receipt of the facilities indemnity installment related to the SE represents an important source of cash generation for the Company in order to be able to comply with its financial planning for the coming years. The Company manages any matters and changes to the regulatory standards that may impact the schedule and receivables.

						Parent	
						2023	2022
	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total	Total
Financial liabilities							
Trade payables	124,680	4,971	18,283	-	1,186	149,120	89,370
Borrowings and financing	7,693	14,438	38,502	351,066	190,189	601,888	1,968,725
Debentures	-	478,792	92,023	6,189,593	1,770,162	8,530,570	5,894,068
Leases	858	2,572	2,548	20,500	-	26,478	54,613
	133,231	**500,773**	**151,356**	**6,561,159**	**1,961,537**	**9,308,056**	**8,006,776**

						Consolidated	
						2023	2022
	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total	Total
Financial liabilities							
Trade payables	142,568	6,503	28,915	560	1,186	179,732	117,613
Borrowings and financing	9,307	18,137	48,367	443,725	190,189	709,725	2,090,661
Debentures	-	478,792	92,023	6,189,593	1,770,162	8,530,570	5,894,068
Leases	881	2,643	2,744	22,102	-	28,370	56,968
	152,756	**506,075**	**172,049**	**6,655,980**	**1,961,537**	**9,448,397**	**8,159,310**

22.5 Sensitivity analysis

The Company analyzes the sensitivity to interest rate and currency risks. The Company's Management does not consider as material its exposure to other risks described above.

For purposes of defining a base scenario for analyzing the sensitivity of interest rate, price index and currency fluctuations, we used the same assumptions defined for the Company's long-term financial and economic plan. These assumptions are based on the macroeconomic environment in Brazil and the opinions of market specialists.

Therefore, to assess the effects of changes in the Company's cash flow, the sensitivity analysis below, for items pegged to floating rates, considers:

Base scenario: Interest rate quotation (pre-DI curve) on March 31, 2024, determined on December 28, 2023, according to B3, which are shown in the interest risk tables; and positive and negative 25% (scenario I) and 50% (scenario II) variations were applied.

(In thousands of Brazilian reais – R$, unless otherwise stated)

Interest rate risk – Effects on finance income (cost) – Parent and Consolidated

Transaction	Risk	Balances as of 12.31.2023	Base scenario	Risk of rate increase: Scenario I	Risk of rate increase: Scenario II	Risk of rate decrease: Scenario I	Risk of rate decrease: Scenario II
Financial assets							
Short-term investments and cash equivalents		1,199,984	51,226	59,092	66,812	43,210	35,036
Financial liabilities							
5th issue of debentures	IPCA + 5.04%	430,280	6,815	7,622	8,424	6,001	5,182
7th issue of debentures	IPCA + 4.70%	845,124	19,467	22,541	24,900	17,765	15,346
8th issue of debentures	IPCA + 3.50%	510,097	10,248	11,678	13,097	14,977	11,524
9th issue of debentures – 1st series	CDI + 2.83%	809,155	22,001	27,237	32,378	16,664	11,221
9th issue of debentures – 2nd series	IPCA + 5.30%	864,564	21,179	23,614	26,029	18,725	16,249
10th issue of debentures	IPCA + 5.07%	904,834	21,659	24,206	26,732	19,092	16,502
11th issue of debentures – 1st series	IPCA + 5.77%	739,966	23,186	25,735	28,264	20,615	18,023
11th issue of debentures – 2nd series	IPCA + 5.86%	304,032	23,390	25,940	28,469	20,819	18,226
12th issue of debentures	CDI + 1.55%	716,906	19,477	24,113	28,664	14,752	9,934
13th issue of debentures	CDI + 1.50%	568,281	15,439	19,114	22,722	11,694	7,875
14th issue of debentures – 1st series	IPCA + 6.26%	764,680	20,513	22,671	24,812	18,337	16,143
14th issue of debentures – 2nd series	IPCA + 6.44%	1,072,652	29,230	32,259	35,263	26,176	23,097
FINEM BNDES	TJLP+1.80% to 2.62%	266,628	4,442	4,832	5,574	3,414	2,677
FINEM BNDES	TLP + 2.01%	334,408	8,874	9,603	10,535	7,718	6,763
Net effect of changes			(194,694)	(222,073)	(249,051)	(173,539)	(143,726)
Benchmark for financial assets and financial liabilities							
100% CDI (March 2024)			11.30%	14.13%	16.95%	8.48%	5.65%
IPCA 12 months p.a.(December 2023)			4.62%	5.78%	6.93%	3.47%	2.31%
TJLP p.a. (1st quarter of 2024)			4.53%	5.66%	6.80%	3.40%	2.27%

(In thousands of Brazilian reais – R$, unless otherwise stated)

23 Insurance

The Company's insurance coverage and effective terms by insurance line is as follows:

			Parent
Insurance line	Effective date	Insured amount - R$ thousand	Premium - R$ thousand
Property (a)	12/01/22 to 06/01/24	2,760,617	9,100
General civil liability (b)	12/19/23 to 12/19/24	60,000	132
National transportation (c)	12/19/23 to 12/19/24	431,582	35
Group personal accident (d)	04/30/23 to 04/30/24	92,348	5
Vehicles (e)	12/19/23 to 12/19/24	Market value	217
Performance bond (f)	08/08/19 to 08/16/28	1,013,815	6,293
			15,782

			Consolidated
Insurance line	Effective date	Insured amount - R$ thousand	Premium - R$ thousand
Property (a)	12/19/22 to 12/19/24	4,777,186	14,163
General civil liability (b)	12/19/23 to 12/19/24	60,000	132
National transportation (c)	12/19/23 to 12/19/24	431,582	35
Group personal accident (d)	04/30/23 to 04/30/24	92,348	5
Vehicles (e)	12/19/23 to 12/19/24	Market value	217
Performance bond (f)	08/08/19 to 08/16/28	1,013,815	6,293
			20,845

(a) **Property** - Coverage against fire and electrical damages for the main equipment installed in transmission substations, buildings and related components, storeroom supplies and facilities, as set forth in concession arrangements, where the transmission companies should keep insurance policies to ensure the proper coverage of the most important equipment of the transmission system facilities, and the transmission company should define the assets and facilities to be insured.

(b) **General civil liability** - Coverage against repairs for involuntary, personal and/or property damages caused to third parties, as a result of the Company's activities.

(c) **National transportation** - Coverage against damages caused to the Company's assets and equipment transported in Brazilian territory.

(d) **Group personal accident** - Coverage against personal accidents of executives and apprentices.

(e) **Vehicles** - Coverage against crash, fire, theft and third parties.

(f) **Performance bond** – replacement of sureties and/or escrow deposits made by the Judicial Branch.

There is no coverage for potential damages to the transmission lines against fire, lightning, explosion, short circuit and power interruption.

The assumptions adopted to contract insurance, given their nature, are not included in the scope of an audit work. Consequently, they were not audited by the independent auditors.

(In thousands of Brazilian reais – R$, unless otherwise stated)

24 Transactions not affecting cash or cash equivalents

	Parent		Consolidated	
	2023	**2022**	**2023**	**2022**
Leases	186	12,381	908	13,399
Derivative financial instruments	(20,890)	(30,206)	(20,890)	(30,206)
Deferred taxes on derivative financial instruments	88	(223)	88	(223)
Interest on capital	1,234,398	595,000	1,234,398	595,000
Dividends receivable	233,305	213,452	104,737	87,731
Withholding taxes on interest on capital	-	105,000	-	105,000
Post-employment benefit	(250,598)	373,380	(250,598)	373,380
Deferred taxes on post-employment benefit	85,204	(126,950)	85,204	(126,950)
Transfer – Substation SE Centro	106,208	-	106,208	-

* * * * *

1. Reconciliation of the Corporate and Regulatory Balance Sheet and Statement of Income

	Consolidated		
	Period ended 12.31.2023 (In thousands of R$)		
Assets	**Corporate**	**Adjustments**	**Regulatory (*)**
Current			
Cash and cash equivalents	245,819	-	245,819
Short-term investments	1,526,208	-	1,526,208
Concession assets	3,477,874	(3,035,887)	441,987
Inventories	164,941	(134,287)	30,654
Recoverable taxes	268,730	-	268,730
Restricted cash	6,657	-	6,657
Receivables from related parties	107,483	128,159	235,642
Prepaid expenses	12,732	-	12,732
Other	167,984	49,984	217,968
	5,978,428	**(2,992,031)**	**2,986,397**
Noncurrent			
Long-term assets			
Restricted cash	17,578	-	17,578
Concession assets	22,618,929	(22,252,985)	365,944
Receivables - Finance Department	2,371,307	-	2,371,307
Sureties and restricted deposits	42,677	-	42,677
Inventories	134,930	(134,930)	-
Deferred income tax and social contribution	-	826	826
Derivative financial instruments	2,615	-	2,615
Other	140,385	(31,158)	109,227
	25,328,421	**(22,418,247)**	**2,910,174**
Investments	4,022,567	(2,425,995)	1,596,572
Property and equipment	120,104	11,650,054	11,770,158
Intangible assets	461,636	1,165,343	1,626,979
	4,604,307	**10,389,402**	**14,993,709**
	29,932,728	**(12,028,845)**	**17,903,883**
Total assets	**35,911,156**	**(15,020,876)**	**20,890,280**

(*) not audited and/or not reviewed

Liabilities	Consolidated Period ended 12.31.2023 (In thousands of R$) Corporate	Adjustments	Regulatory (*)
Current			
Borrowings and financing	75,811	-	75,811
Debentures	570,815	-	570,815
Leases	6,268	-	6,268
Derivative financial instruments	25,926	-	25,926
Trade payables	177,986	2,021	180,007
Taxes and payroll charges payable	115,139	18	115,157
Regulatory charges payable	53,071	-	53,071
Interest on capital and dividends payable	1,247,850	126,171	1,374,021
Labor obligations	63,940	-	63,940
Amounts payable - Vivest	731	-	731
Other	107,199	(9)	107,190
	2,444,736	**128,201**	**2,572,937**
Noncurrent			
Long-term liabilities			
Borrowings and financing	633,914	-	633,914
Debentures	7,959,755	-	7,959,755
Leases	22,102	-	22,102
Derivative financial instruments	880	-	880
Trade payables	1,746	-	1,746
Employee benefit – actuarial deficit	401,059	-	401,059
Deferred taxes on revenue (PIS and COFINS)	2,034,661	(2,001,946)	32,715
Deferred income tax and social contribution	4,436,717	(3,548,947)	887,770
Regulatory charges payable	38,163	-	38,163
Provisions	129,803	(4,852)	124,951
Obligations related to the service concession	-	675,038	675,038
Other	15,908	-	15,908
	15,674,708	**(4,880,707)**	**10,794,001**
Equity			
Capital	3,590,020	-	3,590,020
Capital reserves	666	-	666
Earnings reserves	13,997,026	(11,881,108)	2,115,918
Other comprehensive income	(207,572)	-	(207,572)
Revaluation reserve	-	1,612,737	1,612,737
	17,380,140	**(10,268,371)**	**7,111,769**
Noncontrolling interests in investment funds	411,572	-	411,572
	17,791,712	(10,268,371)	7,523,341
Total liabilities and equity	**35,911,156**	**(15,020,877)**	**20,890,279**

	Consolidated		
	Period ended 12.31.2023 (In thousands of R$)		
	Corporate	Adjustments	Regulatory (*)
O&M revenue	1,333,173	-	1,333,173
CAAE (annual cost of electric assets) revenue	-	1,106,608	1,106,608
RBSE revenue	1,354,344	745,736	2,100,080
Infrastructure implementation	2,575,028	(2,575,028)	-
Concession asset compensation	1,670,783	(1,670,783)	-
Efficiency gain on infrastructure implementation	46,761	(46,761)	-
Other income	36,514	10,943	47,457
Deductions from operating revenue	(801,082)	199,150	(601,932)
Net operating revenue	**6,215,521**	**(2,230,135)**	**3,985,386**
Infrastructure implementation cost (*)	(1,942,938)	1,942,938	-
Operation & maintenance costs	(560,310)	28,667	(531,643)
Cost of services	(3,394)	-	(3,394)
Cost of construction services, O&M and services	**(2,506,642)**	**1,971,605**	**(535,037)**
Revenues – Periodic Tariff Revision (RTP)	(3,685)	3,685	-
General and administrative expenses	(225,829)	4,004	(221,825)
Depreciation and amortization	(24,887)	(643,158)	(668,045)
Finance income (costs)	(821,558)	299	(821,259)
Share of profit (loss) of investees	489,318	(180,081)	309,237
Goodwill amortization	(37)	-	(37)
Other operating income (expenses)	(1,202)	(98,225)	(99,427)
Profit before income tax and social contribution	**3,120,999**	**(1,172,006)**	**1,948,993**
Income tax and social contribution	(228,637)	273,175	44,538
Noncontrolling interests	(51,245)	-	(51,245)
Profit for the period	**2,841,117**	**(898,831)**	**1,942,286**

(*) The infrastructure implementation cost corresponds to CAPEX of the concession assets in the regulatory financial statements.

(**) not audited and/or not reviewed

2. EBITDA reconciliation - IFRS and Regulatory

	Consolidated 2023
EBITDA IFRS (ICVM 156/22)	3,967,481
(-) Revenue from infrastructure implementation	(2,575,028)
(-) Compensation for concession assets	(3,025,127)
(-) Efficiency gain on infrastructure implementation	(46,761)
(-) O&M revenue	(1,333,173)
(+) Revenue from use of electric grid	4,539,861
(+) Other income	10,943
(+) Deferred PIS and COFINS (taxes on revenue)	199,150
(+) Infrastructure implementation cost	1,942,938
(-) O&M cost	28,667
(-) General and administrative expenses	4,004
(-) Share of profit (loss) of investees	(180,081)
(-) Revenues – Periodic Tariff Revision (RTP)	3,685
(-) Other operating income (expenses)	(98,224)
REGULATORY EBITDA (CVM 156/22)	**3,438,335**
Share of profit (loss) of investees	(309,237)
Retroactive receipt of PA (RTP and RBSE)	-
Nonrecurring costs and expenses[1]	-
ADJUSTED EBITDA	**3,129,098**

3. Company's Shareholding Structure

In compliance with the provisions of the Corporate Governance practices, we are pleased to submit below the Company's shareholding structure and the shareholders who hold more than 5% of each Company share type and class, either directly or indirectly, up to the level of individuals.

The Company's main shareholders are as follows:

						12.31.2023
	Common		Preferred		Total	
Shareholders	**Number**	**%**	**Number**	**%**	**Number**	**%**
Controlling shareholder						
ISA Capital do Brasil S. A	230,856,832	89.50	5,144,528	1.28	236,001,360	35.82
Management						
Officers	-	-	-	-	-	-
Board of Directors	-	-	-	-	-	-
Supervisory Board	-	-	-	-	-	-
	-	-	-	-	-	-
Total controlling group	230,856,832	89.50	5,144,528	1.28	236,001,360	35.82
Outstanding shares						
Federal government						
Centrais Elétricas Brasileiras S. A – ELETROBRAS **(i)**	25,106,829	9.73	210,399,836	52.48	235,506,665	35.74
Other **(ii)**	1,974,071	0.77	185,401,208	46.24	187,375,279	28.44
Total outstanding shares	27,080,900	10.50	395,801,044	98.72	422,881,944	64.18
Total capital	**257,937,732**	**100.00**	**400,945,572**	**100.00**	**658,883,304**	**100.00**

(i) Centrais Elétricas Brasileiras S.A**. -** Eletrobras is a publicly-held company registered with CVM under code 2437.
(ii) Includes only those shareholders who individually hold a number of shares lower than 5% of the voting capital.

	12.31.2022					
	Common		Preferred		Total	
Shareholders	**Number**	**%**	**Number**	**%**	**Number**	**%**
Controlling shareholder						
ISA Capital do Brasil S. A	230,856,832	89.50	5,144,528	1.28	236,001,360	35.82
Management						
Officers	-	-	-	-	-	-
Board of Directors	-	-	-	-	-	-
Supervisory Board	-	-	-	-	-	-
	-	-	-	-	-	-
Total controlling group	230,856,832	89.50	5,144,528	1.28	236,001,360	35.82
Outstanding shares						
Federal government						
Centrais Elétricas Brasileiras S. A – ELETROBRAS **(i)**	25,106,829	9.73	210,399,836	52.48	235,506,665	35.74
Other **(ii)**	1,974,071	0.77	185,401,208	46.24	187,375,279	28.44
Total outstanding shares	27,080,900	10.50	395,801,044	98.72	422,881,944	64.18
Total capital	**257,937,732**	**100.00**	**400,945,572**	**100.00**	**658,883,304**	**100.00**

(i) Centrais Elétricas Brasileiras S.A. - Eletrobras is a publicly-held company registered with CVM under code 2437.

(ii) Includes only those shareholders who individually hold a number of shares lower than 5% of the voting capital.

Shareholding position per type and class of share of holders of more than 5% of each type and class of Company shares, up to the level of individuals

						12.31.2023
		Common		Preferred		Total
Shareholders	**Number**	**%**	**Number**	**%**	**Number**	**%**
ISA Capital do Brasil S. A.						
ISA Interconéxion Elétrica S.A. E.S.P. (a)	840,625,000	100.00	-	-	840,625,000	100,00
Other shareholders	-	-	-	-	-	-
	840,625,000	100.00	-	-	840,625,000	100,00
(a) Interconéxion Elétrica S.A. E.S.P.						
Empresa Colombiana de Petroleos Ecopetrol (b)	569,472,561	51.41	-	-	569,472,561	51.41
Empresas Públicas de Medellín E.S.P. (c)	97,724,413	8.82	-	-	97,724,413	8.82
Other shareholders	440,480,920	39.77	-	-	440,480,920	39.77
	1,107,677,894	100.00	-	-	1,107,677,894	100.00
(b) Empresa Colombiana de Petroleos Ecopetrol						
Colombia state-owned entities	36,384,788,417	88.49	-	-	36,384,788,417	88.49
Other shareholders	4,731,906,273	11.51	-	-	4,731,906,273	11.51
	41,116,694,690	100.00	-	-	41,116,694,690	100.00
(c) Empresas Públicas de Medellín E.S.P.						
City of Medellin	4,223,308	100.00	-	-	4,223,308	100.00
	4,223,308	100.00	-	-	4,223,308	100.00

	12.31.2022					
	Common		Preferred		Total	
Shareholders	**Number**	**%**	**Number**	**%**	**Number**	**%**
ISA Capital do Brasil S. A.						
ISA Interconéxion Elétrica S.A. E.S.P. (a)	840,625,000	100.00	-	-	840,625,000	100.00
Other shareholders	-	-	-	-	-	-
	840,625,000	100.00	-	-	840,625,000	100.00
(a) Interconéxion Elétrica S.A. E.S.P.						
Empresa Colombiana de Petroleos Ecopetrol (b)	569,472,561	51.41	-	-	569,472,561	51.41
Empresas Públicas de Medellín E.S.P. (c)	97,724,413	8.82	-	-	97,724,413	8.82
Other shareholders	440,480,920	39.77	-	-	440,480,920	39.77
	1,107,677,894	100.00	-	-	1,107,677,894	100.00
(b) Empresa Colombiana de Petroleos Ecopetrol						
Colombia state-owned entities	36,384,788,417	88.49	-	-	36,384,788,417	88.49
Other shareholders	4,731,906,273	11.51	-	-	4,731,906,273	11.51
	41,116,694,690	100.00	-	-	41,116,694,690	100.00
(c) Empresas Públicas de Medellín E.S.P.						
City of Medellin	4,223,308	100.00	-	-	4,223,308	100.00
	4,223,308	100.00	-	-	4,223,308	100.00

Officers' Statement on the Independent Auditor's Report

The Company's officers declared that they have reviewed, discussed and agree with the opinions in the independent auditor's report.

São Paulo, February 20, 2024

Rui Chammas
Chief Executive Officer

Dayron Esteban Urrego Moreno
Chief Project Officer

Carisa Santos Portela Cristal
Chief Finance and Investors Relations Officer

Silvia Diniz Wada
Chief Business Development and Strategy Officer

Gabriela Desirê Olímpio Pereira
Chief Operating Officer

Officers' Statement on the Financial Statements

The Company's officers declare that (i) they have reviewed, discussed and agreed with the information in the financial statements for the year ended December 31, 2023, (ii) they agreed with the opinion in the Independent Auditor's Report of Deloitte Touche Tohmatsu, and (iii) all significant information related to the financial statements, and only such information, is being disclosed and correspond to that used in the Company's management. Therefore, the Officers approve the issuance of the financial statements for the year ended December 31, 2023.

São Paulo, February 20, 2024

Rui Chammas
Chief Executive Officer

Dayron Esteban Urrego Moreno
Chief Project Officer

Carisa Santos Portela Cristal
Chief Finance and Investors Relations Officer

Silvia Diniz Wada
Chief Business Development and Strategy Officer

Gabriela Desirê Olímpio Pereira
Chief Operating Officer

Statement from the Internal Audit Committee

The Internal Audit Committee is established to strengthen the Company’s internal control system, risk management and Corporate Governance practices. It is not a statutory body; it is only the Company’s internal management body, without the specific duties of an Official and Statutory Audit Committee, such as, for example, the issuance of opinion on the standard financial statements.

Supervisory Board's Opinion

The members of the Supervisory Board of CTEEP – Companhia de Transmissão de Energia Elétrica Paulista ("ISA CTEEP" or "Company"), in performing their legal and statutory duties, as set forth in Article 163 of Law 6.404/76 have examined (i) the individual and consolidated financial statements for the year ended December 31, 2023, comprising (a) the Management Report; (b) balance sheets; (c) statements of income; (d) statements of comprehensive income; (d) statements of changes in equity; (e) statements of cash flows; (f) statements of value added; (g) Highlights; and (h) Notes, together with the Independent Auditor's Report; and (ii) proposal for allocation of profit for the year ended December 31, 2023, including the capital budget for 2024.

Based on the analyses conducted, in light of the accounting practices adopted, the information provided by Management and the unqualified report of the Independent Auditors – Deloitte Touche Tohmatsu Auditores Independentes Ltda. ("Deloitte"), the latter attending the meeting for the proper clarifications, the members of the Company's Supervisory Board, have unanimously approved the disclosure of these documents, which are ready to be submitted to the analysis and approval of the Company's Annual Shareholders' Meeting.

São Paulo, February 20, 2024

Ricardo Lopes Cardoso

Luciana dos Santos Uchôa

Carla Alessandra Trematore

Bruna Reis de Arantes

Pedro Henrique da Costa Motta