

Merger of Furnas by Eletrobras

Rio de Janeiro, November 25, 2023, Centrais Elétricas Brasileiras S/A - Eletrobras, further to the material fact disclosed on August 22, 2023, informs that the Board of Directors resolved, on this date, to submit to the Company's common shareholders the Management Proposal for the Extraordinary General Meeting of Eletrobras, to be held on December 29, 2023 (EGM), which will resolve on the merger, by the Company, of the wholly-owned subsidiary Furnas - Centrais Elétricas S. A. Considering that Furnas is a wholly-owned subsidiary of the Company, the Merger will not entail a capital stock increase or the issue of new shares by Eletrobras and will not give rise to the right of withdrawal.

If the merger is approved at the EGM, its implementation is subject to the fulfillment of certain conditions precedent. Once these have been verified, the merger will take place on the date to be set by the Eletrobras Board of Directors.

With the merger, The Company will absorb all assets, rights, contingencies and obligations of Furnas. For further details, see the information in Annex I, in line with CVM Resolution 78 of March 29, 2022.

The incorporation of Furnas represents an essential step in Eletrobras' corporate reorganization, as provided for in the Strategic Plan.

Eduardo Haiama

Vice-President of Finance and Investor Relations

ANNEX I

1. Identification of the companies involved in the transaction and a brief description of their activities

Centrais Elétricas Brasileiras S/A: Eletrobras is a publicly held corporation, with the task of promoting studies, construction projects and the operation of electricity generation plants, transmission and distribution lines, as well as carrying out commercial acts arising from these activities, such as the commercialization of electricity, which has led Eletrobras to make a decisive contribution to the expansion of the supply of electricity and the development of the country. Eletrobras operates in the generation, transmission and sale of electricity in the country and contributes to making the Brazilian energy matrix one of the cleanest and most renewable in the world.

Furnas – Centrais Elétricas S.A.: Furnas is a privately held corporation and a wholly-owned subsidiary of Eletrobras which generates, transmits and sells electricity in the region covered by the Federal District and the states of São Paulo, Minas Gerais, Rio de Janeiro, Espírito Santo, Rio Grande do Sul, Santa Catarina, Goiás, Mato Grosso, Mato Grosso do Sul, Pará, Tocantins, Rondônia, Ceará and Bahia. Its energy is sold to energy distributors, traders and free consumers throughout the country. Furnas holds several public electricity service concessions in the generation and transmission segments.

2. Description and purpose of the transaction

The Merger's primary scope is to unlock value levers associated with the efficient and effective integration of the management and safety of people, assets and businesses of the Companies involved, with the expansion of their competitiveness in a single corporate environment that promotes meritocratic and high-performance practices, ensures the safety of people, assets and the environment and adopts the best ESG (Environmental, Social and Governance) practices, aiming for the Company's longevity and the generation of sustainable value for all its stakeholders.

The implementation of the Merger is subject to the satisfaction of the Suspensive Conditions, as described in the Protocol and Justification.

3. Main benefits, costs and risks of the transaction

Benefits

The merger will enable: (i) the simplification of the corporate structure of the Eletrobras group; (ii) higher levels of corporate governance in relation to the activities previously carried out by Furnas (since these activities will now be carried out directly by Eletrobras); (iii) greater speed in the decision-making process of the activities previously carried out by Furnas (since this decision-making process will be carried out directly by Eletrobras); (iv) tax optimization in the realization of deferred tax credits from tax losses and negative basis due to the expectation of an increase in taxable results by the Company; and (v) restructuring, standardization and consolidation of operational, administrative and tax activities in line with best market practices.

Costs

The merger presents opportunities for responsible cost reductions for the Eletrobras group, especially as a result of the elimination of redundancies and inefficiencies, as well as more efficient management of resources and people, always aiming for the highest quality standards in the maintenance and continuous improvement of safety practices (people, environment and assets) and in the execution of the activities included in the company's corporate purpose.

Risks

Considering that Furnas is already a wholly-owned subsidiary of Eletrobras, the Merger will not subject Eletrobras to an increase in the usual risks of its business and activities. Nevertheless, considering the existence of exogenous factors inherent to corporate merger transactions that are beyond the scope of Eletrobras' absolute action and/or control, the Merger may result in a residual reduction in the scope of the goals to be achieved with the merger.

Therefore, the main risk factors with the implementation of the Merger are: (i) failures, obstacles or delays in capturing the expected synergies and/or in implementing processes and systems that allow the full absorption of Furnas' processes, preventing or hindering integration; and (ii) difficulties or obligations of an operational, commercial, financial, contractual and technological nature during the process of consolidating activities, leading to unforeseen losses or costs.

In addition, there are potential risks regarding the consummation of the Merger itself, given that it is subject to the verification of the Suspensive Conditions (such as, for example, obtaining the prior consent of creditors, holders of debentures and/or commercial notes and ANEEL), some of which are not under the control of the companies involved, and can subject them to new demands and obligations, which could delay, burden or make the of the Merger unfeasible, preventing Eletrobras from taking full advantage of the expected benefits.

4. Share exchange ratio

Not applicable, since there are no minority shareholders participating in the stock capital of Furnas, a wholly-owned subsidiary of the Company, and there will be no issue of new shares by Eletrobras.

5. Criteria for establishing the exchange ratio

Not applicable, as explained in item 4 above.

6. Main assets and liabilities that will form each part of the net worth in the event of a spin-off

Not applicable, as this is not a spin-off transaction.

7. Whether the transaction has been or will be subject to approval by Brazilian or foreign authorities

The merger was submitted to ANEEL for analysis, in compliance with article 5 of Annex I of ANEEL Normative Resolution 948 of 2021.

8. In transactions involving controlling companies, subsidiaries or companies under common control, the share replacement ratio calculated in accordance with art. 264 of Law no. 6.404, of 1976

Not applicable, as explained in item 4 above.

9. Applicability of right of withdrawal and amount of reimbursement

No right of withdrawal applies, since Furnas has no minority shareholders. Finally, there is no legal provision for the right of withdrawal for any dissenting shareholders of Eletrobras.

10. Other relevant information

The list of documents required to exercise voting rights at the EGM, which will resolve on the Merger, are available to the Company's shareholders as of this date at the Company's registered office and on the Company's websites (<https://ri.eletrobras.com/>), CVM (<https://www.gov.br/cvm/pt-br>) and B3 (www.b3.com.br). The Company will keep its shareholders and the market in general informed of developments in the matters covered by this material fact.