

(A free translation of the original in Portuguese)



EMA E - EMPRESA METROPOLITANA DE ÁGUAS E ENERGIA S.A.



**MANAGEMENT REPORT, ANNUAL GOVERNANCE
LETTER AND FINANCIAL STATEMENTS**

2022

Floating Photovoltaic Generation Power Plant Test | Billings Reservoir (SP)

Dear Shareholders,

The Management of EMAE - Empresa Metropolitana de Águas e Energia S/A ("Company" or "EMAЕ"), 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, 2022.

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

When assessing EMAE's actions in 2022, we can say that it was a year (sic) of project consolidation and prospecting for new challenges for the Company.

We remained firm in our commitment to expand the power plant, especially through sustainable sources.

The main projects and achievements detailed throughout this Report show Management's commitment to the Company's sustainability in generating current results and ensuring future growth, without neglecting the main aspects of social, environmental and governance aspects.

In the electric power generation operation, we focus on the quality of service and exceed the indicators required by the Regulatory Authority, as a result of the investments that have been made to modernize the almost century-old plants.

Caring for people and the environment remain pillars for EMAE, which is reflected in actions that benefit the population, such as sponsorship of projects that bring culture and leisure to people and partnerships with institutions that work to improve the quality of life of people with special needs.

For our employees, continuous health care and well-being was continued in internal campaigns and events focused on health care and preservation of safety, with emphasis on daily care and the encouragement of preventive activities.

With engaged teams and with the support of our shareholders and partners, we faced 2022's challenges, mainly in cost management focused on preparing the company to continue operating with quality and results.

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

EMAE, which is authorized to operate as a concessionaire for the use of public good for the generation and sale of electric power, has four hydroelectric plants under its management – three of its own plants, which operate under the regime of quotas for physical guarantee, capacity and electric power, and one small power plant, which belongs to its wholly-owned subsidiary Pirapora Energia S.A., under the regime of independent electric power production – within the area that extends from the municipality of Salto to Baixada Santista, in the State of São Paulo. It also has a thermoelectric plant installed in the capital of São Paulo and leased to Baixada Santista Energia – BSE, a wholly-owned subsidiary of Petrobras.

The Company operates a hydraulic system consisting of dikes, dams, and reservoirs, such as Billings and Guarapiranga, in the extreme south of the city of São Paulo, as well as the São Paulo and Pedreira pumping stations and the Pinheiros River channel, in the city of São Paulo.

Its main activities are: (i) electric power supply; (ii) construction of assets; and (iii) provision of operation and maintenance services for plant facilities and related structures for companies and public bodies.

Power Plant



HPP Henry Borden

Concession - Quotas

Cubatão, State of São Paulo

Installed capacity: 889.0 MW

Physical guarantee: 115.4 average MW

Concession period

Starting: 01/01/2013

Ending: 01/07/2043



HPP Porto Góes

Concession - Quotas

Salto, State of São Paulo

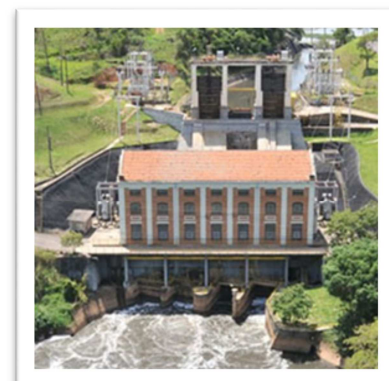
Installed capacity: 24.8 MW

Physical guarantee: 11.6 average MW

Concession period:

Starting: 01/01/2013

Ending: 01/24/2043



HPP Rasgão

Concession - Quotas

Pirapora do Bom Jesus, State of São Paulo

Installed capacity: 22.0 MW

Physical guarantee: 11.8 average MW

Concession period:

Starting: 01/01/2013

Ending: 11/30/2042



PCH Pirapora

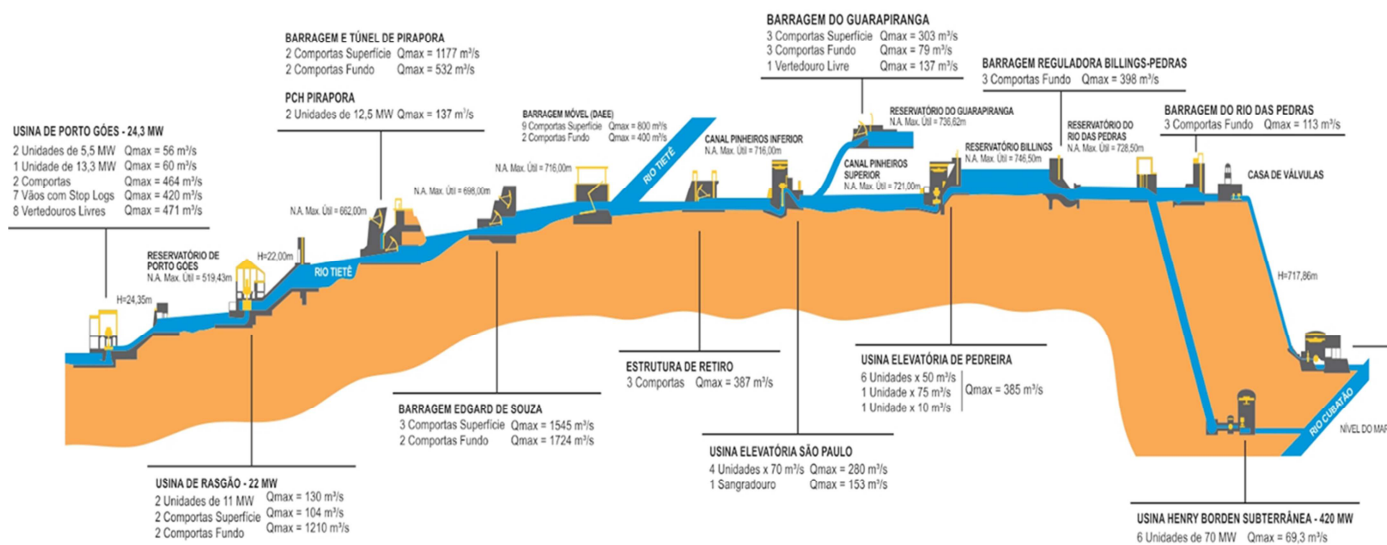
Independent Producer - PIE
 Pirapora do Bom Jesus, State of São Paulo
 Installed capacity: 25 MW
 Physical guarantee: 17.2 average MW
 Concession period
 Starting: 06/24/2008
 Ending: 12/31/2044



UTE Piratinga

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
2 Unidades de 5,5 MW	-	2 Units of 5.5 MW
1 Unidade de 13,3 MW	-	1 Unit of 13.3 MW
Comportas	-	Floodgates
Vãos com Stop Logs	-	Gaps with Stop Logs
Vertedouros Livres	-	Free Spillways
Qmax	-	Qmax
Reservatório de Porto Góes	-	Porto Góes Reservoir
N.A. Máx. Útil	-	N.A. Useful Max.
Usina de Rasgão	-	Rasgão Plant
2 Unidades de 11 MW	-	2 Units of 11 MW
Comportas Superfície	-	Surface Floodgates
Comportas Fundo	-	Bottom floodgates
Riot Tietê	-	Tietê River
Barragem e Túnel de Pirapora	-	Pirapora Dam and Tunnel
PCH Pirapora	-	PCH Pirapora
2 Unidades de 12,5 MW	-	2 Units of 12.5 MW
Barragem Edgard de Souza	-	Edgard de Souza Dam
Barragem Móvel (DAEE)	-	Mobile Dam (DAEE)
Estrutura de Retiro	-	Passage Structure
Canal Pinheiros Inferior	-	Lower Pinheiros Channel
Usina Elevatória São Paulo	-	São Paulo Pumping Station
4 Unidades x 70 m ³ /s	-	4 Units x 70 m ³ /s
Sangradouro	-	Spillway
Canal Pinheiros Superior	-	Superior Pinheiros Channel
Barragem do Guarapiranga	-	Guarapiranga Dam
Reservatório do Guarapiranga	-	Guarapiranga Reservoir
Usina Elevatória de Pedreira	-	Pedreira Pumping Station
6 Unidades x 50 m ³ /s	-	6 Units x 50 m ³ /s
1 Unidade x 75 m ³ /s	-	1 Unit x 75 m ³ /s
1 Unidade x 10 m ³ /s	-	1 Unit x 10 m ³ /s
Reservatório Billings	-	Billings Reservoir
Barragem Reguladora Billings-Pedras	-	Billings-Pedras Regulatory Dam
Reservatório do Rio das Pedras	-	Rio das Pedras Reservoir
Barragem do Rio das Pedras	-	Rio das Pedras Dam
Casa de Válvulas	-	Valve Chamber
Usina Henry Borden Subterrânea	-	Henry Borden Underground Plant
6 Unidades de 80 MW	-	6 Units of 80 MW
Rio Cubatão	-	Cubatão River
Nível do Mar	-	Sea Level

Main projects and achievements

In line with its strategic planning, EMAE advanced in its projects to expand its generation capacity, modernize its plants and monetize non-operating assets.

The company has sought to expand its power plant, especially with sustainable sources, such as the expansion of partnerships for the implementation of floating photovoltaic power stations in the Billings reservoir, which could reach a capacity of 160 MW.

In the plants' modernization program, important progress was made, such as the start of renovation of the spherical valves at the Henry Borden plant and the completion of tests on the new rotors, which will allow for efficiency gains. The centenary HPP Rasgão will be completely renovated, with completion scheduled for 2025.

In addition, EMAE was successful in monetizing some non-operating real estate assets, selling real estate properties, with emphasis on the exchange of the area in the Villa-Lobos State Park (São Paulo) for a building in the Avenida Paulista region with a difference of BRL12,3 million in favor of the company. The building is located in an affluent region and the process of its sale has begun.

Among the other achievements of the year, the following stand out:

- Changes in the consortium and investment agreements, signed under Public Call No. 1/2015 for the implementation of a thermoelectric plant of up to 2.5 GW, with the replacement of the previous consortium member (GASEN) by the company Edge-Empresa de Geração de Energia S.A., a subsidiary of the COSAN Group;
- Advancement of the motorization project for the Edgard de Souza dam, with ANEEL registering the change in the project's capacity to 18 MW, which allowed the start of the process of obtaining the environmental licensing and granting of water resources relevant for the continuity of the participation project in new electric power auctions expected for 2023 and 2024;
- Signature of the third amendment to the Concession Agreement No. 02/2004-ANEEL to reflect the extension of about 40 days in the term of validity of the grants of Henry Borden and Porto Góes HPPs, for 01/07/2043 and 01/24/2043, respectively. The extension of the term is a result of the offset offered to participants in the Electric Power Reallocation Mechanism (MRE), pursuant to Law No. 13,203/2015;
- Fulfillment of the plant maintenance schedule, which was fundamental to guarantee the availability of the generating plants;
- Obtaining the Permit authorizing the start of modernization works and commercial exploitation of adjacent areas of São Paulo Plant;
- Dam safety was also prioritized, with the continuity of structural reassessment work at the Guarapiranga and Rasgão (São Paulo) dams;
- Continuity of activities related to the Emergency Action Plans for the dams, following up in important way, and in dialogue with the agents involved in this planning, and
- Important advances in the *Novo Rio Pinheiros* (New Pinheiros River) project, contributing to the improvement of water quality and the use of banks being environmentally responsible and leisure options for the city of São Paulo's population.

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

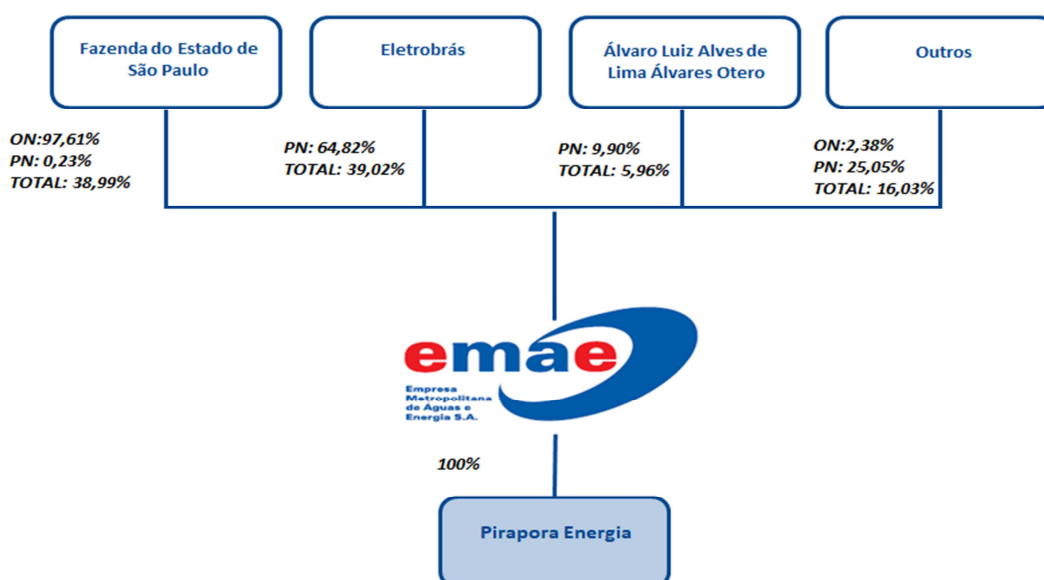
EMAE allocates 1% of its net operating revenue to the Electric Power Sector's Research and Development Program, in compliance with current legislation. Of this total, 40% is allocated to the National Fund for Scientific and Technological Development, 20% to the Planning

Coordination of the Ministry of Mines and Energy, 7% to the Energy Development Account and 33% to the development of research projects by EMAE.

During the year, EMAE concluded the project for an automatic mechanical solution for the retention and collection of solid waste in the Alto-Tietê System and started the project for innovative alternative solutions for Emergency Action Plans in regions with high population density and vertical buildings, with the Federal University of Uberlândia and associated company. This project aims to automate alert techniques and improve evacuation practices through technological innovations of Engineering 4.0.

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.



Key:

Fazenda do Estado de São Paulo	- Tax Authority of the State of São Paulo
ON	- Common Shares
PN	- Preferred Shares
Total	- Total
Outros	- Other

c. Economical and Financial Data

Operating revenue

Consolidated Net Operating Revenue in 2022 reached BRL532.7 million, which represents an increase of BRL3.6 million compared to 2021. The main factors that contributed to this advance were the annual adjustment of generation revenue (RAG) and revenue from the sale of electric power in auction by PCH Pirapora, which added, respectively, BRL32.1 million

and BRL3.6 million compared to 2021 values. The revenue resulting from the construction of concession assets was lower than in 2021 by BRL20.7 million and the revenue from the sale of short-term electric power at the CCEE fell by BRL7.9 million versus the previous year (see note 25.2c).

Cost of electric power service

The costs of electric power services increased by 26.7% in 2022, totaling BRL486.7 million, compared to the BRL384.1 million recorded in 2021. The main item that increased in the period was complementary pension expenses, which increased by BRL34.8 million, +109% in relation to the same expenses of the previous year. This increase is due the increase in the actuarial liability of the PSAP/EMAE plan, registered in December 2021, resulting in an increase in the cost of the plan and the need to assess technical deficits.

Judicial provisions (labor, civil and tax) also contributed to the increase in costs - see note 18.1 - and third-party services, which varied, respectively, by BRL22.2 million (+80%) and BRL18.6 million (+38%) compared to the amounts recorded in 2021.

On the other hand, the reduction of BRL20.7 million in costs related to the construction of concession assets helped to mitigate the impact of the increase mentioned above.

General and administrative expenses

In 2022, the general and administrative expenses were BRL98.2 million, representing an increase of almost 10% compared to that reported in the previous year. This increase was driven mainly due the increase in expenses with third-party services and by the reversal of estimated losses on the realization of doubtful accounts. On the other hand, personnel expenses had a negative change of 0.3%.

Financial income

In 2022, despite the significant increase of BRL30.5 million in income from financial investments, EMAE had a decrease in the total financial income of BRL25.6 million. The net reduction is mainly due to the adjustment for inflation of the leasing agreement with Petrobras which, in 2021, benefited from an IGPM variation of 17.78% compared to the variation of 5.45% in 2022. As a result, the financial income totaled BRL108.4 million, down 19.1%.

The optimization of investment yields is explained by the increase in interest rates and the performance in the allocation of cash, which were previously invested in traditional fixed income investment funds and migrated to an exclusive fund, with lower risk, designed to capture profitability close to the SELIC rate at a low administrative cost.

Net income

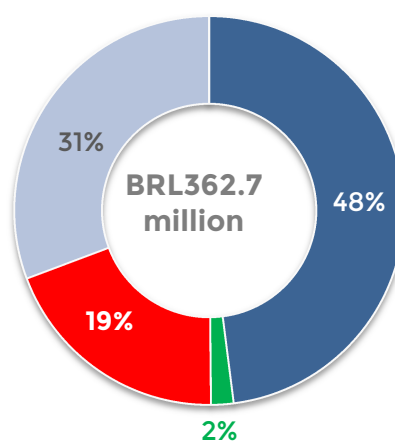
With the impacts of higher costs and reduced adjustment for inflation of lease agreements and Sabesp's financial assets, operating profit before income tax and social security contribution reached BRL78.2 million in 2022.

After Income Tax and social security contribution, EMAE ended the year with a net profit of BRL68 million (13% NOR), down 55% compared to 2021.

Liquid Cash and Debt

At the end of the 2022 year, the Company had cash in the amount of BRL436.7 million, an increase of 40% compared to the BRL311 million recorded on December 31, 2021. In addition, the Company had no debt in the period.

Distribution of Added Value



Key: ■ Pessoal ■ Remuneração do Capital de Terceiros
■ Remuneração do Capital de Próprio ■ Impostos, Taxas e Contribuições

Milhões	-	Million
Pessoal	-	Personnel
Remuneração do Capital de Próprio	-	Interest on equity's compensation
Remuneração do Capital de Terceiros	-	Compensation of third-party capital
Impostos, Taxas e Contribuições	-	Taxes, Dues and Contributions

Capital Market

The Company has subscribed and paid-up capital of BRL285.4 million, as of December 31, 2022, represented by 22,241,714 preferred shares (EMAEE4) and 14,705,370 common shares (EMAEE3). In 2022, there were 30,364 shareholders in the Company's base.

Compensation to the shareholders

In 2022, EMAE distributed compensation to shareholders in the total gross amount of BRL31.3 million, equivalent to BRL 0.80 per common share and BRL0.88 per preferred share, as follows:

- BRL11.4 million as the balance of the mandatory dividend for the year 2021, representing the net amount of BRL0.29 per common share and BRL0.32 per preferred share, paid on 05/25/2022 and;

- BRL19.9 million in the form of Interest on Equity (JCP), representing the net amount of BRL0.51 per common share and BRL0.56 per preferred share, paid on 06/30/2022. The amount will be imputed to the mandatory minimum dividend for the 2022's year, to be approved at the 2022's Annual General Meeting.

For the approval of the Annual General Meeting scheduled for April 14, 2023, the Management of EMAE suggests:

- i. set up a Legal Reserve in the amount of BRL3.4 million;
- ii. Interest on equity of BRL19.9 million paid in June 2022;
- iii. realize the Unrealized Profits Reserve in the amount of BRL7.7 million, and
- iv. the additional dividend of BRL44.6 million.

d. Operating Performance

Principal indicators

	2022	2021	Δ%
OPERATING			
Installed capacity (MW)	960.8	960.8	-
Generated electric power (MWh)	876,939	784,934	11.7
ECONOMICAL AND FINANCIAL (BRL million)			
Net operating revenue	532.7	529.0	0.7
Cost of electric power service	486.7	384.1	26.7
General and administrative expenses	98.2	93.3	5.3
Financial income	108.4	134.0	-19.1
Net income for the year	68.0	149.9	-54.6
% Net Operating Revenue	12.8	28.3	
Earnings per share (BRL)	1.8	4.1	
SOCIAL			
Number of employees	413	430	-4.0%
Net revenue per employee (BRL million)	1.3	1.2	8.3

EBITDA

EBITDA generation was negative by BRL24.4 million, a reduction of BRL86.3 million compared to the positive income of BRL61.9 million in the previous year.

	2022	2021	Δ%
Net operating revenue	532.7	529.0	0.7%
Cost	-486.7	-384.1	26.7%
Operating expenses	-98.2	-93.3	5.3%
Depreciation and amortization	5.8	5.7	1.3%
EBITDA	-24.4	61.9	-139.4
% Net Operating Revenue	-4.6	11.7	

EBITDA was mainly impacted by the increase in complementary pension costs and provisions for labor contingencies.

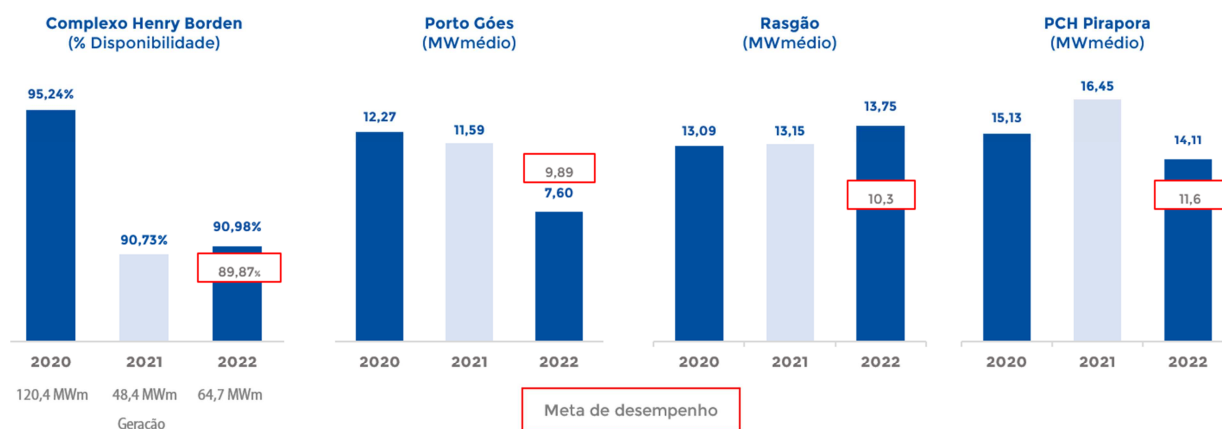
EBITDA (acronym for earnings before interest, taxes, depreciation and amortization) is not a financial measure according to BR GAAP, International Accounting Standards or IFRS and should not be considered individually as a measure of operating performance or alternative to the operating cash flow as 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.

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 Henry Borden and Rasgão hydroelectric power plants. However, the production of Porto Góes HPP was affected by the stoppage for maintenance of two units.

The production of electric power by PCH Pirapora, in 2022, was 123,569.291 MWh, which corresponds to 14.11 MW average in the year. Although, about 14% lower than the generation verified in 2021, this production exceeded the minimum generation established by ANEEL for the year, which is 11.60 MW average.



Key:

Complexo Henry Borden	-	Henry Borden Complex
% Disponibilidade	-	% Availability
Geração	-	Generation
Porto Góes	-	Porto Góes
MWmédio	-	MW average
Meta de desempenho	-	Performance milestone
Rasgão	-	Rasgão
PCH Pirapora	-	PCH Pirapora

Governance, Risk Management and Compliance

EMAE has reinforced its commitment to the evolution of its governance, risk and compliance (GRC) practices and, during 2022, updated its Risk Management, Transactions with Related Parties, Information Security and Indication 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 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 2022, 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.emae.com.br>.

Risk Management

The Company has a risk management area that is part of the Compliance 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 necessary 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 2022, 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 fifth version of the Code, approved at the 404th Meeting of the Board of Directors held on 10/25/2022, 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 the point of view of compliance 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.

EMAE also carries out semi-annual dam safety inspections, before and after the rainy season, and Periodic Safety Reviews (RPS), as required by law. The objective of the RPS is to obtain a detailed diagnosis of the general state of safety of the structures, as well as to update 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.

In 2022, EMAE continued with the structural reassessment work on the Guarapiranga and Rasgão (São Paulo) dams and started registering the downstream population of the cities of Santana de Parnaíba, Pirapora do Bom Jesus and Cabreúva (São Paulo).

Emergency Action Plans (PAEs)

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 (PAEs) 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, and an emergency notification flowchart.

All PAEs were reviewed and, throughout the year, EMAE interacted with municipal governments in the areas where it operates. The Company provides support to municipal bodies in the preparation of their Contingency Plans and has collaborated with these municipal governments by providing signposts to identify escape routes and meeting points in the Self-Rescue Zones.

EMAE has already presented the project to representatives of the Civil Defenses of municipalities in the State of São Paulo, such as São Bernardo do Campo, São Paulo, Cubatão, Salto, Araçatiguama, Carapicuíba, Osasco and Barueri.

Compliance - Privacy Committee

In order to comply with the requirements provided for in the Brazilian General Data Protection Law (LGPD), EMAE established, in 2021, the Privacy Committee, composed of representatives of all boards. The Committee's function is to monitor the treatment given by the Company to personal data, ensuring that they comply with the rules established by the LGPD.

Independent Auditors – CVM Resolution 162/22

The Company relies on external audit services that, since June 2021, have been provided by the company Russel Bedford Brasil 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

Composition of the Board of Directors

The following are members of the Board of Directors at the end of 2022:

Name	Position
Luiz Carlos Lustre	Chairperson
Eduardo de Freitas Teixeira	Independent Director
Theodoro de Almeida Pupo Jr.	Independent Director
Marcio Rea	Statutory - Chief Executive Officer of the Company
Rui de Brito Alvares Affonso	Director elected by the Controller
Paulo Ferreira	Director elected by the Controller
Sergio Ricardo Ciavolih Mota	Director elected by the Controller
Rita Joyanovic	Director elected by the Controller
Zevi Kann	Director elected by the Controller
Roberto Brigido do Nascimento	Director representing the preferred shareholders
Douglas Tadeu Llambias Caetano	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 2022 year, the Executive Board held 53 meetings.

At the end of 2022, the EMAE's Executive Board was as follows:

Name	Position
Marcio Rea	Chief Executive Officer
Pablo Andrés Fernández Uhart	Chief Financial Officer and Relations Investors Officer
Paulo Ernesto Strazzi	Administrative Officer
Itamar Rodrigues	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 2022, the total amount of management compensation approved by the General Meeting, considering benefits and legal charges, was BRL3.3 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 2022 classified that the performance - jointly or individually - of the Managers met the legal and statutory expectations.

f. Environmental Liability

EMAE embraces the preservation of the environment in all its operations and projects. One of the practices adopted by the company is waste management, which includes both the debris that reaches its structures and reservoirs and the waste generated in its offices. Waste is collected and sent for proper disposal, being sent for recycling by cooperatives, composting processes or official sanitary landfills, depending on its characteristics.

In addition, the removal of debris and floating vegetation contributes to the improvement of the facilities in the middle Tietê and Pinheiros rivers, reducing the volume that would accumulate in the equipment of the structures, including the pumping stations. EMAE also has floating barriers at the mouths of all streams that reach the Pinheiros River, which retains a large volume of debris before reaching the river, preventing its dispersion along the water surface. Waste retained in the barriers is removed using excavator-barge sets.

EMAE is a partner of the Pomar Urbano project in collaboration with the Secretariat for the Environment, Infrastructure and Logistics (SEMIL) of the State of São Paulo, to promote environmental and landscape recovery on the banks of the Pinheiros River. The project aims planting native Atlantic Forest species around the river.

The company also participates, together with SEMIL, in the implementation of the "Bruno Covas" Park, with an extension of approximately 17 km, which is part of the Novo Rio Pinheiros project. The initiative will enable the construction of a new leisure area with an extension of 8.2 km, connecting other public parks in the region. The park has a new bike

path, a walking path, spaces for physical exercise, food and parking, without generating a burden, bond or revenue for the Company.

In 2022, EMAE kept its commitment to the environment, carrying out sustainable practices such as responsible waste management and the removal of debris and floating vegetation. In addition, the company continued to be an important partner in relevant socio-environmental projects, proving its care to preserving the environment and improving the population's quality of life.

III. FINANCIAL STATEMENTS

Years ended on December 31, 2022 and 2021

ASSETS

Amounts expressed in thousands of Brazilian Reais (BRL)

	Explanatory Notes	Parent		Consolidated	
		12/31/22	12/31/21	12/31/22	12/31/21
ASSETS					
CURRENT					
Cash and cash equivalents.....	4	421,891	299,308	436,741	311,072
Resellers.....	5	41,229	36,492	46,173	40,946
Indemnifiable financial asset.....	11	12,394	9,064	12,394	9,064
Recoverable Income Tax and Social Security Contribution on Net Income..		808	3,954	415	3,591
Taxes and social security contributions to be offset.....		256	626	256	626
Inventory.....		1,842	1,847	1,842	1,847
Prepaid expenses.....		3,919	659	3,919	917
UTE Piratininga Lease.....	6	139,937	132,732	139,937	132,732
Financial asset - Sabesp.....	23.1	8,323	7,868	8,323	7,868
Securities and escrow deposits.....	9	612	12,110	612	12,110
Non-current assets held for sale.....	10	238,228	-	238,228	-
Other credits.....	7	2,231	3,786	1,601	3,440
		871,670	508,446	890,441	524,213
NON-CURRENT					
Non-current receivables					
UTE Piratininga Lease.....	6	127,936	232,290	127,936	232,290
Financial asset - Sabesp.....	23.1	86,250	83,580	86,250	83,580
Deferred income tax and social security contribution.....	8.2	18,687	124,665	18,687	124,665
Securities and escrow deposits.....	9	45,023	32,040	45,023	32,040
Indemnifiable financial asset.....	11	257,496	202,073	257,496	202,073
Concession's reversible assets.....	12	195,374	195,374	195,374	195,374
Investments.....	13	293,186	164,186	130,762	1,392
Property, plant, and equipment.....	14	80,575	78,763	224,786	226,232
Intangible assets.....		13,819	10,547	13,930	10,738
		1,118,346	1,123,518	1,100,244	1,108,384
TOTAL ASSETS.....		1,990,016	1,631,964	1,990,685	1,632,597

The notes are an integral part of the financial statements.

LIABILITIES AND EQUITY

Amounts expressed in thousands of Brazilian Reais (BRL)

	Explanatory Notes	Parent Company		Consolidated	
		12/31/22	12/31/21	12/31/22	12/31/21
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT					
Trade payables.....		9,633	6,225	10,124	6,713
Payroll.....	16	3,783	4,724	3,783	4,724
Estimated obligations - payroll.....	16	16,500	12,335	16,500	12,335
Post-employment benefits, complementary retirement plan.....	17	37,457	56,890	37,457	56,890
Taxes and social security contributions.....		7,182	6,573	7,353	6,711
Dividends and interest on equity.....	24.7	10,532	9,138	10,532	9,138
Securities and escrow deposits.....		-	11,639	-	11,639
Power grid charges.....		180	171	180	171
Other obligations - Investments in the concession.....	20	12,394	9,064	12,394	9,064
Other obligations - Comgás.....	21	626	502	626	502
Special Obligations - RGR.....	19	1,801	1,801	1,801	1,801
Sector Obligations.....		899	2,647	906	2,654
Other liabilities.....	22	5,093	6,836	5,093	6,836
		106,080	128,545	106,749	129,178
NON-CURRENT					
Long-term liabilities					
Post-employment benefits, complementary retirement plan.....	17	262,035	395,592	262,035	395,592
Provisions for labor, civil, and tax risks.....	18.1	120,533	77,853	120,533	77,853
Other obligations - Investments in the concession.....	20	359,167	274,347	359,167	274,347
Other obligations - Comgás.....	21	11,851	9,924	11,851	9,924
Special Obligations - RGR.....	19	5,399	7,200	5,399	7,200
Sector Obligations.....		769	769	769	769
		759,754	765,685	759,754	765,685
SHAREHOLDERS' EQUITY					
Share capital.....	24	285,411	285,411	285,411	285,411
Capital reserves.....		387,130	387,130	387,130	387,130
Other comprehensive income.....	24.6	91,510	(259,534)	91,510	(259,534)
Profits reserves.....		315,491	319,867	315,491	319,867
Proposed additional dividend.....		44,640	4,860	44,640	4,860
		1,124,182	737,734	1,124,182	737,734
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....		1,990,016	1,631,964	1,990,685	1,632,597

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 explanatory	Parent Company		Consolidated	
		2022	2021	2022	2021
NET REVENUE	25	491,341	483,712	532,685	529,024
COST OF ELECTRIC POWER SERVICE	26	(470,277)	(369,291)	(486,664)	(384,112)
GROSS OPERATING PROFIT		21,064	114,421	46,021	144,912
Operating Revenues/Expenses					
General and administrative expenses.....	26	(98,221)	(93,195)	(98,221)	(93,290)
Other revenues and (expenses).....	26	21,974	4,509	21,974	4,509
Equity accounting in subsidiary.....		25,092	27,936	-	-
		(51,155)	(60,750)	(76,247)	(88,781)
PROFIT (LOSS) BEFORE FINANCIAL INCOME		(30,091)	53,671	(30,226)	56,131
FINANCIAL INCOME					
Revenues.....	27	53,870	30,827	56,043	31,684
Expenses.....	27	(765)	(909)	(766)	(2,510)
Adjustments for inflation, net.....	27	53,135	104,825	53,135	104,825
		106,240	134,743	108,412	133,999
EARNINGS BEFORE INCOME TAX AND SOCIAL SECURITY CONTRIBUTION		76,149	188,414	78,186	190,130
INCOME TAX AND SOCIAL SECURITY CONTRIBUTION					
Current.....	8.1/8.2	(82,996)	(77,291)	(85,033)	(79,007)
Deferred.....	8.1/8.2	74,862	38,795	74,862	38,795
NET INCOME FOR THE FISCAL YEAR	24.2	68,015	149,918	68,015	149,918
PROFIT ATTRIBUTABLE TO:					
Controlling and non-controlling shareholders.....		68,015	149,918	68,015	149,918
BASIC EARNING PER:					
Preferred Share.....	24.2	R\$ 1.90999	R\$ 4.20997	R\$ 1.90999	R\$ 4.20997
Common Share.....	24.2	R\$ 1.73635	R\$ 3.82725	R\$ 1.73635	R\$ 3.82725

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	
	2022	2021
Net income for the fiscal year.....	68,015	149,918
Items that will not be reclassified later to profit or loss.....		
Adjustment of Asset elements.....	368,965	-
Adjustment of Liability elements.....	162,920	(111,229)
Effect of income tax and social security contribution.....	(180,841)	37,818
Total comprehensive income for the fiscal year.....	419,059	76,507

The notes are an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

Amounts in thousands of Brazilian Reais (BRL)

DESCRIPTION	SHARE CAPITAL	CAPITAL RESERVES		OTHER COMPREHENSIVE INCOME			PROFITS RESERVES				PROPOSED ADDITIONAL DIVIDEND	ACCUMULATED PROFITS (LOSSES)	TOTAL
		GRANTS FOR INVESTMENT	TAX INCENTIVES	ADJUSTMENTS OF ASSET ELEMENTS	ADJUSTMENTS OF LIABILITY ELEMENTS	LEGAL RESERVE	ASSET RECOVERY RESERVE	RESERVE FOR CONTINGENCY	UNREALIZED PROFITS RESERVE				
Balances as of January 1, 2021	285,411	383,618	3,512	-	(186,123)	30,884	144,076	-	43,135	14,000	-	718,513	
Approval of proposed additional dividend - calendar year 2020.....	-	-	-	-	-	-	-	-	-	(14,000)	-	(14,000)	
Actuarial losses net of tax effect.....	-	-	-	(73,411)	-	-	-	-	-	-	-	(73,411)	
Net income for the fiscal year.....	-	-	-	-	-	-	-	-	-	-	149,918	149,918	
Constitution of legal reserve.....	-	-	-	-	-	7,496	-	-	-	-	(7,496)	-	
Dividends (Interest on equity).....	-	-	-	-	-	-	-	-	-	-	(36,171)	(36,171)	
Constitution of contingency reserve.....	-	-	-	-	-	-	-	101,391	-	-	(101,391)	-	
Proposed additional dividend.....	-	-	-	-	-	-	-	-	-	4,860	(4,860)	-	
Realization of unrealized profits reserve.....	-	-	-	-	-	-	-	-	(7,115)	-	-	(7,115)	
Balances as of December 31, 2021	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 - Interest on Equity (Note 24.3).....	-	-	-	-	-	-	-	-	-	-	(19,974)	(19,974)	
Net income for the fiscal year (Note 24.3).....	-	-	-	-	-	-	-	-	-	-	68,015	68,015	
Constitution of the legal reserve (Note 24.3).....	-	-	-	-	-	3,401	-	-	-	-	(3,401)	-	
Proposed additional dividend (Note 24.3).....	-	-	-	-	-	-	-	-	-	44,640	(44,640)	-	
Realization of unrealized profits reserve (Note 24.3).....	-	-	-	-	-	-	-	-	(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	

The notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS (indirect method)

Amounts in thousands of Brazilian Reais (BRL)

	Parent Company		Consolidated	
	12/31/22	12/31/21	12/31/22	12/31/21
Operating activities				
Income for the year.....	68,015	149,918	68,015	149,918
Equity accounting income.....	(25,092)	(27,936)	-	-
Depreciation/amortization.....	1,567	1,490	5,824	5,746
Indemnities - expropriations.....	(2,048)	(10,953)	(2,048)	(10,953)
Pension plan's company expense.....	66,501	31,744	66,501	31,744
Estimated losses on the realization of doubtful accounts.....	478	807	504	807
Provisions for labor, civil, and tax risks.....	49,961	27,796	49,961	27,796
Direct taxes.....	11	35,235	1,592	36,500
Comgás appropriation.....	(560)	(486)	(560)	(486)
Interest and charges on financing.....	-	-	-	1,600
Gain on the disposal of assets and rights.....	(11,352)	(295)	(11,352)	(295)
Provision - Investments in the Concession.....	98,693	85,233	98,693	85,233
Updating of escrow deposits.....	(38)	(896)	(38)	(896)
Write-offs.....	23	1,683	23	1,683
Real estate properties exchange - net of charges.....	(9,835)	-	(9,835)	-
Interest and adjustments for inflation - Sabesp agreement.....	(12,088)	(15,396)	(12,088)	(15,396)
Interest and adjustments for inflation of the UTP Piratinga lease.....	(55,251)	(106,561)	(55,251)	(106,561)
Variations in assets and liabilities				
Resellers.....	(4,737)	34	(5,227)	(141)
Taxes and social security contributions to be offset.....	370	145	370	145
Recoverable income tax and social security contribution.....	1,326	3,321	1,356	3,587
Inventories.....	5	18	5	18
Prepaid expenses.....	(3,260)	3,784	(3,002)	3,633
Securities and escrow deposits.....	(9,371)	(6,176)	(9,371)	(3,459)
Sabesp.....	8,963	19,209	8,963	19,209
Other credits.....	1,077	(632)	1,335	(632)
Trade payables.....	3,408	2,033	3,411	2,057
Payroll.....	(941)	131	(941)	131
Estimated obligations - payroll.....	4,165	(3,647)	4,165	(3,647)
Contributions to pension plan.....	(56,572)	(30,241)	(56,572)	(30,241)
Taxes and social security contributions.....	609	1,011	642	993
Sector obligations.....	(1,748)	(1,830)	(1,748)	(1,836)
Payment of civil and labor contingencies.....	(7,281)	(15,234)	(7,281)	(15,234)
Power grid charges.....	9	(25)	9	(25)
Escrow deposits.....	-	351	-	351
Comgás obligations.....	2,611	438	2,611	438
Special Obligations - RGR.....	(1,801)	(1,800)	(1,801)	(1,800)
Other.....	(1,743)	(3,235)	(1,743)	(3,235)
	104,074	139,038	135,122	176,752
Interest and financing charges paid.....	-	-	-	(1,784)
Dividends received.....	25,462	28,870	-	-
Income tax and social security contribution paid.....	(74,872)	(74,030)	(76,453)	(75,295)
Net cash from operating activities	54,664	93,878	58,669	99,673
Investment activities				
Acquisition of property, plant and equipment.....	(1,340)	(1,122)	(2,259)	(3,988)
Indemnifiable financial assets.....	(69,296)	(99,667)	(69,296)	(99,667)
Acquisition of intangible assets.....	(3,960)	(3,503)	(3,960)	(3,503)
Indemnities - expropriations.....	2,048	10,959	2,048	10,959
Return - real estate properties exchange - net of charges.....	9,835	-	9,835	-
Receipt of financial lease.....	152,400	137,640	152,400	137,640
Proceeds from the sale of property, plant, and equipment.....	11,352	295	11,352	295
Capital payment in subsidiary.....	-	(64,000)	-	-
Net cash generated by (used in) investment activities	101,039	(19,398)	100,120	41,736
Financing activities				
Interest on equity and dividends paid.....	(29,565)	(282,874)	(29,565)	(282,874)
Fuel oil payment.....	(3,555)	-	(3,555)	-
Financing.....	-	-	-	(66,177)
Net cash used in financing activities	(33,120)	(282,874)	(33,120)	(349,051)
Increase (Decrease) of cash and cash equivalents	122,583	(208,394)	125,669	(207,642)
Cash and cash equivalents at the beginning of the period.....	299,308	507,702	311,072	518,714
Cash and cash equivalents at the end of the period.....	421,891	299,308	436,741	311,072
Increase (Decrease) of cash and cash equivalents	122,583	(208,394)	125,669	(207,642)

The notes are an integral part of the financial statements.

STATEMENTS OF VALUE ADDED

Amounts in thousands of Brazilian Reais (BRL)

	Parent Company		Consolidated	
	2022	2021	2022	2021
GENERATION OF VALUE ADDED				
Revenues				
Operating revenues.....	488,313	456,293	531,223	503,322
Other revenues.....	21,974	4,509	21,974	4,509
Allowance for doubtful accounts - constitution.....	(368)	3,915	(368)	3,915
Revenues from construction of own assets and concession.....	73,384	93,438	74,303	96,278
	583,303	558,155	627,132	608,024
Minus:				
Inputs				
GSF (Physical guarantee).....	-	-	2,007	1,823
Power grid charges.....	45,300	45,601	45,676	45,908
Third parties' services.....	113,179	118,284	118,159	124,056
Materials.....	54,900	46,066	55,485	47,095
Provision - Investments in the Concession.....	98,693	85,232	98,693	85,232
Other operating costs.....	47,291	12,128	47,727	12,455
	359,363	307,311	367,747	316,569
GROSS VALUE ADDED.....	223,940	250,844	259,385	291,455
DEPRECIATION/AMORTIZATION.....	(1,567)	(1,490)	(5,823)	(5,746)
NET VALUE ADDED PRODUCED BY THE ENTITY.....	222,373	249,354	253,562	285,709
VALUE ADDED RECEIVED AS TRANSFER				
Financial revenues.....	53,870	30,827	56,043	31,684
Equity Accounting.....	25,092	27,936	-	-
Adjustments for inflation, net.....	53,135	104,825	53,135	104,825
	132,097	163,588	109,178	136,509
TOTAL VALUE ADDED TO BE DISTRIBUTED.....	354,470	412,942	362,740	422,218
DISTRIBUTION OF VALUE ADDED				
Personnel:				
Work compensation and benefits (except INSS/FGTS).....	101,281	89,464	104,845	92,693
Employees pension entity - Contribution to the plan.....	66,501	31,744	66,501	31,744
F.G.T.S. (GOVERNMENT SEVERANCE INDEMNITY FUND FOR EMPLOYEES)...	5,011	4,820	5,237	5,024
	172,793	126,028	176,583	129,461
Taxes, fees and contributions:				
Sector charges:				
Financial offset for the use of water resources.....	4,418	3,409	4,418	3,409
Electric power service inspection fee.....	1,500	1,397	1,586	1,479
Research and development - R&D.....	4,189	3,916	4,189	3,916
	10,107	8,722	10,193	8,804
Federal:				
Income tax and social security contribution.....	8,134	38,496	10,171	40,212
COFINS/PIS.....	60,219	56,788	61,785	58,505
INSS (Brazilian Institute of Social Security).....	18,209	17,255	18,999	17,970
	86,562	112,539	90,955	116,687
Municipal:				
ISS (Service Tax).....	649	691	649	691
Urban Real Estate Property Tax (IPTU).....	9,486	8,415	9,486	8,415
	10,135	9,106	10,135	9,106
	106,804	130,367	111,283	134,597
Compensation on third parties' capital:				
Interest and debt charges.....	765	909	766	2,510
Rents.....	6,093	5,720	6,093	5,732
	6,858	6,629	6,859	8,242
Compensation on equity:				
Dividends / Interest on Equity.....	19,974	36,171	19,974	36,171
Retained earnings.....	48,041	113,747	48,041	113,747
Net income for the fiscal year.....	68,015	149,918	68,015	149,918
TOTAL DISTRIBUTION OF VALUE ADDED	354,470	412,942	362,740	422,218

The notes are an integral part of the financial statements.

NOTES

This section presents the Notes to the Financial Statements for the years ended December 31, 2022, and 2021. The amounts are expressed in thousands of Brazilian Reals, unless otherwise indicated.

I. 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 Eletrobrás - Centrais Elétricas Brasileiras S.A, which on December 31, 2022, 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 RAG 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.

On July 12, 2022, Ratifying Resolution No. 3,068 was published, which ratified the Annual Generation Revenues of hydroelectric power plants under a quota system for the 2022-2023 cycle according to the terms of Law No. 12,783/2013, effective from July 1, 2022, until June 30, 2023 (Note 30 c).

PCH Pirapora

Pirapora Energia S.A., a wholly-owned subsidiary of the Company, is a Special-Purpose Entity created to build and operate the Pirapora Small Hydroelectric Power Plant (PCH). Authorized by ANEEL Authorizing Resolution No. 1,429, of June 24, 2008, amended by ANEEL Authorizing Resolution No. 10,972, of December 14, 2021, effective until December 31, 2044. The PCH has two generating plants totaling 25 MW of installed capacity, with 17 MW of physical guarantee.

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.

According to the authorization, at the end of the term, the related goods and facilities will revert to the Government through compensation or the authorized company may be obliged to restore, on its own account, the free drainage of the water.

Piratininga Thermoelectric Plant

In addition to the generation activity, the Company leased the assets of Piratininga Thermoelectric Plant ("UTE 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 agreement has a term of 17 years and, at the time, an operation and maintenance service agreement for the Piratininga plant was also 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 freely make them available.

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 160 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.

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 Piratininga UTE - 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., of the COSAN Group.

Exploitation of Real Estate Assets

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

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 BRL280.05 million, plus the payment related to the variable grant, calculated on the monthly gross revenue of the future enterprise.

The period for receiving the portion referring to the fixed grant is scheduled from January 2024 to December 2044 and that referring to the variable grant will be in accordance with 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 agreement).

Impacts of COVID-19 on the Company

Due to Circular Letter/CVM/SNC/SEP/ number 02/2020, issued on March 10, 2020, the Company considered the possible impacts on its business arising from the pandemic caused by COVID-19 and did not identify economic effects for accounting registration in its financial statements in 2022.

Circular Letter No. 1/2023/CVM/SNC/SEP

In compliance with Circular Letter No. 1/2023/CVM/SNC/SEP, of February 13, 2023, we inform you that the decision of the Federal Supreme Court, of February 8, 2023, which changed the precedents in the final and unappealable tax matters, does not affect the financial statements or the allocation of EMAE results.

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 March 8, 2023. 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

This 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 3.13 - Impairment of assets;
- Note 6 - Leasing: determining if an agreement contains a leasing;
- Note 7 - Estimated losses on the realization of doubtful accounts;
- Note 8 - Recognition of deferred income tax and social security contribution;
- Note 11 - Determination of indemnifiable financial assets;
- Note 12 - Concession's reversible asset;
- Note 13 - Investments
- Note 14 - Property, Plant and Equipment: useful life assessment and impairment analysis
- Note 17 - Post-employment benefits, complementary pension 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.

2.4 Measurement basis

The financial statements were prepared based on historical cost, with the exception of the net defined benefit asset or liability of the employee pension plan, which is recognized as the fair value of plan assets, less the present value of the defined benefit obligation, and is limited as explained in Note 17.

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 principal 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 POLICIES

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 provision contracts:

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

The company recognizes revenue as the 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 and, therefore, prioritize 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 all 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 of the necessary investments and pertinent plans 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 levied on sales and services revenues are as follows:

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

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

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

Sector charges – correspond to amounts spent as financial offset for water resources and the inspection fee for electric power services;

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 and services, 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 BRL240 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 or 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 through Presumed Profit in 2022 and 2021.

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 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 an item of property, plant and equipment are recognized in income 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 14.

3.11 Fixed Assets

A) Recognition and Measurement

The Company and its subsidiary recognize expenditures on investments in fixed assets if it is probable that the tangible asset will have an economic useful life exceeding one year and if it is expected to bring future economic benefits to the Company. Fixed assets are measured at cost of acquisition or construction, less any accumulated losses from impairment, when applicable. When significant parts of a fixed asset have different useful lives, they are

recorded as separate items (major components) of fixed assets. Any gains or losses on the disposal of a fixed asset are recognized in the income statement.

B) Subsequent Expenditures

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

C) Depreciation

Depreciation is calculated using the straight-line method based on the useful life of fixed assets established by ANEEL. The determination of depreciation on the Pirapora fixed assets took into account the best estimate of its Management regarding the right to compensation for the remaining assets, including the basic generation project, not amortized at the end of the authorization. The average annual depreciation rates are presented in Note 14.

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 7.

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 2022

CPC 50 - IFRS 17 - Insurance agreements

Establishes principles for recognition, measurement, presentation and disclosure of insurance agreements within the scope of this pronouncement. CPC 50 replaces CPC 11 - IFRS 4 - Insurance agreements. Said pronouncement shall be applied for annual periods beginning on or after January 1, 2023.

The Company evaluated the impacts of the adoption of IFRS 17 and did not identify relevant impacts in the application of this new pronouncement.

Review of technical pronouncements No. 19/2021

The review document presents amendments to Technical Pronouncements CPC 37(R1) - Initial Adoption of International Accounting Standards, CPC 48 - Financial Instruments, CPC 29 - Biological Assets and Agricultural Products, CPC 27 - Property, Plant and Equipment, CPC 25 - Provisions, Contingent Liabilities and Contingent Assets and CPC 15 (R1) - Business Combination. The changes introduced took effect from January 1, 2022.

Revision No. 19 did not bring material changes to the Company's Financial Statements.

Review of technical pronouncements - No. 21/2022

The document establishes amendments to Technical Pronouncements CPC 37 (R1) Initial Adoption of International Accounting Standards, CPC 15 (R1) Business Combinations, CPC 31 Non-Current Assets Held for Sale and Discontinued Transaction, CPC 40 (R1) Financial Instrument: Disclosure, CPC 48 Financial Instruments, CPC 47 Customer Agreement Revenue, CPC 26 (R1) Presentation of Financial Statements, CPC 03 (R2) Statement of Cash Flows, CPC 27 Property, Plant and Equipment, CPC 33 (R1) Employee Benefits, CPC 18 (R2) Investment in Affiliate, Subsidiary and Joint Venture, CPC 39 Financial Instruments: Presentation, CPC 01 (R1) Impairment of Assets, CPC 25 Provisions, Contingent Liabilities and

Contingent Assets, CPC 04 (R1) Intangible Assets, CPC 28 Real Estate Property for Investment and CPC 50 Insurance Agreements. The amendments must be adopted as of January 1, 2023

The Company analyzed the changes that occurred and did not identify relevant impacts on the application of revision No. 21/2022.

4. CASH AND CASH EQUIVALENTS

	Parent company		Consolidated	
	12/31/22	12/31/21	12/31/22	12/31/21
Cash and banks' checking accounts.....	145	2,549	145	2,549
Financial investments (a).....	421,746	296,759	436,596	308,523
	421,891	299,308	436,741	311,072

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 12.1% in the year ended December 31, 2022, and 3.3% on December 31, 2021.

5. RESELLERS

	Parent company		Consolidated	
	12/31/22	12/31/21	12/31/22	12/31/21
a) Electric Power Supply				
Electric power supply for resellers.....	41,229	36,492	46,173	40,946

On December 31, 2022, and 2021, 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. LEASING UTE PIRATININGA

6.1 Background

On April 27, 2007, EMAE and Petróleo Brasileiro S.A. - Petrobras entered into an agreement called "Private Instrument for Leasing the of UTE Piratininga Assets ("Leasing"), lasting seventeen years. This agreement involved the transfer of rights to explore electric power generation and global compensation of BRL765 million, based on January 2007, paid in semi-annual installments, readjusted by the IGP-M from the second year onwards.

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 term of the concession expired on July 7, 2015, the Granting Authority has not yet formally expressed its opinion on the request for renewal until the date of approval of these financial statements.

BSE assumed the obligation to return the leased assets at the end of the agreement term, "in the condition of use and conservation in which it received them, considering the depreciation and technological innovations inherent to the development of the Agreement operation." The Company will be entitled to compensation if the lessee does not re-establish the conditions of the leased assets.

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.

6.2 Accounting

The Leasing Agreement is updated monthly at a rate of 9.32% per year plus IGPM and, since its beginning, the operation has been classified as a lease-purchase agreement for the following reasons:

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

Statement of the UTE Piratininga's leasing activity:

Account	Parent company and Consolidated				Balance 12/31/22
	Balance 12/31/21	Transfers	Financial charges	Receipt	
ASSETS					
Current.....	132,732	149,839	9,766	(152,400)	139,937
Non-current.....	232,290	(149,839)	45,485	-	127,936
	365,022	-	55,251	(152,400)	267,873

Statement of reconciliation of leasing amounts:

	Parent company and Consolidated	
	12/31/22	12/31/21
Par value of the agreement.....	765,000	765,000
Unrealized financial income (a).....	(9,381)	(19,147)
Adjustment for Inflation.....	738,167	692,682
Receipts.....	(1,225,913)	(1,073,513)
	267,873	365,022

(a) Refers to interest not yet paid on the leasing agreement, inherent to the receipt of future installments.

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

Non current	
2024.....	127.936

7. OTHER CREDITS

	Parent company		Consolidated	
	12/31/22	12/31/21	12/31/22	12/31/21
Current				
Services in progress (a).....	-	2,467	-	2,467
Amounts receivable - Free Electric Power (b).....	4,144	4,144	4,144	4,144
Assigned employees (c).....	1,404	1,546	1,404	1,546
Estimated losses on the realization of doubtful accounts (d).....	(6,925)	(7,433)	(6,925)	(7,433)
Pirapora Energia S.A. cost sharing.....	651	346	-	-
Petrobrás - Transaction.....	805	1,462	805	1,462
Rents.....	217	201	217	201
Eduardo Yassuda O&M.....	768	-	768	-
Contractual fines (e).....	626	512	626	512
SEEM Agreement - current SIMA (Note 23.3).....	529	529	529	529
I - Rec (f).....	-	-	21	-
Scrap (g).....	12	12	12	12
	2,231	3,786	1,601	3,440

- a) These refer to 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 accounted for and not yet received;
- c) Refer to amounts receivable for the assignment of employees to companies of the Government of the State of São Paulo. Amounts overdue for more than 360 days are provided for under "Estimated losses on the realization of doubtful accounts" line item;

- d) The balance of estimated losses on the realization of doubtful accounts on December 31, 2022, corresponding to BRL 6,925, includes: BRL1,404, assigned employees; BRL4,144, RTE; BRL624, contractual fines; BRL529, SEEM Agreement; BRL183, Eduardo Yassuda Operation and Maintenance, and BRL41, leases and rents; In 2022, EMAE received from the Secretariat of Justice and Defense the amount of BRL 101 referring to the compensation of employees assigned between the period of October 2014 to May 2015. As the amounts were recorded as estimated losses in previous years, the Company recognized the reversal in the 2022 profit or loss.
- e) These refer to amounts charged from third parties due to delays in the execution of works, delivery of goods and others.
- f) Refers to the right for the sale of international Renewable Energy certificates (I-REC).
- g) These refer to assets demobilized in the modernization of the Transformation of São Paulo Plant (ETU) recorded at carrying amount that will be sold through a bidding process.

8. DEFERRED AND CURRENT INCOME TAX AND SOCIAL SECURITY CONTRIBUTION

8.1 Reconciliation of Income Tax and Social Security Contribution in the Profit or Loss

	Parent company		Consolidated		Parent company		Consolidated	
	12/31/22	12/31/21	12/31/22	12/31/21	12/31/22	12/31/21	12/31/22	12/31/21
Earnings before taxes and contributions.....	76,149	188,414	78,186	190,130	76,149	188,414	78,186	190,130
Current tax rate.....	25%	25%	25%	25%	9%	9%	9%	9%
Expense expectation according to the current tax rate.....	(19,037)	(47,104)	(19,547)	(47,533)	(6,853)	(16,957)	(7,037)	(17,112)
a) effect of IRPJ and CSLL on permanent differences								
Equity accounting method in subsidiary.....	6,273	6,984	-	-	2,258	2,514	-	-
Interest on Equity.....	4,994	9,043	4,994	9,043	1,798	3,255	1,798	3,255
Tax incentives.....	2,788	3,099	2,788	3,099	-	-	-	-
Others.....	(254)	499	(254)	499	(100)	171	(100)	171
b) Presumed profit regime effect of subsidiary								
Pirapora Energia S.A.....	-	-	5,404	6,282	-	-	1,782	2,084
Accounted Income Tax and Social Security Contribution.....	(5,236)	(27,479)	(6,615)	(28,610)	(2,897)	(11,017)	(3,557)	(11,602)
Current.....	(60,282)	(55,636)	(61,660)	(56,767)	(22,714)	(21,655)	(23,373)	(22,240)
Deferred.....	53,733	28,157	53,733	28,157	19,344	10,638	19,344	10,638
Effective tax rate.....	7%	15%	8%	15%	4%	6%	5%	6%

8.2 Breakdown of deferred taxes

	ASSETS		LIABILITIES	
	Parent company and		Parent company and	
	Consolidated		Consolidated	
	12/31/22	12/31/21	12/31/22	12/31/21
Income Tax				
Temporarily non-deductible provisions (a).....	125,952	93,281	-	-
Lease's deferred tax liability (b).....	-	-	53,906	77,062
Sabesp's deferred tax liability (c).....	-	-	23,643	22,862
ORA's deferred tax asset (d).....	57,579	98,308	-	-
ORA' deferred tax liability (e).....	-	-	92,241	-
Social Security Contribution				
Temporarily non-deductible provisions (a).....	45,342	33,581	-	-
Lease's deferred tax liability (b).....	-	-	19,406	27,742
Sabesp's deferred tax liability (c).....	-	-	8,511	8,230
ORA's deferred tax asset (d).....	20,728	35,391	-	-
ORA' deferred tax liability (e).....	-	-	33,207	-
	249,601	260,561	230,914	135,896
Offset between Assets and Liabilities (f).....	(230,914)	(135,896)	(230,914)	(135,896)
	18,687	124,665	-	-

a) Refers to 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) Refers to the recording of deferred income tax and social security contribution, calculated on the gain on the leasing of UTE Piratininga (Note 6);

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

d) Refers to deferred tax asset on the defined benefit plan (Note 17).

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

f) Refers to offsetting deferred assets and liabilities. It should be noted that until 2017, the Company recorded a total of deferred income tax and social security contribution assets limited to 30% of the deferred tax liability. As of 2018, the Company's Management prepared the projection of future taxable income evidencing the ability to realize these tax credits in the indicated years, which was approved by the Board of Directors. Deferred assets are reviewed at each year-end and may be reduced to the extent that their realization is no longer likely.

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

2023.....	12,775
2024.....	8,792
2025.....	8,792
2026.....	8,792
2027.....	8,792
2028 to 2042.....	123,351
	171,294

9. ESCROWS AND RELATED DEPOSITS

	Parent company and Consolidated	
	12/31/22	12/31/21
Current		
Related deposits (a).....	612	12,110
	612	12,110
Non-current		
Court deposits (b).....	45,023	32,040
	45,023	32,040
	45,635	44,150

a) The amount on December 31, 2022, corresponds to two escrows: contractual escrow paid to ANEEL, in October 2018 and April 2019, related to Edgard de Souza Plant; and the contractual escrow related to the operation and maintenance of the Eduardo Yassuda pumping station.

On June 18, 2022, the Company resolved, with the Electric Energy Trading Chamber (CCEE), an old pending issue related to the Fuel Consumption Account (CCC) for the sale of fuel oil inventory, in the amount of BRL15,563.

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.

10. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets owned by EMAE that will be sold through a bidding process in 2023 are classified under this line item. During the year, the Company, based on reports from certified institutions, recorded at fair value three real estate properties, Spaces A and C related to São Paulo Plant, land Parque Villa Lobos, subject to exchange with the Building located on Rua Augusta, and Bota- Fora 14, of which only Spaces A and C related to São Paulo Plant remain classified under the "Investment" line item, with the others reallocated to the "Non-current assets held for sale" line item after resolution at a meeting of the Board of Directors that authorized 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.

On December 31, 2022, the following real estate properties are classified under this line item:

(a) 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, number 4,800, also in the city of São Paulo, state of São Paulo, totaling BRL94,770. EMAE shall receive in cash the return resulting from the difference between the

value of the real estate properties equivalent to BRL12,309, 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.

(b) 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.

11. INDEMNIFIABLE FINANCIAL ASSET

Refers to investments in generation infrastructure made after January 1, 2013, when the concession extensions for the plants in the Henry Borden Complex, Porto Góes and Rasgão began to come into effect, pursuant to Law No. 12,783/13. These investments are remunerated through Annual Generation Revenue (RAG).

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

Activity of indemnifiable financial assets:

	Parent company and Consolidated					as of 12/31/22
	as of 12/31/21	s (a)	Transfer	Offset (b)	Amortization (c)	
Current						
Financial assets.....	9,064	-	13,873	-	(10,543)	12,394
	9,064	-	13,873	-	(10,543)	12,394
Non-current						
Advances to suppliers.....	20,800	24,597	-	(23,386)	-	22,011
Financial assets.....	181,273	68,085	(13,873)	-	-	235,485
	202,073	92,682	(13,873)	(23,386)	-	257,496

- The additions for the year refer to 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.
- Corresponds to offset for advances made upon receipt of goods.
- Amortization of investments already made (Note 20).

12. 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. In August 2021, pursuant to ANEEL Normative Resolution No. 942/21, EMAE ratified this expression of interest and in July 2022 forwarded to ANEEL the detailed asset valuation report for indemnification purposes, as communicated by the Company on July 25, 2022, for the historic amount of BRL 346.6 million.

The forwarded report demonstrates that there is no reason to reduce the original estimate of impairment with the granting authority. However, ANEEL may ratify an indemnity amount different from that claimed, which will be analyzed by the Company and, if applicable, make any necessary adjustments for losses or gains.

The net carrying amount of reversible assets on December 31, 2022, and 2021, is BRL195.4 million.

13. INVESTMENTS

	Parent company		Consolidated	
	12/31/22	12/31/21	12/31/22	12/31/21
Pirapora Energia S.A (a).....	162,424	162,794	-	-
Future use.....	-	1,390	-	1,390
Prop. for Investment - Adjacent areas - U. São Paulo (b).....	130,762	2	130,762	2
Total.....	293,186	164,186	130,762	1,392

- a) The Company has full control and interest in the equity of its subsidiary Pirapora Energia S.A. In 2021, EMAE paid-in BRL64,000 in its subsidiary aiming at the early discharge of the financing entered into with the BNDES, which took place on March 15, 2021.

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

	12/31/22	12/31/21
Assets.....	164,137	164,136
Liabilities.....	1,713	1,342
Equity.....	162,424	162,794
	2022	2021
Profit for the year.....	25,092	27,936

	Subsidiary
Balance as of 12/31/2020.....	95,606
Paid-up capital	64,000
Additional dividend for 2020 paid in 2021.....	(12,364)
Equity accounting method income.....	27,936
Prepaid dividends 1st semester of 2021.....	(12,384)
Balance as of 12/31/2021.....	162,794
Additional dividend for 2021 paid in 2022.....	(14,155)
Equity accounting method income.....	25,092
Prepaid dividends 1st semester of 2022.....	(11,307)
Balance as of 12/31/2022.....	162,424

- b) Transfer to the Company's property, plant, and equipment.
- c) Concession of adjacent areas to São Paulo Plant for commercial exploitation

EMAE granted a set of adjacent areas to São Paulo Plant for commercial exploitation until the year 2043 with the payment of a fixed grant in the amount of BRL280.05 million and a variable grant to be calculated on the monthly gross revenue of the future undertaking.

Until the 2020 year, areas A and C, adjacent to São Paulo Plant, were linked to the generation activity, having been released in accordance with ANEEL regulations and reclassified in the accounts to the "Investments" line item, in Non-Current Assets, as determined in item 5 of CPC 28 - Investment Properties. As recommended by CPC 28, the adjacent areas São Paulo Plant were restated at fair value corresponding to BRL130,762 based on a report from a certified institution with a corresponding entry net of "Income Tax and Social Security Contribution" in "Other Comprehensive Income" in the Company's Equity.

14. PROPERTY, PLANT, AND EQUIPMENT

Activity in property, plant, and equipment balances on December 31, 2022, are represented by:

Parent company	Depreciation average annual rates (%)	Balance as of 12/31/21	Additions	Write-offs	Transfer	Depreciation of the year	Balance as of 12/31/22
In service							
Lands.....		5,060		(14)	(92) (*)	-	4,954
Buildings, Civil Works and Improvements.....	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
Sub-total.....		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

Consolidated	Depreciation average annual rates (%)	Balance as of 12/31/21	Additions	Write-offs	Transfer	Depreciation of the year	Balance as of 12/31/22
In service							
Lands.....		5,060	-	(14)	(92) (*)	-	4,954
Reservoirs, Dams and Water mains.....	2.1%	44,078	742	-	-	(1,024)	43,796
Buildings, Civil Works and Improvements.....	2.0%	47,375		-	-	(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
Sub-total.....		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 2022, 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 BRL69,688 on December 31, 2022.

15. FINANCING (CONSOLIDATED)

BNDES Agreement

On March 8, 2012, the subsidiary Pirapora Energia S.A., a wholly-owned subsidiary of EMAE, entered into a financing agreement with BNDES (National Bank for Economic and Social Development) in the amount of BRL98,000 to be paid in 192 monthly installments with contractual maturity on September 15, 2030 restated by the TJLP + 1.9% p.a. which represented 60% of the expected investment value for the construction of the PCH (Small

Hydroelectric Power Plant). On March 15, 2021, Pirapora Energia S.A. settled the agreement. Thus, EMAE has no outstanding funding as of December 31, 2022.

16. PAYROLL AND RELATED OBLIGATIONS

	Parent company and Consolidated	
	12/31/22	12/31/21
Payroll and charges.....	3,783	4,724
Provision for vacations and charges.....	11,711	7,910
Profit Sharing and Bonus.....	4,789	4,425
	20,283	17,059

17. POST-EMPLOYMENT BENEFITS, COMPLEMENTARY PENSION

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 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 supplement based on the balance of the participant's "total retirement" line item, multiplied by a conversion factor, which will depend on the participant's choice,

considering the types of income: (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

In addition to the PSAP/EMAE termination for new subscriptions in 2018, EMAE, through VIVEST, requested the National Superintendence of Complementary Pensions (PREVIC) to change the index for adjustment of the plan's benefits, changing from the IGP-DI to the IPCA. The request was granted in April 2021 through Regulation No. 201, which allowed the change of the plan index to IPCA as of May 2021. This action mitigated an important risk of mismatch between the correction of PSAP/EMAE assets and liabilities.

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 77% in fixed income, 15% in variable income and 8% in other segments, achieving consolidated profitability of 7.03% in 2022, against the actuarial target of 11.15% in the same period.

Actuarial assumptions for calculation according to CPC 33 (R1)

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

	<u>12/31/22</u>	<u>12/31/21</u>
Nominal rate used to discount actuarial liability at present value.....	10.12%	9.28%
Expected rate of return on plan assets.....	10.12%	9.28%
Future salary growth rate.....	1.01%	1.95%
Adjustment index for benefits granted on a continuous basis.....	3.75%	3.75%
Benefit/wage capacity factor preserve your purchase power.....	3.75%	3.75%
Turnover rate.....	Not adopted	Not adopted
Overall mortality table.....	AT - 2000 Men smoothed by 10%	AT - 2000 Men smoothed by 10%
Mortality of disabled persons table.....	AT-49 Men compounded by 10% Mercer Disability M/F	compounded by 10%
Persons with a disability ratio table.....	smoothed by 50%	LIGHT smoothed by 30%
BSPS	<u>12/31/22</u>	<u>12/31/21</u>
Quantity of active participants	290	326
Quantity of inactive participants - retired other than due to disability	740	712
Quantity of inactive participants - retired due to disability	29	30
Quantity of inactive participants - pensioners	95	91
BD	<u>12/31/22</u>	<u>12/31/21</u>
Quantity of active participants	318	354
Quantity of inactive participants - retired other than due to disability	722	694
Quantity of inactive participants - retired due to disability	28	29
Quantity of inactive participants - pensioners	92	86
CV	<u>12/31/22</u>	<u>12/31/21</u>
Quantity of active participants	314	350
Quantity of inactive participants - retired other than due to disability	478	450
Quantity of inactive participants - retired due to disability	14	15
Quantity of inactive participants - pensioners	50	45

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).

B1) Reconciliation of assets and liabilities

	B.S.P.S.		B.D.		C.V.		TOTAL	
	12/31/22	12/31/21	12/31/22	12/31/21	12/31/22	12/31/21	12/31/22	12/31/21
Total actuarial liability.....	1,080,331	1,169,721	486,682	541,316	77,041	108,661	1,644,054	1,819,698
Fair value of assets (mark to market).....	(798,076)	(779,912)	(466,534)	(457,915)	(55,555)	(45,739)	(1,320,165)	(1,283,566)
Asset capping effect.....	-	-	(10,074)	(41,701)	(14,324)	(41,949)	(24,398)	(83,650)
Net liabilities (assets).....	282,255	389,809	10,074	41,700	7,162	20,973	299,491	452,482

B2) Activity of plan obligations

	B.S.P.S.		B.D.		C.V.		TOTAL	
	12/31/22	12/31/21	12/31/22	12/31/21	12/31/22	12/31/21	12/31/22	12/31/21
Present value of the total net actuarial obligation.....	1,169,721	1,039,489	541,316	483,628	108,661	94,843	1,819,698	1,617,960
Cost of current service.....	-	-	7,138	6,670	9,733	-	16,871	6,670
Interest on actuarial obligations.....	104,653	76,714	49,422	35,692	(10,431)	6,999	143,644	119,405
Actuarial (gain)/loss.....	(103,115)	137,499	(90,924)	32,819	(30,593)	14,371	(224,632)	184,689
Benefits paid.....	(90,928)	(83,981)	(20,270)	(17,493)	(329)	(7,552)	(111,527)	(109,026)
Present value of the total net actuarial obligation.....	1,080,331	1,169,721	486,682	541,316	77,041	108,661	1,644,054	1,819,698

B3) Activity of plan assets

	B.S.P.S.		B.D.		C.V.		TOTAL	
	12/31/22	12/31/21	12/31/22	12/31/21	12/31/22	12/31/21	12/31/22	12/31/21
Fair value of plan assets.....	(779,912)	(777,120)	(457,915)	(453,258)	(45,739)	(47,852)	(1,283,566)	(1,278,210)
Company contributions to the plan.....	-	-	-	(199)	(10,003)	(672)	(10,003)	(871)
Expected return on the plan assets.....	(68,479)	(57,351)	(41,683)	(33,449)	(3,894)	(3,531)	(114,056)	(94,331)
Return on plan assets (higher)/ lower than the discount rate.....	(36,780)	(26,271)	15,171	11,732	9,538	(1,236)	(12,071)	(15,775)
Participant contributions to the plan.....	(3,832)	(3,151)	(2,377)	(254)	(5,786)	-	(11,995)	(3,405)
Benefits paid by the plan.....	90,928	83,981	20,270	17,493	329	7,552	111,527	109,026
Fair value of plan assets.....	(798,075)	(779,912)	(466,534)	(457,915)	(55,555)	(45,739)	(1,320,164)	(1,283,566)

B4) Reconciliation of the net amount of the actuarial liability

	B.S.P.S.		B.D.		C.V.		TOTAL	
	12/31/22	12/31/21	12/31/22	12/31/21	12/31/22	12/31/21	12/31/22	12/31/21
Net amount of total actuarial liabilities (assets) at the beginning of the year.....	389,809	262,369	41,700	30,390	20,973	46,990	452,482	339,749
Expense / (revenue) recognized in the Statement of Profit and Loss.....	36,174	19,363	14,878	8,913	5,839	3,468	56,891	31,744
Company contribution to the plan.....	-	-	-	(199)	(10,003)	(672)	(10,003)	(871)
Participant contributions to the plan.....	(3,832)	(3,151)	(2,377)	(254)	(5,786)	-	(11,995)	(3,405)
Actuarial loss (gain) on ORA.....	(139,895)	111,228	(44,127)	44,551	10,463	13,136	(173,559)	168,915
Effect of Asset Cap/Risk Sharing.....	-	-	-	(41,701)	(14,324)	(41,949)	(14,324)	(83,650)
Closing balance.....	282,256	389,809	10,074	41,700	7,162	20,973	299,492	452,482

B5) Sensitivity analysis

	B.S.P.S.		B.D.		C.V.		TOTAL	
	12/31/22	12/31/21	12/31/22	12/31/21	12/31/22	12/31/21	12/31/22	12/31/21
Discount rate to be reduced by 0.50%.....	1,137,426	1,231,540	512,403	569,924	81,112	114,403	1,730,941	1,915,867
Discount rate to be increased by 0.50%.....	1,023,235	1,107,901	460,960	512,707	72,968	102,917	1,557,163	1,723,525
Inflation to be reduced by 0.50%.....	1,078,083	1,167,287	485,668	540,189	76,719	108,207	1,640,470	1,815,683
Inflation to be increased by 0.50%.....	1,075,179	1,164,143	500,299	556,461	77,076	108,711	1,652,554	1,829,315
Wage growth to be reduced by 0.50%.....	1,080,843	1,170,275	484,784	539,205	77,077	108,712	1,642,704	1,818,192
Wage growth to be increased by 0.50%.....	1,072,797	1,161,564	492,846	548,172	76,879	108,433	1,642,522	1,818,169
Benefit adjustments to be reduced by 0.50%.....	1,078,083	1,167,287	485,668	540,189	76,719	108,207	1,640,470	1,815,683
Benefit adjustments to be increased by 0.50%.....	1,075,179	1,164,143	500,299	556,461	77,076	108,711	1,652,554	1,829,315

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

	12/31/22	12/31/21
(a) Balance at the beginning of the year.....	(259,534)	(186,123)
(b) Actuarial gain (loss) generated by the discount rate.....	174,691	315,864
(c) Actuarial gain (loss) generated by demographic experience.....	34,862	(458,042)
(d) Actuarial gain (loss) generated by the demographic assumption.....	25,510	(42,511)
(e) Actuarial gain generated by the effective return on plan assets.....	(31,203)	15,775
(f) Change in "asset cap" other than interest.....	(59,251)	83,650
(g) Effect of debt re-structuring payments.....	18,311	(25,965)
(h) Effect on the Statements of Comprehensive Income (b+c+d+e+f+g).....	162,920	(111,229)
(i) Effect of income tax and social security contribution.....	(55,393)	37,818
Balance at the end of the year (a+h+i).....	(152,007)	(259,534)

The estimated expense for 2023 is shown below:

	2023
Current service costs.....	(4,680)
Interest on actuarial obligations.....	(164,421)
Expected return on plan assets.....	127,957
Total expense projected for the year.....	(41,144)

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 2022'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, 2022, the difference between these two methodologies is as follows:

Criterion - Independent Actuary - "CPC Method 33 (R1)"

Subplan	Assets	Liabilities	Deficit Total on 12/31/22	Sponsor Fund	Sponsor Deficit on 12/31/22
BSPS.....	798,075	1,080,331	282,256	-	282,256
BD.....	466,534	486,682	20,148	-	10,074
CV*.....	55,555	77,041	21,486	-	7,162
Total.....	1,320,164	1,644,054	323,890	-	299,492

Criterion - Actuary Responsible for the Plan - "Previc Method"

Subplan	Assets	Liabilities	Deficit Total on 12/31/22	Sponsor Fund	Sponsor Deficit on 12/31/22
BSPS.....	798,075	1,188,855	390,780	-	390,780
BD.....	466,534	472,182	5,648	-	2,824
CV.....	174,846	219,348	44,502	9,208	5,625
Total.....	1,439,455	1,880,385	440,930	9,208	399,229

**The measurement presented in the table "Method CPC 33 (R1)" does not consider the proportion of the participants' account balance.*

18. PROVISION FOR LABOR, CIVIL, AND TAX RISKS

18.1 Contingencies – Possibility of Probable Loss

	Parent company and Consolidated				Balance
	12/31/21	12/31/22			
	Balance	Provision	Reversal	Payment	
Non-current Labor					
Dangerous Work.....	14,429	26,230	-	-	40,659
Miscellaneous.....	19,096	14,180	(3,496)	(7,281)	22,499
	33,525	40,410	(3,496)	(7,281)	63,158
Civil.....	39,770	6,034	(215)	-	45,589
Tax.....	4,478	5,865	(4,521)	-	5,822
Environmental.....	70	5,884	-	-	5,954
Administrative.....	10	-	-	-	10
	77,853	58,193	(8,232)	(7,281)	120,533

a) Dangerous Work

This is a class action filed by the Electric Power Workers Union of São Paulo on 07/07/1999, before the Labor Court of São Paulo, case No. 01767006319995020039 – 39th Court, claiming the decision for the Company's to pay the hazard pay premium for the totality of employees then existing in their staff. The lawsuit was granted for only 104 employees and the case is pending trial of the appeal of the Interlocutory Appeal by the Superior Labor Court. Said lawsuit was classified as a probable loss by the Company's legal advisors.

b) Miscellaneous

Refer to several lawsuits arising from lawsuits filed by employees and former employees, which generally require the payment of salary parity, unhealthy conditions and other issues. Of this set of lawsuits in the year ended December 31, 2022, there were decision amendments by the Superior Courts, changing the probability of success, which resulted in an increase in the provisioning balance.

c) Civil

Refer to several civil proceedings of a general nature under discussion in the judicial level, the most relevant of which are described below:

This is a proceeding resulting from ANEEL Order 288/2002 in which the Company is a joinder of defendants in a lawsuit filed by AES SUL Distribuidora Gaúcha de Energia S.A., which claims the right not to opt for the so-called "exposure relief" related to the period of rationing that occurred in 2001, which allows settlement at CCEE in its favor. On April 9, 2014, an appellate decision was published granting AES Sul's appeal, which was filed by EMAE and other Interested Parties 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, 2022, with the amount provisioned for this cause being BRL40,512 (BRL 36,348 on December 31, 2021).

d) Tax

They correspond to two processes:

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 A. Nossa Senhora do Sabará, 5,312, 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. On December 31, 2022, the value of the lawsuit corresponds to BRL4,408.

Declaratory judgment action against the Municipality of São Paulo, considering that the Municipality failed to change the name of the owner in the IPTU registration of the Real Estate Property located at Rua Guido Caloi, Jardim São Luís. Said real estate property was taken over by the State of São Paulo and later transferred to the Faculty of Technology of São Paulo (FATEC). The motion for preliminary injunction was denied. An interlocutory appeal was filed by the plaintiff, requesting the suspensive effect of the decision that denied the interlocutory relief. Subsequently, the decision that dismissed the said appeal was added to the case records. The full deposit of the tax was made, requesting the suspension of the enforceability of the tax liability. The value of the lawsuit on December 31, 2022, corresponds to BRL1,414.

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 amount accounted for on December 31, 2022, corresponds to BRL5,873.

18.2 Contingencies - Probability of Possible Loss

The contingencies on December 31, 2022, in their different types evaluated and classified according to their probability of economic and financial risk as a possible loss, are shown below:

Type	Parent company and Consolidated	
	Possible	
	12/31/22	12/31/21
Administrative.....	295	663
Environmental	143,400	130,629
Civil.....	1,726	23,153
Labor.....	5,585	2,833
Tax.....	57,697	32,907
	208,703	190,185

a) Administrative

This is a writ of mandamus with a request for an injunction requesting the appointment of the petitioner to the position of practicing plant operator and annulment of the administrative act that determined its dismissal. On December 31, 2022, the amount in dispute was BRL255.

b) Environmental

The main lawsuit refers to the judicial obligation to remove the flotation sludge, due to the amicable settlement between EMAE and the Public Prosecutor's Office, theretofore litigants, on June 27, 2007, aiming to enable the preparation of an EIA/RIMA so that, once approved, it would make it possible to implement a flotation treatment system for water in the Pinheiros Channel to clean up 50m³/s and subsequently pump it into the Billings reservoir. However, on April 12, 2012, the Public Prosecutor's Office requested judgment execution against the Company, consisting of (i) payment of a daily fine in the amount of BRL32,833 and (ii) demobilization of the implanted facilities and return of the areas to the previous state. After a period established by the judge, the summoned Company proved the demobilization of the facilities, as well as requested, on December 10, 2012, the extension of the period of 24 months for the removal of the sludge resulting from the flotation, a period that was granted and complied with by EMAE.

The Company assesses that the lawsuit continues with the estimated likelihood of loss as possible on December 31, 2022, with the total claim being BRL 138,699 (BRL123,960 on December 31, 2021).

c) Civil

This is an action for compensation for loss and pain and suffering combined with the obligation to make and not make a proposal by the plaintiff, owner of said real estate property. The author asserts the irregular and unauthorized construction of a landfill carried out by the Municipality of Rio Grande da Serra, a fact that caused the accumulation of earth and uneven terrain, preventing the flow of water flowing there. On December 31, 2022, the value of the lawsuit was BRL416.

d) Tax

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, 2022, the value of the two lawsuits was BRL33,617.

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 BRL16,202, 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						
	12/31/20	Transfer	Inter est	Interest payment	Payment of principal	12/31/21
Current						
Special Obligations - RGR.....	1,801	1,801	400	(400)	(1,801)	1,801
Non-current						
Special Obligations - RGR.....	7,200	(1,801)	-	-	-	5,399

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 period:

	Parent company and Consolidated				
	12/31/21		12/31/22		
	Financial assets Indemnifiabl e	Activity for the period	Financial assets Indemnifiabl e	Other liabilities	
			Current	Non- current	
Total investments made.....	205,239	68,084	273,323	-	-
Advances to suppliers (a).....	20,800	1,212	22,012	-	-
Provision - Investments in the Concession (b)....	-	-	-	37,839	359,167
Accumulated amortization.....	(14,902)	(10,543)	(25,445)	(25,445)	-
Total.....	211,137	58,753	269,890	12,394	359,167

- (a) Advances to suppliers for purchases not yet received
(b) Accumulated provision adjusted by the best estimate

As of the validity of the 2nd Amendment to the Concession Agreement on January 1, 2013, i.e., with the start of operation of the plants under the quota system until December 31, 2022, the Company invested in the concession the amount of BRL273, 3 million, seeking modernization, efficiency and the reduction of risks related to energy production. As established by law, the amount already invested must be amortized on a straight-line basis until the end of the concession, as the economic benefits inherent in the correct application of resources will produce a return (cash flows) until January 2043.

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 PIC Receiver, effective until November 30, 2042. EMAE received in advance the amount of BRL10,982, whose appropriation in its profit or loss has been occurring on a straight-line basis throughout the year. Until December 31, 2022, EMAE recorded the amount of BRL560 in the Company's Profit or Loss.

22. OTHER LIABILITIES

	Parent company and Consolidated	
	12/31/22	12/31/21
Court Deposits.....	3,911	5,640
Reverse split.....	592	592
Insurance payable.....	590	590
Others.....	-	14
	5,093	6,836

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.

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 BRL218,130, as of 2017, distributed as follows: a) BRL46,270, in five annual and successive installments of BRL9,254 as compensation; and b) BRL171,860, in twenty-six annual and successive installments of BRL6,610, as offset for expenses, both adjusted for inflation by the IPCA.

On December 31, 2022, the Company has a receivable balance of BRL94,573, of which BRL86,250 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
	Balance 12/31/21	Transfers	Charges Financial	Receipt	
ASSETS					
Current					
Sabesp.....	12,853	9,304	-	(8,963)	13,194
Adjustment to present value....	(4,985)	(4,871)	4,985		(4,871)
	7,868	4,433	4,985	(8,963)	8,323
Non-current					
Sabesp.....	144,773	(9,304)	7,103	-	142,572
Adjustment to present value....	(61,193)	4,871	-	-	(56,322)
	83,580	(4,433)	7,103	-	86,250
	91,448	-	12,088	(8,963)	94,573

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

2024	7,781
2025	7,275
2026	6,801
2027	6,358
2028 to 2042.....	58,035
	<u>86,250</u>

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 2022 and 2021, based on the agreement, EMAE received reimbursement of personnel expenses in the amount of BRL4,578 and BRL4,148, 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 estimated value of the agreement was BRL3,324, effective for eighteen (18) months. On December 31, 2022, the Company has a receivable balance of BRL529, referring to the months of October, November, and December of 2018.

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, 2022, the balance receivable totals BRL1,404, see Note 7 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 2022 and 2021, expenditures related to the compensation of key management personnel were:

Related Parties	(a)	2022		2021	
		Quantity of members	Compensation	Quantity of members	Compensation
Statutory Board (*).....		4.00	2,172	4.00	2,057
Supervisory Board.....		5.00	342	5.00	342
Board of Directors.....		11.00	1,259	11.00	1,259
Audit Committee.....		3.00	503	3.00	503
		23.00	4,276	23.00	4,161

(a) Annual average.

(*) Fixed and variable compensation

23.6. Exchange of Real Estate Property with the Government of the State of São Paulo

In August 2021, the Government of the State of São Paulo proposed the exchange of the real estate property owned by the Tax Authority of the State of São Paulo, located at Rua Augusta, 1626, with the area owned by EMAE that is located in Parque Villa Lobos. After preparing appraisal reports carried out by independent companies, the proposal was adjusted and submitted for approval by the Company's Board of Directors and the State Government bodies, resulting in the authorization of the Governor of the State of São Paulo through Decree No. 66,983, of July 20, 2022 and notice to the market on August 10, 2022.

24. EQUITY

24.1. Capital

The paid-up capital of BRL285,411 is divided into 14,705,370 common shares and 22,241,714 preferred shares, all nominative book-entry shares with no par value.

NAME	ORDINARY		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
Álvaro Luiz Alves de Lima Alvares Otero.....	-	-	2,201,133	9.90	2,201,133	5.96
Others.....	1,096	-	5,573,267	25.05	5,574,363	15.08
TOTAL.....	14,705,370	100.00	22,241,714	100.00	36,947,084	100.00

During the years ended December 31, 2022, and 2021, 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 BRL1,116,050 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, 2022, and 2021 (in thousands, except per share):

	Parent company and Consolidated	
	2022	2021
Net income for the year	R\$ 68,015	R\$ 149,918
Quantity of common shares.....	14,705,370	14,705,370
Quantity of preferred shares.....	22,241,714	22,241,714
Total.....	36,947,084	36,947,084
Earnings per share – basic and diluted		
Preferred Share.....	R\$ 1.90999	R\$ 4.20997
Common Share.....	R\$ 1.73635	R\$ 3.82725

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 year

	2022	2021
Net income for the year.....	68,015	149,918
(-) Constitution of legal reserve (5%).....	3,401	7,496
(=) Remaining profit after reserve.....	64,614	142,422
Mandatory dividend (25%).....	16,154	35,606
(-) Interest on equity paid in the year (a).....	(19,974)	(36,171)
Additional interest on equity proposed to be resolved (a).....	3,820	565
Additional dividend proposed to be resolved at AGM.....	44,640	4,860
to be paid as Interest on Equity.....	41,169	0
to be paid as dividends.....	3,471	4,860
(-) Constitution of reserve for contingency	-	101,391
Realization of unrealized profit reserves.....	7,777	7,115
(=) Remaining profit.....	-	-

- (a) Payment of Interest on Equity (JCP) - During the 2022 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 BRL19,974.

The Company's Management also proposes the following allocations:

- (i) constitution of a Legal Reserve in the amount of BRL3.4 million;
- (ii) Interest on equity of BRL19,974 paid in June 2022 allocated to the mandatory minimum dividend of BRL16,154;
- (iii) realization of the Unrealized Profits Reserve in the amount of BRL7,777, and
- (iv) proposed additional dividend of BRL44,640.

Until resolution at Annual General Meeting (AGM), the proposed additional dividend will remain recorded in a specific line item of Equity as established in Technical Interpretation - ICPC 08 (R1).

24.4. Dividend per share

The dividend per share for the years ended December 31, 2022, and 2021 (in thousands, except per share), corresponds to:

	2022	2021
Net dividend for the year (a).....	72,392	48,146
_ Proposal as Interest on Equity.....	61,143	36,171
_ Proposed as Dividend.....	11,248	11,975
Interest on equity per share.....	BRL	BRL
Common Shares.....	1.56092	0.92341
Preferred Shares.....	1.717020	101,575
Dividend per share.....	BRL	BRL
Common Shares.....	0.287260	0.30570
Preferred Shares.....	0.315870	0.336270

- a) Corresponds to the 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, 2022, and 2021:

	Parent company and Consolidated	
	12/31/22	12/31/21
Opening balance of profit reserves at the beginning of the year.....	319,867	218,095
Creation of legal reserve.....	3,401	7,496
Realization of unrealized profit reserves.....	(7,777)	(7,115)
Constitution of the contingency reserve.....	-	101,391
Closing balance of profit reserves at the end of the year.....	315,491	319,867

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 2021 and 2022, in addition to the recognition at fair value of the Company's assets, as per Note 17.

	Parent company and	
	12/31/22	12/31/21
Balance on 12/31/21.....	(259,534)	(186,123)
Adjustment of Asset elements		
Fair value:		-
Parque Villa Lobos/Ed. Augusta.....	54,419	-
Spaces A and C - São Paulo Plant.....	86,303	-
Bota Fora 14.....	102,795	-
Adjustment of Liability elements.....		
Actuarial Surplus (Deficit).....	107,527	(73,411)
Balance on 12/31/2022.....	91,510	(259,534)

24.7. Dividend and interest on equity reconciliations

The following shows the change in dividends and interest on equity in the 2022 year:

	Parent company and Consolidated
Balance of Interest on Equity and Dividends on 12/31/2021.....	9,138
Proposed additional dividend.....	4,860
Interest on equity declared in the year.....	19,974
Dividends and Interest on Equity paid in 2022.....	(29,565)
Withholding Income Tax on Interest on Equity.....	(1,820)
Realization of unrealized profit reserves.....	7,777
Activity account dividends - custodian.....	168
Balance of Interest on Equity and Dividends on 12/31/2022.....	10,532

25. NET REVENUE

25.1. Reconciliation of net operating revenue

	Parent company		Consolidated	
	2022	2021	2022	2021
REVENUE				
Electric power quotas (Note 25.2).....	472,754	440,685	472,754	440,685
Electric power supply - auction (Note 25.2).....	-	-	42,371	38,572
Short-term electric power - CCEE (Note 25.2).....	5	439	523	8,896
Income from services rendered (Note 25.3).....	12,249	13,089	12,249	13,089
Other revenues.....	3,305	2,080	3,326	2,080
Revenues related to the construction of concession assets (Note 11)...	68,085	88,814	68,085	88,814
	556,398	545,107	599,308	592,136
DEDUCTIONS FROM REVENUE				
COFINS on operating revenues.....	(49,477)	(46,658)	(50,764)	(48,069)
PIS on operating revenues.....	(10,742)	(10,130)	(11,021)	(10,436)
Tax on services (ISS).....	(649)	(691)	(649)	(691)
Research and development.....	(4,189)	(3,916)	(4,189)	(3,916)
	(65,057)	(61,395)	(66,623)	(63,112)
NET REVENUE.....	491,341	483,712	532,685	529,024

25.2. Electric power sold

	Parent company				Consolidated			
	MWh (*)		BRL		MWh (*)		BRL	
	2022	2021	2022	2021	2022	2021	2022	2021
Physical Guarantee Quotas (a)								
Electric power quotas.....	753,370	640,832	472,754	440,685	753,370	640,832	472,754	440,685
Supply (b)								
Auction.....	-	-	-	-	123,569	144,102	42,371	38,572
Electric Power Trade Chamber - CCEE (c)								
Short-term electric power.....	-	-	5	439	-	-	523	8,896
Total.....	753,370	640,832	472,759	441,124	876,939	784,934	515,648	488,153

(*) 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. During the 2021 year, short-term electric power - CCEE totaled BRL8,896, of which BRL6,231 related to the receipt of most of the pending settlements from other agents with the CCEE, which were dealt with in the hydrological risk agreement regulated by the Normative Resolution ANEEL No. 930, of March 30, 2021 and, BRL2,665 related to the profit or loss of EMAE in the year and its subsidiary in the MCP of 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		Consolidated	
	2022	2021	2022	2021
Petrobras (UTES) (a).....	9,723	10,078	9,723	10,078
PMSP (Eduardo Yassuda Pumping Station) (b).....	2,526	3,011	2,526	3,011
	12,249	13,089	12,249	13,089

(a) Agreement with Petroleo Brasileiro S.A. Petrobras for the provision of operating services for steam turbines 3 and 4 at the Piratininga Thermolectric 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 of electric power		General and administrative expenses		Other expenses and revenues		TOTAL	
	2022	2021	2022	2021	2022	2021	2022	2021
Power grid charges.....	(45,300)	(45,601)	-	-	-	-	(45,300)	(45,601)
Financial offset from the use of water resources.....	(4,418)	(3,409)	-	-	-	-	(4,418)	(3,409)
Inspection fee - ANEEL.....	-	-	(1,500)	(1,397)	-	-	(1,500)	(1,397)
Personnel (a).....	(65,012)	(49,632)	(53,542)	(53,698)	-	-	(118,554)	(103,330)
Managers.....	-	-	(4,542)	(4,375)	-	-	(4,542)	(4,375)
Post-employment benefits, supplementary pension plan (Note 17).....	(66,501)	(31,744)	-	-	-	-	(66,501)	(31,744)
Material.....	(2,977)	(3,675)	(2,539)	(1,818)	-	-	(5,516)	(5,493)
Third parties' services.....	(63,458)	(45,437)	(27,127)	(23,816)	-	-	(90,585)	(69,253)
Depreciation/amortization	-	-	(1,567)	(1,490)	-	-	(1,567)	(1,490)
Rents.....	-	-	(6,093)	(5,720)	-	-	(6,093)	(5,720)
Provision for labor, civil and tax risks (Note 18.1).....	(49,961)	(27,796)	-	-	-	-	(49,961)	(27,796)
Provision for investments in the concession (Note 20).....	(98,693)	(85,232)	-	-	-	-	(98,693)	(85,232)
Estimated losses on the realization of doubtful accounts.....	-	(807)	(477)	-	-	-	(477)	(807)
(-) Reversal of estimated losses on the realization of doubtful accounts.....	-	4,722	109	-	-	-	109	4,722
(-) PIS/COFINS credits.....	8,849	20,270	-	-	-	-	8,849	20,270
Urban Real Estate Property Tax (IPTU).....	(9,486)	(8,414)	-	-	-	-	(9,486)	(8,414)
Costs related to the construction of concession assets (Note 11).....	(68,085)	(88,814)	-	-	-	-	(68,085)	(88,814)
Insurance.....	(5,229)	(4,802)	-	-	-	-	(5,229)	(4,802)
Condominium charges.....	-	-	(943)	(881)	-	-	(943)	(881)
Net - Edifício Augusta.....	-	-	-	-	9,835	-	9,835	-
Donations (c).....	-	-	-	-	(1,890)	(2,270)	(1,890)	(2,270)
Sponsorships (d).....	-	-	-	-	(577)	(4,063)	(577)	(4,063)
Fair value adjustment - Land Av. Miguel Yunes (e).....	-	-	-	-	-	10,952	-	10,952
Disposal/ Expropriation of assets and rights.....	-	-	-	-	13,388	296	13,388	296
Agreement - Banco do Brasil.....	-	-	-	-	1,304	1,048	1,304	1,048
Write-off of prescribed credits.....	-	-	-	-	-	(1,454)	-	(1,454)
Others.....	(6)	1,080	-	-	(86)	-	(92)	1,080
Total.....	(470,277)	(369,291)	(98,221)	(93,195)	21,974	4,509	(546,524)	(457,977)

	Cost of service of electric power		General and administrative expenses		Other expenses and revenues		TOTAL	
	2022	2021	2022	2021	2022	2021	2022	2021
GSF - Physical guarantee.....	(2,007)	(1,823)	-	-	-	-	(2,007)	(1,823)
Power grid charges.....	(45,676)	(45,908)	-	-	-	-	(45,676)	(45,908)
Financial offset from the use of water resources.....	(4,418)	(3,409)	-	-	-	-	(4,418)	(3,409)
Inspection fee - ANEEL.....	-	-	(1,500)	(1,480)	-	-	(1,500)	(1,480)
Personnel (Note 23.2) (a).....	(69,592)	(53,780)	(53,542)	(53,698)	-	-	(123,134)	(107,478)
Managers.....	-	-	(4,542)	(4,375)	-	-	(4,542)	(4,375)
Post-employment benefits, supplementary pension plan (Note 17).....	(66,501)	(31,744)	-	-	-	-	(66,501)	(31,744)
Material.....	(3,386)	(3,976)	(2,539)	(1,818)	-	-	(5,925)	(5,794)
Third parties' services.....	(67,695)	(49,097)	(27,127)	(23,816)	-	-	(94,822)	(72,913)
Depreciation/amortization (b).....	(4,256)	(4,256)	(1,567)	(1,490)	-	-	(5,823)	(5,746)
Rents.....	-	-	(6,093)	(5,732)	-	-	(6,093)	(5,732)
Provision for labor, civil and tax risks (Note 18.1).....	(49,961)	(27,796)	-	-	-	-	(49,961)	(27,796)
Provision for investments in the concession (Note 20).....	(98,693)	(85,232)	-	-	-	-	(98,693)	(85,232)
Estimated losses on the realization of doubtful accounts.....	-	(807)	(477)	-	-	-	(477)	(807)
(-) Reversal of estimated losses on the realization of doubtful accounts.....	-	4,722	109	-	-	-	109	4,722
(-) PIS/COFINS credits.....	8,849	20,270	-	-	-	-	8,849	20,270
Urban Real Estate Property Tax (IPTU).....	(9,486)	(8,414)	-	-	-	-	(9,486)	(8,414)
Costs related to the construction of concession assets (Note 11).....	(68,085)	(88,814)	-	-	-	-	(68,085)	(88,814)
Insurance.....	(5,229)	(5,049)	-	-	-	-	(5,229)	(5,049)
Condominium charges.....	-	-	(943)	(881)	-	-	(943)	(881)
Net - Edifício Augusta.....	-	-	-	-	9,835	-	9,835	-
Donations (c).....	-	-	-	-	(1,890)	(2,270)	(1,890)	(2,270)
Sponsorships (d).....	-	-	-	-	(577)	(4,063)	(577)	(4,063)
Fair value adjustment - Land Av. Miguel Yunes (e).....	-	-	-	-	-	10,952	-	10,952
Gain on the sale of assets and rights.....	-	-	-	-	13,388	296	13,388	296
Agreement - Banco do Brasil.....	-	-	-	-	1,304	1,048	1,304	1,048
Write-off of prescribed credits.....	-	-	-	-	-	(1,454)	-	(1,454)
Others.....	(528)	1,001	-	-	(86)	-	(614)	1,001
Total.....	(486,664)	(384,112)	(98,221)	(93,290)	21,974	4,509	(562,911)	(472,893)

(a) Refer to donations that have tax deductions related to Income Tax as corresponding entry.

(b) Correspond to amounts spent on sponsorships and philanthropic donations.

(c) Refers to funds received for the expropriation of the Company's real estate properties.

27. FINANCIAL INCOME

	Parent company		Consolidated	
	2022	2021	2022	2021
Revenues				
Yields from financial investments.....	40,620	11,431	42,760	12,265
Interest on leasing UTE Piratininga (Note 6).....	9,766	12,768	9,766	12,768
Financial asset - Sabesp (Note 22.1).....	4,985	5,296	4,985	5,296
(-) Taxes on financial income.....	(2,108)	(668)	(2,108)	(668)
Tax Credit Updates.....	312	1,898	312	1,898
Others.....	295	102	328	125
	53,870	30,827	56,043	31,684
Expenses				
Interest	-	-	-	(824)
Others:				
Charges on taxes and social security contributions.....	(22)	(58)	(22)	(58)
Fuel oil update.....	(343)	(363)	(343)	(363)
BNDES financial offset - Early discharge (a).....	-	-	-	(776)
Interest on Global Reserve of Reversal (RGR).....	(400)	(488)	(400)	(488)
Others.....	-	-	(1)	(1)
	(765)	(909)	(766)	(2,510)
Adjustments for inflation				
Adjustment for inflation - UTE Piratininga (Note 6).....	45,485	93,794	45,485	93,794
Financial asset - Sabesp (Note 22.1).....	7,104	10,099	7,104	10,099
Other adjustments for inflation	546	932	546	932
	53,135	104,825	53,135	104,825
	106,240	134,743	108,412	133,999

During the 2021 year, BRL776 was recognized referring to the collection of a financial offset fee for the early discharge of the financing agreement with the BNDES.

28. INSURANCE

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

Risk	Start of term	End of term	Amount Insured	
General civil liability - Transaction (a).....	9/5/21	9/5/22	40,000	392
General civil liability - Management Activities (b).....	5/12/21	5/12/22	70,000	589
Vehicle Insurance - Trucks (c).....	11/9/21	11/9/22	1,078	8
Operational Risks' Insurance - Pirapora (d).....	1/8/21	1/8/22	162,153	7,018
Business Insurance - Condominium (e).....	1/8/21	1/8/22	6,782	2
Reta Aeronautical Insurance - Drone (f).....	1/19/22	1/19/23	598	1
Sureties Related to Lease Insurance (g).....	4/12/22	1/31/26	6,676	123
			287,287	8,133

- Refer to material and personal damage caused involuntarily by the Company to third parties;
- Refer to the protection of policyholders against possible lawsuits for material and/or moral damages caused involuntarily in the exercise of their professional activities (Directors and officers);
- Refers to coverage against fire, lightning and explosion damage to PCH Pirapora equipment;
- Insurance for fire, lightning, explosion and loss of rent;
- Refers to condominium insurance;
- Refers to the insurance of the drone held by the company, and

- g) Refers to the sureties related to lease insurance of the administrative registered office.

29. FINANCIAL INSTRUMENTS

29.1. Classification of financial instruments

	Parent company		Consolidated	
	12/31/21	12/31/21	12/31/21	12/31/21
Cash and cash equivalents (Note 4).....	145	2,549	145	2,549
Financial investments (Note 4).....	421,746	296,759	436,596	308,523
Resellers (Note 5).....	41,229	36,492	46,173	40,946
Lease UTE Piratininga (Note 6).....	267,873	-	267,873	-
Other credits (Note 7).....	2,231	3,786	1,601	3,440
Escrows and related deposits (Note 9).....	45,635	44,150	45,635	44,150
Financial asset - Sabesp (Note 23.1).....	94,573	91,448	94,573	91,448
Indemnifiable financial asset (Note 11).....	269,890	211,137	269,890	211,137
Concession's reversible assets (Note 12).....	195,374	195,374	195,374	195,374
Suppliers.....	9,633	6,225	10,124	6,713
Dividends and interest on equity.....	10,532	9,138	10,532	9,138
Other obligations - Investments in the concession (Note 20)....	371,561	283,411	371,561	283,381

All financial instruments are classified at amortized cost.

29.2. 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 (price derivatives).

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

The amounts recorded on December 31, 2022, and 2021 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, 2022, and 2021, 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, 2022, the Company and its subsidiary have cash and cash equivalents in the amount of BRL421,891 and BRL436,741, parent company and consolidated, respectively (BRL299,308, parent company, and BRL311,072, consolidated, on December 31, 2021), which are held in top-tier financial institutions.

As of December 31, 2022, and 2021, the main receivables with maximum exposure to credit risk are:

	Parent company and Consolidated	
	12/31/22	12/31/21
Financial Lease - UTE Piratininga (Note 6).....	267,873	365,022
Indemnifiable financial asset (Note 11).....	269,890	211,137
Concession's reversible assets (Note 12).....	195,374	195,374
Financial asset - Sabesp (Note 23.1).....	94,573	91,448
	827,710	862,981

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. Up to the date of issuance of these financial statements, there are no records of delays in the receipt of these trade receivables.

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 the credit risk as medium, since these amounts are subject to inspection and possible reverse. This validation process is ongoing.

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, 2022, and 2021, 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, 2022, and 2021, 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, 2022, with an overnight CDI of 13.65% p.a.

	Balance 12/31/2022 Note 4	Probable Scenario	Scenario I (+25%)	Scenario II (+50%)
CDI		13.65%	17.06%	20.48%
Parent Company	421,746	57,568	71,950	86,374
Consolidated	436,596	59,595	74,483	89,415

	Balance 12/31/2022 Note 4	Probable Scenario	Scenario I (-25%)	Scenario II (-50%)
CDI		13.65%	10.24%	6.83%
Parent Company	421,746	57,568	43,187	28,805
Consolidated	436,596	59,595	44,707	29,820

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, 2022, referring to the receivables for scenarios with IGPM adjustments equivalent to 25% and 50% upward or downward.

	Balance 12/31/2022 Note 6	Probable Scenario	Scenario I (+25%)	Scenario II (+50%)
General Market Price	4.60%	14.35%	15.61%	16.86%
UTP lease	267,873	38,436	41,804	45,172

	Balance 12/31/2022 Note 6	Probable Scenario	Scenario I (-25%)	Scenario II (-50%)
General Market Price	4.60%	14.35%	13.09%	11.83%
UTP lease	267,873	38,436	35,069	31,701

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, 2022 was made, referring to the amounts receivable for scenarios with IPCA adjustments equivalent to 25% and 50% for upward or downward.

	Balance 12/31/2022 Note 22.1	Probable Scenario	Scenario I (+25%)	Scenario II (+50%)
Broad Consumer Price Index (IPCA)	5.79%	14.54%	16.11%	17.67%
SABESP	94,573	13,750	15,232	16,714

	Balance 12/31/2022 Note 22.1	Probable Scenario	Scenario I (-25%)	Scenario II (-50%)
Broad Consumer Price Index (IPCA)	5.79%	14.54%	12.97%	11.40%
SABESP	94,573	13,750	12,268	10,785

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:

Consolidated	Up to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	More than 5 years	Total
Suppliers.....	10,127	-	-	-	-	10,127
Dividends/ Interest on Equity .	-	10,532	-	-	-	10,532
Total	10,127	10,532	-	-	-	20,659

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. PCH 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. 3,068, of July 12, 2022, 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, 2022 to June 30, 2023.

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

	GAG O&M (a)	GAG IMPROVEME NTS (b)	CAIMI (c)	USE D (e)	USE T (e)	AJI (d)	ADJUSTMENT BEFORE SECTOR CHARGES (e)	TFSEE (e)	R&D (e)	RAG
Henry Borden.	158,399	198,943	13,643	43,590	4,571	2,064	3,869	1,508	4,294	430,881
Porto Goes.....	4,206	5,258	323	703	-	-	168	40	108	10,806
Rasgão.....	3,643	3,849	286	591	-	78	138	32	87	8,704
	166,248	208,050	14,252	44,884	4,571	2,142	4,175	1,580	4,489	450,391

Source: REH 3.068/2022 Technical Note n°. 121/2022

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.

i. 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.

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

g. 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.

h. 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.

i. 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

j. 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/EMA E) and the Defined Contribution Plan (EMA E CD).

Depending on the characteristics of the PSAP/EMA E, 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/EMA E to new subscriptions and started to offer new entrants only the Defined Contribution Plan, the EMA E CD. Additionally, since May 2021, the PSAP/EMA E 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 PCH Pirapora as an Independent Electric Power Producer, by ANEEL Authorizing Resolution No. 1,429/2008, effective from 12/30/2014 to 12/30/2044, 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	Type of connection	Company
Henry Borden	Transmission	CTEEP - Cia. De Transmissão de Energia Elétrica Paulista (SIN)
Henry Borden	Distribution	CPFL - Cia Paulista de Força e Luz
Porto Goes	Distribution	CPFL - Cia Paulista de Força e Luz
Rasgão	Distribution	ENEL - Ente nazionale per l'energia elettrica
PESA SA	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 year 2022, the Company and its subsidiary conducted the following non-cash transactions:

	Parent company			
	12/31/21	Cash Flow	Amendments no cash	12/31/22
UTP lease.....	(365,022)	152,400	(55,251)	(267,873)
Indemnifiable financial asset.....	(211,137)	(69,296)	10,543	(269,890)
Investments.....	(164,186)	25,462	(154,462)	(293,186)
Property, plant and equipment.....	(78,763)	(1,340)	(472)	(80,575)
Intangible assets.....	(10,547)	(3,960)	688	(13,819)

	Consolidated			
	12/31/21	Cash Flow	Amendments no cash	12/31/22
UTP lease.....	(365,022)	152,400	(55,251)	(267,873)
Indemnifiable financial asset.....	(211,137)	(69,296)	10,543	(269,890)
Property, plant and equipment.....	(226,232)	(2,259)	3,705	(224,786)
Intangible assets.....	(10,738)	(3,960)	768	(13,930)

EXECUTIVE BOARD

MARCIO REA
CHIEF EXECUTIVE OFFICER

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

MARISE GRINSTEIN
MANAGING OFFICER

ALVARO LUIZ AMORIM MIRANDA
CHIEF GENERATION OFFICER

FÁBIO TONETTO
MANAGER OF THE ACCOUNTING, COSTS AND
TAX DEPARTMENT
ACCOUNTANT - Regional Accounting Council
(CRC) ISP234612/O-2

BOARD OF DIRECTORS

CHAIRPERSON
LUIZ CARLOS LUSTRE

DIRECTORS

MARCIO REA
THEODORO DE ALMEIDA PUPO JR.
RUI DE BRITO ALVARES AFFONSO
PAULO FERREIRA
SERGIO RICARDO CIAVOLIH MOTA
RITA JOYANOVIC
ZEVI KANN
ROBERTO BRIGIDO DO NASCIMENTO
DOUGLAS TADEU LLAMBIAS CAETANO

IV. AUDIT COMMITTEE STATEMENT

Regarding the financial statements of EMAE (Empresa Metropolitana de Águas e Energia S.A.) as of December 31, 2022.

The Audit Committee monitored the process of preparation and calculation of the consolidated financial statements of EMAE - Empresa Metropolitana de Águas e Energia S/A and its subsidiary, for the fiscal year ended on December 31, 2022. The committee discussed these financial statements with the Accounting, Cost and Tax, Budget and Finance departments, as well as with the independent auditors who issued an unqualified report.

Based on the information, discussions, and analysis mentioned above, the Audit Committee considered the consolidated financial statements of EMAE - Empresa Metropolitana de Águas e Energia S/A and its subsidiary, for the fiscal year ended on December 31, 2022, as well as the corresponding Management Report and Proposal for Allocation of the Fiscal Year's Results, to be suitable for review by the Board of Directors, recommending their approval.

São Paulo, March 15, 2023.

Benedito Alfredo Baddini Blanc
Independent Member

Paulo Ferreira
Member

Gabriel Monegatti Mattei
Independent Member

Saverio Orlandi
Independent Member

IV. FISCAL COUNCIL OPINION

Regarding the financial statements of EMAE (Empresa Metropolitana de Águas e Energia S.A.) as of December 31, 2022.

The Fiscal Council of EMAE - Metropolitan Water and Energy Company S.A., in compliance with the provisions of items II, III, VII of Article 163 of Law No. 6,404/76, of December 15, 1976 and subsequent amendments, examined the Company's Financial Statements for the year ended December 31, 2022, prepared in accordance with the principles established in Chapters XV and XVI of the aforementioned legal decree, comprising: Annual Management Report on the main administrative events of the year, Independent Auditor's Report, Balance Sheets, Income Statements, Comprehensive Income Statements, Statements of Changes in Equity, Statements of Cash Flows, Statements of Value Added and supplemented by Explanatory Notes and the Proposal for Payment of Additional Dividend.

Based on the examinations carried out, the additional clarifications provided by the Board, the Independent Auditors' Report, and the approval by the Board of Directors, this Council is of the opinion that the aforementioned documents are in a condition to be submitted for consideration by the General Meeting of Shareholders.

This is our opinion.

São Paulo, March 22, 2023.

Members

Nanci Cortazzo Mendes Galuzio **Fernanda M.V.L. Schuery Soares**

Marcelo Gomes Sodré

Gilberto Souza Matos

Adriano Candido Stringhini

V. INDEPENDENT AUDITOR'S REPORT

To the Shareholders, directors and officers of EMPRESA METROPOLITANA DE ÁGUAS E ENERGIA S.A. (EMAE) 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. (EMAE), which are identified as parent company and consolidated, respectively, which comprise the statement of financial position as of December 31, 2022, 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. (EMAE) as of December 31, 2022, 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

We carried out our audit in accordance with Brazilian and international standards on auditing. 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. (EMAE) 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 obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis

Concession's reversible assets

We draw attention to Note 12, 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 BRL195,374 thousand on December 31, 2022, referring to investments to be indemnified by the Granting Authority (ANEEL), which were measured by the Company based on the residual value. Said amount is still in the approval process and will be defined after inspection and determination of the "New Replacement Value (VNR)" by ANEEL. Our opinion does not contain an exception with respect to this issue.

Non-current assets for sale - Related Party Transaction through Real Estate Properties Exchange

According to Notes 10 and 24.6, the Company presents the amount of BRL238,228 in the "non-current assets held for sale" line item, as well as the amount of BRL157,214 in the "Adjustments to Asset Elements" line item in Equity (net of taxes deferred income and

social security contribution payments) as a corresponding entry for the transaction. With respect to these balances; a) On July 21, 2022, the notice to the market stating that the Tax Authority of the State of São Paulo was authorized, through State Decree No. 66,983, of July 20, 2022, to conduct the exchange with EMAE of a building located at Rua Augusta, 1626, São Paulo, State of São Paulo, owned by the Tax Authority of the State of São Paulo, valued at BRL82,461 thousand. With the land owned by EMAE, inserted in the Parque Estadual Villa Lobos (Villa Lobos State Park), located at Avenida Dra. Ruth Cardoso, 4.800, also in the city of São Paulo, state of São Paulo, valued at BRL94,770 thousand. EMAE received the return resulting from the exchange, in the amount of BRL12,309 thousand, upon registration of the deed. The fair value registered upon the transfer to investment properties of the assigned real estate property, located in the Parque Estadual Villa Lobos (Villa Lobos State Park), in the amount of BRL82,461 thousand (BRL54,419 thousand net of taxes), remains recorded in an equity adjustment account within equity, to be carried out to the extent that the real estate property received in the exchange is realized and the respective deferred tax of BRL28,042 thousand, to be registered on the calculation basis of the respective tax at the time of the effective realization, according to the event provided for in paragraph 6, article 13, item 6, items 1 to 4 of the Income Tax Regulation; b) Based on reports from accredited institutions, it recorded the fair value of the real estate property Terreno Zuccolo (former *Bora-Fora* 14) in the amount of BRL155,767 thousand (BRL102,795 thousand net of taxes) in Real Estate Properties for Investment on the occasion of its disuse in the operation and its use as capital appreciation. After resolution at a meeting of the Board of Directors that authorized the sale through a bidding process, both real estate properties were transferred to the "Non-current assets held for sale at fair value" line item. Our opinion does not contain an exception with respect to these matters.

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 plan's investment policy, defined through a study for joint management of assets and liabilities (Asset Liability Management), resulted in an average allocation in the year of 77% in fixed income, 15% in variable income and 8% in other segments, achieving consolidated profitability of 7.03% in 2022. In 2022, after reviewing the assumptions used in the actuarial plan and following the principles of CPC 33 (R1) "Employee Benefits," the plan provision had a decrease in the amount of BRL152,990 (an increase of BRL112,733 thousand on December 31, 2021), due to the drop in the actuarial deficit of EMAE's retirement plans, mainly caused by the adjustment in discount rates. During the year, no assessment was necessary due to the actuarial assessment. 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: understanding and evaluation of the procedures adopted by the Company, through the assistance of our actuarial experts, we evaluated the reasonableness of the main assumptions of the methodology used by the Company's actuary, we read the plan's regulations to confirm the percentage of responsibility of the sponsor and we obtained access to the evidence that demonstrates that the actions to assess the actuarial result defined in the plan, have been subject to the regime of equal 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 8.2, 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 599/2009, 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, 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 UTE 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 10, 13 "b" and 24.6, the Company presents in the "non-current assets held for sale" line item the amount of BRL238,228, in the "real estate property for Investment" line item the amount of BRL130,762, as well as in the "Adjustments to Assets in Equity" line item the amount to BRL243,517 (net of deferred income tax and social security contribution). Thus, during the year, the Company, based on reports from certified institutions, recorded at fair value three real estate properties, Spaces A and C related to São Paulo Plant, the Parque Villa Lobos land, subject to exchange with the Building located

on Rua Augusta, and Terreno Zuccolo (former *Bora-Fora 14*), of which only Spaces A and C related to São Paulo Plant remain classified under the "real estate properties for Investment" line item, with the others reallocated to the "Non-current assets held for sale at fair value" line item after resolution at a meeting of the Board of Directors that authorized the sale of both through a bidding process.

How was the matter addressed in the audit?

Our audit procedures included, among others, evaluating the reports issued, which determined the fair value of the real estate properties, reading the technical note issued by management, verifying the real estate properties exchange agreements evidencing the exchange between the Parque Villa Lobos land, object of the exchange with the Building located on Rua Augusta with return, accounting of the differences between the fair value determined in the reports and the residual value in an "equity adjustment" line item in equity, following the provisions set forth in CPC 28 - Real Estate Properties for Investment. 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

Statements of Value Added

The individual and consolidated statements of added value (DVA) for the year ended December 31, 2022, 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. (EMAE) 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. (EMAE) 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 of obtaining 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 of issuing 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 in accordance with the Brazilian and international standards on auditing, we exercise professional judgment and maintain professional skepticism throughout 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. (EMAE) 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. (EMAE) 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. (EMAE) 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 auditors' 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 law or regulation precludes 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, March 10, 2023.

RUSSELL BEDFORD GM
AUDITORES INDEPENDENTES S/S
2 CRC RS 5.460/O-0 "T" SP

Roger Maciel de Oliveira
Accountant 1 CRC RS 71.505/O-3 "T" SP
Member - Technical in Charge

VI. OFFICERS' STATEMENT

In compliance with the provisions of items V and VI of Article 25 of CVM Instruction n. 80, of March 29, 2002, the members of the Executive Board of Empresa Metropolitana de Águas e Energia S.A. (EMAE), 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 EMAE's Financial Statements for the year ended December 31, 2022; and (ii) they reviewed, discussed and agreed with the opinions expressed in the report issued by Russell Bedford Brasil Auditores Independentes S/S, regarding EMAE's Financial Statements for the year ended December 31, 2022.



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