



From left to right: Rio Pinheiros, Usina Elevatória de Pedreira, Reservatório Billings, and UFV Araucária 5MW. Photo EMAE.

2023 Results

MANAGEMENT REPORT, ANNUAL GOVERNANCE LETTER, AND
FINANCIAL STATEMENTS





Dear Shareholders,

The Management of EMAE – Empresa Metropolitana de Águas e Energia S/A ("Company" or "EMAE"), in accordance with the legal and statutory provisions, is pleased to submit for its appreciation the Management Report, Annual Governance Letter, and the Company's Financial Statements, accompanied by the Independent Auditors' Opinion, for the year ended December 31, 2023.

The Company's operating and financial information, except where otherwise indicated, is expressed in thousands of Brazilian Reais and was prepared according with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the accounting policies adopted in Brazil. In addition, it accompanies the Independent Auditors' Opinion.

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I. Message from Management

With great joy, we share the exceptional results of 2023, a special year for our company, which celebrates its 25th anniversary. We want to express our sincere gratitude for the ongoing trust that you, our essential partners, have placed in us, playing a crucial role in the successes we celebrate today.

In 2023, we renewed our commitment to sustainability and environmental responsibility. We are excited to report that we have intensified our efforts in clean energy generation, significantly contributing to a more sustainable future in the São Paulo Metropolitan Region. This year's record investment was carefully directed towards innovative projects, aiming not only to boost our growth but also to ensure excellence in our public service and minimize our impact on the environment.

It is important to highlight that these positive results would not have been possible without the invaluable support of our dedicated employees. We are excited about the opportunities the future holds for us and are committed to continuing to move towards a more sustainable and prosperous world. We appreciate your active participation in this journey with us.

MARCIO REA
CHIEF EXECUTIVE OFFICER

PABLO UHART
CHIEF FINANCIAL OFFICER AND
RELATIONS WITH INVESTORS OFFICER

II. MANAGEMENT REPORT AND ANNUAL CORPORATE GOVERNANCE LETTER

a. Activities

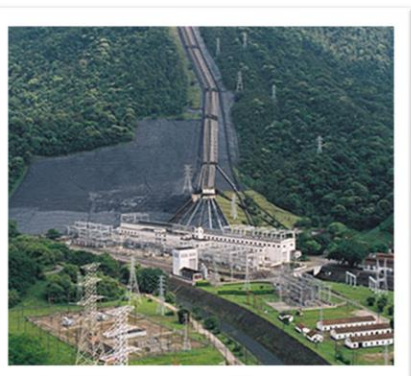
Profile

As a public utility concessionaire specialized in electricity generation, EMAE manages four hydroelectric projects. This includes three plants operating under the regime of guaranteed physical power and energy quotas, as well as a small hydroelectric plant owned by its wholly-owned subsidiary, Pirapora Energia S.A., which is authorized to operate as an independent power producer. These projects are distributed from the municipality of Salto to Baixada Santista, in the State of São Paulo. The company also owns a thermal power plant in the capital city of São Paulo, currently leased to Baixada Santista Energia – BSE, a wholly-owned subsidiary of Petrobras.

Additionally, EMAE is responsible for managing a complex hydraulic system that includes dykes, dams, and reservoirs, with notable ones being Billings and Guarapiranga, located in the southern zone of São Paulo city, as well as the São Paulo and Pedreira pumping stations and the Pinheiros River canal.

EMAE's main activities include: (i) electricity supply; (ii) the construction of energy generation assets; and (iii) the provision of operation and maintenance services for power plants and related structures, serving both private companies and public sector entities.

Power Plant



HPP Henry Borden

Concession - Quotas

Cubatão, State of São Paulo

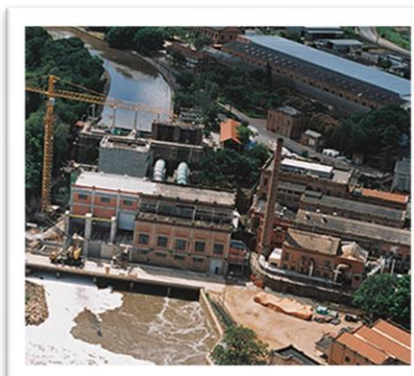
Installed capacity: 889.0 MW

Physical guarantee: 115.4 MW average

Concession period

Starting: 01/01/2013

Ending: 07/01/2043



HPP Porto Góes

Concession - Quotas

Salto, State of São Paulo

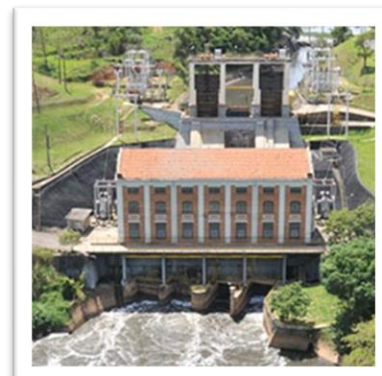
Installed capacity: 24.8 MW

Physical guarantee: 11.6 MW average

Concession period:

Starting: 01/01/2013

Ending: 24/01/2043



HPP Rasgão

Concession - Quotas

Pirapora do Bom Jesus, State of São Paulo

Installed capacity: 22.0 MW

Physical guarantee: 11.8 MW average

Concession period:

Starting: 01/01/2013

Ending: 30/11/2042



SHP Pirapora

Independent Producer - PIE

Pirapora do Bom Jesus, State of São Paulo

Installed capacity: 25 MW

Physical guarantee: 17.2 MW average

Concession period

Starting: 24/06/2008

Ending: 02/05/2045



TPP Piratininga

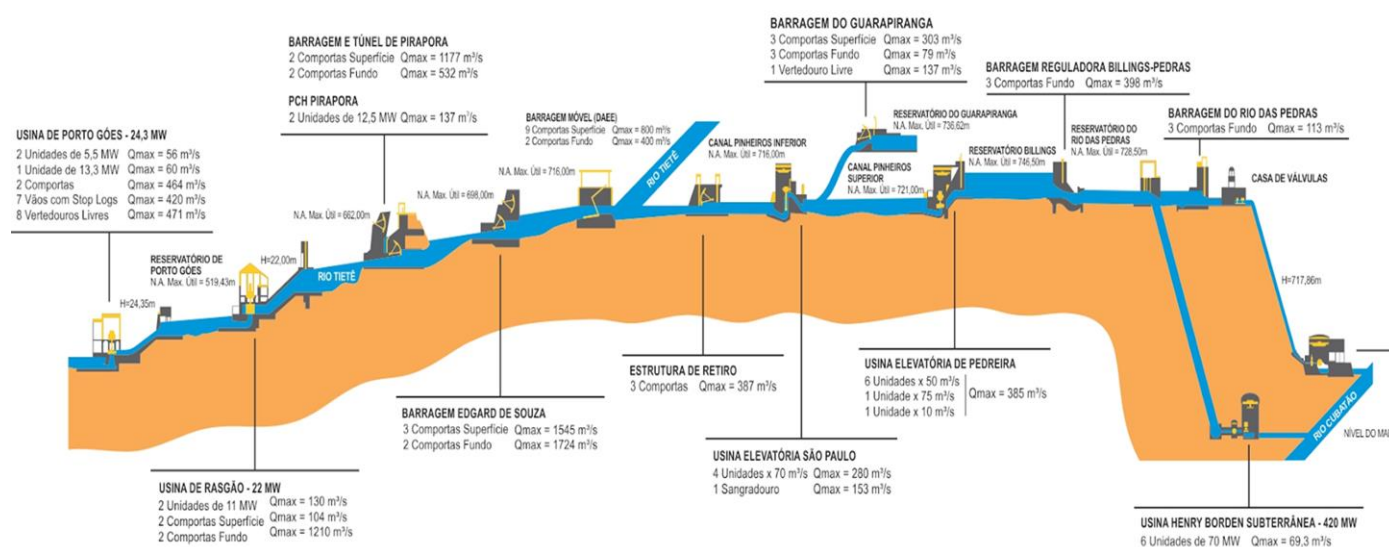
Concession

São Paulo, State of São Paulo

Installed capacity: 472 MW

Thermoelectric plant leased to Baixada Santista Energia – BSE, a wholly-owned subsidiary of Petrobras, since 2007. Note "Leasing."

Hydroenergetic System



Key:

USINA DE PORTO GÓES	- PORTO GÓES PLANT
Unidades de	- Units of
Unidade de	- Unit of
Comportas	- Floodgates
Vãos com Stop Logs	- Gaps with Stop Logs
Vertedouros Livres	- Free Spillways
BARRAGEM E TÚNEL DE PIRAPORA	- PIRAPORA DAM AND TUNNEL
Comportas Superfície	- Surface Floodgates
Comportas Fundo	- Bottom Floodgates
PCH PIRAPORA	- SHP PIRAPORA
RIO TIETÊ	- TIETÊ RIVER
RESERVATÓRIO DE PORTO GOÉS	- PORTO GOÉS RESERVOIR
USINA DE RASGÃO	- RASGÃO PLANT
BARRAGEM MÓVEL (DAEE)	- MOBILE DAM (DAEE)
BARRAGEM EDGARD DE SOUZA	- EDGARD DE SOUZA DAM
NA Max Útil	- At Max Utility
CANAL PINHEIROS INFERIOR	- LOWER PINHEIROS CHANNEL
ESTRUTURA DE RETIRO	- PASSAGE STRUCTURE
Comportas	- Floodgates
USINA ELEVATÓRIA SÃO PAULO	- SÃO PAULO PUMPING STATION
Unidades	- Units
Sangradouro	- Spillway
BARRAGEM DO GUARAPIRANGA	- GUARAPIRANGA DAM
Vertedouro Livre	- Free Spillways
RESEVATÓRIO DO GUARAPIRANGA	- GUARAPIRANGA RESERVOIR
CANAL PINHEIROS SUPERIOR	- SUPERIOR PINHEIROS CHANNEL
BARRAGEM REGULADORA BILLINGS-PEDRAS	- BILLINGS-PEDRAS REGULATORY DAM
RESERVATÓRIO BILLINGS	- BILLINGS RESERVOIR
RESERVATÓRIO DO RIO DAS PEDRAS	- RIO DAS PEDRAS RESERVOIR
BARRAGEM DO RIO DAS PEDRAS	- RIO DAS PEDRAS DAM
CASA DE VÁLVULAS	- VALVE CHAMBER
RIO CUBATÃO	- CUBATÃO RIVER
NÍVEL DO MAR	- SEA LEVEL
USINA HENRY BORDEN SUBTERRÂNEA	- HENRY BORDEN UNDERGROUND PLANT

Main projects and achievements

In line with its strategic planning, EMAE has made significant advancements in projects aimed at increasing its generation capacity, modernizing its facilities, and monetizing non-operational assets, with the following achievements standing out:

- **Expansion of Power Plant:** EMAE has expanded its generating capacity focusing on sustainable sources. Notably, the implementation of floating photovoltaic plants in the Billings Reservoir stands out, inaugurating the first phase of the project in December with 5 MW of distributed generation capacity.
- **HPP Henry Borden:** Significant improvements have been made, including the replacement of old transformers and the modernization of the digital supervision and control system, with a total investment of BRL 65.1 million. Additionally, the replacement of 6 Pelton turbine rotors (BRL 23.5 million), the manufacture and installation of a ball valve in unit 15, and the modernization of units 13 and 14 have been carried out with an investment of BRL 29.2 million, part of a total of BRL 40.2 million in progress. The modernization of Unit 13 has also been completed, with an investment of BRL 9.2 million, within a larger project of BRL 105 million for the underground section.
- **HPP Rasgão:** The modernization of Units 1 and 2 is underway, with an expected investment of BRL 89.9 million, of which BRL 18.1 million has already been invested in 2023.
- **HPP Porto Góes:** An investment of BRL 11.3 million has been made in the supply and installation of a speed and voltage regulation system, automation, and protection of generator unit 3, marking another significant advancement in the modernization of this plant.
- **Launch of the Voluntary Retirement Program (VRP)** aimed at optimizing costs and operational expenses.
- **Continuation of activities related to Emergency Action Plans for dams**, following an important path, and in dialogue with the agents involved in this planning.

The Company remains committed to promoting sustainable development through the generation of clean electric power and environmental preservation and is committed to creating value for its shareholders.

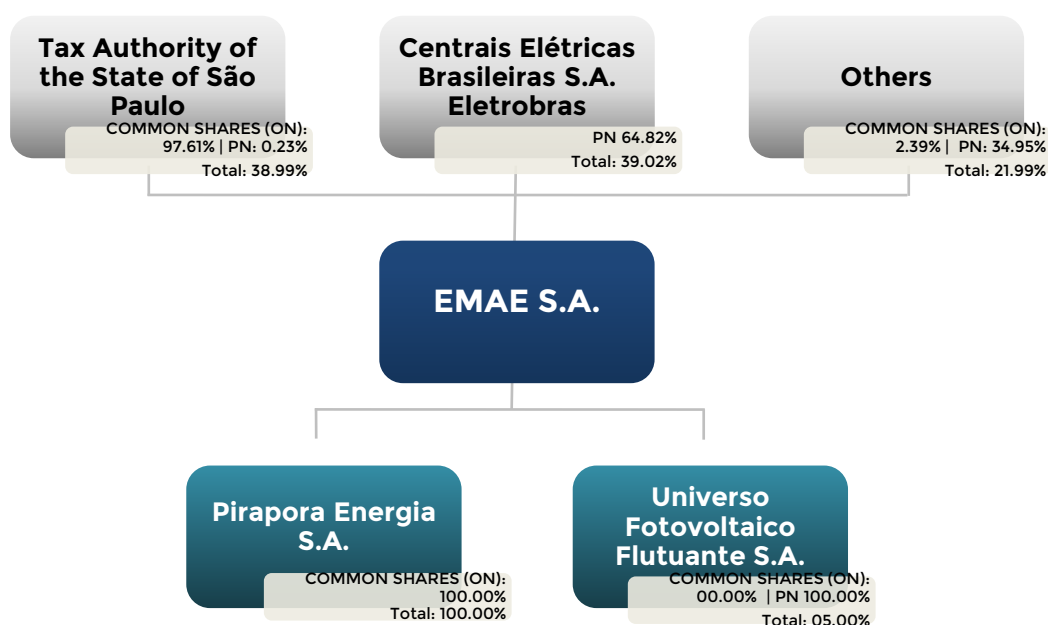
Research & Development

EMAE allocates 1% of its net operating revenue to the Electric Power Sector's Research and Development Program, in compliance with current legislation. From this allocation, 40% is directed to the National Fund for Scientific and Technological Development, 20% to the Planning Coordination of the Ministry of Mines and Energy, 7% to the Energy Development Account, and the remaining 33% funds research projects developed by EMAE itself.

One notable initiative is the project initiated in March to develop the Emergency Action Plan (EAP) in regions near dams. The focus is on establishing alert systems for populations in Self-Rescue Zones (ZAS), enhancing safety at 19 EMAE structures. This project will last for 42 months and involves a partnership with the Federal University of Uberlândia.

b. Control Structure

EMAE is a publicly traded company whose shares are traded on B3 - Brasil, Bolsa Balcão, under the codes EMAE3 (common shares - ON) and EMAE4 (preferred shares - PN). The Government of the State of São Paulo holds the shareholding control of the company, with 97.6% of the common shares.



c. Economical and Financial Data

Operating revenue

In 2023, net revenue reached BRL 603.3 million, a 13.3% increase compared to the BRL 532.7 million recorded in 2022. Contributing to this increase was a rise of BRL 33.4 million in energy quota revenue due to the tariff adjustment cycle 22/23, combined with the 2nd tariff review conducted in July 2023, and a 103.4% increase in energy verified in 2023, totaling 1,532,095 MWh, compared to 753,369 MWh generated in 2022. Additionally, there was an increase of BRL 34.5 million in revenue related to the construction of concession assets, a rise of BRL 2.9 million in supply revenue from the subsidiary Pirapora Energia, and an addition of BRL 2.7 million in service revenue.

Cost of electric power service

The cost of electricity services in the fiscal year was BRL 442.8 million, a 3.6% decrease compared to BRL 459.6 million in 2022. The main variations were: an increase of BRL 34.5 million in construction costs of concession assets, totaling an investment of BRL 102.5 million in the fiscal year; a rise of BRL 13.0 million in personnel costs due to expenses related to the Voluntary Retirement Program (VRP), combined with an increase in expenditures related to medical hospital assistance; an increase of BRL 11.9 million in sectoral charges such as CUSD, CUST, and CFURH. Conversely, there was a decrease of BRL 42.2 million in provisions for labor, civil, and tax risks due to the net reversal of BRL 27.9 million applied to the provision for the hazardousness process filed by the Union of Electricity Workers of the State of São Paulo after reassessment of the uncontested value through a report prepared by a certified entity; a reduction of BRL 13.8 million in post-employment benefit expenses of the complementary pension plan administered by Vivest due to the reduction of the deficit determined in 2022; a reduction of BRL 10.7 million in the provision for investments in the concession due to the revision of the investment plan carried out after the promulgation of the five-year tariff review conducted in the fiscal year; and a decrease of BRL 9.7 million in costs for third-party services.

General and administrative expenses

Regarding general and administrative expenses, the amount recorded in the fiscal year was BRL 112.4 million, a decrease of BRL 12.1 million compared to BRL 124.5 million in 2022. The main variations were: an increase of BRL 6.7 million in personnel expenses; an increase of BRL 2.8 million in expenses for third-party services; and an increase of BRL 1.0 million in depreciation and amortization expenses of administrative assets. Conversely, there was an increase of BRL 12.3 million in the recovery of expenses resulting from the reclassification of judicial deposits initially recorded as expenses of the year, and a reduction of BRL 11.6 million in post-employment benefit expenses of the complementary pension plan administered by Vivest due to the reduction of the deficit determined in 2022.

Other revenues and expenses

In 2023, the item "Other revenues and expenses" presented a positive result of BRL 29.3 million. The main impact originates from the positive adjustment to fair value of areas classified under the investment categories, BRL 13.9 million, BRL 17.1 million related to non-

current assets held for sale, and BRL 1.5 million as goodwill on the equity interest in the Company Universo Fotovoltaico Flutuante. In the fiscal year, the Company also realized a gain of BRL 0.8 million from the sale of decommissioned equipment from the former Estação de Transformação de Usina - ETU Traição, plus BRL 0.2 million due to expropriations of areas. Offsetting the result, we have the amount of the accounting transfer of real estate linked to the concession of BRL 2.5 million previously recorded in the company's equity, combined with expenses of BRL 1.9 million for sponsorships and donations.

Financial income

In 2023, the profitability of financial investments stood out, providing revenue of BRL 55.4 million, BRL 12.7 million more than in 2022. Contributing to this improvement was the maintenance of an average cash balance of BRL 430 million in 2023 compared to the BRL 355.4 million average in 2022, combined with a higher average Selic rate in 2023 compared to the previous year, 13.25% in 2023 and 12.63% in 2022, respectively.

In the fiscal year, despite the favorable impact of investments, the financial result was 23.8% lower than that recorded in 2022 due to the lower variation of the General Price Market Index (IGPM), which adjusts the lease contract of the Piratininga Thermal Power Plant, which recorded -3.18% in 2023, compared to 5.46% in 2022.

Net income

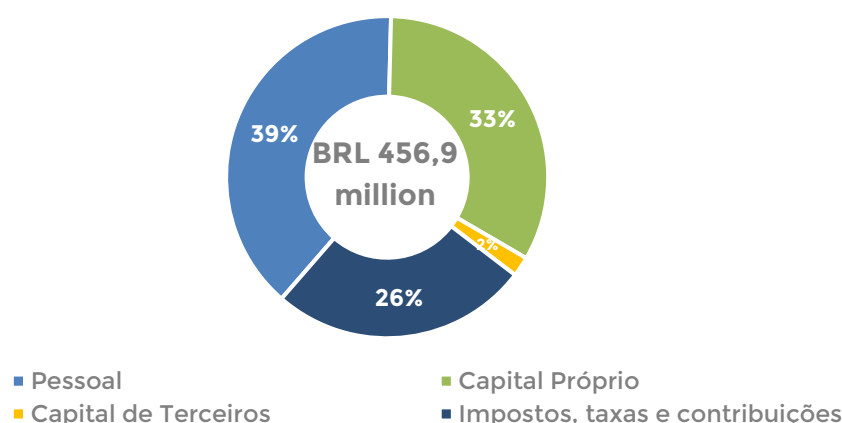
In the fiscal year, the result before taxes was BRL 159.3 million, an increase of 103.8% compared to BRL 78.2 million in 2022. However, due to the tax impact resulting from the payment of Interest on Equity (JCP) of BRL 105.8 million declared in 2023 (BRL 41.2 million related to the 2022 result and BRL 64.6 million attributed to the 2023 fiscal year), combined with the equity method result of BRL 27.3 million earned by its subsidiary, the Company ended the year 2023 with an Income Tax and Social Contribution expense of BRL 8.9 million, a decrease of 12.9% compared to the BRL 10.2 million recorded in 2022. The decrease in expenses, despite a significant increase of BRL 81.1 million in the result before taxes, demonstrates the excellent fiscal/financial management carried out by the Company's administration.

As a result of these factors, EMAE reported a net income of BRL 150.5 million in 2023, an increase of 121.2% compared to the BRL 68.0 million reported in 2022.

Liquid Cash and Debt

At the end of the fiscal year 2023, the Company had cash and cash equivalents totaling BRL 426.3 million, nearly stable compared to 2022 (a decrease of 2.38%). Additionally, the Company had no debt during the fiscal year.

Distribution of Added Value



Key:

Pessoal	- Personnel
Capital de Terceiros	- Third-parties' capital
Capital Próprio	- Net Equity
Impostos, taxas e contribuições	- Taxes, fees, and contributions

Capital Markets

The Company has subscribed and paid-up Share Capital of BRL 285.4 million as of December 31, 2023, represented by 22,241,714 preferred shares (EMAE4) and 14,705,370 common shares (EMAE3). In 2023, there were 30,102 shareholders in the Company's base.

Compensation to the shareholders

In 2023, EMAE distributed part of the results to shareholders in the form of Interest on Equity (JCP) in the total gross amount of BRL 64.6 million, equivalent to BRL 1.40 per common share and BRL 1.54 per preferred share, as follows:

- BRL 18.3 million, representing the net amount of BRL 0.40 per common share and BRL 0.44 per preferred share, paid on 06/30/2023, and
- BRL 46.3 million, representing the net amount of BRL 1.00 per common share and BRL 1.10 per preferred share, paid on 12/26/2023.

These amounts will be imputed to the dividends for the year 2023, to be approved at the Annual General Meeting.



For the approval of the Annual General Meeting scheduled for April 08, 2024, the Management of EMAIE suggests:

- i. Set up a Legal Reserve in the amount of BRL 7.52 million;
- ii. Ratify the JCP of BRL 64.6 million paid in 2023;
- iii. Realize the Unrealized Profits Reserve in the amount of BRL 28.2 million, and
- iv. Establish an Asset Recomposition Reserve in the amount of BRL 78.3 million.

d. Operating Performance

Main Indicators

	2023	2022	Δ%
OPERATING			
Installed capacity (MW)	960.8	960.8	-
Generated electric power (MWh)	1,662,914	876,939	+89.6%
ECONOMICAL AND FINANCIAL (BRL million)			
Net operating revenue	603.3	532.7	+13.3%
Cost of electric power service	442.8	459.6	-3.6%
General and administrative expenses	112.4	124.5	-9.7%
Financial income	82.0	107.7	-23.8%
Net income for the fiscal year	150.5	68.0	+121.2%
% NOI	24.9	12.8	+12.1pp
Earnings per share (BRL)	4.07	1.84	+121.2%
SOCIAL			
Number of employees	376	413	-9.0%
Net revenue per employee (BRL million)	1.6	1.3	24.4%

EBITDA AND ADJUSTED EBITDA

The EBITDA generation was positive at BRL 84.4 million, an increase of BRL 108.1 million compared to the negative result of BRL -23.7 million from the previous year.

	2023	2022	Δ%
Net operating revenue	603.3	532.7	13.3
Cost	-442.8	-459.6	-3.6
Operating expenses	-112.4	-124.5	-9.7
Depreciation and amortization	7.1	5.8	21.8
EBITDA *	84.4	-23.7	-
% NOI	14.0	-3.9	16.4 p.p.
Net operating revenue <i>ADJUSTED</i>	500.8	464.6	7.8
EBITDA <i>ADJUSTED</i>**	101.4	17.7	-
% NOI <i>ADJUSTED</i>	20.3	3.8	16.5 p.p.

* EBITDA (acronym for earnings before interest, taxes, depreciation and amortization) is not a financial measure according to BR GAAP, International Accounting Standards or IFRS and should not be considered individually as a measure of operating performance or alternative to the operating cash flow as a measure of liquidity. This indicator is a managerial measure, presented in order to provide additional information on operating cash generation. Other companies may calculate Ebitda differently from the one presented here.

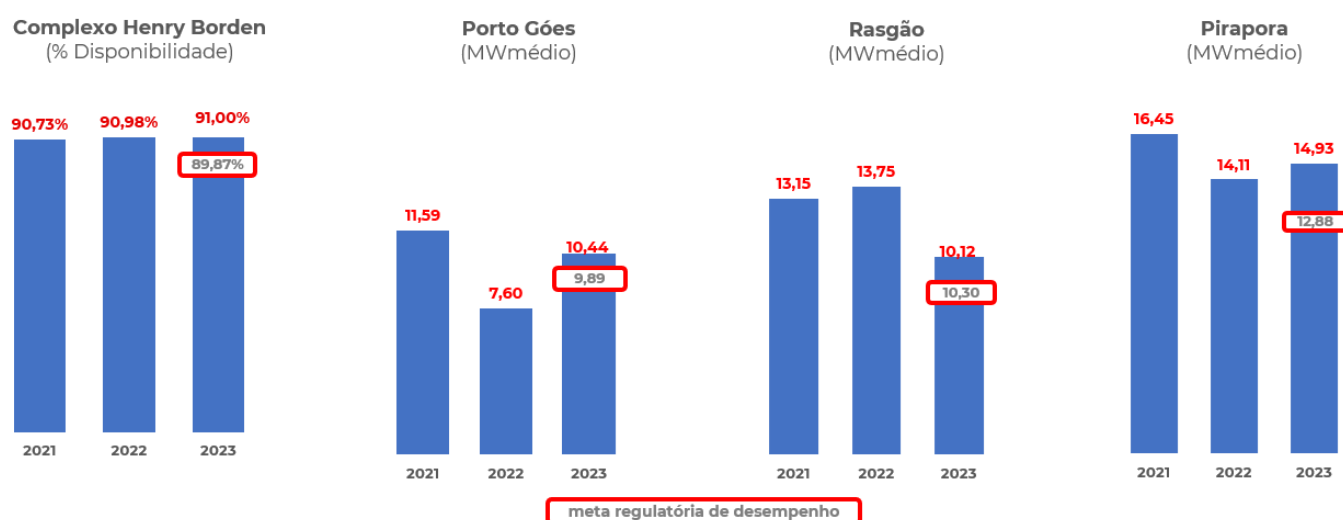
** Adjusted EBITDA excludes from its calculation the item "Other income and expenses", costs related to the Voluntary Retirement Program, and a portion of the expenses incurred with the post-employment benefit plan PSAP/EMAE. In addition to the adjustments already mentioned in the adjusted EBITDA, adjusted net margin also excludes revenues related to the construction of concession assets.

Generation quality standard

ANEEL evaluates the quality of the service provided by hydroelectric power plants in the quotas regime through the performance indicator called Adjustment for Unavailability – Ajl. The result of this indicator is added or subtracted from the calculation of the tariff adjustment in July of each year.

EMAE works permanently to keep the performance indicators of its plants within regulatory parameters and was successful in fully meeting the standards established by ANEEL for the hydroelectric power plants under its management.

The electricity production by the SHP Pirapora in 2023 was 14.93 MW average, exceeding the minimum generation set by ANEEL for the year, which was 12.88 MW average.



Key:

Complexo Henry Borden	- Henry Borden Complex
(% Disponibilidade)	- (% Availability)
Porto Góes	- Porto Góes
(MW médio)	- (Average Mw)
Rasgão	- Rasgão
Pirapora	- Pirapora
Meta regulatória de desempenho	- Regulatory performance target

Governance, Risk Management, and Compliance

EMAE has reinforced its commitment to the evolution of its governance, risk and compliance (GRC) practices and, during 2023, updated its Risk Management and Related Parties Transactions Management Policies.

Corporate Governance

EMAE's corporate governance model is based on ethical principles, focused on integrity and responsibility in decision-making, and on creating value for all audiences with which the Company relates. As a publicly-held company, EMAE's highest resolution level is the General Meeting, which has the advisory support of the Eligibility and Advisory Committee, which is responsible for supervising the process of nominating and evaluating Audit Directors and Managers.

The Board of Directors has, among its main attributions, the superior orientation, the strategic direction of the Company and the follow-up of the businesses, as well as the acts of the Executive Board. The body is made up of 11 members, two of whom are independent, one elected by the preferred shareholders, a representative of the employees and the chief executive officer of the Company. It has the technical support of the Statutory Audit Committee, composed of up to 5 members, coordinated by a member of the Board of Directors and which, in addition to other functions, ensures compliance with the Code of Conduct and Integrity and supervises the preparation of financial statements, the internal controls, and internal audit.

EMAE has a permanent Supervisory Board, elected annually by the General Meeting. At the end of 2023, the Supervisory Board was composed of five effective members, one of which was elected by the preferred shareholders.

The Company's Executive Board is responsible for carrying out the business and the strategy approved by the Board of Directors. It includes four members: Chief Executive Officer, Chief Financial and Relations with Investors Officer, Managing Officer, and Chief Generation Officer.

In addition to its Articles of Incorporation, policies, codes, and practices establish rules and principles that ensure the good corporate governance of the Company, such as the Health and Safety Policies, Disclosure of Material Information, Distribution of Dividends, and Transactions with Related Parties, in addition to of the Code of Conduct and Integrity. All policies are available at: <https://ri.emaee.com.br>.

Risk Management

The Company has a risk management area that is part of the Compliance, Risk Management, and Internal Control Department, and a Committee made up of all officers, who shall advise the Board of Directors. The Committee assesses, monitors and makes recommends improvement to the Company's risk monitoring and control process, based on EMAE's strategic guidelines and risk profile.

Internal Controls System

EMAE establishes the guidelines for carrying out its processes through governance and management documents. These documents explain the values, competencies, and scope to perform the activities, in addition to standardizing and establishing the rules for their execution.

The control of the Company's activities is carried out through integrated business management systems (ERP), parameterized tools to reflect the business rules established in the management and governance documents. These systems determine the segregation of functions and levels of approvals, forecast, and actual budget, expenditure forecasts and cash

flow. This makes it possible to maintain control of EMAE's economic, operational, and financial cycles, with an adequate degree of reliability and the correct application of the accounting rules of the regulatory bodies, CVM, and ANEEL.

To assess and improve existing internal processes and controls, as well as establish new routines to reduce deadlines, increase the accuracy and reliability of information, and mitigate risks, the Company relies on the Internal Audit Department.

In 2023, together with the ongoing quest to improve transparency, fairness of information, accountability, and responsibility, the Integrity Program and the Code of Conduct and Integrity were revised. The sixth version of the Code, approved at the 421st Meeting of the Board of Directors held on 12/06/2023, guides conduct inspired by ethical principles. It defines the concepts that guide the actions and commitments of institutional conduct in interactions between EMAE, its subsidiaries, its employees, and everyone who acts on its behalf.

The Company maintains a solid position regarding compliance and integrity practices, considering its ethical principles and values in all decision-making. This is important to maintain EMAE's high ethical standards and ensure the reliability and integrity of its processes.

Dam Safety

As part of its operational structure, EMAE is responsible for controlling a hydraulic system composed of 20 structures comprising dams, dikes, and spillways.

In 2023, in accordance with legal requirements, EMAE conducted Periodic Safety Reviews (PSRs), aimed at obtaining a detailed diagnosis of the general state of safety of the structures, as well as to updating the hydrological information of the watersheds, the design criteria, and the conditions of use and occupation of the soil on the side of the dammed water and in front of the dam. The services were conducted at the Rio Grande, Rio das Pedras, Edgard de Souza, Pirapora, and Porto Góes dams.

Also, in compliance with legal requirements, EMAE conducted Regular Safety Inspections (RSIs) on all company structures and completed Dam Safety Frameworks (DSFs). In this context, all structures under the Company's management remained with the same classifications as the previous cycle, i.e., Class "C" (São Paulo Pumping Station and Retiro Structure) and Class "B" for the remaining structures.

Emergency Action Plans - EAP

EMAE recognizes the importance of prevention, information, and cooperation in creating a safety culture in the region surrounding its plants. In this sense, the company maintains Emergency Action Plans (EAPs) for its dams and other structures, in accordance with the National Policy on Dam Safety. These plans include notification and alert procedures, flood maps, escape route signs, meeting points, and an emergency notification flowchart.

All EAPs are periodically reviewed and, throughout the year, EMAE interacted with municipal governments in the areas where it operates. The Company provides support to municipal authorities in the development of their Contingency Plans and has collaborated with these

stakeholders by providing signage plates for identifying escape routes and meeting points in areas known as Self-Salvation Zones (ZAS).

EMAE has already presented the project to representatives of the State Civil Defense as well as to several municipal civil defenses such as São Paulo, São Bernardo do Campo, Cubatão, Praia Grande, Santos, Mongaguá, Itanhaém, Osasco, Carapicuíba, Barueri, Santana de Parnaíba, Pirapora do Bom Jesus, Cabreúva, Araçariguama, Salto, Itu, and Elias Fausto.

As an integral part of the EAPs, EMAE conducted the registration of populations in the cities of Santana de Parnaíba, Pirapora do Bom Jesus, Cabreúva, Salto, São Bernardo do Campo, and Cubatão.

Research and development – R&D

EMAE entered into an agreement for the development of the Research and Development proposal called "Alternative Solution for EAP in regions of high population density and vertical buildings using IoT communication systems."

The execution of this Agreement aims at the technical optimization of alert systems and evacuation practices for the operationalization of EAPs developed for Self-Salvation Zones with high urban population density and a considerable predominance of vertical constructions, through technological innovations of Industry 4.0 engineering and solutions consistent with the scenario of the affected areas.

Compliance – Privacy Committee

To comply with the regulations of the General Data Protection Law (LGPD), EMAE formed the Privacy Committee in 2021, composed of members from all directorates. The main responsibility of this Committee is to oversee the way the Company manages personal data, ensuring adherence to the provisions of the LGPD.

Independent Auditors – CVM Resolution 162/22

The Company relies on external audit services that, since June 2020, have been provided by the company Russell Bedford GM Auditores Independentes S/S. In accordance with Brazilian rules for preserving the independence of the external auditor, the contracted company did not provide services other than those related to the examination of the regulatory financial and accounting statements of EMAE and its wholly-owned subsidiary Pirapora Energia S.A.

e. Management's Composition and Compensation

Members of the Board of Directors

The following are members of the Board of Directors at the end of 2023:

Name	Position
Anderson Márcio de Oliveira	Chairman
Marcio Rea	Chief Executive Officer of the Company
Paulo Ferreira	Independent Director
Marisete Fatima Daldad Pereira	Independent Director
André Pepitone de Nóbrega	Director elected by the Controller
Samanta Ivonete Salvador Tavares de Souza	Director elected by the Controller
Cláudia Polto da Cunha	Director elected by the Controller
Leonardo José Mattos Sultani	Director elected by the Controller
Marcos Barreto de Faria Pinho	Director representing the preferred shareholders
Milton Araújo Neto	Director representing the employees

Composition of the Executive Board

The Company's Executive Board (Executive Board) is made up of a Chief Executive Officer and three officers, who carry out their duties in accordance with the Articles of Incorporation and the Executive Board's Operating Agreement. Its members are elected by the Board of Directors for a two-year term, with a maximum of three consecutive reappointments allowed. During the 2023 fiscal year, the Executive Board held 59 meetings, and at the end of the year, the composition of EMAE's Board of Directors was as follows:

Name	Position
Marcio Rea	Chief Executive Officer
Pablo Andrés Fernández Uhart	Chief Financial Officer and Relations with Investors Officer
Marise Grinstein	Administrative Officer
Álvaro Luiz Amorim Miranda	Chief Generation Officer

Compensation

The compensation of EMAE's Management, members of the Audit Committee and the Supervisory Board is established in accordance with the guidelines of the Tax Authority of the State of São Paulo, the Company's controller shareholder, through the State Capital Defense Council (CODEC), and approved by the General Meeting.

Once the officers' compensation has been established, the directors' compensation is established in percentages on the officers' compensation, being 30% for members of the Board of Directors and 20% for members of the Supervisory Board. The members' compensation of the Audit Committee is determined by CODEC resolution.

The officers' compensation includes fees, bonuses, annual allowance (equivalent to the 13th salary), an additional 1/3 on fees for vacations and benefits.

Members of the Board of Directors and Supervisory Board are compensated by fees and annual bonuses. Pursuant to the first paragraph of article 41 of the Articles, the compensation of the Committees' members shall be determined by the General Meeting and, in cases where the Committees' members are also members of the Board of Directors, it will not be cumulative.

For 2023, the total amount of management compensation approved by the General Meeting, considering benefits and legal charges, was BRL 5.5 million, including officers' variable compensation.

Management Assessment

Annually, the performance of Management is assessed considering: (i) the exposition of the management acts performed in relation to the legality and effectiveness of the management action; (ii) contribution for the year's result; (iii) achievement of the objectives established in the business plan and compliance with the long-term strategy; (iv) aspects of the financial statements; (v) the functioning of the Board of Directors and the Audit Committee; (vi) interaction with the Board of Directors; (vii) technical and Company knowledge, and (viii) individual self-assessment.

The result of the assessment carried out in 2023 classified that the performance - jointly or individually - of the Managers met the legal and statutory expectations.

f. Environmental Liability

EMAE has integrated environmental preservation into all its activities and projects, reflecting a continuous commitment to sustainable practices. Waste management is one of these fundamental practices, covering both the debris that reach the infrastructure and reservoirs and the waste produced in offices. These wastes are collected and sent for recycling, composting, or landfilling according to their characteristics in partnership with cooperatives.

Contributing to the cleanliness of rivers and reservoirs where it operates, EMAE employs floating barriers and dredging barges for the removal of debris and vegetation, improving the conditions of hydraulic facilities. The partnership in the Pomar Urbano project and participation in the implementation of the Bruno Covas Park exemplify the company's commitment to environmental recovery and the development of leisure spaces, with no additional costs for the Company.

In 2023, in addition to maintaining responsible waste management practices and contributing to socio-environmental projects, EMAE expanded its commitment to sustainability by increasing its capacity for clean energy generation. The highlight was the inauguration of the first phase of the project to install floating photovoltaic plants in the Billings Reservoir, with a capacity of 5MW, enough to power about 4 thousand households, marking an important step in diversifying the Company's energy matrix and promoting the efficient use of water resources and areas. This initiative not only reinforces the multiple use of the reservoir but also contributes significantly to meeting the Sustainable Development Goals related to clean



energy and climate action, aligning with EMAE's strategic planning to invest in renewable sources and modernize its facilities.

Additionally, EMAE has expanded its participation in the renewable energy certificate issuance program I-REC, now including the HPP Henry Borden, while the SHP Pirapora is already part of this program. This initiative highlights EMAE's dedication to sustainable energy generation, certifying the company's commitment to low environmental impact practices. These certificates not only recognize the Company's contribution to the environment but also offer the possibility of being traded, reinforcing the company's role in leading sustainable practices in the energy sector.

III. FINANCIAL STATEMENTS

Years ended on December 31, 2023 and 2022.

ASSETS

Amounts expressed in thousands of Brazilian Reais (BRL)

		Parent Company		Consolidated	
	Notes	31.12.23	31.12.22	31.12.23	31.12.22
ASSETS					
CURRENT	4	412,344	421,891	426,282	436,741
Cash and cash equivalents	5	42,003	41,229	47,269	46,173
Resellers	12	17,314	12,394	17,314	12,394
Indemnifiable financial asset		3,946	808	3,946	415
Recoverable Income Tax and Social Security	6	7,642	256	7,642	256
Contribution on Net Income					
Taxes and social security contributions to be offset		1,826	1,842	1,826	1,842
Inventory		396	3,919	413	3,919
Prepaid expenses	7	144,576	139,937	144,576	139,937
TPP Piratininga Lease	23.1	8,708	8,323	8,708	8,323
Financial asset - Sabesp	10	232	612	232	612
Escrows and related deposits	11	255,400	238,228	255,400	238,228
Non-current assets held for sale	8	8,965	2,231	1,457	1,601
Other credits		903,352	871,670	915,065	890,441
NON-CURRENT					
Long-term receivables					
TPP Piratininga Lease	7	-	127,936	-	127,936
Financial asset - Sabesp	23.1	87,813	86,250	87,813	86,250
Deferred income tax and social security contribution	9	92,040	18,687	92,040	18,687
Escrows and related deposits	10	57,723	45,023	57,723	45,023
Concession financial asset	12	358,573	257,496	358,573	257,496
Investments	13	195,374	195,374	195,374	195,374
Property, Plant, and Equipment	14	298,007	293,186	146,220	130,762
Intangibles	15	76,907	80,575	217,926	224,786
		16,523	13,819	16,556	13,930
TOTAL ASSETS		1,182,960	1,118,346	1,172,225	1,100,244
		2,086,312	1,990,016	2,087,290	1,990,685

The notes are an integral part of the financial statements

Liabilities and Equity

Amounts expressed in thousands of Brazilian Reais (BRL)

	Notes	Parent Company		Consolidated	
		31.12.23	31.12.22	31.12.23	31.12.22
LIABILITIES AND EQUITY					
CURRENT					
Suppliers		4,639	9,633	5,136	10,124
Payroll		3,543	3,783	3,543	3,783
Estimated obligations - payroll	16	16,405	16,500	16,405	16,500
Post-employment benefits, complementary retirement plan	17	60,000	37,457	60,000	37,457
Taxes and social security contributions		7,137	7,182	7,294	7,353
Income tax and social security contribution payable		-	-	316	-
Dividends and interest on equity	24.7	31,586	10,532	31,586	10,532
Power grid charges		170	180	170	180
Other obligations – Investments in the concession	20	17,314	12,394	17,314	12,394
Other obligations – Comgás	21	626	626	626	626
Special Obligations - RGR	19	1,801	1,801	1,801	1,801
Sector Obligations		4,041	899	4,049	906
Other liabilities	22	3,897	5,093	3,897	5,093
		151,159	106,080	152,137	106,749
NON-CURRENT					
Long-term liabilities					
Post-employment benefits, complementary retirement plan	17	298,121	262,035	298,121	262,035
Provisions for labor, civil, and tax risks	18.1	105,199	120,533	105,199	120,533
Other obligations – Investments in the concession	20	427,753	359,167	427,753	359,167
Other obligations – Comgás	21	11,223	11,851	11,223	11,851
Special Obligations - RGR	19	3,599	5,399	3,599	5,399
Sector Obligations		769	769	769	769
		846,664	759,754	846,664	759,754
EQUITY					
Capital	24	285,411	285,411	285,411	285,411
Capital reserves		387,130	387,130	387,130	387,130
Other comprehensive income		42,865	91,510	42,865	91,510
Earnings reserve		373,083	315,491	373,083	315,491
Proposed additional dividend		-	44,640	-	44,640
		1,088,489	1,124,182	1,088,489	1,124,182
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,086,312	1,990,016	2,087,290	1,990,685

The notes are an integral part of the financial statements

STATEMENTS OF INCOME - DRE

Amounts expressed in thousands of Brazilian Reais (BRL), except earnings per share.

	Notes	Parent Company		Consolidated	
		31.12.23	31.12.22	31.12.23	31.12.22
NET REVENUE	25	558,887	491,341	603,326	532,685
COST OF ELECTRIC POWER SERVICE	26	(424,716)	(442,203)	(442,849)	(459,606)
GROSS OPERATING PROFIT		134,171	49,138	160,477	73,079
Operating Revenues/Expenses					
General administrative expenses	26	(113,050)	(125,562)	(112,435)	(124,529)
Other revenues and (expenses)	26	29,261	21,974	29,261	21,974
Equity accounting in subsidiary		27,255	25,092	-	-
		(56,534)	(78,496)	(83,174)	(102,555)
PROFIT BEFORE FINANCIAL INCOME		77,637	(29,358)	77,303	(29,476)
FINANCIAL INCOME					
Revenue	27	61,609	53,870	64,375	56,043
Expenses	27	(2,105)	(1,498)	(2,200)	(1,516)
Net monetary variations	27	19,857	53,135	19,857	53,135
		79,361	105,507	82,032	107,662
PROFIT BEFORE INCOME TAX AND SOCIAL SECURITY CONTRIBUTION		156,998	76,149	159,335	78,186
INCOME TAX AND SOCIAL SECURITY CONTRIBUTION		(54,811)	(82,996)	(57,148)	(85,033)
Current	9.1/9.2	48,293	74,862	48,293	74,862
Deferred	9.1/9.2				
NET INCOME FOR THE FISCAL YEAR	24.2	150,480	68,015	150,480	68,015
PROFIT ATTRIBUTABLE TO:					
Controlling and non-controlling shareholders		150,480		150,480	68,015
BASIC EARNING PER:					
Preferred Share	24.2	BRL 4.2258	BRL 1.9100	BRL 4.2258	BRL 1.9100
Common Share	24.2	BRL 3.8416	BRL 1.7364	BRL 3.8416	BRL 1.7364

The notes are an integral part of the financial statements



STATEMENTS OF COMPREHENSIVE INCOME

Amounts in thousands of Brazilian Reais (BRL)

	Parent Company and Consolidated	
	2023	2022
Net income for the fiscal year	150,480	68,015
Items that will not be reclassified later to profit or loss		
Adjustment of Asset elements	-	368,965
Adjustment of Liability elements	(73,705)	162,920
Effect of income tax and social security contribution	25,060	(180,841)
Total comprehensive income for the fiscal year	101,835	419,059

The notes are an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY

Amounts in thousands of Brazilian Reais (BRL)

EMAEE - Empresa Metropolitana de Águas e Energia S.A
STATEMENT OF CHANGES IN OWNERS' EQUITY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023
(Amounts stated in thousands of Reais)

DESCRIPTION	CAPITAL	CAPITAL RESERVES		OTHER INCOMES		PROFITS RESERVES				PROPOSED ADDITIONAL DIVIDEND	ACCUMULATED PROFITS (LOSS)	TOTAL
		GRANTS FOR INVESTMENT	TAX INCENTIVES	ADJUSTMENTS OF ASSET ELEMENTS	ADJUSTMENTS OF LIABILITY ELEMENTS	LEGAL RESERVES	ASSET RECOMPOSITION RESERVE	RESERVE FOR CONTINGENCIES	UNREALIZED PROFIT RESERVE			
Balances as of January 1, 2022	285,411	383,618	3,512	-	(259,534)	38,380	144,076	101,391	36,020	4,860	-	737,734
Approval of proposed additional dividend - calendar year 2021	-	-	-	-	-	-	-	-	-	(4,860)	-	(4,860)
Adjustments of asset elements	-	-	-	243,517	-	-	-	-	-	-	-	243,517
Actuarial earnings net of the tax effect	-	-	-	-	107,527	-	-	-	-	-	-	107,527
Dividends - JCP	-	-	-	-	-	-	-	-	-	-	(19,974)	(19,974)
Net income for the fiscal year	-	-	-	-	-	-	-	-	-	-	68,015	68,015
Constitution of legal reserve	-	-	-	-	-	3,401	-	-	-	-	(3,401)	-
Proposed additional dividend	-	-	-	-	-	-	-	-	-	44,640	(44,640)	-
Realization of unrealized profits reserve	-	-	-	-	-	-	-	-	(7,777)	-	-	(7,777)
Balances as of December 31, 2022	285,411	383,618	3,512	243,517	(152,007)	41,781	144,076	101,391	28,243	44,640	-	1,124,182
Approval of proposed additional dividend - calendar year 2022	-	-	-	-	-	-	-	-	-	(44,640)	-	(44,640)
Actuarial losses net of tax effect	-	-	-	-	(48,645)	-	-	-	-	-	-	(48,645)
Interest on equity	-	-	-	-	-	-	-	-	-	-	(64,645)	(64,645)
Net income for the fiscal year	-	-	-	-	-	-	-	-	-	-	150,480	150,480
Constitution of legal reserve	-	-	-	-	-	7,524	-	-	-	-	(7,524)	-
Realization of unrealized profits reserve	-	-	-	-	-	-	-	-	(28,243)	-	-	(28,243)
Constitution for retained earnings reserve	-	-	-	-	-	-	78,311	-	-	-	(78,311)	-
Balances as of December 31, 2023	285,411	383,618	3,512	243,517	(200,652)	49,305	222,387	101,391	-	-	-	1,088,489

The notes are an integral part of the financial statements

STATEMENTS OF CASH FLOWS (indirect method)

Amounts in thousands of Brazilian Reais (BRL)

	31.12.23	31.12.22	31.12.23	31.12.22
Operating activities Result of fiscal year	150,480	68,015	150,480	68,015
Equity method income	(27,255)	(25,092)	-	-
Depreciation/amortization	2,560	1,567	7,092	5,824
Indemnities – expropriations	(288)	(2,048)	(288)	(2,048)
Disposal - land linked to concession	2,484	-	2,484	-
Pension plan's company expense	41,144	66,501	41,144	66,501
Estimated losses on the realization of doubtful accounts	(526)	478	(526)	504
Provisions for labor, civil, and tax risks	7,797	49,961	7,797	49,961
Direct taxes	3,718	11	5,570	1,592
Comgás appropriation	(628)	(560)	(628)	(560)
Gain on the disposal of assets and rights	(766)	(11,352)	(766)	(11,352)
Fair value adjustment - Asset items	(32,630)	-	(32,630)	-
Provision – Investments in the Concession	87,944	98,693	87,944	98,693
Appropriation prepaid expenses	4,129	-	4,129	-
Updating of escrow deposits	(5,994)	(38)	(5,994)	(38)
Judicial deposits reconciliation	1,737	23	1,737	23
Write-offs	-	(9,835)	-	(9,835)
Real estate properties exchange – net of charges	(11,319)	(12,088)	(11,319)	(12,088)
Interest and adjustments for inflation - Sabesp agreement	(13,161)	(55,251)	(13,161)	(55,251)
Interest and adjustments for inflation of the UTP Piratininga lease	-	-	-	-
Variations in Assets and Liabilities Resellers	(774)	(4,737)	(1,096)	(5,227)
Taxes and social security contributions to be offset	(357)	370	(357)	370
Recoverable income tax and social security contribution	(3,139)	1,326	(3,532)	1,356
Inventory	16	5	16	5
Prepaid expenses	(606)	(3,260)	(623)	(3,002)
Escrows and related deposits	(8,064)	(9,371)	(8,064)	(9,371)
Sabesp	9,371	8,963	9,371	8,963
Other credits	251	1,077	656	1,335
Suppliers	(4,994)	3,408	(4,988)	3,411
Payroll	(241)	(941)	(241)	(941)
Estimated obligations - payroll	(95)	4,165	(95)	4,16
Contributions to pension plan	(56,218)	(56,572)	(56,218)	(56,572)
Taxes and social security contributions	(9,979)	609	(9,992)	642
Income tax and social security contribution payable	-	-	316	-
Sector obligations	3,142	(1,748)	3,143	(1,748)
Payment of civil and labor contingencies	(23,131)	(7,281)	(23,131)	(7,281)
Power grid charges	(10)	9	(10)	9
Comgás obligations	-	2,611	-	2,611
Special Obligations - RGR	(1,800)	(1,801)	(1,800)	(1,801)
Others	(1,196)	(1,743)	(1,196)	(1,743)
Net cash from operating activities	111,602	104,074	145,224	135,122
Dividends received	31,420	25,462	-	-
Income tax and social security contribution paid	(52,011)	(74,872)	(53,863)	(76,453)
Net cash from operating activities	91,011	54,664	91,361	58,669
Investment activities				
Acquisition of property, plant, and equipment	(45)	(1,340)	(1,307)	(2,259)
Indemnifiable financial assets	(127,463)	(69,296)	(127,463)	(69,296)
Acquisition of intangible assets	(4,036)	(3,960)	(4,036)	(3,960)
Indemnities – expropriations	289	2,048	289	2,048
Return – real estate properties exchange – net of charges	-	9,835	-	9,835
Lease payments	136,458	152,400	136,458	152,400
Proceeds from the sale of property, plant, and equipment	779	11,352	779	11,35
Net cash from investment activities	5,982	101,039	4,720	100,120
Financing activities				
Interest on equity and dividends paid	(106,540)	(29,565)	(106,540)	(29,565)
Fuel oil payment	-	(3,555)	-	(3,555)
Net cash used in financing activities	(106,540)	(33,120)	(106,540)	(33,120)
Increase (Decrease) of cash and cash equivalents	(9,547)	122,583	(10,459)	125,669
Cash and cash equivalents at the beginning of the period	421,891	299,308	436,741	311,072
Cash and cash equivalents at the end of the period	412,344	421,891	426,282	436,741
Increase (Decrease) of cash and cash equivalents	(9,547)	122,583	(10,459)	125,669

STATEMENTS OF VALUE ADDED

Amounts in thousands of Brazilian Reais (BRL)

	2023	2022	2023	2022
GENERATION OF VALUE ADDED				
Revenue				
Operating revenues	524,369	488,313	570,492	531,223
Other revenues	29,261	21,974	29,261	21,974
Allowance for doubtful accounts – constitution	526	(368)	526	(368)
Revenues from construction of own assets and concession	106,621	73,384	107,883	74,303
	660,777	583,303	708,162	627,132
Minus:				
Inputs				
GSF (Physical guarantee)	-	-	2,123	2,007
Power grid charges	51,903	45,300	52,411	45,676
Third parties' services	129,447	113,179	133,904	118,159
Materials	65,153	54,900	66,061	55,485
Provision – Investments in the Concession	87,944	98,693	87,944	98,693
Other operating costs	(9,398)	47,291	(8,855)	47,727
	325,049	359,363	333,588	367,747
GROSS VALUE ADDED	335,728	223,940	374,574	259,385
DEPRECIATION/AMORTIZATION	(2,560)	(1,567)	(7,092)	(5,823)
NET VALUE ADDED PRODUCED BY THE ENTITY	333,168	222,373	367,482	253,562
VALUE ADDED RECEIVED IN TRANSFER				
Financial revenue	61,609	53,870	64,375	56,043
Equity Accounting	27,255	25,092	-	-
Net Monetary Variations	19,857	53,135	19,857	53,135
	108,721	132,097	84,232	109,178
TOTAL VALUE ADDED TO BE DISTRIBUTED	441,889	354,470	451,714	362,740
DISTRIBUTION OF ADDED VALUE				
Personnel:				
Work compensation and benefits (except INSS/FGTS)	118,295	101,281	122,663	104,845
Employees pension entity – Contribution to the plan	41,144	66,501	41,144	66,501
F.G.T.S. (GOVERNMENT SEVERANCE INDEMNITY FUND FOR EMPLOYEES)	7,584	5,011	7,860	5,237
	167,023	172,793	171,667	176,583
Taxes, fees, and contributions:				
Sector charges: Financial offset for the use of water resources	9,630	4,418	9,630	4,418
Electric power service inspection fee	1,584	1,500	1,678	1,586
Research and development - R&D	4,437	4,189	4,437	4,189
	15,651	10,107	15,745	10,193
Federal:				
Income tax and social security contribution	6,518	8,134	8,855	10,171
COFINS/PIS (SOCIAL SECURITY FINANCING CONTRIBUTION/CONTRIBUTION TO	62,837	60,219	64,521	61,785
INSS (NATIONAL INSTITUTE OF SOCIAL SECURITY)	18,631	18,209	19,598	18,999
	87,986	86,562	92,974	90,955
Municipal:				
ISS (SERVICES TAX)	747	649	747	649
IPTU (URBAN REAL ESTATE PROPERTY TAX)	11,225	9,486	11,225	9,486
	11,972	10,135	11,972	10,135
	115,609	106,804	120,691	111,283
Compensation on third parties' capital:				
Interest and debt charges	2,105	765	2,200	766
Rentals	6,672	6,093	6,676	6,093
	8,777	6,858	8,876	6,859
Compensation on equity:				
Dividends / Interest on Equity	64,645	19,974	64,645	19,974
Retained earnings	85,835	48,041	85,835	48,041
Net income for the period	150,480	68,015	150,480	68,015
TOTAL DISTRIBUTION OF VALUE ADDED	441,889	354,470	451,714	362,740

NOTES

This section presents the Notes to the Financial Statements for the years ended December 31, 2023, and 2022. The amounts are expressed in thousands of Brazilian Reals, unless otherwise indicated.

1. OPERATING CONTEXT

Empresa Metropolitana de Águas e Energia S.A. ("EMA E" or "Company") is a publicly government-controlled company, with its place of business in the city of São Paulo and its shares are traded on B3 S.A. – Brasil, Bolsa, Balcão. The Government of the State of São Paulo, through the Tax Authority of the State of São Paulo, owns 97.61% of the Company's common shares. In relation to preferred shares, it is worth highlighting Eletrobras – Centrais Elétricas Brasileiras S.A, which on December 31, 2023, holds 64.82% of preferred shares.

The Company's main activities are the planning, construction, operation, and maintenance of production systems and the sale of electric power.

As a quasi-public corporation for electric power generation, EMA E's activities are regulated and supervised by the Brazilian Electricity Regulatory Agency (ANEEL), linked to the Ministry of Mines and Energy (MME).

Hydroelectric Power Plants under Quota System

EMA E operates the Henry Borden hydro-energetic complex, which comprises the structures of the Pinheiros channel, the reservoirs and respective dams, and control and overflow structures, Guarapiranga, Billings, and Rio das Pedras, in the São Paulo Metropolitan Region, and the Henry Borden hydroelectric power plant, in the municipality of Cubatão, and Rasgão hydroelectric power plants (HPPs), in the municipality of Pirapora do Bom Jesus, and Porto Góes, in the municipality of Salto, both on the Tietê River.

According to the Provisional Measure 579 of 2012, converted into Law No. 12.783 of January 11, 2013, EMA E and the Government entered into, on December 4, 2012, the 2nd Amendment to the Concession Agreement No. 02/2004-ANEEL, extending until November 30, 2042, the concessions relating to the Henry Borden complex and the Rasgão and Porto Góes hydroelectric power plants. On October 7, 2022, the 3rd Amendment to the agreement was entered into, with the purpose of adapting said agreement in order to formalize the extension of the term of validity of the granting of the concession of the Henry Borden and Porto Góes Hydroelectric Power Plants, extending until January 7, 2043, the concession of Henry Borden Plant, and, until January 24, 2043, the concession of Usina Porto Góes.

As a result, since January 2013, all physical guarantees and capacity of these Company's power plants have been allocated under a quota system to quasi-public corporations for the distribution of electric power, with each plant remunerated by Annual Generation Revenue (RAG) and subject to quality standards.

The RAG is calculated by ANEEL, readjusted annually and revised every five (5) years. The tariff thereof is intended to cover the compensation and costs of operation, maintenance, administration, taxes, and sector charges such as connection and use of transmission and

distribution systems, inspection fee for electric power services, research and development (R&D), and financial offset support for the use of water resources. In the 2018 tariff review, the value of the RAC also started to consider investments in improving the assets of the concession of each plant.

In addition, for generators under the quota regime, there are no charges due to hydrological risks, as these are assumed by the distributors that received the electric power and capacity quotas.

EMAE actively participated in the public discussion regarding the tariff review process that took place in 2023, the results of which were disclosed in ANEEL Regulatory Resolution No. 3.225/2023. The approved values result from the implementation of a new calculation methodology established in submodule 12.1 of the Tariff Review Procedure (PRORET). This methodology introduces an annual reducer of 0.7038% in the portion allocated to Operation and Maintenance (GAG O&M), as an Efficiency Factor, as well as an annual and progressive reduction in the portion allocated to Investments in the Concession (GAG Melhorias) for the plants under the Company's management.

SHP Pirapora

Pirapora Energia S.A. was established as a wholly-owned subsidiary of the Company for the construction and management of the Pirapora Small Hydroelectric Power Plant (SHP). This plant has two generating units, an installed capacity of 25 MW, and a physical guarantee of 17.17 MW.

The SHP Pirapora obtained authorization to operate through ANEEL Regulatory Authorization Resolution No. 1.429/2008, amended by ANEEL Regulatory Authorization Resolution No. 10.972/2021, which redefined the validity period until December 31, 2044. This period was further extended until May 2, 2045, as determined by ANEEL Regulatory Authorization Resolution No. 14.896/2023. In 2010, the company traded 16 MW in ANEEL auction No. 03/2010, resulting in Electric Power Sale Agreements in the Regulated Environment (CCEARs) with 27 distributors. The supply period began on January 1, 2015, and will end on December 31, 2044, and the sale value is updated by the IPCA adjustment on the base date of readjustment of each distributor.

Piratininga Thermoelectric Plant

In addition to the generation activity, the Company leased the assets of Piratininga Thermoelectric Plant ("TPP Piratininga") on April 27, 2007, to Petróleo Brasileiro S.A. ("Petrobras"), which operates it together with the Fernando Gasparian plant, built by Petrobras in an EMAE area, increasing the efficiency of both. The contract has a term of 17 years, and concurrently with the lease agreement, a contract for the operation and maintenance services of the Piratininga plant was signed by EMAE.

The leased plant has four generating plants, of which only two are in operation, integrated into the combined cycle operation, meeting the orders of the National Electric System Operator (ONS) since August 7, 2017.

Electric Power Generation Expansion

EMAE was authorized by State Law No. 14.150 of June 23, 2010 to organize subsidiaries to explore alternative or renewable sources for energy generation and may participate, minority or majority, in the capital of public or private companies, or associate with them for the development of activities included in its corporate purpose.

a. Hydroelectric Power Plant

The concession agreement for HPP Edgard de Souza expired in 2018, and Regulation No. 313, of June 30, 2018, waived the reversal of assets related to the concession of this HPP, allowing EMAE to have free disposal of the assets.

Considering the Inventory of Hydroelectric Uses of the Tietê River Cascade, EMAE initiated negotiations with the Granting Authority and registered its interest in the Edgard Souza hydroenergetic use, which was approved in April 2019.

In November 2022, the company obtained the DRS, Executive Summary Adequacy Registration Dispatch, considering an installed capacity of 18MW, which allows the search for environmental licensing and the granting of water resources for the structure's motorization project.

b. Floating Photovoltaics

Based on Public Calls, in 2020 and 2021, EMAE established consortia with private companies for the development and installation of floating photovoltaic projects, with a total capacity of 130 MW, in the Billings reservoir, located in the city of São Paulo.

The eventual revenue from this initiative will come from EMAE's interest in future SPEs that will commercially explore floating electric power generation plants that will be connected to the power distribution grid in the form of distributed generation. The first SPE was established in 2023 in partnership with KWP Energia, as all conditions for the deployment of the initial 5MW were met.

In this model, the contribution of the right to use the surface of the reservoir will give EMAE approximately 5% of interest in the capital of the SPEs, with the company having the option to increase its interest up to 49% through financial contributions. The partners will be responsible for CAPEX and for the operation of future projects.

c. Thermal Source

On July 24, 2019, the State Board for the Environment (CONSEMA) approved the environmental feasibility of the project "Technological Replacement of Units 1 and 2 of the TPP Piratininga - STP Thermoelectric Plant" with a capacity of up to 2.5 GW in combined cycle.

The approval by CONSEMA allowed the issuance of the preliminary environmental license by CETESB, on July 25, 2019, allowing EMAE to participate in the electric power auctions, which will be promoted by the Ministry of Mines and Energy (MME).

With a view to structuring and implementing the undertaking, EMAE entered into a partnership, through Public Call 01/2015, with the GASEN Consortium, which was succeeded, in 2022, by the company EDGE S.A.

Exploitation of Real Estate Assets

a. Concession of adjacent areas to São Paulo Plant for commercial exploitation

In 2020, EMAE granted a set of adjacent areas to São Paulo Plant for commercial exploitation. The winning bidder was presented by the São Paulo Plant Consortium, considering the payment of a fixed grant in the amount of BRL 280.05 million, plus the payment related to the variable grant, calculated on the monthly gross revenue of the future enterprise.

The period for receiving the installment related to the fixed concession fee is scheduled from January 2024 to December 2044, while the variable concession fee will be based on the following percentages calculated on the project's gross revenue: 4% (from December 2022 to November 2025), 6% (from December 2025 to November 2028), 8% (from December 2028 until the end of the contract).

b. Disposal of real estate properties

EMAE has continuously assessed its real estate assets and allocates for sale those that do not contribute to its operational activities.

Currently, the two main properties for sale are a building located on Rua Augusta and an area adjacent to the Marginal Pinheiros, near the junction with the Marginal Tietê.

2. PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Compliance Representation

The individual and consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the accounting principles generally accepted in Brazil.

The accounting policies adopted in Brazil comprise those included in the Brazilian corporate law and the Pronouncements, Guidelines, and Interpretations issued by the Accounting Pronouncements Committee (CPC) and approved by the Federal Accounting Council (CFC) and by the Brazilian Securities and Exchange Commission (CVM). The relevant information in the individual and consolidated financial statements, and only that, is being evidenced, and corresponds to that used by Management in its operation.

The issue of the individual and consolidated financial statements was authorized at the Executive Board's Meeting held on February 28, 2024. They were then analyzed by the Audit Committee, Supervisory Board, and submitted to the Board of Directors. After their issuance, only the Board of Directors has the prerogative to change them.

2.2 Functional Currency and Presentation Basis

These individual and consolidated financial statements are presented in Real, which is the Company's functional currency. All amounts are presented in thousands of Brazilian Reais and have been rounded to the nearest thousand, unless otherwise indicated.

2.3 Use of estimates and assumptions

In preparing the individual and consolidated financial statements, Management defined assumptions based on its best judgment of the information available at the time and prepared estimates to calculate certain amounts reported as assets, liabilities, revenues, and expenses. The actual results may diverge from such estimates. Estimates and assumptions are continually reviewed and, as new facts or information become available, estimate amounts are recalculated. The impacts of these revisions are recognized.

Information on the main judgments and estimates whose amounts recognized are significant in the individual and consolidated financial statements are included in the following notes:

- Note 3.14 – Impairment of assets;
- Note 7 – Leasing: determination if an agreement contains a lease;
- Note 8 – Estimated losses on the realization of doubtful accounts;
- Note 9 – Recognition of deferred income tax and social security contribution;
- Note 12 – Determination of indemnifiable financial assets;
- Note 13 – Concession's reversible asset;
- Note 14 – Investments;
- Note 15 – Property, Plant, and Equipment: useful life assessment and impairment analysis;
- Note 17 – Post-employment benefits, complementary retirement plan;
- Note 18.1 – Recognition and measurement of the provision for labor, civil, and tax risks;
- Note 20 – Other Obligations – Investments in the concession;
- Note 29 – Financial instruments;
- Note 30 – Risk management;
- Note 31 – Long-Term commitments;
- Note 32 – Non-cash changes;

2.4 Measurement basis

The individual and consolidated financial statements were prepared based on a historical cost, with the exception of the supplementary pension plan recognized at fair value of the plan's assets, deducted from the present value of the defined benefit obligation, as well as investment properties recognized at fair value through Other Comprehensive Income from the 2022 Financial Statements and through the result from the 2023 Financial Statements.

2.5 Consolidated Financial Statements

The consolidated financial statements include the financial information of the Company and its subsidiary Pirapora Energia S.A. The subsidiary's year included in the consolidation matches with that of the parent company. The accounting policies adopted by the subsidiary are uniformly applied to those used by the parent company and are consistent with those used in the previous year.

The main consolidation procedures are the following: (a) balance elimination of asset and liability line items between the consolidated Companies; and (b) elimination of the parent company's interest in the subsidiary's equity.

2.6 Statement of Added Value ("DVA")

This statement is intended to show the added value generated by the Company and its subsidiary, as well as its distribution during the year, and is presented as information required by Brazilian corporate law, based on the guidelines of CPC 09 Statement of Added Value, and as information supplementary for the purposes of IAS 34.

2.7 Information by segment

The Company's Collective Board monitors and reviews the operations of the Company and its subsidiary in an integrated manner, considering the existence of a single segment, which is electric power generation.

Accordingly, segment information is not presented, as it is similar to that presented in the Consolidated Statement of Profit or Loss.

3. SIGNIFICANT ACCOUNTING PRACTICES

3.1 Operating income

The sources of operating revenue of the Company and its subsidiary refer to:

Quota system

The Annual Generation Revenue (RAG) of the plants subject to the second amendment to the concession agreement remunerate operation and maintenance services, investments made, investments to be made, and sector charges. The RAG relating to operation and maintenance services and sectoral charges is recognized monthly in profit or loss at the rate of 1/12, in order to allow comparison with the costs and expenses of operation and maintenance services and charges incurred in the same period. The receipt of these quotas occurs on a monthly basis in the same proportion of the recognized revenue.

Income from services provided

The Company has service agreements:

- Operation of the TPP Piratininga;
- Operation and maintenance of the Eduardo Yassuda Pumping Station.

The Company recognizes revenue as contracted services are performed.

Revenues related to the construction of Concession assets

The proposal adopted by ANEEL in the periodic review of 2018 included in the Revenue, a portion destined to the improvement (GAG improvements) implementation, to increase the service quality levels, prioritizing the energy security of the National Interconnected System (SIN).

This portion is associated with meeting the quality indexes required in the Concession Agreement and its value includes the replacement and modernization of the hydraulic and electromechanical equipment, as well as investment costs related to socio-environmental expenditures and Management demands, up to the end of the concession.

The costs related to the replacement and modernization of hydraulic and electromechanical equipment are being provisioned in the "Other Obligations – Investments in the Concession" line item, in accordance with the criteria provided for in item 21 of ICPC 01 – Concession Agreements, based on an estimate prepared by Management and approved by the Company's Board of Directors.

3.2 Financial Revenues and Expenses

Interest revenues and expenses are recognized in profit or loss as revenues is earned or interest is incurred. Adjustments for inflation are appropriated to profit or loss according to the variation of adjustment for inflation indexes in the accrual period.

3.3 Pension Plans for Employees

A) Short-term employee benefits

Expenses with short-term employee benefits are recognized in profit or loss, under "employee pension fund" line item, as the corresponding service is rendered.

B) Defined contribution plan

Obligations for contribution to the defined contribution plan are recognized in profit or loss, under "Employee Pension Company" line item.

C) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. This benefit is discounted to present value to determine the Company's obligation at the end of each year, which is presented at the net amount of any unrecognized past service costs and the fair value of any plan assets.

The calculation of the defined benefit plan obligation is made by a qualified actuary.

Measurements of the net defined benefit obligation that include: actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset cap (if any, excluding interest) are recognized directly in other comprehensive income, in equity. Net interest and other expenses related to the defined benefit plans are recognized in profit or loss.

3.4 Taxes and industry charges on sales and services

The main taxes affecting the Company's revenues are:

Services Tax (ISS) – from 2% to 5%, levied on services of any kind or nature;

Contribution to the Social Integration Program (PIS) – 1.65% for electric power quotas, RAG on the provision of services;

Social Security Financing Contribution (COFINS) – 7.60% on quotas of electric energy, RAG, on the provision of services and rentals;

Research and Development (R&D) Program – corresponds to 1% of net operating generation revenue, as determined by ANEEL.

These taxes and charges are deducted from revenues from sales, services, and leases, which are presented in the income statement at their net amount. Non-cumulative PIS and COFINS credits on operating costs and expenses are presented as a reduction of these groups of line items in the statement of profit or loss.

3.5 Income tax and social security contribution on net profit

Income tax and social security contribution for the current and deferred year are calculated based on a tax rate of 15%, with an additional 10% on taxable income exceeding BRL 240 for income tax and 9% on taxable income for social security contribution on net income, and, where applicable, contemplate the offset of tax losses and negative base of social security contribution, limited to 30% of taxable income for the year.

Income tax and social security contribution expense comprise current and deferred income tax and social security contribution. The current tax and the deferred tax are recognized in the profit or loss unless they are related to items directly recognized in equity in other comprehensive income.

Taxes payable or recoverable, current and deferred, are offset only if certain legally permitted criteria are met.

Subsidiary Pirapora Energia S.A. opted for taxation under the Presumed Profit regime for the fiscal years 2023 and 2022.

Current income tax and social security contribution expenses

Current tax expenses are the tax payable or receivable estimated on the taxable profit or loss for the year, as well as any adjustment to payable taxes referring to previous years. The amount of current taxes payable or receivable is recognized by the Company, in the statement of financial position under "Income tax and social security contribution to be recovered or collected" line item based on the best estimate of the expected amount of taxes to be paid or received, which reflects the uncertainties, if any, in its calculation. It is measured based on the tax rates in effect at the reporting date.

Deferred income tax and social security contribution expenses

Deferred tax assets and liabilities are recognized in relation to temporary differences between the carrying amounts of assets and liabilities determined in accordance with corporate law and those determined in accordance with tax legislation. Changes in deferred tax assets and liabilities in the year are recognized as an expense or credit for deferred income tax and social security contribution.

A deferred tax asset is recognized in relation to tax losses and temporary differences not used when it is probable that future taxable income will be available and against which they will be used. Deferred tax assets are revised at each reporting date and will be deducted to the extent that their realization is no longer probable.

Deferred tax assets and liabilities are measured based on tax rates which are expected to be applied to the temporary differences when reversed, based on tax rates that were in force up to the reporting date.

Measurement of deferred tax assets and liabilities reflects the tax consequences from the manner in which the Company expects to recover or settle its assets and liabilities.

3.6 Inventory

Materials in inventory in warehouses are classified in current assets (when for maintenance) and in property, plant, and equipment in progress (when destined for works) and are recorded at average acquisition cost.

3.7 Leases to third parties

The Company has a leasing agreement for third parties, which, on the start date, was classified as a lease-purchase agreement, as it transfers materially all the risks and benefits inherent to the legal ownership to the lessee. Lease-purchase agreement receipts are accounted as amortization of trade receivables.

The recognition of financial income is based on the continuous periodic rate of return on the Company's net investment in the lease-purchase agreement.

3.8 Indemnifiable financial asset

The scope of Technical Interpretation *ICPC 01 (R1) - Concession Agreements*. ICPC 01 (R1) states the conditions for accounting for public service concessions to private companies, in the case of the Company, specifically related to investments in the concession infrastructure made after the renewal of the concession in 2012, which are classified as financial asset as it is an unconditional right to receive cash or another financial asset directly from the granting authority, as provided for in section 7, sub-sections 2 and 4 of the second amendment to the concession agreement No. 02/2004 - ANEEL.

The indemnifiable financial asset is amortized over the remaining term of the concession, concomitantly with the reduction in the provision set up under "Other Obligations - Investment in the Concession" line item.

3.9 Concession's reversible asset

On December 4, 2012, the concessions for the Henry Borden, Rasgão, and Porto Góes plants were renewed and, in accordance with Law 12.783, upon renewal of the concession, the concession assets were reverted to the Government through indemnification, whose value is in the process of being defined by the Granting Authority.

The Company records, under the "Concession's reversible assets" line item, the assets measured at their residual carrying amount on December 31, 2012, i.e., at the reclassified value of the "Property, plant, and equipment" line item.

3.10 Investments

The company has two types of investments:

- Equity interest in subsidiaries and affiliates recognized by the equity method.
- Tangible assets intended for income generation or capital appreciation recognized at fair value.

3.11 Property, plant, and equipment

A) Recognition and measurement

The Company and its subsidiary recognize expenses with investments in property, plant, and equipment if it is probable that the tangible asset has an economic useful life of more than one year and is expected to bring future economic benefits to the Company. Property, plant,

and equipment items are measured at acquisition or construction cost, less any accumulated impairment losses, when applicable.

When significant parts of a property, plant, and equipment item have different useful lives, such parts are recognized as individual (key components) property, plant, and equipment items.

Any gains and losses on the disposal of a property, plant, and equipment are recognized in profit or loss.

B) Subsequent expenses

Subsequent expenses are capitalized only when it is probable that future economic benefits will be earned by the Company and its subsidiary.

C) Depreciation

Depreciation is calculated using the straight-line method, based on the useful life of property, plant, and equipment established by ANEEL. Determining the depreciation of property, plant, and equipment in Pirapora considered Management's best estimate of the right to indemnify the remaining assets, including the basic generation project, which were not amortized at the end of the authorization. Average annual depreciation rates are presented in Note 15.

3.12 Intangible Assets

Recognition and measurement

The Company recognizes expenses with investments in intangible assets if they result from contractual rights or other legal rights that will bring future economic benefits. Intangible asset items are measured at acquisition or development cost, less any accumulated impairment losses, when applicable.

Amortization

Amortization is calculated using the straight-line method.

3.13 Financial instruments

The Company and its subsidiary classify their financial instruments at amortized cost. Financial instruments classified as "amortized cost" are initially recorded at fair value plus transaction costs and subsequently measured using the effective interest method, less any impairment losses.

3.14 Impairment of assets

Financial assets

Financial assets including investments accounted for using the equity accounting method are evaluated at each date of the annual Financial Statements to determine whether there is

objective evidence of impairment. The estimate for impairment of financial assets is presented in Note 8.

Non-financial assets

The carrying amounts of the non-financial assets of the Company are revised on each date of presentation to assess if there are signs of impairment loss. If such an indication occurs, then the asset is subjected to testing to confirm the recovery of its carrying amount either through sale or through use. An impairment loss is recognized if the carrying amount of the asset exceeds its recoverable value.

The impairment of an asset is the higher between its value in use and its fair value, minus sales costs. The value in use is based in estimated future cash flows, discounted to present value, using a pre-tax discount rate that reflects current market valuations and the value of money over time, and the specific asset risks.

3.15 Provisions for labor, civil, and tax risks

The Company is a party to judicial and administrative proceedings. These lawsuits are periodically evaluated by Management and its legal advisors so that a reasonable estimate of the likelihood of loss can be made. Provisions are set up for all legal proceedings in which it is probable that an outflow of funds will occur to settle the contingency or obligation.

The evaluation of the probability of loss includes evaluation of available evidence, law hierarchy, available case laws, most recent decisions by courts, and their relevance according to the law, as well as their evaluation by external lawyers. Provisions are revised and adjusted to consider changes in circumstances, such as applicable lapse of time, conclusions of tax inspections, or additional exposures identified based on new matters or court decisions.

3.16 New rules and amendments issued in 2023

CPC 12 (R1) Adjustment to Present Value

This Pronouncement aims to clarify the basic requirements to be observed when determining the present value adjustment of assets and liabilities for the preparation of financial statements. This standard replaces CPC 12 - Adjustment to Present Value approved on December 5, 2018.

The Company has analyzed CPC 12 (R1) and has not identified any significant impact due to its application.

Revision of Technical Pronouncements No. 22/2022

This document establishes changes to Technical Pronouncements CPC 15 (R1), CPC 27, CPC 20 (R1), and CPC 41 due to the repeal of CPC 08 (R1) - Transaction Costs and Premiums on the Issuance of Securities.

The Company has analyzed the changes and has not identified any significant impacts due to the application of revision No. 22/2022.

Review of Technical Pronouncements No. 23/2023

This revision establishes changes to Technical Pronouncements CPC 26 (R1) and CPC 06 (R2) due to changes in the classification of Liabilities as Current and Non-current; Non-current Liabilities with Covenants, and Lease Liability in a Sale and Leaseback Transaction. The effectiveness of these changes will be determined by the regulatory bodies that approve them, and for full compliance with international accounting standards, the entity must apply these changes in annual periods beginning on or after January 1, 2024.

The Company analyzed the changes that occurred and did not identify relevant impacts on the application of revision No. 23/2023.

Review of Technical Pronouncements No. 24/2023

This document presents changes to Technical Pronouncements CPC 03 (R2), CPC 32, CPC 40 (R1) due to changes in International Tax Reform - Pillar Two Model Rules and Supplier Financing Agreements. The effectiveness of these changes is subject to approval by regulatory bodies.

The Company analyzed the changes that occurred and did not identify relevant impacts on the application of revision No. 24/2023.

4. CASH AND CASH EQUIVALENTS

	Parent Company	Consolidated		
	31.12.23	31.12.22	31.12.23	31.12.22
Cash and banks' checking accounts	409	145	409	145
Financial investments (a)	411,935	421,746	425,873	436,596
	412,344	421,891	426,282	436,741

Comprise cash balances, demand bank deposits, and financial investments with immediate liquidity and subject to an insignificant risk of change in value. Financial investments are stated at cost, plus income earned up to the closing date of the year, with no deadlines determined for redemption and held by the Company and its subsidiary for use in their ordinary operations.

- (a) The Company and its subsidiary invest their cash in fixed income funds with low credit risk, which yielded 12.97% in the year ended December 31, 2023, and 12.1% on December 31, 2022.

5. RESELLERS

	Parent Company		Consolidated	
	31.12.23	31.12.22	31.12.23	31.12.22
a) Energy Supply - Energy supply to resellers	42,003	41,229	47,269	46,173

The balance of trade receivables from resellers is composed only of amounts falling due and, therefore, the Company understands that there is no need to record estimated losses on the realization of doubtful accounts to receive.

6. TAXES AND SOCIAL SECURITY CONTRIBUTIONS TO BE OFFSET

Refer to compensable taxes and social contributions related to services provided and acquisitions.

	Parent Company and Consolidated	
	31.12.23	31.12.22
ICMS compensable	3,258	2
INSS recoverable	248	217
ISS recoverable	7	7
PIS and COFINS recoverable	4,129	30
	7,642	256

7. TPP PIRATININGA LEASE

7.1 Background

On April 27, 2007, EMAE and Petróleo Brasileiro S.A. - Petrobras entered into a contract called the Private Lease Agreement for the Assets of the TPP Piratininga ("Lease"), with a duration of seventeen years. This contract involved the transfer of operational assets, including land and the rights to exploit electricity generation, with a total compensation of BRL 765 million, as of January 2007, to be paid in 34 semiannual installments, adjusted by the IGP-M starting from the second year. Petrobras constructed the Nova Piratininga Thermoelectric Power Plant on part of the leased land and began operating both in a combined cycle, utilizing gas and steam.

On May 21, 2008, Petrobras assigned all rights and obligations under the agreement to its wholly-owned subsidiary, Baixada Santista S.A. (BSE) which, on July 5, 2012, requested ANEEL the renewal of the concession. This renewal request was ratified on July 3, 2013, in accordance with Law No. 12.783/2013. Although the contractual concession period expired on July 7, 2015,

the Granting Authority has not yet formally responded to the request for renewal as of the approval date of these financial statements.

In the event that ANEEL does not issue a new ratifying act, the agreement provides for its resolution and a period of 60 days for the settlement of outstanding obligations and the return of leased assets.

The contract stipulates that at the end of its term, BSE is obligated to return the leased assets "in the condition of use and conservation in which they were received, considering depreciations and technological innovations inherent to the development of the Contract's operation." For this purpose, the Contract establishes the preparation of a report by a company contracted by mutual agreement between the parties, which allows for the determination of the amount of any contractual obligations referred to as patrimonial liabilities to be indemnified by BSE/Petrobras to EMAE, in addition to determining any investments made by BSE/Petrobras to be indemnified by EMAE.

The contract provides for the possibility of renewal. However, in March 2023, BSE/Petrobras formally expressed no interest in renewing it. In the same correspondence, Petrobras indicated interest in leasing the land where the TPP Nova Piratininga is located, returning the remaining assets to EMAE (TPP Piratininga and remaining areas).

Upon the maturity of the 32nd installment in December 2023, BSE/Petrobras paid part of the amount due, claiming that with the termination on April 27, 2024, their financial obligations cease. The understanding that installments 33rd and 34th, and part of the 32nd, were not due was contested by EMAE, which, through legal evaluation, considers legitimate the contract's payment for the total amount, as has been done.

This matter is currently under negotiation between the parties.

7.2 Accounting

A TPP Piratininga lease operation at its inception was classified as a finance lease due to the following reasons:

- transfer to the lessee of the risks and benefits inherent to the control and ownership of the TPP;
- at the beginning of the leasing, the present value of the minimum payments approximated the fair value of the TPP;
- the leased assets are of a specialized nature such that only the lessee could use them without relevant modifications being made.

Statement of the TPP Piratininga's leasing activity:

Parent Company and Consolidated

Account	Balance 12/31/22	Transfers	Financial Charges	Receipt	Balance 12/31/23
ASSETS					
Current	139,937	134,613	6,484	(136,458)	144,576
Non-current	127,936	(134,613)	6,677	-	-
	267,873	-	13,161	(136,458)	144,576

Statement of reconciliation of leasing amounts:

Parent company and Consolidated

	31.12.23	31.12.22
Par value of the agreement	765,000	765,000
Unrealized financial income (a)	(2,897)	(9,381)
Adjustment for inflation	744,844	738,167
Receipts	(1,362,371)	(1,225,913)
	144,576	267,873

(a) Unrealized interest on the lease contract, related to future installment receipts.

8. OTHER CREDITS

	Parent Company		Consolidated	
	31.12.23	31.12.22	31.12.23	31.12.22
Current				
Ongoing projects (a)	1,020	-	1,020	-
Amounts receivable - Free Electric Power (b)	4,144	4,144	4,144	4,144
Assigned employees (c)	1,404	1,404	1,404	1,404
CCEE guarantee (d)	25	-	33	-
Dividends receivable	6,473	-	-	-
Pirapora Energia S.A. cost sharing / reimbursements	1,043	651	-	-
Petrobrás - Operation - TPP Piratininga	-	805	-	805
Rentals / Leasing	94	217	94	217
Eduardo Yassuda O&M	440	768	440	768
Contractual fines (e)	627	626	627	626
SEEM Agreement - current SEMIL (Note 23.3)	-	529	-	529
Disposal of assets and rights	94	-	94	-
I - Rec (f)	-	-	-	21
Scrap (g)	-	12	-	12
Estimated losses on the realization of doubtful accounts (h)	(6,399)	(6,925)	(6,399)	(6,925)
	8,965	2,231	1,457	1,601

a) Expenses incurred by EMAE resulting from investment in research and development projects, in compliance with Law No. 9.991, of July 24, 2000;

- b) As a result of writ of mandamus No. 43739-91.2010.4.01.3400, filed by the Brazilian Association of Electric Power Distributors (ABRADEE), on September 15, 2010, which through an injunction dismissed the collection of the amount of Extraordinary Tariff Recomposition (RTE). EMAE constituted an estimated loss on the realization of doubtful accounts on the full balance of trade receivables from RTE;
- c) Amounts receivable for employees assigned to other entities of the São Paulo State Government. Amounts overdue for more than 360 days are registered for under "Estimated losses on the realization of doubtful accounts" line item;
- d) Contractual guarantee deposited in a bank account linked to the Chamber of Electric Energy Commercialization (CCEE) due to the Short-Term Market.
- e) Amounts charged from third parties due to delays in the execution of works, delivery of goods, and others.
- f) Right for the sale of International Renewable Energy certificates - I - REC;
- g) Demobilized assets from the ETU - São Paulo Power Plant Transformation Station, recorded at book value and sold through a bidding process in the 1st quarter of 2023.
- h) Balance of estimated losses on the realization of doubtful accounts on December 31, 2023, corresponding to BRL 6,399, includes: BRL 1,404, assigned employees; BRL 4,144, RTE; BRL 628, contractual fines; BRL 183, Operation and Maintenance (O&M) Eduardo Yassuda; and BRL 40 related to leases and rentals.

9. DEFERRED AND CURRENT INCOME TAX AND SOCIAL SECURITY CONTRIBUTION

9.1 RECONCILIATION OF INCOME TAX AND SOCIAL SECURITY CONTRIBUTION IN THE PROFIT OR LOSS

	Parent Company Income Tax		Consolidated		Parent Company Contributes*		Consolidated Corporate Name	
	2023	2022	2023	2022	2023	2022	2023	2022
Earnings before taxes and contributions	156,998	76,149	159,335	78,186	156,998	76,149	159,335	78,186
Current tax rate	25%	25%	25%	25%	9%	9%	9%	9%
Expense expectation according to the current tax rate								
	(39,250)	(19,037)	(39,834)	(19,547)	(14,130)	(6,853)	(14,340)	(7,037)
a) Effect of IRPJ and CSLL on permanent differences								
Equity accounting in subsidiary								
	6,814	6,273			2,452	2,257		
Interest on Equity	26,454	4,994	26,454	4,994	9,523	1,798	9,523	1,798
Tax incentives	2,388	2,788	2,388	2,788	-	-	-	-
Others	(560)	1254	(560)		(209)	(1001)	(209)	W
b) Presumed profit regime effect of subsidiary								
Pirapora Energia S.A		-	5,808	5,405			1,915	1,782
Accounted Income Tax and Social Security Contribution	(4,154)	(5,236)	(5,744)	(6,614)	(2,364)	(2,898)	p.III)	(3,557)
Current	(39,664)	(60,282)	(41,254)	(61,660)	(15,147)	(22,714)	(15,894)	(23,373)
Deferred	35,510	55,046	35,510	55,046	12,783	19,816	12,783	19,816
Effective tax rate	3%	7%	4%	8%	2%	4%	2%	5%

9.2 BREAKDOWN OF DEFERRED TAXES

	Parent Company and Consolidated	ASSETS		LIABILITIES	
		31.12.23	31.12.22	31.12.23	31.12.22
Income Tax					
Temporarily non-deductible provisions (a)	140,408	125,952	-	-	
Lease's deferred tax liability (b).....	-	-	24,208	53,906	
Sabesp's deferred tax liability (c).....	-	-	24,130	23,643	
ORA's deferred tax asset (d).....	76,006	57,579	-	-	
ORA's deferred tax liability (e).....	-	-	92,241	92,241	
Deferred tax liability - Asset items (f)			8,158		
Social Security Contribution					
Temporarily non-deductible provisions (a)	50,547	45,342	-	-	
Lease's deferred tax liability (b).....	-	-	8,715	19,406	
Sabesp's deferred tax liability (c).....	-	-	8,687	8,511	
ORA's deferred tax asset (d).....	27,361	20,728	-	-	
ORA's deferred tax liability (e).....	-	-	33,207	33,207	
Deferred tax liability - Asset items (f)			2,936		
	294,322	249,601	202,282	230,914	
Offsetting between Assets and Liabilities (g)	(202,282)	(230,914)	(202,282)	(230,914)	
	92,040	18,687	-		

a) Credits offset against future taxable income, calculated on temporarily non-deductible provisions, including the provision for investments in the Concession, labor, civil, and tax contingencies, and the estimated loss on the realization of doubtful accounts;

b) Recording of deferred income tax and social security contribution, calculated on the leasing of TPP Piratininga (Note 7);

c) Recording of deferred income tax and social security contribution, calculated on Sabesp financial assets (Note 23.1);

d) Deferred tax asset on the defined benefit plan (Note 17).

e) Recognition of deferred income tax and social security contribution, calculated on the adjustment to fair value of asset elements;

f) Deferred tax liabilities related to adjustments of asset items offset against income;

g) Offsetting between deferred Assets and Liabilities. Revised values at each year-end, which may be reduced as their realization becomes less likely.

Based on the technical study of profit or loss estimates, the Company estimates to recover the tax credit in the following years:

2023.....	13.710
2024.....	9.847
2025	9.847
2026	9.847
2027	9.847
2028 to 2042 ..	137,857
	190,955

The amount of BRL 190,955 corresponds to the sum of the temporarily nondeductible provisions for Income Tax and Social Security Contribution, Note 9.2 paragraph (a).

10. ESCROWS AND RELATED DEPOSITS

	Parent company and Consolidated	
	31.12.23	31.12.22
Current		
Related deposits (a)	232	612
Non-current		
Court deposits (b)	57,723	45,023
	57,955	45,635

- a) Refers to the contractual deposit linked to the Agreement with the Municipality of São Paulo for the operation and maintenance of the Eduardo Yassuda Pumping Station;
- b) These are initial deposits or appeals involving several civil, labor, and tax proceedings of the Company. EMAE questions the legitimacy of certain actions and, by court order or by the Management's own strategy, the amounts were deposited in court. The most significant deposit, BRL 18,566, refers to the action for annulment of tax debt with request for Emergency Relief, for the suspension of the enforceability of the tax liability, pursuant to article 151, item V, of the National Tax Code. EMAE noticed that the Property Tax (IPTU) for the property located at Av. Nossa Senhora do Sabará, 5312, Pedreira neighborhood, São Paulo - State of São Paulo, has undergone a significant increase. A request for its review was submitted to the Municipal Revenue Service Center of the São Paulo City Hall.

11. NON-CURRENT ASSETS HELD FOR SALE

This category includes non-current assets owned by EMAE that will be subject to disposal through a bidding process in the next 12 months.

Since 2022, the Company, based on Assessment Reports prepared by certified institutions, recorded at fair value two properties, the land related to the Parque Villa Lobos, and the Bota-Fora 14 land, both initially classified as investment properties. The park land was later exchanged for a building located on Rua Augusta, which, together with Bota-Fora 14, was reclassified as non-current Assets held for sale after deliberation at a Board of Directors meeting authorizing the disposal of both through a bidding process.

As of December 31, 2023, the following properties comprise this category:

Building located at Rua Augusta, 1626 – São Paulo, State of São Paulo

By means of State Decree No. 66.983, of July 20, 2022, the Tax Authority of the State of São Paulo was authorized to exchange a building owned by it located at Rua Augusta, 1626, São Paulo/SP, totaling BRL 82,461, with land owned by EMAE, with an area of 71,523.70 m², inserted in the Parque Estadual Villa Lobos (Villa Lobos State Park), located on Avenida Dra. Ruth Cardoso, 4800, also in the city of São Paulo, State of São Paulo, totaling BRL 94,770. EMAE shall receive in cash the return resulting from the difference between the value of the real estate properties equivalent to BRL 12,309, at the time of registration of the deed. This event was the subject of a Notice to the Market on July 21, 2022.

At a meeting of the Board of Directors held on November 8, 2022, the sale of said real estate property was authorized through bidding.

Land – Zuccolo (former bota-fora 14)

At a meeting of the Board of Directors held on March 23, 2022, the sale of said real estate property was authorized through bidding.

It should be noted that for tax purposes, sales amounts will be realized in accordance with the hypotheses provided for in paragraph 6, article 13, item 6, items 1 to 4 of the Income Tax Regulation and, for corporate purposes, the provisions of item 62 of NBC TG (R4) No. 28 – Real Estate Property for Investment will be applied.

During the fiscal year 2023, both properties were subject to a new appraisal conducted by a certified entity, adjusting their values as follows:

<u>Parent Company and Consolidated</u>					
		Other Comprehen- sive Income			
	Balance 01/01/2022		Balance 12/31/22	Result	Balance 12/31/23
ASSETS					
Zuccolo Land	17	155,750	155,767	15,233	171,000
Historical cost	17	-	17	-	17
Adjustment to fair value		155,750	155,750	15,233	170,983
Building on Rua Augusta	-	-	82,461	1,939	84,400
Historical cost		-	82,461	-	82,461
Adjustment to fair value		-	-	1,939	1,939
	17	155,750	238,228	17,172	255,400

12. INDEMNIFIABLE FINANCIAL ASSET

Refers to investments in generation infrastructure made after December 31, 2012, the cutoff date for the renewal of contracts covered by Law No. 12.783, which will be remunerated and/or reimbursed through the RAG, according to the Tariff Regulation Procedure - PRORET - submodule 12.

The Company classifies the indemnifiable financial asset in the category of financial instruments measured at amortized cost.

Activity of indemnifiable financial assets:

	Parent Company and Consolidated					
	Balance on 12/31/22	Additions (a)	Transfer	Pis/ Cofins Credit	Offset (b) Amortization (c)	Balance on 12/31/23
Current						
Financial assets.....	12,394	-	19,358	-	- (14,438)	17,314
	12,394	-	19,358	-	- (14,438)	17,314
Non-current						
Advance to suppliers	22,011	48,758	-	-	(23,834)	46,935
Financial assets.....	235,485	102,539	(19,358)	(7,028)	-	311,638
	257,496	151,297	(19,358)	(7,028)	(23,834)	358,573
TOTAL	269,890	151,297	-	(7,028)	(23,834) (14,438)	375,887

- a) Investments made in shareholder plants that increase the useful life of the units and in improvements that will bring greater efficiency in electric power production;
- b) Offset for advances made upon receipt of goods;
- c) Amortization of investments made (Note 20).

13. CONCESSION'S REVERSIBLE ASSETS

This term refers to the reversible assets of the Henry Borden Complex, Porto Góes, and Rasgão plants, which were not amortized or depreciated on December 31, 2012, and which, due to the extension of the concession under the quota system, must be indemnified by the Granting Authority, in accordance with Article 2 of Decree 7.850, of November 30, 2012, and Normative Resolution No. 596, of December 19, 2013, as amended.

In compliance with the Decree's requirements, on December 26, 2013, the Company issued an official letter to ANEEL, expressing its interest in receiving the due indemnity. Based on ANEEL Regulatory Resolution No. 942/21, EMAE submitted to ANEEL a detailed report of asset valuation for indemnification purposes in July 2022. ANEEL, after conducting due diligence on the items and values to be indemnified, established a value of BRL 281.1 million, based on December 31, 2012, and forwarded the technical evaluation to the Ministry of Mines and Energy for appropriate action.

The net carrying amount of reversible assets on December 31, 2023, and 2022, is BRL 195.4 million.

14. INVESTMENTS

	Parent Company	Consolidated		
	31.12.23	31.12.22	31.12.23	31.12.22
Pirapora Energia S.A (a)	151,787	162,424	-	-
Adjacent areas - U. São Paulo (b)	144,717	130,762	144,717	130,762
Universe Fotovoltaico Flutuante (c).....	1,503	-	1,503	-
Tota l.....	298,007	293,186	146,220	130,762

- a) The Company has full control and interest in the equity of its subsidiary Pirapora Energia S.A.

Below is a summary of the subsidiary's financial information:

	31.12.23	31.12.22
Assets	160,281	164,137
Liabilities.....	8,494	1,713
Equity.....	151,787	162,424
	2023	2022
Income for the fiscal year	27,255	25,092

Statement of Equity of the subsidiary Pirapora Energia:

	Subsidiary
	Balance on 12/31/2021
Additional dividend for 2021 paid in 2022	162,794
Equity method income.....	(14,155)
Anticipated dividends for the 1st half of 2022.....	25,092
Balance on 12/31/2022.....	(11,307)
Additional dividend for 2022 paid in 2023.....	162,424
Equity method income.....	(12,530)
Mandatory dividend	27,255
Constitution for retained earnings reserve	(6,473)
Balance on 12/31/2023	(18,889)
	151,787

b) Adjacent areas to Usina São Paulo

Properties held by the Company for rental income or capital appreciation, consisting of land and buildings not related to the Company's main activity.

Adjustment to fair value

Until June 30, 2022, assets classified as investment properties were recognized at historical cost. From the 3rd quarter of 2022, based on a certified institution's Appraisal, the Company recorded at fair value, upon transfer to investment properties, the properties named spaces A and C adjacent to Usina São Paulo, with the corresponding offset in the Adjustments to Asset Elements account, in equity. For tax purposes, the value of this goodwill will be realized in accordance with the assumptions detailed in paragraph 6, article 13, section 6, items 1 to 4, of the Income Tax Regulations. For corporate purposes, in case of disposal of the asset received in exchange, the provisions of item 62 of CPC 28 - Investment Property will be applied.

	Parent Company and Consolidated				
	Other Comprehen- sive Income				
	Balance 01/01/2022		Balance 12/31/22	Result	Balance 12/31/23
ASSETS					
Adjacent areas to Usina São Paulo	2	130,760	130,762	13,955	144,717
Historical cost	2	-	2	-	2
Adjustment to fair value	-	130,760	130,760	13,955	144,715

c) Interest in affiliate

Shareholding of 5% in the Universo Fotovoltaico Flutuante project, related to the implementation of floating photovoltaic plants in the Billings Reservoir. The first phase of the project was inaugurated in December 2023 with 5 MW of distributed generation capacity.

Universo Fotovoltaico Flutuante 12/31/23

Asset	30,061
Current Asset	10
Non-Current Asset	30,051
LIABILITIES	30,061
Current Liabilities	-
Non-Current Liabilities	-
Net Equity	30,061
RESULTS	=
Fiscal Year Results	-

15. PROPERTY, PLANT, AND EQUIPMENT

Activity in property, plant, and equipment balances as of December 31, 2023, are represented by:

Parent Company	Average annual rates of Depreciation	Balance on 12/31/22	Additions	Write-offs	Transfer	Depreciation for the fiscal year	Balance on 12/31/23
In-service Land		4,954		(2,484)			2,470
Buildings, Civil Works, and Improve-	2.0%	753		-	-	(63)	690
Machinery and Equipment	3.2%	4,483	-	-	-	(981)	3,502
Vehicles	14.3%	399		-	-	(157)	242
Fixtures and Fittings	6.3%	298	-		-	(29)	269
Subtotal		10,887	-	(2,484)	-	(1,230)	7,173
In progress		69,688	46	-		-	69,73
Parent Company Total		80,575	46	(2,484)	-	(1,230)	76,90
Consolidated	Average annual rates of Depreciation (%)	Balance on 12/31/22	Additions	Write-offs	Transfer	Depreciation for the fiscal year	Balance on 12/31/23
In-service Land		4,954		(2,484)			2,470

Reservoirs, Dams, and Water mains	2.1%	43,796	-	-	(809)	(1,071)	41,916
Buildings, Civil Works, and Improve-	2.0%	46,244	-	-	-	(1,185)	45,059
Machinery and Equipment	3.2%	59,406	9	-	(291)	(3,242)	55,882
Vehicles	14.3%	399	-	-	-	(157)	242
Fixtures and Fittings	6.3%	299	-	-	-	(29)	270
Subtotal		155,098	9	(2,484)	(1,100)	(5,684)	145,839
In progress		69,688	1,299	-	1,100	-	72,08
Total Consolidated		224,786	1,308	(2,484)	-	(5,684)	217,926

	Average annual rates of Depreciation	Balance on 12/31/21	Addi- tions	Write- offs	Transfer	Depreciation for the fiscal year	Balance on 12/31/22
Parent Company							
In-service Land							
.....		5,060		(14)	(92)		4,954
Buildings, Civil Works, and Improve-	2.0%	817		-	-	(64)	753
Machinery and Equipment	3.2%	2,724	21	-	2,372	(634)	4,483
Vehicles	14.3%	526		-	27	(154)	399
Fixtures and Fittings	6.3%	287	38	-	-	(27)	298
Subtotal		9,414	59	(14)	2,307	(879)	10,887
In progress		69,349	1,280	(8)	(933)	-	69,688
Parent Company Total		78,763	1,339	(22)	1,374	(879)	80,575

	Average annual rates of Depreciation	Balance on 12/31/21	Addi- tions	Write- offs	Transfer	Depreciation for the fiscal year	Balance on 12/31/22
Consolidated	(%)						
In-service Land							
.....		5,060		(14)	(92)		4,954
Reservoirs, Dams, and Water mains	2.1%	44,078	742	-	-	(1,024)	43,79
Buildings, Civil Works, and Improve-	2.0%	47	-	-	-	(1,131)	46,244
Machinery and Equipment	3.2%	59,556	198	-	2,372	(2,720)	59,406
Vehicles	14.3%	526	-	-	27	(154)	399
Fixtures and Fittings	6.3%	288	38	-	-	(27)	299
Subtotal		156,883	978	(14)	2,307	(5,056)	155,098
In progress		69,349	1,280	(8)	(933)	-	69,688
Total Consolidated		226,232	2,258	(22)	1,374	(5,056)	224,786

Analysis of impairment of assets

During the year 2023, the Company's management did not identify the need to record an estimate for the impairment loss of its property, plant, and equipment.

Edgard de Souza Structure

EMAE initiated negotiations to motorize the existing structures next to the Edgard de Souza dam with full use of the facilities whose assets are registered under the "Property, plant, and equipment" line item, in progress, totaling BRL 69,688 on December 31, 2023.

16. PAYROLL AND ESTIMATES

	Parent Company and Consolidated	
	31.12.23	31.12.22
Provision for vacations and charges	11,441	11,711
Profit Sharing and Bonus	4,964	4,789
	16,405	16,500

17. POST-EMPLOYMENT BENEFITS, COMPLEMENTARY RETIREMENT PLAN

EMAE sponsors two complementary retirement and pension plans for its employees, former employees, and their beneficiaries. The plans, known as PSAP/EMAE and EMAE-CD, are managed by VIVEST, a private pension fund. PSAP/EMAE has defined benefit characteristics and has been closed to new members since 2018. On the other hand, the EMAE-CD, launched in the same year, has defined contribution characteristics and does not offer actuarial risk.

Annually, the amounts of actuarial commitments related to the PSAP/EMAE plan, including contributions, costs, liabilities, and assets, are calculated by an independent actuary considering the same base date as the end of the year, and are recorded in accordance with CPC 33 (R) / IAS 19 - Employee Benefits. The liability recognized in the statement of financial position in relation to defined benefit plans represents the present value of the PSAP/EMAE obligation, discounted at the fair value of plan assets. Any actuarial gains or losses are directly recorded in equity under "Other Comprehensive Income" line item.

The actuarial assessment of the PSAP/EMAE is conducted considering the characteristics of each of the three subplans, namely:

- Settled Proportional Supplementary Benefit (BSPS);
- Defined benefit (BD), and
- Variable Contribution (CV).

The creation of the PSAP/EMAE subplans dates back to 1997, when the plan offered to employees and retirees at the time was settled. These subplans have the following characteristics:

a) BSPS paid plan – effective until 1997

This is the coverage within the Defined Benefit modality related to a Benefit paid on December 31, 1997, covering, therefore, only participants enrolled up to that date, and which is based on coverage of the average salary at the time, adjusted and the proportion of the right acquired until the date of settlement. EMAE is fully responsible for any actuarial insufficiencies found in the BSPS.

b) BD Plan – started in 1998 (closed to new subscriptions in 2018)

This is the coverage under the Defined Benefit modality, based on 70% of the average salary for the 36 months prior to the start of the benefit. Pursuant to current regulations, EMAE is responsible for covering 50% of any actuarial insufficiencies found in the BD.

c) CV Plan – started in 1998 (closed to new subscriptions in 2018)

This is an additional supplementation based on the total retirement account balance of the participant, multiplied by a conversion factor, which will depend on the participant's choice considering the income options: (i) calculated by percentage of the account balance, (ii) fixed-term income, or (iii) lifetime income with defined benefit features.

The balance of the total retirement account includes individual contributions and contributions from the sponsor, the latter being responsible, in the case of the defined benefit option (iii), for equalizing only any actuarial deficits related to its contributions.

Changing the PSAP/EMAE adjustment index

The National Superintendence of Complementary Pensions - PREVIC approved, through Ordinance No. 201, the change of the plan's index from IGP-DI to IPCA starting from May 2021. This action mitigated an important risk of mismatch between the correction of PSAP/EMAE assets and liabilities.

As of December 31, 2023, the value of post-employment benefit obligations related to complementary pensions administered by Vivest corresponds to BRL 413,884 which adjusted by independent actuarial valuation, in accordance with CPC 33 (R1), results in a balance of BRL 358,121.

PSAP/EMAE Investment Policy

The plan's investment policy, defined through a joint management of assets and liabilities ("Asset Liability Management"), resulted in an average allocation in the year of 83% in fixed income, 11% in variable income, and 6% in other segments, achieving consolidated profitability of 10.87% in 2023, against the actuarial target of 10.10% in the same period.

Actuarial assumptions for calculation according to CPC 33 (R1)S

The main actuarial assumptions used to determine the actuarial obligation are as follows:

	<u>31.12.23</u>	<u>31.12.22</u>
Nominal rate used for present value discounting of actuarial liability	9.39%	10.12%
Expected rate of return on plan assets	10.12%	10.12%
Future salary growth rate	3.75%	1.01%
Adjustment index for benefits granted on a continuous basis	3.75%	3.75%
Factor to preserve the purchasing power of benefits/salary	3.75%	3.75%
Turnover rate.....	Not adopted	Not adopted
	AT - 2000	AT - 2000
	Male	Male
General mortality table	Smoothed by 10%	Smoothed by 10%
	AT-49 Male	AT-49 Male
Disabled mortality table	Aggravated by 10%	Aggravated by 10%
	Mercer Disability	Mercer Disability
	Male	Segregated by
Disability entry table.....	smoothed by 50%	Gender smoothed by 50%
BSPS	<u>12/31/23</u>	<u>12/31/22</u>
No. of active participants	283	290
No. of inactive retired -not for invalidity participants	741	740
No. of inactive retired - for invalidity participants	29	29
No. of inactive pensions - participants	101	95
BD	<u>31.12.23</u>	<u>31.12.22</u>
No. of active participant	307	318
No. of inactive retired -not for invalidity participants	724	722
No. of inactive retired - for invalidity participants	28	28
No. of inactive pensions - participants	98	92
CV	<u>31.12.23</u>	<u>31.12.22</u>
No. of active participants	303	314
No. of inactive retired -not for invalidity participants	485	478
No. of inactive retired - for invalidity participants	14	14
No. of inactive pensions - participants	51	50

Actuarial assessment

In the actuarial assessment of the plans, the projected unit credit method was used. The benefit plan's net assets are valued at market value (mark-to-market).

Reconciliation of assets and liabilities

	B.S.P.S.		B.D.		C.V.		TOTAL	
	31.12.23	31.12.22	31.12.23	31.12.22	31.12.23	31.12.22	31.12.23	31.12.22
Total actuarial liability	1,183,913	1,080,331	470,304	486,682	87,426	77,040	1,741,643	1,644,054
Fair value of assets (mark to market)	(836,133)	(798,075)	(500,623)	(466,534)	(60,091)	(55,555)	(1,396,847)	(1,320,164)
Asset capping effect			30,319	(10,074)	(16,994)	(14324)	13,325	(24398)
Net liabilities (assets)	347,780	282,256		10,074	10,341	7,162	358,121	299,492

Activity of plan obligations

	B.S.P.S.		B.D.		C.V.		TOTAL	
	31.12.23	31.12.22	31.12.23	31.12.22	31.12.23	31.12.22	31.12.23	31.12.22
Present value of the total net actuarial obligation	1,080,331	1,169,721	486,682	541,316	77,040	108,660	1,644,053	1,819,697
Cost of current service			4,643	7,138	37		4,680	7,138
Interest on actuarial obligations	104729	104,653	48,227	49,422	7,780	9,733	160,736	163,808
Obligation resizing	92,386	(103,115)	(49,390)	(90,924)	6,210	(41,024)	49,206	(235,063)
Benefits paid	(93,536)	(90,928)	(21,682)	(20,270)	(3,641)	(329)	(118,859)	(111,527)
Participants' contributions	3		1,824					
Present value of the total net actuarial obligation	1,183,913	1,080,331	470,304	486,682	87,426	77,040	1,739,816	1,644,053

Activity of plan assets

	B.S.P.S.		B.D.		C.V.		TOTAL	
	31.12.23	31.12.22	31.12.23	31.12.22	31.12.23	31.12.22	31.12.23	31.12.22
Fair value of plan assets	(798,076)	(779,912)	(466,534)	(457,915)	(55,554)	(45,738)	(1,320,164)	(1,283,565)
Company contributions to the plan	(54,911)		(1,788)		(1,123)	(10,003)	(57,822)	(10,003)
Expected return on the plan assets	(76,164)	(68,479)	(46,188)	(41,683)	(5,605)	(3,894)	(127,957)	(114,056)
Return on plan assets (higher)/ lower than the discount rate	(515)	(36,780)	(5,971)	15,171	(1,450)	9,538	(7,936)	(12,071)
Participant contributions to the plan	(3)	(3,832)	(1,824)	(2,377)		(5,786)	(1,827)	(11,995)
Benefits paid by the plan	93,536	90,928	21,682	20,270	3,641	329	118,859	111,527
Fair value of plan assets	(836,133)	(798,075)	(500,623)	(466,534)	(60,091)	(55,554)	(1,396,847)	(1,320,163)

Reconciliation of the net amount of the actuarial liability

	B.S.P.S.		B.D.		C.V.		TOTAL	
	31.12.23	31.12.22	31.12.23	31.12.22	31.12.23	31.12.22	31.12.23	31.12.22
Net amount of total actuarial liabilities (assets) at the beginning of the year	282,255	389,808	10,074	41,700	7,162	20,974	299,491	452,482
Expense / (revenue) recognized in the Statement of Profit and Loss	28,565	36,174	6,682	14878	2,212	5,839	37,459	56,891
Company contribution to the plan	(54,911)	(43,274)	(1,788)		(1,123)	(10,003)	(57,822)	(53,277)
Participant contributions to the plan		(3,832)		(2,377)		(5,786)		(11,995)
Actuarial loss (gain) on ORA	91,871	(96,621)	(14968)	(44,127)	2,090	(3,862)	78,993	(144,610)
Effect of Asset Cap/Risk Sharing						(14324)		(14,324)
Closing balance	347,780	282,255		10,074	10,341	(7,162)	358,121	285,167

Sensitivity analysis

	B.S.P.S.		B.D.		C.V.		TOTAL	
	31.12.23	31.12.22	31.12.23	31.12.22	31.12.23	31.12.22	31.12.23	31.12.22
Discount rate to be reduced by 0.50%	1,237,815	1,137,426	496,065	512,403	94506	81,112	1,828,386	1,730,941
Discount rate to be increased by 0.50%	1,134,042	1,023,235	446,752	460,960	80,919	72,968	1,661,713	1,557,163
Inflation to be reduced by 0.50%	1,183,913	1,078,083	470,304	485,668	87,426	76,719	1,741,643	1,640,470
Inflation to be increased by 0.50%	1,183,913	1,075,179	470,304	500,299	87,426	77,076	1,741,643	1,652,554
Wage growth to be reduced by 0.50%	1,183,913	1,080,843	470,304	484,784	87,426	77,077	1,741,643	1,642,704
Wage growth to be increased by 0.50%	1,183,913	1,072,797	470,304	492,846	87,426	76,879	1,741,643	1,642,522
Benefit adjustments to be reduced by 0.50%	1,183,913	1,078,083	470,304	485,668	87,426	76,719	1,741,643	1,640,470
Benefit adjustments be increased by 0.50%	1,183,913	1,075,179	470,304	500,299	87,426	77,076	1,741,643	1,652,554

Activities in actuarial measurements recognized in "Other comprehensive income" are as follows:

	31.12.23	31.12.22
(a) Balance at the beginning of the Fiscal Year-----	(152,007)	(259,534)
(b) Actuarial gain (loss) generated by the..... discount rate (116,554)		174,691
(c) Actuarial gain (loss) generated by demographic experience	67,353	34,862
(d) Actuarial gain (loss) generated by demographic assumption.....	5	25,510
(e) Actuarial gain generated by the effective return on plan assets	7,936	(31,203)
(f) Change in "asset cap" other than interest	(37,723)	(59,251)
(g) Effect of debt re-structuring payments	5,278	18,311
(h) Effect on the Statements of Comprehensive Income (b+c+d+e+f+g)	(73,705)	162,920
(i) Effect of income tax and social security contribution	25,060	(55,393)
Balance at the end of the year (a+h+i)-----	(200,652)	(152,007)

The estimated expense for 2024 is shown below:

	2024
Current service costs	(157,276)
Interest on actuarial obligation	128,042
Expected return on plan assets	(4)
Interest on the (maximum limit of asset recognition) / onerous liability	(1,251)
Total expense projected for the fiscal year	(30,489)

Financial Assessment of Benefit Plans with Vivest

With the settlement of the plan that was offered to employees until 1997, a reserve adjustment agreement was formalized to amortize the actuarial technical deficit of BSPS between EMAE and Fundação CESP at the time and current VIVEST.

The agreement is in the third amendment due to expire in March 2032. With the change in the plan index to IPCA, the current balance of the agreement is also updated by the IPCA from May 2021 and is integrated annually to the surplus or deficit determined in each actuarial assessment, recalculating the amortization installments based on this new balance and the term of the agreement.

According to the applicable regulations and legislation, any deficits in the BD and CV subplans must also be assessed, and the CV subplan has already required equations for the deficits determined in the years 2015 and 2018 to 2021, with no need for equations due to the 2023's actuarial assessment.

The difference between the balances presented in the equating agreements and the liability recorded in accordance with CPC 33 (R1)/IAS19 arises from the difference between the accounting methodologies used for each purpose. As of December 31, 2023, the difference between these two methodologies is as follows:

Subplan	Assets	Liabilities	Total Deficit	Sponsor Deficit on 12.31.23
BSPS.....	836,133	1,183,913	347,780	347,780
BD.....	500,623	470,304	(30,319)	-
CV.....	60,091	87,426	27,335	10,341
Total	1,396,847	1,741,643	344-.796	358,121

Criterion - Actuary responsible for the plan - Previc Method

Subplan	Assets	Liabilities	Total Deficit	Sponsor Deficit on 12.31.23
BSPS.....	836,133	1,245,367	409,234	409,234
BD.....	500,623	501,133	510	-
CV.....	205,927	241,457	35,530	4,650
Total	1,542,683	1,987,957	445,274	413,884

Estimate of benefit cash flows for the upcoming years:

	BSPS	BD	CV	Total
2024.....	100,651	32,649	6,772	140,072
2025.....	103,352	34,416	7,021	144,789
2026.....	105,943	36,003	7,258	149,204
2027.....	108,429	37,766	7,486	153,681
2028.....	110,749	39,334	7,719	157,802
Next 5 years.....	581,724	219,859	41,630	843,213
	1,110,848	400,027	77,886	1,588,761

18. PROVISION FOR LABOR, CIVIL, AND TAX RISKS

1.1. CONTINGENCIES – POSSIBILITY OF PROBABLE LOSS

Parent Company and Consolidated					
	balance 31.12.22	Provision	Reversal	Payment	Balance 12/31/23
Non-current					
Labor					
Hazard pay (a).....	40,659	6,926	(31,240)	(3,577)	12,768
Various (b).....	22,499	49,194	(29,418)	(19,555)	22,720
	63,158	56,120	(60,658)	(23,132)	35,488
Civil (c).....	45,589	8,363	(1,793)	-	52,159
Taxes (d).....	5,822	12,682	(7,642)	-	10,862
Environmental (e).....	5,954	681	(38)	-	6,597
Administrative.....	10	93	(10)	-	93
	120,533	77,939	(70,141)	(23,132)	105,199

A) Hazard Pay

This concerns a collective labor claim brought by the Union of Electricity Workers of São Paulo against EMAE on July 7, 1999, seeking payment of hazard pay for all employees then existing in the Company's workforce. The action was found in favor only of 104 employees, and the judgment was upheld at all levels of appeal, with finality of the decision. The likelihood of success in this action was classified as probable loss by the Company's attorneys. Upon entering the execution phase of the judgment, the calculations presented by the court-appointed expert were approved, which significantly differed from the terms of the executing judgment. The expert report covered 32 employees, those who did not reach an agreement in the process. EMAE challenged the nullity of the judicial expertise for not being conducted in the manner determined by court order. However, the decision for accounting expertise was upheld by the judge. As a result, on March 3, 2023, EMAE filed a Petition for Review, and on March 10, 2023, EMAE filed a Writ of Mandamus, both with the same objective but with different procedural reasons. The Petition for Review aims to annul the judicial expertise performed, arguing that the final judgment requires that the amounts awarded be determined through specific liquidation procedures and not merely accounting. The Writ of

Mandamus - Case No. 1005331-61.2023.5.02.0000 - has the same objectives and grounds as the Petition for Review but was filed to provide greater procedural security. During the third quarter of 2023, based on an accounting report prepared by a certified entity, the company reclassified part of the amount classified as "probable" to "possible" due to the possibility of success in the Petition for Review and Writ of Mandamus, respectively filed and petitioned, as well as due to the realization of judicial agreements in lesser amounts with some of the employees favored in the action. The probability classification of the present process remains as "probable"; however, according to internal convention, part of the amounts was reclassified to "possible". These correspond to the difference between the calculations approved by the court (deducting the values of agreements already made in the period) and the calculations presented by EMAE in its objection, plus 15% for attorney fees.

B) Various

Refer to several lawsuits arising from lawsuits filed by employees and former employees, which generally require the payment of salary parity, hourly rate, unhealthy conditions, and other issues.

C) Civil

Refer to various civil proceedings of a general nature under discussion in the judicial sphere, with the most relevant being the process resulting from ANEEL Dispatch 288/2002 in which the Company is involved as a passive co-defendant in an action filed by AES SUL Distribuidora Gaúcha de Energia S.A., which seeks the right not to opt for the so-called "exposure relief" regarding the rationing period that occurred in 2001. This allows for the provision of the appeal filed by AES Sul, against which EMAE and other Interested Parties have filed motions for clarification. Currently, said appeals are awaiting judgment.

The Company considers that the lawsuit continues with the estimated probability of loss as probable on December 31, 2023, with the amount provisioned for this cause being BRL 44,141 (BRL 40,512 on December 31, 2022).

D) Taxes

Refers mainly to an Action for annulment of tax debt with request for Emergency Relief, for the suspension of the enforceability of the tax liability, pursuant to article 151, item V, of the National Tax Code. It was verified that the IPTU of the Real Estate Property located at Av. Nossa Senhora do Sabará, 5312, Pedreira, State of São Paulo, had a significantly higher value, requiring, together with the Service Center of the Municipal Tax Authority of the Municipal Government of São Paulo, the review of the collection, occasion on which the Municipality instructed the Company to make the request through an electronic process via the website. As of December 31, 2023, although EMAE's success in the claim is likely, there remains an estimated payment amount of BRL 9,272.

E) Environmental

The most relevant process refers to the Public-Interest Civil Action of 2015 proposed with the objective of holding EMAE responsible for the death of fish in the Tietê River and Córrego do Ajudante stream in the city of Salto due to the discharge carried out in the dams of Pirapora, Rasgão, and Porto Góes, which would have caused the detachment of the sediments

deposited at the bottom of the dams. The process is accounted for as a probable loss, and as of the period ending on December 31, 2023, it amounts to BRL 6,508.

18.2 CONTINGENCIES – PROBABILITY OF POSSIBLE LOSS

The contingencies on December 31, 2023, in their different types evaluated and classified according to their probability of economic and financial risk as a possible loss, are shown below:

Parent Company and Consolidated		
Type	Possible	
	31.12.23	31.12.22
Administrative	204	295
Environmental	5,035	143,400
Civil	2,630	1,726
Labor	31,276	5,585
Taxes	85,677	57,697
	124,822	208,703

a) Administrative

The most relevant amount pertains to the administrative challenge of the IPTU assessed value for an area located on Estrada do Alvarenga, Jardim Pedreira, São Paulo – State of São Paulo. On December 31, 2023, the amount in dispute was BRL 189.

b) Environmental

The main environmental lawsuit classified as a possible loss refers to a Public Civil Action proposed by the Public Defender's Office of São Paulo in 2010 against DAEE, EMAE, SABESP, and the State of São Paulo, for alleged social problems arising from flooding in Jardim Pantanal, in the East Zone of São Paulo. On the merits, it was demonstrated that the responsibility for the alleged material and moral damages lies with the government, not EMAE, and no causal link was demonstrated between its activities and the flooding of Jardim Pantanal. In May 2018, the Public Prosecutor's Office requested the scheduling of a hearing with the parties to attempt conciliation. Subsequently, EMAE expressed that it did not oppose holding the hearing; however, there was no proposal for an agreement, since it is not responsible for the damage, reiterating the request for exclusion from the lawsuit. On December 31, 2023, the value of the lawsuit corresponds to BRL 4,315.

c) Civil

Refers to a lawsuit for compensation for material and moral damages resulting from a flood that occurred on February 10, 2020, allegedly caused by the opening of the floodgates of the Pirapora do Bom Jesus Dam. On December 31, 2023, the value of the lawsuit corresponds to BRL 467.

d) Labor

The main value pertains to the contentious part of the collective action filed by the Union of Electricity Workers on July 7, 1999, before the Labor Court of São Paulo, case No. 01767006319995020039 - 39th Court, seeking payment of hazard pay for all employees then existing in the Company's workforce. (See note 18.1, subparagraph (a) Hazard Pay).

e) Taxes

Tax foreclosure processes in which the Municipal Government of Cubatão charges the Urban Real Estate Tax (IPTU), contained in the Certificate of Overdue Tax Liability that instructed the process in question, arising from the years 2014 to 2021 referring to the real estate property owned by Eletropaulo, pointing the judgment debtors as co-responsible. On December 31, 2023, the value of the two lawsuits corresponds to BRL 39,073.

During the fiscal year, a reclassification from remote to possible was made for a tax enforcement process aimed at collecting debts of IPTU from the years 2000 to 2004 related to a property located in the municipality of Carapicuíba. The provisioned value for this corresponds to BRL 6,038. In addition to that, we have evaluated the controversial amount of BRL 11,523 related to the IPTU of a property located at Av. Nossa Senhora do Sabará, 5312, Pedreira - State of São Paulo, as a possible loss.

18.3 CONTINGENT ASSETS

The company is currently facing 21 expropriation proceedings with a potential total indemnity for EMAE of BRL 68,843.

19. SPECIAL OBLIGATIONS - GLOBAL REVERSION RESERVE (RGR)

The Company, since its incorporation in 1998, arising from the spin-off of Eletropaulo, has an initial balance recorded in the "Special Obligations - RGR (Global Reversion Reserve)" line item, of BRL 16,202, which remained unchanged until December 31, 2017. During this period, the Company paid only the corresponding interest, as established in current legislation. However, with the enactment of Decree No. 9.022, of March 31, 2017, from January 2018 to December 2027 (10 years), based on new legislation in force, said amount is being amortized on a monthly basis through payment to the Electric Energy Trading Chamber (CCEE).

	Parent Company and Consolidated						
	31.12.22	Transfer	Interest	Interest payment	Principal payment		31.12.23
Current							
Special Obligations - RGR	1,801	1,800	312	(312)	(1,800)		1,801
Non-current							
Special Obligations - RGR	5,399	(1,800)	-	-	-		3,599

20. OTHER OBLIGATIONS – INVESTMENTS IN THE CONCESSION

Correspond to the provision for investments in shareholder power plants due to the obligations established in the 2nd Amendment to the Concession Agreement and in Sub-module Proret 12.1 – Tariff Regulation Procedures issued by Brazilian Electricity Regulatory Agency (ANEEL), in compliance with the established criteria in CPC 25 – Provisions, Contingent Liabilities, and Contingent Assets. The provisioned amounts are accounted for in accordance with the Investment Plan and show the following changes in the fiscal year:

	Balance 12/31/22	(a) Provision	Transfer	Amortization	Balance 31.12.23
Liabilities					
Current.....	12,394	-	19,358	(14,438)	17,314
Non-current	359,167	87,944	(19,358)	-	427,753
	371,561	87,944	-	(14,438)	445,067

The provision aims to preserve financial resources received throughout the concession period intended for the implementation of the Investment Plan in the quota-holding plants in order to comply with the contractual provisions of the 2nd Amendment to the Concession Contract. The Investment Plan is updated at least every Tariff Review (every five years) conducted by ANEEL.

21. OTHER OBLIGATION – COMGÁS

These are four permission agreements with Comgás for the use of areas for consideration for the installation of construction sites, valve areas, a gas measuring and receiving station (city gate), general repair work on the station's piping, and equipment of Pressure Regulation and PIG Receiver, effective until November 30, 2042. EMAE received in advance the amount of BRL 10,982, whose appropriation in its profit or loss has been occurring on a straight-line basis throughout the year. Until December 31, 2023, EMAE recorded the amount of BRL 628 in the Company's Profit or Loss.

22.OTHER LIABILITIES

	Parent Company and Consolidated	
	31.12.23	31.12.22
Court Deposits (a)	602	3,911
Reverse split	592	592
Contractual collateral - DATA ROOM (b)	2,510	-
Insurance payable	193	590
	3,897	5,093

- a) The liability for judicial deposits refers to labor claims that have already been finalized and with judicial deposits that have not yet been released in favor of the counterparty;
- b) Collateral provided by the companies interested in the privatization process of the Company.

23.TRANSACTIONS WITH RELATED PARTIES

The Company participates in transactions with related parties, described below:

23.1. FINANCIAL ASSET – SABESP AGREEMENT

Since 2014, the Company has been negotiating an agreement with Sabesp with the objective of resolving the two lawsuits that were being processed in the judicial and arbitration level related to the use of water from dams managed by EMAE. The negotiations resulted in the signing of a Private Instrument of Transaction and Other Covenants ("Instrument") for the settlement of all disputes, pursuant to the material fact issued on October 28, 2016, by the Company.

After compliance with the Conditions Precedent, including ANEEL's consent, and the approval of said amendment by the Boards of Directors of EMAE and SABESP, the Instrument became fully effective.

This Instrument and its amendment determined the receipt by EMAE of BRL 218,130, as of 2017, distributed as follows: a) BRL 46,270, in five annual and successive installments of BRL 9,254 as compensation; and b) BRL 171,860, in twenty-six annual and successive installments of BRL 6,610, as offset for expenses, both adjusted for inflation by the IPCA.

On December 31, 2023, the Company has a receivable balance of BRL 96,521, of which BRL 87,813 are classified in non-current assets.

Statement of the changes of Sabesp's Agreement:

The adjustment to present value was calculated using an average interest rate of 6.89% plus a risk premium of 1.29%, both per year, applied over the agreement term.

Parent Company and Consolidated					
	Balance 12/31/22	Transfers	Financial Charges	Receipt	Balance 12/31/23
ASSETS					
Current					
Sabesp.....	13,194	9,635	-	(9,371)	13,458
Adjustment to present value ..	(4,871)	(4,750)	4,871		(4,750)
	8,323	4,885	4,871	(9,371)	8,708
Non-current					
Sabesp.....	142,572	(9,635)	6,448	-	139,385
Adjustment to present value ..	(56,322)	4750	-	-	(51,572)
	86,250	(4 885)	6,448	-	87,813
	94,573	-	11,319	(9,371)	96,521

Present value of long-term installments to be received by the end of the agreement, by maturity year:

2025.....	8.141
2026.....	7.611
2027.....	7.115
2028.....	6.652
2029 to 2042.....	58,294
	87,813

23.2. OPERATION AND MAINTENANCE AGREEMENT BETWEEN EMAE AND PIRAPORA

In December 2020, with the prior consent of Brazilian Electricity Regulatory Agency (ANEEL), EMAE entered into an Agreement with its subsidiary - Pirapora Energia S.A, for the sharing of personnel costs. During the years 2023 and 2022, based on the agreement, EMAE received reimbursement of personnel expenses in the amount of BRL 5,611 and BRL 4,578, respectively.

23.3. AGREEMENT ENTERED INTO WITH SECRETARIAT FOR THE ENVIRONMENT, INFRASTRUCTURE, AND LOGISTICS

On July 16, 2018, the Company entered into a technical-operational cooperation agreement with the then State Secretariat for Energy and Mining (SEEM), current Secretariat for the Environment, Infrastructure, and Logistics (SEMIL), with the purpose of combining efforts for the development of studies and projects in the energy sector, with a view to optimization, rationalization, quality control, and standards of provision of energy supply in the State of São Paulo, through partnerships in the use of technical knowledge and technologies. The Secretariat initiated discussions for the termination of the agreement in 2019, suspending activities, and the remaining amount was settled in 2023.

23.4. EMPLOYEE ASSIGNMENT

Refers to the assignment of EMAE employees, upon reimbursement from the current Secretariat of Regional Development, Secretariat of Infrastructure and Environment, and Regulatory Agency for Public Services of the State of São Paulo, bodies of the Administration

of the State of São Paulo. On December 31, 2023, the balance receivable totals BRL 1,404, see Note 8, letter (c).

23.5. COMPENSATION OF THE KEY MANAGEMENT PERSONNEL

According with CPC 05(R1) – Disclosure on related parties, the Company informs that during the years 2023 and 2022, expenditures related to the compensation of key management personnel were:

Related Parties (a)	2023		2022	
	no. of mem- bers	Compensation	no. of mem- bers	Compensation
Statutory Board (*).....	4.00	2,501	4.00	2,172
Fiscal Council	10.00	395	5.00	342
Board of Directors	10.00	1,441	11.00	1,259
Audit Committee	3.00	566	3.00	503
	27.00	4,903	23.00	4,276

The Audit Committee consists of 5 members, one of whom is a member of the Board of Directors and is exclusively remunerated by the Committee.

24.EQUITY

24.1. CAPITAL

The paid-up capital of BRL 285,411 is divided into 14,705,370 common shares and 22,241,714 preferred shares, all nominative book-entry shares with no par value.

NAME	COMMON		PREFERRED		TOTAL	
	Shares	%	Shares	%	Shares	%
Centrais Elétricas Bras S.A. Eletrobrás	-	-	14,416,333	64.82	14,416,333	39.02
Tax Authority Office of the State of São Paulo	14,353,442	97.61	50,981	0.23	14,404,423	38.99
Companhia do Metropolitano de São Paulo	350,832	2.39	-	-	350,832	0.95
Others.....	1,096	-	7,774,400	34.95	7,775,496	21.04
TOTAL	14,705,370	100.00	22,241,714	100.00	36,947,084	100.00

During the years ended December 31, 2023, and 2022, no new shares were issued.

According to the Company's articles of incorporation, regardless of statutory amendment, the capital may be increased up to the maximum limit of BRL 1,116,050 upon resolution of the board of directors and prior discussion of the supervisory board.

Each common share will correspond to one vote in the resolutions of the general meeting. Preferred shares will not have voting rights, but will be entitled to: a) priority in the

reimbursement of capital, based on paid-up capital, without the right to premium, in the event of liquidation of the company; **b)** right to participate in capital increases resulting from adjustment for inflation and the capitalization of reserves and profits, receiving shares of the same type; **c)** right to dividends ten percent (10%) greater than those attributed to common shares; and **d)** right to elect and remove a member of the board of directors in a separate vote, under the conditions set forth in Law 6.404/76 and its amendments.

24.2. EARNINGS PER SHARE – BASIC AND DILUTED

Preferred shares are entitled to dividends on earnings 10% higher than those attributed to common shares. The earnings per share values in the table below contemplate this condition.

Calculation of earnings per share for the years ended December 31, 2023, and 2022 (in thousands, except per share):

Parent Company and Consolidated				
		2023		2022
Net income for the fiscal year _____	BRL	150,480	BRL	68,015
Number of Common Shares.....		14,705,370		14,705,370
Number of Preferred Shares		22,241,714		22,241,714
Total _____		36,947,084		36,947,084
Basic and diluted earnings per share				
Preferred Share.....	BRL	4.22575	BRL	1.90999
Common Share.....	BRL	3.84159	BRL	1.73635

The weighted average number of shares adopted in the calculation of basic earnings per share coincides with the weighted average number of shares adopted in the calculation of diluted earnings per share, since there are no financial instruments with the potential for dilution.

24.3. ALLOCATIONS OF NET INCOME FOR THE FISCAL YEAR

	2023	2022
Net income for the fiscal year	150,480	68,015
(-) Constitution of legal reserve (5%)	7,524	3,401
(=) Remaining profit after reserve	142,956	64,614



Mandatory dividend (25%)	35,739	16,154
(-) JCP paid in the year (a)	64,645	(19,974)
(-) Constitution of statutory reserve for recomposition of assets	78,311	0
Realization of unrealized profits reserve	28,243	7,777
(=) Remaining profit	-	-

(a) Payment of Interest on Equity (JCP) - During the 2023 year, the Company decided at an Executive Board's Meeting and approved at a Board of Directors' Meeting, the payment of Interest on Equity in the amount of BRL 64,645 for the fiscal year 2023.

The Company's Management also proposes the following allocations:

- (i) Constitution of a Legal Reserve in the amount of BRL 7,524;
- (ii) JCP of BRL 64,645 paid in 2023 and allocated to the minimum mandatory dividend of BRL 35,739.
- (iii) Realization of the Unrealized Profits Reserve in the amount of BRL 28,243, and
- (iv) Constitution of a Reserve for asset recomposition in the amount of BRL 78,311.

24.4. DIVIDEND PER SHARE

The dividend per share for the years ended December 31, 2023, and 2022 (in thousands, except per share), corresponds to:

	2023	2022
Distribution of income for the fiscal year (a)	92,888	72,392
As JCP	64,645	61,143
As Dividend	28,243	11,248
JCP per share	BRL	BRL
Common Share	1.65032	1.56092
Preferred Share	1.81535	1.71702

Dividend per share	BRL	BRL
Common Share	0.72101	0.28716
Preferred Share	0.79311	0.31587

- a) Mandatory dividend for the year plus the proposal for additional dividends, subject to approval at the AGM, and the realization of the unrealized profits reserve.

24.5. CHANGES IN PROFIT RESERVES

The table below shows the changes in profit reserves on December 31, 2023, and 2022:

Parent company and Consolidated		
	31.12.23	31.12.22
Opening balance of profit reserves at the beginning of the year	315,491	319,867
Constitution of legal reserve.....	7,524	3,401
Realization of unrealized profits reserve	(28,243)	(7,777)
Constitution of the reserve for recomposition of Assets	78,311	-
Closing balance of profit reserves at the end of the year	373,083	315,491

24.6. CHANGES FROM OTHER COMPREHENSIVE INCOME

The activity in other comprehensive income reflect the results determined in the BSPS, BD, and CV subplans of the Vivest-EMAE complementary pension plan in the fiscal years 2022 and 2023, in addition to the recognition at fair value of the Company's assets in 2022, as per Note 17.

Parent Company and Consolidated		
	31.12.23	31.12.22
Balance at the beginning of the fiscal year	91,510	(259,534)
Adjustment of Asset elements		
Fair value:		
Parque Villa Lobos	-	54,419
Spaces A and C - Usina São Paulo	-	86,303
Bota Fora 14	-	102,795
Adjustment of Liability elements		
Actuarial Surplus (Deficit)	(48,645)	107,527
Balance at the end of the fiscal year	42,865	91,510

24.7. DIVIDEND AND INTEREST ON EQUITY RECONCILIATIONS

The following shows the change in dividends and interest on equity in the 2023 year:

Parent Company and Consolidated	
Balance of Interest on Equity and Dividends on 12/31/22.....	10,532
Proposed additional dividend	44,640

Interest on equity declared in the fiscal year	64,645
Dividends and JCP paid in 2023	(106,540)
Withholding Income Tax on JCP	(9,934)
Dividends through the realization of profits to be realized	28,243
Balance of Interest on Equity and Dividends on 12/31/23	31,586

25.NET REVENUE

25.1. RECONCILIATION OF NET OPERATING REVENUE

	2023	2022	2023	2022
REVENUE				
Electric power quotas (Note 25.2)	506,157	472,754	506,157	472,754
Electric power supply - auction (Note 25.2)	-	-	45,288	42,371
Short-term electric power - CCEE (Note 25.2)	16	5	817	523
Income from services rendered (Note 25.3)	14,943	12,249	14,943	12,249
Other revenues	3,253	3,305	3,287	3,326
Revenues related to the construction of concession assets (Note 12)	102,539	68,085	102,539	68,085
	626,908	556,398	673,031	599,308
DEDUCTIONS FROM REVENUE				
COFINS on operating revenues	(51,628)	(49,477)	(53,012)	(50,764)
PIS on operating revenues	(11,209)	(10,742)	(11,509)	(11,021)
Tax on services (ISS)	(747)	(649)	(747)	(649)
Research and development	(4,437)	(4,189)	(4,437)	(4,189)
	(68,021)	(65,057)	(69,705)	(66,623)
NET REVENUE	558,887	491,341	603,326	532,685

25.2. ELECTRIC POWER SOLD

		MWh (*)		BRL		MWh (*)		BRL	
		2023	2022	2023	2022	2023	2022	2023	2022
Physical Quotas (a)	Guarantee power								
Electric quotas		1,532,095	753,370	506,157	472,754	1,532,095	753,370	506,157	472,754
Supply (b)	Auction	-	-	-	-	130,819	123,569	45,288	42,371
Electric Power Trade Chamber - CCEE (c)	Short-term electric power	-	-	16	5	-	-	817	523
Total		1,532,095	753,370	506,173	472,759	1,662,914	876,939	552,262	515,643

(*) Not audited by independent auditors

- a) Physical guarantee quotas were introduced by Law 12.783/2013 and are related to the allocation to distributors of the physical guarantee of the plants that signed an amendment extending the term of the concession. These plants are now remunerated by the RAG, see other information in Note 1;
- b) Electric power sale operations to other electric power concessionaires are classified as "supply," generally through agreements signed in auctions in the ACR;
- c) Includes billing amounts for available electric power traded within the scope of the CCEE.

25.3. INCOME FROM SERVICES PROVIDED

Refers to revenue arising from the provision of operation and maintenance services by EMAE, as follows:

	Parent Company and Consolidated	
	2023	2022
Petrobras (TPP's) (a)	11,774	9,723
PMSP (Eduardo Yassuda Pumping Station) (b)	3169	2,526
	14,943	12,249

- a) Agreement with Petróleo Brasileiro S.A. Petrobras for the provision of operating services for steam turbines 3 and 4 at the Piratininga Thermoelectric Plant.
- b) Agreement with the Municipal Government of São Paulo for the operation and maintenance of the Eduardo Yassuda Pumping Station.

26. OPERATING COSTS AND OPERATING EXPENSES PER TYPE

26.1. PARENT COMPANY

	Cost of service electric power		General and ad- ministrative expenses		Other (expenses) and revenues		TOTAL 1 x 1 /AL.
	2023	2022	2023	2022	2023	2022	
Power grid charges	(51,903)	(45,300)	-	-	-	(51,903)	(45,300)
Financial offset from the use of water resources	(9,630)	(4,418)	-	-	-	(9,630)	(4,418)
Inspection fee - ANEEL	-	-	(1,584)	(1,500)	-	(1,584)	(1,500)
Personnel	(76,972)	(65,012)	(60,279)	(53,542)	-	(137,251)	(118,554)
Administrators	-	-	(6,420)	(4,542)	-	(6,420)	(4,542)
Post-employment benefits, complementary pension plan (Note 17)	(23,074)	(36,467)	(18,070)	(30,034)	-	(41,144)	(66,501)
Material	(2,504)	(2,977)	(2,146)	(2,539)	-	(4,650)	(5,516)
Third parties' services	(54,240)	(63,458)	(29,928)	(27,127)	-	(84,168)	(90,585)
Depreciation/amortization	-	-	(2,560)	(1,567)	-	(2,560)	(1,567)
Judicial litigation (a)	(1,103)	-	-	-	-	(1,103)	-
(-) Recovery of expenses (b)	-	-	15,029	2,693	-	15,029	2,693
Rentals	-	-	(6,672)	(6,093)	-	(6,672)	(6,093)
Provision for labor, civil, and tax risks (Note 18.1)	(7,798)	(49,961)	-	-	-	(7,798)	(49,961)
Provision for investments in the concession (Note 20)	(87,944)	(98,693)	-	-	-	(87,944)	(98,693)
Estimated losses on the realization of doubtful accounts	-	-	(4)	(477)	-	(4)	(477)
(-) Reversal of estimated losses on the realization of doubtful accounts	-	-	530	109	-	530	109
(-) PIS/COFINS credits	9,706	8,849	-	-	-	9,706	8,849
IPTU (URBAN REAL ESTATE PROPERTY TAX)	(11,225)	(9,486)	-	-	-	(11,225)	(9,486)
Costs related to the construction of concession assets (Note 17)	(102,539)	(68,085)	-	-	-	(102,539)	(68,085)
Insurance	(4,129)	(5,229)	-	-	-	(4,129)	(5,229)

a) REFERS TO JUDICIAL COSTS.

b) OF THE TOTAL AMOUNT RECORDED IN 2023, BRL 14,644 CORRESPONDS TO THE RECOVERY OF EXPENSES FROM JUDICIAL PROCEEDINGS OF PREVIOUS FISCAL YEARS.

c) DISBURSED AMOUNTS RELATED TO SPONSORSHIPS AND PHILANTHROPIC DONATIONS.

d) DONATIONS THAT HAVE TAX DEDUCTIONS RELATED TO INCOME TAX AS CORRESPONDING ENTRY.

e) FUNDS RECEIVED FOR THE EXPROPRIATION OF THE COMPANY'S REAL ESTATE PROPERTIES.

f) ADJUSTMENT TO FAIR VALUE OF ASSETS CLASSIFIED AS INVESTMENT PROPERTIES AND NON-CURRENT ASSETS HELD FOR SALE.

26.2. CONSOLIDATED

	Cost of electricity service		General and administrative expenses		Other (expenses) and revenues		TOTAL 1 xJ 1 /AL.	
	2023	2022	2023	2022	2023	2022	2023	2022
CSF - Physical guarantee	(2,123)	(2,007)	-	-	-	-	(2,123)	(2,007)
Power grid charges	(52,411)	(45,676)	-	-	-	-	(52,411)	(45,676)
Financial offset from the use of water resources	(9,630)	(4,418)	-	-	-	-	(9,630)	(4,418)
Inspection fee - ANEEL	-	-	(1,679)	(1,585)	-	-	(1,679)	(1,585)
Personnel	(82,583)	(69,592)	(60,279)	(53,542)	-	-	(142,862)	(123,134)
Administrators	-	-	(6,420)	(4,542)	-	-	(6,420)	(4,542)
Post-employment benefits, complementary pension plan (Note 17)	(23,784)	(37,585)	(17,360)	(28,916)	-	-	(41,144)	(66,501)
Material	(2,831)	(3,386)	(2,146)	(2,539)	-	-	(4,977)	(5,925)
Third parties' services	(58,016)	(67,695)	(29,928)	(27,127)	-	-	(87,944)	(94,822)
Depreciation/amortization	(4,532)	(4,256)	(2,560)	(1,567)	-	-	(7,092)	(5,823)
Judicial litigation (a)	(1,103)	-	-	-	-	-	(1,103)	-
(-) Recovery of expenses (b)	-	-	15,029	2,693	-	-	15,029	2,693
Rentals	-	-	(6,672)	(6,093)	-	-	(6,672)	(6,093)
Provision for labor, civil, and tax risks (Note 18.1)	(7,798)	(49,961)	-	-	-	-	(7,798)	(49,961)
Provision for investments in the concession (Note 20)	(87,944)	(98,693)	-	-	-	-	(87,944)	(98,693)
Estimated losses on the realization of doubtful accounts	-	-	(4)	(477)	-	-	(4)	(477)
(-) Reversal of estimated losses on the realization of doubtful accounts	-	-	530	109	-	-	530	109
(-) PIS/COFINS credits	9,706	8,849	-	-	-	-	9,706	8,849
IPPU (URBAN REAL ESTATE PROPERTY TAX)	(11,225)	(9,486)	-	-	-	-	(11,225)	(9,486)
Costs related to the construction of concession assets (Note 12)	(102,539)	(68,085)	-	-	-	-	(102,539)	(68,085)
Insurance	(4,615)	(5,487)	-	-	-	-	(4,615)	(5,487)
Condominium	-	-	(946)	(943)	-	-	(946)	(943)
Net - Edifício Augusta	-	-	-	-	-	9,835	-	9,835
Philanthropic donations (c)	-	-	-	-	(122)	(1,890)	(122)	(1,890)
Sponsored and unsponsored sponsorships (d)	-	-	-	-	(1,817)	(577)	(1,817)	(577)
Indemnities – expropriations (e)	-	-	-	-	288	2,047	288	2,047
Adjustment to fair value (f)	-	-	-	-	32,629	-	32,629	-
Gain on the sale of assets and rights	-	-	-	-	767	11,338	767	11,338
Agreement - Banco do Brasil	-	-	-	-	-	1,304	-	1,304
Disposal - land linked to concession	-	-	-	-	(2,484)	-	(2,484)	-
Others	(1,421)	(2,128)	-	-	-	(83)	(1,421)	(2,211)
Total	(442,849)	(459,606)	(112,435)	(124,529)	29,261	21,974	(526,023)	(562,161)

- A) REFERS TO JUDICIAL COSTS.
 B) OF THE TOTAL AMOUNT RECORDED IN 2023, BRL 14,644 CORRESPONDS TO THE RECOVERY OF EXPENSES FROM JUDICIAL PROCEEDINGS OF PREVIOUS FISCAL YEARS.
 C) DISBURSED AMOUNTS RELATED TO SPONSORSHIPS AND PHILANTHROPIC DONATIONS.
 D) DONATIONS THAT HAVE TAX DEDUCTIONS RELATED TO INCOME TAX AS CORRESPONDING ENTRY.
 E) FUNDS RECEIVED FOR THE EXPROPRIATION OF THE COMPANY'S REAL ESTATE PROPERTIES.
 F) ADJUSTMENT TO FAIR VALUE OF ASSETS CLASSIFIED AS INVESTMENT PROPERTIES AND NON-CURRENT ASSETS HELD FOR SALE.

27. FINANCIAL INCOME

	2023	2022	2023	2022
Revenue				
Income from financial investments	52,716	40,620	55,437	42,760
Interest on the lease of TPP Piratininga (Note 7)	6,484	9,766	6,484	9,766
Financial assets - Sabesp (Note 23.1)	4,871	4,985	4,871	4,985
(-) Taxes on financial revenues	(2,779)	(2,108)	(2,779)	(2,108)
Tax Credit Updates	314	312	314	312
Others	3	295	48	328
	61,609	53,870	64,375	56,043
Expenses				
Charges on taxes and social security contributions	(868)	(22)	(868)	(22)
Fuel oil update	-	(343)	-	(343)
Interest on Reversal Global Reserve (RGR)	(312)	(400)	(312)	(400)
Financial Transaction Tax (IOF)	(925)	(733)	(942)	(750)
Others	-	-	(78)	(1)
	(2,105)	(1,498)	(2,200)	(1,516)
Adjustments for Inflation				
Adjustment for inflation – TPP Piratininga (Note 7)	6,677	45,485	6,677	45,485
Financial assets - Sabesp (Note 23.1)	6,447	7,104	6,447	7,104
Judicial deposits	6,531	4,101	6,531	4,101
Fuel oil update for inflation	-	(3,555)	-	(3,555)
Other adjustments for inflation	202	-	202	-
	19,857	53,135	19,857	53,135
	79,361	105,507	82,032	107,662

28. INSURANCE

The Company's Management maintains insurance policies, in the types specified below:

Risk	Start of term	Expiration of term	Amount Insured	Premium
General Civil Liability – Operations (a)	09/05/2023	09/05/2024	40,000	392
General civil liability - Management Activities (b)	05/ 12/ 2023	05/ 12/ 2024	70,000	190
Vehicle Insurance - Trucks (c)	11/09/2023	11/09/2024	1,078	8
Operational Risks Insurance PPEN (d)	12/01/2023	12/01/2024	133,715	503
Business Insurance - Condominium (e)	01/08/2023	01/08/2024	6,300	2
Reta Aeronautical Insurance - Drone (f)	19/01/2023	19/01/2024	515	1

Sureties Related to Lease Insurance (g)	12/04/2022	31/01/2026	6,676	123
Business Insurance - Property on Rua Augusta (h).....	30/11/2023	30/11/2024	40,645	13
			298,929	1,232

- a) Coverage for material and personal damages caused involuntarily by the Company to third parties;
- b) Protection of policyholders against possible lawsuits for material and/or moral damages caused involuntarily in the exercise of their professional activities (*Directors and officers*);
- c) Coverage for Collision, Fire, Theft, and Material and Personal Damage for 5 trucks owned by EMAE.
- d) Coverage against fire, lightning, and explosion damage to SHP Pirapora equipment;
- e) Condominium insurance;
- f) Insurance of the drone held by the company, and;
- g) Sureties related to lease insurance of the administrative registered office; and
- h) Fire, lightning, explosion, and electrical damage insurance for property located at Rua Augusta, 1626.

The insurance for EMAE's operational risks expired in May 2023, and the Company is in the process of risk review for subsequent coverage procurement.

29. FINANCIAL INSTRUMENTS

Classification of financial instruments

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>31.12.23</u>	<u>31.12.22</u>	<u>31.12.23</u>	<u>31.12.22</u>
Cash and cash equivalents (Note 4)	409	145	409	145
Financial investments (Note 4).....	411,935	421,746	425,873	436,596
Resellers (Note 5)	42,003	41,229	47,269	46,173
TPP Piratininga Leasing (Note 7)	144,576	267,873	144,576	267,873
Other credits (note 8).....	8,965	2,231	1,457	1,601
Escrows and related deposits (Note 10).....	57,955	45,635	57,955	45,635
Financial assets - Sabesp (Note 23.1)	96,521	94,573	96,521	94,573
Indemnifiable financial asset (Note 12).....	375,887	269,890	375,887	269,890
Concession's reversible asset (Note 13)	195,374	195,374	195,374	195,374
Suppliers	4,639	9,633	5,136	10,124
Dividends and interest on equity	31,586	10,532	31,586	10,532
Other obligations - Investments in the concession (Note 20)	445,067	371,561	445,067	371,561

All financial instruments are classified at amortized cost.

Fair value measurement

The Company and its subsidiary use observable market data, as much as possible, to measure the fair value of an asset or a liability. Fair values are classified at different levels in a hierarchy based on inputs used in valuation techniques in the following manner:

Level 1: quoted prices (not adjusted) in active markets for identical assets and liabilities.

Level 2: inputs, other than the quoted prices included in Level 1, which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices).

Level 3: inputs for assets or liabilities that are not based on observable market data (non-observable inputs).

The amounts recorded on December 31, 2023, and 2022 are a reasonable approximation of the fair values of the Company's financial assets and liabilities.

30. RISK MANAGEMENT

The Company's main activity is electric power generation under quotas, as established in Law 12.783/13, with concessionaires of electric power distribution services (captive market). The activity of its Subsidiary is independent electric power production, which was sold through agreements signed in the Regulated Contracting Environment (ACR). The main market risk factors that affect its business are:

a. Capital structure risks

The risk arises from the choice between own capital and third-party capital that the Company and its subsidiary make to finance their transactions (capital structure). To mitigate liquidity risks and optimize the weighted average cost of capital, the Company and its subsidiary permanently monitor their debt levels in accordance with market standards.

i. Transactions with Derivative Financial Instruments

On December 31, 2023, and 2022, the Company and its subsidiary did not hold derivative financial instruments or other similar instruments.

ii. Credit risk

The risk arises from the possibility of the Company incurring losses resulting from the difficulty in receiving amounts billed to its customers, classified in the "Resellers" line item (Note 5). This risk is assessed by the Company and its subsidiary as low, considering: (1) for receivables arising from supply revenue and electric power quotas - the existence of contractual guarantees, the fact that they are concessionaires of electric power distribution under federal supervision, including subject to concession intervention, and because there is no history of significant losses on receipt; and (2) for receivables arising from income from services rendered - the size of its customers and prior credit analysis.

As of December 31, 2023, the Company and its subsidiary have cash and cash equivalents in the amount of BRL 412,344 and BRL 426,282, parent company and consolidated, respectively (BRL 421,891, parent company, and BRL 436,741, consolidated, on December 31, 2022), which are held in top-tier financial institutions.

The main receivables with maximum exposure to credit risk are:

Parent company and Consolidated		
	31.12.23	31.12.22
Financial Lease - TPP Piratininga (Note 7)	144,576	267,873
Indemnifiable financial asset (Note 12).....	375,887	269,890
Concession's reversible asset (Note 13)	195,374	195,374
Financial assets - Sabesp (Note 23.1).....	96,521	94,573
	812,358	827,710

The credit risk on financial lease trade receivables is assessed as low as it depends on the financial capacity of the counterparty (Petrobras) to make payments within the contractual terms.

The indemnifiable financial asset refers to amounts to be reimbursed by the Granting Authority through concession fees. The Company's Management assesses the credit risk as low since these amounts were incorporated into Revenue as of the 2018 Tariff Review.

The concession's reversible asset refers to the indemnification by the Granting Authority for assets not fully depreciated or amortized on the date of adherence to the quota system. The Company's Management assesses credit risk as low since these values have already been evaluated and approved by ANEEL's Board of Directors. The process of approval by the Ministry of Mines and Energy is in progress.

The realization of the Financial Asset - Sabesp depends on the financial capacity of the counterparty (SABESP) to make payments within the terms established in the agreement. Up to the date of issuance of these financial statements, there are no delays in the receipt of this financial asset.

iii. Exposures to exchange risks

During the years ended December 31, 2023, and 2022, the Company and its subsidiary did not carry out material transactions in foreign currency.

iv. Exposure to interest rate risks

The financial investments of the Company and its subsidiary are made in fixed income funds, with daily liquidity and on December 31, 2023, and 2022, they are recorded at the value of their quotas.

In order to verify the sensitivity of financial income to the risks of variations in interest rates, in spite of the balance of financial investments changing according to the need and availability of cash, scenarios of adjustments equivalent to 25% and 50% of the estimate of the index used in the probable scenario to project returns on the existing balance for the next 12 months.

The index applied in the probable scenario was obtained from the Central Bank of Brazil - Economic Indicators - Effective interest rates as of December 31, 2023, with an overnight CDI of 11.15% p.a.

	Balance on 12/31/2023 Note 4	Probable Scenario	Scenario I (+25%)	Scenario II (+50%)
Interbank Deposit Certificates (CDI)		11.15%	13.94%	16.73%
Parent Company	411,935	45,931	57,413	68,896
Consolidated	425,873	47,485	59,356	71,227

	Balance on 12/31/2023 Note 4	Probable Scenario	Scenario I (- 25%)	Scenario II (- 50%)
Interbank Deposit Certificates (CDI)		11.15%	8.36%	5.58%
Parent Company	411,935	45,931	34,448	22,965
Consolidated	425,873	47,485	35,614	23,742

The UTP Piratininga Leasing Agreement is updated monthly at a rate of 9.32% per year plus IGPM.

For the sensitivity analysis of the risk of variation in the IGPM, a rate of 9.32% p.a. was considered, objected in the agreement and the estimate of interest on the outstanding balance on December 31, 2023, referring to the receivables for scenarios with IGPM adjustments equivalent to 25% and 50% upward or downward.

	Balance on 12/31/2023 Note 7	Probable Scenario	Scenario I (+25%)	Scenario II (+50%)
General Market Price Index (IGPM)	3.30%	12.93%	13.83%	14.73%
UTP Leasing	144,576	18,690	19,994	21,298

	Balance on 12/31/2023 Note 7	Probable Scenario	Scenario I (-25%)	Scenario II (-50%)
General Market Price Index (IGPM)	3.30%	12.93%	12.03%	11.12%
UTP Leasing	144,576	18,690	17,386	16,082

The Sabesp agreement is updated at a rate of 6.89% plus a risk premium of 1.29% both per year.

For the sensitivity analysis of the risk of IPCA adjustment, a rate of 6.89% plus a risk premium of 1.29% p.a. was considered fixed, objected in the agreement and an estimate of interest on the outstanding balance on December 31, 2023 was made, referring to the amounts receivable for scenarios with IPCA adjustments equivalent to 25% and 50% for upward or downward.

	Balance on 12/31/2023 Note 23.1	Probable Scenario	Scenario I (+25%)	Scenario II (+50%)
Broad Consumer Price Index (IPCA)	3.81%	12.40%	13.43%	14.46%
SABESP	96,521	11,964	12,959	13,955

	Balance on 12/31/2023 Note 23.1	Probable Scenario	Scenario I (-25%)	Scenario II (-50%)
Broad Consumer Price Index (IPCA)	3.81%	12.40%	11.36%	10.33%
SABESP	96,521	11,964	10,968	9,973

v. Liquidity risk

The Company periodically evaluates its liquidity ratios to maintain a minimum level of cash and cash equivalents as a way of ensuring the availability of financial resources and minimizing liquidity risks.

The table below presents information on the future maturities of the Company's financial liabilities:

	Up to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	More than 5 years	Total
Consolidated						
Suppliers.....	5,136	-	-	-	-	5,136
Dividends – Interest on Equity	31,586	-	-	-	-	31,586
Total	36,722	-	-	-	-	36,722

b. Hydrological risk

With the extension of the concession of EMAE's hydroelectric power plants, under the terms of Law 12.783/2013, the hydrological risk of the plants was transferred to the distributors that acquired the electric power and capacity quotas. SHP Pirapora, held by its subsidiary, adhered to the renegotiation of the hydrological risk according to Law 13.203/2015 in the SP 100 product.

c. Price risk

EMAE's main activity is exposed to the risk of tariff variations.

With the extension of the concession of the EMAE hydroelectric power plants, under the terms of Law 12.783/2013, the amendment to the concession agreement provides for a tariff review every 5 years and a tariff adjustment on July 1 of each year, except for years in which that there is a tariff review. Therefore, the tariffs by the Company are subject to the regulatory

body's control. According to the parametric formula provided for in sub-clause 3 of Section 6 of the 2nd Amendment to the Concession Agreement.

In this sense, the parametric revenue is subject to variations due to:

- Review of expense parameters every 5 years;
- Review of the regulatory WACC that remunerates concession investments, and
- Impact of the calculated performance (availability and average generation).

The electric power sales prices of the subsidiary Pirapora are those determined in the agreements entered into in the ACR, which are adjusted by the IPCA adjustment on an annual basis. Any renegotiation of agreements must be approved in advance by the regulatory body.

Through Ratifying Resolution No. 3.225, of July 18, 2023, ANEEL published and approved the Annual Generation Revenue of Hydroelectric Power Plants under a quota system, under the terms of Law No. 12.783, of January 11, 2013, and set the tariff associated with EMAE's electric power and capacity physical guarantee quotas for the period from July 1, 2023 to June 30, 2024.

The revenues ratified by this resolution for EMAE are shown below:

	GAG O&M (a)	GAG IMPROVE- MENTS (b)	CAIMI (c)	USAGE D (e)	USAGE D (e)	AJI (d)	ADJUST- MENT BEFORE SEC- TORIAL CHARGES	TFSEE (e)	R&D (e)	RAG
Henry Borden	187,533	176,561	11,436	43,034	4681	3,793	-	1,517	4,313	432,868
Porto Góes	4,414	4,946	271	731	-	-	-	39	105	10,506
Rasgão	3,723	3,776	240	702	-	232	-	32	88	8,793
	195,670	185,283	11,947	44,467	4,681	4,025	-	1,588	4,506	452,167

Source: REH 3.225/ 2023 Technical Note No. 59/ 2023

d. Regulation risk

Any change in the regulatory environment could impact the activities of the Company and its subsidiary.

e. Risk of change in tax legislation

The Federal Government may implement changes in the tax legislation causing impacts on the operations of the Company and its subsidiary, mainly if they increase the tax burden.

f. Risk related to the integrity of the enterprise

The Company operates hydroelectric reservoir dams ("dams") in heavily populated regions. Any accidents may affect communities around these structures. The exploitation of the hydroelectric sector, as outlined in the Concession Agreement it holds, is conducted considering the risks inherent to its operation, including those of reduced probability, such as the rupture or overtopping of dams. In these hypotheses, the Company may be sued in court with claims for compensation and, consequently, may have its financial situation adversely affected. To mitigate these risks, the Company adopts dam safety procedures, pursuant to current legislation, which are described below.

g. Dam Safety

The EMAE dam safety system was established in accordance with the provisions of Federal Law No. 12.334/2010, amended by Federal Law No. 14.066/2020, which deals with the National Policy for Dam Safety, and ANEEL Normative Resolution No. 696/2015, which in connection with said federal Law establishes criteria for classification and formulation of the Dam Safety Plan and Periodic Safety Review

In this context, the safety procedures for EMAE's dams include performing regular safety inspections through inspections of structures, monitoring and analysis of instrumentation associated with the Predictive and Preventive Maintenance Programs.

Additionally, EMAE's team includes engineers specialized in dams, the environment and building technicians who carry out these inspections and prepare the technical documentation, ensuring the safety of its dam structures.

Risk Classification of Dams

Class "A" - These are dams that have a high-risk category and associated potential damage and whose anomalies require short-term intervention to maintain safety conditions, which does not necessarily mean cases of immediate risk of rupture.

Class "B" - These are dams that have a medium or low risk category and associated potential damage, high, medium or low and whose anomalies, if present, must be controlled, monitored and interventions can be implemented over time to maintain the conditions of security.

Class "C" - These are dams that present a medium or low risk category and potential damage and that do not present anomalies and the existing ones do not compromise the safety of the dam.

EMAE does not have dams classified in risk class "A."

h. Risk related to the development of activities in the main metropolitan regions of the State

The EMAE reservoirs are located in the Metropolitan Region of São Paulo and are affected by the urban pressures resulting from this location, notably because it is a heavily populated region and the scene of several conflicts over land use, public water supply, flood control, and environmental issues. This scenario could adversely impact the Company, especially due to the occupation of its urban areas and margins, with negative impacts from the Company's social, environmental and operational point of view.

i. Risk in the management of the Tietê/Pinheiros Water System (Flood Control)

Through Resolution No. 72, of March 25, 1998, ANEEL transferred to EMAE the rights to exploit electric power services, notably to carry out operations aimed at electric power generation.

In this sense, EMAE performs in the management of the Tietê/Pinheiros water system, among others, the activities inherent to the flow control of the rivers, with the purpose of avoiding

flooding on its banks. However, the eventual occurrence of floods may be related to the activities performed by the Company.

j. Risk in the operation and maintenance of ferries – Billings Reservoir

The Company, by virtue of the succession of obligations of the former Light, due to the filling of the Billings reservoir, operates and maintains crossings by means of ferries at three points of the reservoir, transporting pedestrians and vehicles. The service complies with all safety rules issued by the Brazilian Navy; however, the management does not have the means to accurately determine the impacts of any accident with these vessels

k. Actuarial deficit coverage risk

As informed in note 17 – Post-employment benefits, complementary pension plan, the Company sponsors retirement and pension benefit plans for its employees, called Complementary Retirement and Pension Plan (PSAP/EMAE) and the Defined Contribution Plan (EMAE CD).

Depending on the characteristics of the PSAP/EMAE, deficits can be calculated by changing the actuarial parameters used at each revaluation, such as: mismatch between the coverage equity index and the benefit adjustment index, real interest rate, mortality table, inflation, among others. As determined by the regulations applicable to the complementary pension plan, established deficits must be assessed and, therefore, there is a risk of an increase in social security expenses.

To mitigate this risk, in addition to other measures, in May 2018 the Company closed the PSAP/EMAE to new subscriptions and started to offer new entrants only the Defined Contribution Plan, the EMAE CD. Additionally, since May 2021, the PSAP/EMAE benefit adjustment index has become the IPCA, mitigating the mismatch between plan assets and liabilities.

31. LONG-TERM COMMITMENTS

The Company has the following long-term commitments considered relevant:

a) Concession agreement

On December 4, 2012, EMAE and the Government entered into the 2nd Amendment to the Concession Agreement No. 02/2004-ANEEL, extending until November 30, 2042, the concessions relating to the Henry Borden complex and the Rasgão and Porto Góes hydroelectric power plants. On October 7, 2022, the 3rd Amendment to the agreement was entered into, with the purpose of adapting said agreement in order to formalize the extension of the term of validity of the granting of the concession of the Henry Borden and Porto Góes Hydroelectric Power Plants, extending until January 7, 2043, the concession of Henry Borden Plant, and, until January 24, 2043, the concession of Usina Porto Góes.

b) Authorization agreement

The subsidiary Pirapora Energia S.A. is authorized to explore SHP Pirapora as an Independent Electric Power Producer, by ANEEL Authorizing Resolution No. 1.429/2008, effective from 12/30/2014 to 05/02/2045, as amended by ANEEL Authorizing Resolution No. 10.972 /2021.

c) Agreements for the use of the transmission and distribution system

The Company maintains the following transmission and distribution agreements:

Unit	Connection type	Company
Henry Borden	Transmission	CTEEP - Cia. De Transmissão de Energia Elétrica Paulista (SIN)
Henry Borden	Distribution	CPFL - Cia Paulista de Força e Luz
Porto Góes	Distribution	CPFL - Cia Paulista de Força e Luz
Rasgão PESA	Distribution	ENEL - Ente nazionale per l'energia elettrica
S.A.	Distribution	ENEL - Ente nazionale per l'energia elettrica

All agreements are effective until the date of authorization termination or the Company's termination, whichever occurs first.

32. NON-CASH CHANGES

During the fiscal year 2023, the Company and its subsidiary conducted the following non-cash transactions:

Parent Company				
	31.12.22	Flow of Cash	Non-cash changes	31.12.23
UTP Leasing.....	(267,873)	136,458	(13,161)	(144,576)
Indemnifiable financial asset.....	(269,890)	(127,463)	21,466	(375,887)
Investments	(293,186)	31,420	(36,241)	(298,007)
Property, Plant, and Equipment.....	(80,575)	(45)	3,713	(76,907)
Intangibles.....	(13,819)	(4,036)	1,332	(16,523)

Consolidated				
	31.12.22	Flow of Cash	Non-cash changes	31.12.23
UTP Leasing.....	(267,873)	136,458	(13,161)	(144,576)
Indemnifiable financial asset.....	(269,890)	(127,463)	21,466	(375,887)
Property, Plant, and Equipment.....	(224,786)	(1,307)	8,167	(217,926)
Intangibles.....	(13,930)	(4,036)	1,410	(16,556)

EXECUTIVE BOARD

MARCIO REA
CHIEF EXECUTIVE OFFICER

PABLO ANDRÉS FERNÁNDEZ UHART
CHIEF FINANCIAL OFFICER AND
RELATIONS WITH INVESTORS OFFICER

MARISE GRINSTEIN
ADMINISTRATIVE OFFICER

ALVARO LUIZ AMORIM MIRANDA
CHIEF GENERATION OFFICER

FÁBIO TONETTO
ACCOUNTING DEPARTMENT MANAGER,
COSTS AND TAXES
ACCOUNTANT - CRC 1SP264253/O-4

BOARD OF DIRECTORS

CHAIRMAN

ANDERSON MARCIO DE OLIVEIRA

DIRECTORS

ANDRÉ PEPITONE DE NÓBREGA

CARLOS ALBERTO BARBOSA DE OLIVEIRA FILHO

CLAUDIA POLTO DA CUNHA

LEONARDO JOSÉ MATTOS SULTANI

MARCIO REA

MARCOS BARRETO DE FARIA PINHO

MARISETE FATIMA DADALD PEREIRA

MILTON ARAÚJO NETO

PAULO FERREIRA

SAMANTA IVONETE SALVADOR TAVARES DE SOUZA

IV. INDEPENDENT AUDITOR'S REPORT

To the Shareholders, directors and officers of Empresa Metropolitana de Águas e Energia S.A. (EMAEE) São Paulo, State of São Paulo

Opinion

We have examined the individual and consolidated financial statements of Empresa Metropolitana de Águas e Energia S.A. (EMAEE), which are identified as parent company and consolidated, respectively, which comprise the statement of financial position as of December 31, 2023, and the respective statements of profit or loss, statement of comprehensive income, of changes in equity, and of cash flows for the year ended on such date, as well as the pertinent notes, including a summary of the main accounting policies.

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the financial position of Empresa Metropolitana de Águas e Energia S.A. (EMAEE) as of December 31, 2023, the performance of its operations and its individual and consolidated cash flows for the year then ended, pursuant to accounting policies adopted in Brazil and the international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

Our audit was conducted according to Brazilian and international auditing standards. Our responsibilities under those standards are described in the section below, named "Auditor's responsibilities for the audit of the individual and consolidated financial statements." We are independent in relation to the Empresa Metropolitana de Águas e Energia S.A. (EMAEE) and its subsidiary according to the relevant ethical principles provided for in the Code of Ethics of Professional Accountant and professional standards issued by Federal Accounting Council and comply with other ethical responsibilities in accordance with those standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis

Concession's reversible assets

We draw attention to Note 13, which states that the individual and consolidated statements of financial position present, under the "concession's reversible asset" line item, in Long-Term Assets - Non-Current Assets, the amount of BRL 195,374 on December 31, 2023, referring to investments to be indemnified by the Granting Authority (ANEEL), which were measured by the Company based on the residual value. In compliance with the Decree's requirements, on December 26, 2013, the Company issued an official letter to ANEEL, expressing its interest in receiving the due indemnity. Based on ANEEL Regulatory Resolution No. 942/21, EMAEE submitted to ANEEL a detailed report of asset valuation for indemnification purposes in July 2022. ANEEL, after conducting due diligence on the items and values to be indemnified, established a value of BRL 281.1 million, based on December 31, 2012, and forwarded the technical evaluation to the Ministry of Mines and Energy for appropriate action. The forwarded report demonstrates that there is no reason to reduce the original estimate of impairment with the granting authority. Our opinion does not contain an exception with respect to this issue.

Non-current assets held for sale

According to Note No. 11 and 24.6, as of December 31, 2023, the Company presents in the non-current assets held for sale account the amount of BRL 255,400 (BRL 238,228 in 2022), and in the Equity Adjustments account the amount of BRL 157,214 (net of taxes deferred income and social security contribution payments), as the counterpart of the transaction. During the 2022 fiscal year, the Company, based on Reports from certified institutions, recorded the fair value of two properties: Parque Villa Lobos land, subject to exchange with the building located on Rua Augusta, and Zuccolo Lands (Bota-Fora 14), both initially classified as investment properties. Subsequently reallocated as Non-current assets held for sale, after deliberation at a Board of

Directors meeting authorizing their sale through a bidding process during the 2023 fiscal year. Despite management's efforts, there have been no negotiations or sale agreements signed to date. It should be noted that for tax purposes, sales amounts will be realized in accordance with the hypotheses provided for in paragraph 6, article 13, item 6, items 1 to 4 of the Income Tax Regulation and, for corporate purposes, the provisions of item 62 of NBC TC (R4) No. 28 - Real Estate Property for Investment will be applied. Our conclusion does not include any changes related to this matter

Key audit matters

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

Benefit Plans

According to Note 17, EMAE sponsors retirement and pension benefit plans for its employees, former employees and respective beneficiaries, with the aim of supplementing the benefits provided by the official social security system. VIVEST is the Entity responsible for managing the benefit plans sponsored by the Company. The investment policy of the plan, defined through a joint asset and liability management study (Asset Liability Management), resulted in an average allocation in 2023 of 83% (77% in 2022) in fixed income, 11% (15% in 2022) in equities, and 6% (8% in 2022) in other segments, achieving a consolidated return of 10.87% (7.03% in 2022) in 2023, compared to the actuarial target of 10.10% for the same period. In 2023, following a review of the assumptions used in the actuarial plan and following the principles of CPC 33 (R1) "Employee Benefits," the provision of the plan increased by BRL 58,629 thousand (decreased by BRL 152,990 thousand on December 31, 2022), due to an increase in the actuarial deficit of EMAE's retirement plans caused mainly by the present value of the total net actuarial obligation with resizing of the obligation and the actuarial liability with the effect of asset limitation. In the actuarial assessment of the plan, the projected unit credit method was used. The benefit plan's net assets are valued at market value (mark-to-market).

How was the matter addressed in the audit?

Together with an expert, our audit procedures included, among others: based on our understanding and evaluation of the procedures adopted by the Company, with the assistance of our actuarial specialists, we evaluated the reasonableness of the main assumptions of the methodology used by the Company's actuary. We also reviewed the plan regulations to confirm the sponsor's responsibility percentage and obtained access to evidence demonstrating that the actions to balance the actuarial result defined in the plan respect the regime of shared responsibility between the sponsor and the necessary participants.

Additionally, we assess the integrity of the information used and the adequacy of the disclosures.

Deferred Taxes

As per Note 9, the Company recognizes the tax effects of temporary differences and tax losses on Income Tax and Social Security Contribution. The recognition of deductible temporary differences is provided for in CPC Pronouncement 32 and CVM Resolution 109/22, which are supported by a projection of profit or loss prepared by the Management. The determination of Deferred Tax Assets due to temporary differences and tax losses requires annual reassessment to identify unrecognized amounts and the likelihood of recovery with future taxable income. The amounts referring to the temporary differences are obtained through the controls of the balances of doubtful accounts, the provision for the realization of investments with the resources received for investments in the Concession, labor, civil, and tax contingencies, gain in the leasing operation of TPP Piratininga, the financial asset related to the agreement with Sabesp, the defined benefit plan, fair value of assets allocated to Real estate properties for Investment, and non-current assets held for sale, among other provisions that may be deducted for tax purposes only upon their realization. We consider this to be one of the main audit matters, in view of the risk related to the manual controls of the auditee's provisions, the materiality of the amounts recognized and the uncertainty of the liquidity of these assets.

How was the matter addressed in the audit?

With the help of our tax specialists, procedures were carried out in accordance with the regulations of the Brazilian Securities and Exchange Commission, in force, as well as we evaluated the technical study that supports the accounting record of tax credits, according to the regulatory context applicable to this matter, as well as the contextualization, analyses, assumptions, and other data, which make up the information required by the regulatory, supervisory, and Income Tax and Social Security Contribution legislation.

Upon the evidence obtained through the procedures described above, we consider the profit or loss estimates acceptable, which are the basis for recording deferred tax assets, the criteria and assumptions adopted by Management to estimate and calculate the Deferred Tax Assets, and the disclosures carried out in the context of the financial statements.

Real estate properties for Investment and non-current assets held for sales

According to Notes No. 11, 14 "b," and 24.6, the Company presents in the "Non-current assets held for sale" line item an amount of BRL 255,400 (BRL 238,228 in 2022), in the "Investment

property account" line item an amount of BRL 144,717 (BRL 130,762 in 2022), as well as in the "Equity Adjustments" line item an amount of BRL 243,517 (net of deferred income tax and social contribution). In the previous fiscal year, the Company, based on Reports from certified institutions, recorded the fair value of three properties: Spaces A and C linked to Usina São Paulo, Parque Villa Lobos land, subject to exchange with the building located on Rua Augusta, and Zuccolo Land (formerly Bota-Fora 14). Only Spaces A and C linked to Usina São Paulo remain classified in the investment property category, with the others being reallocated to the "Non-current assets held for sale" line item at fair value, after deliberation at a Board of Directors meeting authorizing the sale of both through a bidding process. It should be noted that for tax purposes, sales amounts will be realized in accordance with the hypotheses provided for in paragraph 6, article 13, item 6, items 1 to 4 of the Income Tax Regulation and, for corporate purposes, the provisions of item 62 of NBC TG (R4) No. 28 - Real Estate Property for Investment will be applied.

How was the matter addressed in the audit?

Based on Assessment Reports prepared by certified institutions, we certify the correct determination of the fair value recorded by the Company.

In the previous fiscal year, it was part of our procedures, which we reviewed and certified again in this fiscal year, the assessment of the issued reports determining the fair values of the properties, reading the technical note issued by the administration, verifying the property exchange contracts proving the exchange between the Parque Villa Lobos land, subject to exchange with the building located on Rua Augusta with consideration, accounting for the differences between the fair value determined in the reports and the residual value in the "Equity adjustment" line item in the equity, following the principles set forth in CPC 28 - Investment Property. We also verified the reclassifications of real estate properties held for sale to "Non-current assets held for sale" line item, in accordance with the provisions set forth by CPC 31. Additionally, we verify the proper accounting of the respective deferred tax liability to be realized as the real estate properties are realized, to be registered in the calculation basis of the respective tax at the moment of effective realization, according to the events provided for in the Income Tax Regulation.

We consider that the assumptions and valuation methodology used are acceptable, considering the practices used in the market and current accounting rules for Real Estate Properties for Investment and Non-Current Assets held for Sale, in the context of the financial statements.

Other Matters

Privatization Currency

On June 21, 2023, the Government of São Paulo, through the Secretariat of Partnerships in Investments, and consultants from Banco Genial held the first working meeting to prepare feasibility studies and modeling for the privatization of the Empresa Metropolitana de Águas e Energia (Emae). The Institution is part of the "Consórcio Nova EMAE Genial," which won the bidding process. The studies involve the evaluation, structuring, and execution of the sale of movable assets held directly and indirectly by the Government of São Paulo within EMAE. The initiative is part of the Investment Partnerships Program of the State of São Paulo (PPI-SP). On December 22, 2023, a public hearing was held with the objective of presenting to the

population and obtaining subsidies and additional information to enhance the operation of the sale of movable assets held directly and indirectly by the State of São Paulo, corresponding to shares representing the capital stock of EMAE - Empresa Metropolitana de Águas e Energia S.A.

Statements of Value Added

The individual and consolidated statements of added value (DVA) for the year ended December 31, 2023, prepared under the responsibility of the management of EMPRESA METROPOLITANA DE ÁGUAS E ENERGIA S.A. - EMAE, and presented as supplementary information for IFRS purposes, were submitted to audit procedures performed together with the audit of the individual and consolidated financial statements of Empresa Metropolitana de Águas e Energia S.A. (EMAE). For the purposes of our opinion, we assessed whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria set forth in NBC TG 09 - Statement of Added Value. In our opinion, these statements of value added have been adequately prepared, in all material respects, in accordance with the criteria defined in this Standard and are consistent with the individual and consolidated financial statements taken as a whole.

Other information in individual and consolidated financial statements and auditors' report

The Management of Empresa Metropolitana de Águas e Energia S.A. (EMAE) is responsible for the other information that comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not include Management Report, and we do not express any audit conclusion on such report.

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

Responsibilities of the management and governance for the individual and consolidated financial statements

Management of Empresa Metropolitana de Águas e Energia S.A. (EMAE) is responsible for the preparation and proper reporting of individual and consolidated financial statements according to accounting policies adopted in Brazil and according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as for the internal controls that it has determined as necessary to enable preparation of financial statements free of any material misstatement, irrespective of whether caused by fraud or error.

In the preparation of the individual and consolidated financial statements, the management is responsible for evaluating the Empresa Metropolitana de Águas e Energia S.A. (EMAE)'s ability to continue to operate, disclose, when applicable, the matters related to it as a going concern, and the use of such accounting basis in the preparation of the financial statements, unless the management intends to liquidate the Empresa Metropolitana de Águas e Energia

S.A. (EMAEE) and its subsidiary or cease its operations, or has no realistic alternative to avoid the closing of the operations.

Those responsible for the governance of Empresa Metropolitana de Águas e Energia S.A. (EMAEE) and its subsidiary are responsible for supervising the preparation of the individual and consolidated financial statements.

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

Our objectives are to obtain reasonable assurance that the individual and consolidated financial statements, taken as a whole, are free of any material misstatement, irrespective of whether caused by fraud or error, and to issue an audit report containing our opinion. Reasonable assurance is a high level of assurance, but not an assurance that the audit work performed according to Brazilian and international audit standards will always detect occasional material misstatements. Misstatements may occur due to fraud or error, and are considered material when they can influence, individually or jointly, the economic decisions of stakeholders, taken based on such financial statements, within a reasonable perspective.

As part of the audit conducted pursuant to Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism in the course of the audit. Also:

- We have identified and assessed the risks of material misstatement in the individual and consolidated financial statements, irrespective of whether caused by fraud or error, we planned and carried out audit procedures in response to such risks, and we obtained evidence of appropriate and sufficient audit to substantiate our opinion. The risk of non-detection of a material misstatement resulting from fraud is greater than the one deriving from error, since fraud may involve the act of circumventing internal controls, collusion, forgery, omission, or intentional misrepresentations;
- We obtained an understanding of the relevant internal controls for the audit so as to plan the audit procedures that were appropriate for the circumstances, but not with the purpose of expressing an opinion on the efficacy of the internal controls of the Empresa Metropolitana de Águas e Energia S.A. (EMAEE) and its subsidiary.
- We assessed the adequacy of the accounting policies used and the reasonableness of the accounting estimates and relevant disclosures made by the management;
- We concluded on the adequacy of the use, by the management, of the going concern accounting base and, based on the audit evidence obtained, whether or not there is a material uncertainty in relation to events or conditions that could raise a significant doubt relative to the Empresa Metropolitana de Águas e Energia S.A. (EMAEE) and its subsidiary as a going concern. If we conclude that there is material uncertainty, we must call attention in our audit report to the relevant disclosures in the individual and consolidated financial statements or include a modification in our opinion, if the disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause Empresa Metropolitana de Águas e Energia S.A. (EMAEE) and its subsidiary to cease to continue as a going concern.
- We assessed the overall presentation, the structure, and the content of the financial statements, including disclosures, and whether or not the individual and consolidated

financial statements represent the corresponding transactions and events in a manner consistent with the appropriate presentation objective;

- We have obtained appropriate and sufficient audit evidence related to the companies' financial information or the group's business activities to base our opinion on the consolidated financial statements. We are responsible for the coordination, supervision, and performance of the audit on the group and, consequently, for the auditor's opinion.

We communicate with those that are responsible for the governance concerning, among other aspects, the planned scope, the timing of the audit, and the significant findings of the audit, including any significant deficiencies in internal controls that we have identified during our work.

We also provide a statement of our fulfillment to the relevant ethical requirements for the people in charge of governance, including the applicable requirements of independence and we communicate all the possible relations or matters that could considerably affect our independence, including, when applicable, the relevant safeguards.

Out of the topics that have been subject matter of communication with the individuals responsible for governance, we have determined those that were deemed most significant in the audit of the financial statements of the current year and that, therefore, constitute the key audit matters. We described these matters in our audit report, unless the law or a regulation precluded public disclosure about the matter or where, 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 benefits from the disclosure to the public.

Barueri, February 28, 2024.

RUSSELL BEDFORD GM

INDEPENDENT AUDITORS S/S

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V. STATEMENT FROM THE DIRECTORS

In compliance with the provisions of items V and VI of Article 27 of CVM Resolution No. 80, of March 29, 2022, the members of the Executive Board of Empresa Metropolitana de Águas e Energia S.A. (EMAEE), a government-controlled company, registered office at Avenida Jornalista Roberto Marinho, 85, 16º andar, Cidade Monções, in the city of São Paulo, State of São Paulo, enrolled with the CNPJ under No. 02.302.101/0001-42, declare that: (i) they reviewed, discussed, and agreed with EMAEE's Financial Statements for the year ended December 31, 2023; and (ii) they reviewed, discussed, and agreed with the opinions expressed in the report issued by Russell Bedford Brasil Auditores Independentes S/S, regarding EMAEE's Financial Statements for the year ended December 31, 2023.



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