

Companhia de Saneamento de Minas Gerais – COPASA MG

(Free translation from the original issued in Portuguese.
In the event of any discrepancies, the Portuguese language version shall prevail.)

Individual and consolidated
financial statements
December 31, 2024
and independent auditor's report

Companhia de Saneamento de Minas Gerais - COPASA - MG

Year ended December 31, 2024

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In thousands of reais, unless otherwise indicated

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MESSAGE FROM MANAGEMENT

In 2024, COPASA MG achieved net income from water, sewage, and solid waste of R\$ 6.97 billion, an increase of 6.8% compared to 2023 (R\$ 6.53 billion), with an EBITDA of R\$ 2.80 billion and a margin of 39.7%. Net profit amounted to R\$ 1.32 billion (R\$ 1.38 billion in 2023), and this slight drop was mainly due to changes in changes in exchange rate (with no cash effect) as a result of the devaluation of the real against the euro.

In 2024, the Company maintained its water service coverage rate of over 99% in its coverage area, which shows that COPASA MG has already achieved the universalization required by the New Sanitation Framework before the recommended deadline of 2033. As for sewage, the overall coverage rate for collected and treated sewage was 77.3%, 2.3 p.p. (percentage points) higher than the indicator presented in 2023 (75%). COPASA MG has a robust Investment Program for the period 2025 to 2029, of R\$ 16.9 billion, with the aim of maintaining the quality of already universalized water services and achieving the universalization of sewage services, as established by the New Sanitation Framework.

In its commercial area, COPASA MG adopted a number of measures aimed at improvements, especially on two (2) fronts: (i) meter reading and quality, to guarantee reliability in the reading of water meters and reflect the real consumption of clients and (ii) improving its debt negotiation actions, to reduce delinquency. As a result of these latest actions, the Company's default rate in December 2024 was 2.92%, the lowest rate seen since September 2016, the start of the historical series.

In 2024, COPASA MG continued its downward trend in the distribution losses index, registering a decrease of 0.5 p.p. that year, considering the indicator as a percentage. This is a consequence of the loss reduction measures the Company has been implementing, such as renewing its fleet of water meters, replacing an average of 20% of the old equipment each year, resulting in a reduction in apparent losses and an increase in the volumes billed, and using advanced technologies and modern equipment to detect non-visible leaks.

The contracting of incentivized electricity for the Company's medium and high voltage units represented 49% of the energy consumed by COPASA MG in December 2024 (38% in December 2023), corresponding to savings of around R\$ 120 million in the last two years. In addition, COPASA MG signed a contract to migrate its medium-voltage installations to the retail economy market, and the migration began in March 2025, with 100% of the units eligible for migration expected to be in the retail market by 2026, equivalent to 29% of the Company's total consumption. Also, COPASA MG is developing a project to install photovoltaic plants in the low-voltage units. The company has already started supplying some of these units through solar farms, so that around 13% of COPASA MG's consumption is supplied by photovoltaic energy.

In its work in the environmental field, COPASA MG, among several other actions, stands out for maintaining the award-winning *Pró-Mananciais* Program, which aims to protect and recover the Company's water harvesting sources and which, since its inception in 2017, has already invested R\$ 136 million in various environmental protection projects, of which R\$ 20 million was invested in 2024.

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The Company grants low-income families the Social Tariff benefit, which offers a reduction of up to 50% on water and sewage bills, depending on monthly consumption, limited to 20 m³. Also, it offers discounts ranging from 10% to 50% on tariffs to compliant municipalities, resulting in savings of R\$ 67 million by 2024. There is also the granting of a 50% discount to philanthropic entities, and this program was recognized by Arsae-MG in 2024 as an integral part of the tariff cost and amounted to R\$ 25 million in the year, benefiting 512 entities.

Throughout 2024, COPASA MG participated in various cultural and sports projects, recognizing the importance of enhancing and promoting Minas Gerais's values. This reflected the Company's commitment to its social responsibility and fulfilled its purpose of generating value in the communities where it operates.

In 2024, COPASA MG carried out an important project to integrate outsourced workers in terms of health and safety. Monthly training classes covered fundamental topics for the Health and Safety Policy and the Zero-Accident Program. Also, regarding health and safety, in 2024, the Company concluded a project, in partnership with a world-leading consultancy on the subject, whose objective is to evolve COPASA MG's culture of health and governance, with the implementation of preventive practices and the respective proactive indicators, to foster adherence to the issue and its governance.

COPASA MG, as a mixed-capital company, listed on the Novo Mercado and a provider of basic sanitation services, is subject to strict regulations from the capital markets, the law on state-owned companies, the State of Minas Gerais, the Brazilian Water and Basic Sanitation Agency - ANA and the Regulatory Agency for Water Supply and Sanitation Services of the State of Minas Gerais - Arsae - MG. For this reason, the Company has a complex and robust structure of Corporate Governance, Compliance, internal controls and Risk Management, compatible with the strictest international standards of quality and efficiency. So much so that, in January 2025, COPASA MG obtained ISO 37301 certification, a standard applicable to institutions seeking to structure or improve their compliance systems. This certification demonstrates the commitment of senior management and employees to a culture of integrity, contributing to the improvement of compliance and governance practices.

Regarding actions related to the General Data Protection Law (LGPD), the Company instituted Data Protection Week, aimed at all employees, to disseminate knowledge and promote cultural changes on privacy. In addition, various training sessions on the LGPD were carried out, both for the internal public and for partners and outsourced workers.

Given all this context, COPASA MG would like to thank all the related parties with which it interacted in 2024 - clients, employees, suppliers, shareholders, analysts, concession grantor, local communities and others - who contributed to the results achieved in the year and to the actions implemented with the aim of improving the Company's economic, financial and operational performance. Thank you all very much.

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Management Report

1. The Company

1.1. Company Profile

COPASA MG is a mixed-capital company controlled by the State of Minas Gerais. Since February 2006, the shares have been traded on the Novo Mercado, the highest corporate governance segment of B3 – Brasil, Bolsa, Balcão, under the ticker CSMG3. COPASA MG's business activity is to plan, execute, expand, remodel and operate public basic sanitation services, involving water supply, sewage, and solid waste.

The Company and its subsidiary COPANOR have concessions in 75% of the municipalities in the state of Minas Gerais, serving a population of roughly 11.8 million inhabitants with water supply services, of which 8.7 million inhabitants also receive sewage services.

1.2. Concessions Held

In December 2024, COPASA MG and COPANOR had 637 concessions to render water services and 308 concessions to provide sewage treatment services, as shown in the following table:

Concessions ^{1, 2}	12/2024			12/2023		
	Total	Parent	COPANOR	Total	Parent	COPANOR
Water						
Concessions	637	588	49	638	589	49
In operation	633	584	49	633	584	49
Sewage						
Concessions	308	252	56	309	253	56
In operation	273	231	42	273	231	42

(1) Only one (1) concession/operation per municipality is considered, regardless of whether there is more than one contract, in the case of COPASA MG and COPANOR services in the same municipality, or whether the contract covers only districts and localities outside the municipal seat.

(2) Includes expired concessions with 43 municipalities and concessions with one (1) municipality whose contract was judicially declared null and void.

The following movements in concessions occurred in the last 12 months:

- **Termination of contracts:** the water and sewage concession agreement in the municipality of Nanuque (urban population of 35.0 thousand inhabitants) was terminated; 0.25% of the Company's revenue), which was judicially null and void.
- **Beginning of operation:** water operations began in the municipality of Mesquita (urban population of 3.5 thousand) and sewage in the municipality of Santo Antônio do Itambé (urban population of 1.3 thousand).

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▪ **Contract addendum:** four (4) Concession Agreement for the provision of public water supply and sewage services were amended, with a change in the form of regulation from discretionary to contractual, as shown in the table below:

Municipality	Representativeness of Net Income ¹	Maturity	Date of Market Announcement
Patos de Minas	1.6%	12/2038	05/09/2024
Divinópolis	2.3%	06/2041	07/31/2024
Visconde do Rio Branco	0.3%	07/2054	08/01/2024
Rio Pomba	0.1%	09/2054	09/10/2024

(1) Percentage in relation to the Company's total Net Income.

The ten main current concessions on December 31, 2024, which jointly accounted for approximately 49% of the Company's net water and sewage income, as well as their respective maturities:

List of the 10 Largest Concessions in Force	Maturity
Belo Horizonte	11/2032
Contagem	02/2073
Betim	12/2042
Montes Claros	07/2048
Ribeirão das Neves	05/2034
Divinópolis	06/2041
Patos de Minas	12/2038
Santa Luzia	02/2050
Pouso Alegre	08/2046
Varginha	06/2047

In December 2024, 83% of the Company's water and sewage income came from concessions whose maturity date occurs after December 2031. Concessions relating to 43 municipalities were expired and the contract of one (1) municipality, which together account for approximately 4.8% of water and sewage revenues, were legally considered null and void.

Taking into account the principle of continuity in the provision of essential public services, services continue to be provided and billed normally by the Company both in municipalities with expired concessions and in municipality where contractual nullity was decreed.

1.3. Coverage Ratios

In 2024, the coverage ratio of COPASA MG's water services, within its coverage area, is above 99%, as also verified in previous years, being higher, therefore, than that required by the New Sanitation Sector Framework, showing that the Company has already reached universalization before the deadline set, which is 2033.

As for sewage, in 2024 the Company reported global coverage ratio for collected and treated sewage of 77.3%, 2.3 p.p. higher than the ratio of 75.0% reported in 2023. COPASA MG's robust 2025-2029 Investment Program of R\$ 16.9 billion, as detailed in item 5.2 below, aims to make the investments necessary to maintain quality of the already universalized water services, expand investments focused on expanding sewage collection and treatment networks, with the goal of universalizing sewage services, as established by the New Sanitation Sector Framework, that is, 90% of the population supplied with collection network and sewage treatment by 2033.

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The Company's coverage ratios for water and sewage are much superior that those verified for the national average. According to data disclosed by the National Sanitation Information System (SNIS), in January 2024, the ratio of global service with water network, at a national level, was 84.9%, for the reference year 2022, and the percentage of sewage treatment reached 52.2%, showing the superiority of COPASA MG's indicators.

Aiming to universalize its services in rural and low-density urban areas, in May 2023 the Company launched the *Universaliza Minas* program, which has many small-scale projects of low technical complexity.

Since its launch, until January 2025, the *Universaliza Minas* program has implemented water and sewage systems in 114 locations, reaching around 45 thousand people. In addition, works are underway in another 121 locations, affecting around 48 thousand people. In total, the portfolio has R\$ 404 million in approved projects, covering 639 locations referring to 166 concessions.

2. Macroeconomic and Regulatory Context

The Gross Domestic Product (GDP) for 2024 grew by 3.4%, driven mainly by the services and industrial sectors. Regarding the labor market, the unemployment rate reached 6.2% in December 2024, the lowest annual profit (loss) in the historical series that began in 2012, with the creation of 1.69 million formal jobs in 2024.

However, the country has been facing serious fiscal challenges, with rising public debt. Inflation, as measured by the IPCA, closed 2024 at 4.83%, above the upper limit of the established target. Aiming to control inflation, the Central Bank raised the Selic rate to 12.25% in December 2024, updating it to 13.25% in January 2025, with a forecast of an increase in this rate.

On the tax side, Complementary Law (LC) 214/2025, instituted by Constitutional Amendment (EC) 132/2024, popularly known as the Consumption Tax Reform Law, which institutes the Goods and Services Tax (IBS), the Social Contribution on Goods and Services (CBS) and the Selective Tax (IS), was sanctioned. The aim is to simplify the Brazilian tax system by replacing the five (5) main taxes on consumption (PIS, COFINS, IPI, ICMS and ISS) with one (1) dual Value Added Tax (VAT), made up of the IBS (Goods and Services Tax) and the CBS (Contribution on Goods and Services) and the Selective Tax (IS) of an extra-fiscal and regulatory nature, aimed at discouraging the consumption of products that are harmful to health and the environment. The new tax system will come into force in January 2026, with a transition period of seven (7) years to calibrate the rates.

The impact on the basic sanitation sector will be significant, since, of the taxes replaced by the tax reform, the sector currently contributes only to PIS/COFINS, whose nominal rate is 9.25%. Considering non-cumulative taxation, the effective rate for COPASA MG is currently around 6.54%, implying a substantial increase in the tax burden.

A specific law of the respective federal entity will set the rate of the new taxes. However, in an estimate released by the Ministry of Finance, the standard rate will be approximately 28% in 2033, with the beginning of the collection of partial rates scheduled for 2026 with a gradual increase until 2033.

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In January 2025, the Getúlio Vargas Foundation - Brazilian Institute of Economics published the study “*Infortúnio consumado: impacto da reforma tributária no saneamento básico*” (Consummate misfortune: impact of the tax reform on basic sanitation), projecting that the weight of taxes for the sector will rise to 28% of the standard rate, according to data announced in a study published by organizations representing the area.

The Company has been carrying out studies to assess the economic and financial impact of these changes, considering the regulatory environment to which it is subject. In addition, it is preparing for the implementation and operationalization of adjustments to business management systems, to meet the requirements set out in.

In terms of climate, the World Meteorological Organization (WMO) has determined, based on six (6) international data sets, that 2024 will be the hottest year ever recorded. This probably means that we will experience the first (1st) year with a global average temperature higher than the limit of +1.5 °C established in 2015 in the Paris Agreement. Intense heatwaves continue to occur in a large part of Brazil as a result of the El Niño phenomenon, which causes the waters of the Pacific Ocean to warm up, especially from the second semester of 2023 onwards. On the local front, the city of Belo Horizonte stood out as the Brazilian capital with the highest number of consecutive days without rain in 2024, according to the Brazilian Meteorological Institute (INMET). There were 154 days of drought from April to September.

In 2024, within the scope of the new Sanitation Sector Framework, with the new regulatory attribution of the National Water and Basic Sanitation Agency - ANA to edit Reference Standards - NR, containing guidelines for the regulation of public basic sanitation services in Brazil, as a way of standardizing sector standards, important topics were submitted to public inquiries and regulated, as detailed below:

- **Reference Standard 08/2024, approved by Resolution 192/2024, of 05/10/2024:** this Reference Standard provides for progressive universalization targets for water supply and sanitation, access indicators and an evaluation system. This Reference Standard states that *"for the purposes of monitoring and evaluating the achievement of universalization targets, the coverage and service of ninety-nine percent (99%) of households with drinking water and the coverage and service of ninety percent (90%) of households with sewage collection and treatment, by December 31, 2033, in each municipality, are considered"*.

The same Reference Standard stipulates that the sub-domestic regulatory body or the holder of the public basic sanitation services must set a deadline for users to connect their buildings to the network, where available. This period must not be longer than one (1) year, counting from the time of verification of non-connection to the available networks or the start of operation of the newly installed network.

By December 31, 2025, the sub-domestic regulatory body or the holder of the public basic sanitation services must, under penalty of liability under the law, verify and apply the procedure to all buildings located in the area covered by the sanitary sewage service and, with the possible support of other competent bodies, apply the sanctions provided for in the legislation, in accordance with the provisions of Article 45 of Federal Law 11445/2007.

- **Reference Standard 09/2024, approved by ANA Resolution 211/2024, of 09/23/2024:** this Reference Standard establishes guidelines on operational indicators for the provision of water supply and sewage services, such as indicators for monitoring the quality of water supply and sewage services.

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In continuity with the process started by the ANA in 2023 with the publication, in August 2023, of ANA Resolution 161/2023 (Reference Standard 03/2023), referring to the rules for indemnification of assets, the regulation establishing the methodologies for calculating the amounts of compensation for unamortized investments, linked to assets reversible to the Concession Grantor, in the event of expiry or early termination of public service concessions regulated by Arsae-MG was concluded, in 2024, by Arsae-MG, with the publication, on 03/20/2024, of Arsae-MG Resolution 191/2024.

Still on the subject, on 12/10/2024, Arsae-MG Resolution 200/2024 was published, amending Arsae-MG Resolution 191/2024, mainly to include the methodology for the annual assessment of investments in assets reversible to the Concession Grantor (Annex II) and the method of assessing the costs of breaking public service contracts regulated by that Agency (Annex III).

Regarding the subsidy benefit for public or private non-profit institutions that carry out activities of a continuing nature in the areas of social assistance, health or education, the Agency, through Arsae-MG Resolution 189/2024, established the general rules to be applied in this Program. As a result, the amounts are now included in the Company's tariff.

Regarding the definition of tariffs, in November 2024, an adjustment of 6.42% was authorized, effective as of 01/01/2025, according to Arsae-MG Resolution 197/2024. On 01/01/2024, the adjustment approved in November 2023 (Arsae-MG Resolution 185/2023) was applied, with an Average Tariff Effect of 4.21%.

In 2024, COPASA MG's third (3rd) Periodic Tariff Review began, to be applied from 01/01/2026, according to the schedule below:

Phases	Topics to be covered	Public Consultation Period		
		Start	Final	Profit (loss)
Phase 1	Guidelines, General Approach, Agenda and Timetable	May 2026	June 2024	Aug 2024
2 nd Phase Methodology	Asset Verification Methodology Regulatory Classification of Ledger Accounts Reconstruction of Balancing Tariff Revenue Capital Costs	July 2024	Aug 2024	Oct 2024
	X Factor Special Programs (PPM, PDI and FMSB transfers)	Jan 2025	Feb 2025	Apr 2025
	Tariff Structure and Payment Capacity Assessment Annual Tariff Adjustment Methodology	Apr 2025	May 2025	July 2025
Phase 3 - Results	Final Results - COPASA MG	Aug 2025	Sep 2025	Nov 2025
Finalizing the process	Publication of the Resolution	up to 12/02/2025		
	Application of the New Tariffs	01/01/2026		

The links to the main documents published by Arsae-MG regarding the tariff review are listed below, and these documents can be accessed at www.arsae.mg.gov.br/consultas-publicas.

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Phase 1 (Guidelines, General Approach, Agenda and Timetable): Consultation and Public Hearing 52/2024

➤ **Final Documents after the Public Consultation:**

- [CRE Technical Note 03/2024.](#)
- [CRE Technical Report 01/2024.](#)

Phase 2 (1st Stage of Methodologies): Consultation and Public Hearing 54/2024:

➤ **Final Documents after the Public Consultation:**

- [CRE Technical Report 02/2024 - Analysis of contributions - asset verification methodology.](#)
- [CRE Technical Note 08/2024 - Asset verification methodology.](#)
- [CRE Technical Report 04/2024 - Responses to contributions received.](#)
- [CRE Technical Note 10/2024 - Revenue reconstruction methodology, IRT and ETM.](#)
- [CRE Technical Note 11/2024 - Regulatory classification of ledger accounts.](#)
- [CRE Technical Note 12/2024 - Capital cost methodology.](#)
- [Spreadsheet - Preliminary calculations BRE and BRA.](#)
- [Spreadsheet - Preliminary WACC.](#)

Phase 2 (2nd Stage of Methodologies): Consultation and Public Hearing 60/2025

➤ **Preliminary Documents (Pre-Public Consultation):**

- [Public consultation and public hearing regulations.](#)
- [CRE Technical Note 01/2025 - X-factor and tariff incentives.](#)
- [CRE Technical Note 02/2025 - Special Programs.](#)

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3. Strategic planning

In December 2021, the Company's Board of Directors approved COPASA MG's Strategic Planning for the 2022–2026 cycle, expressing it in its Strategic Declaration and on the Strategic Map shown below:



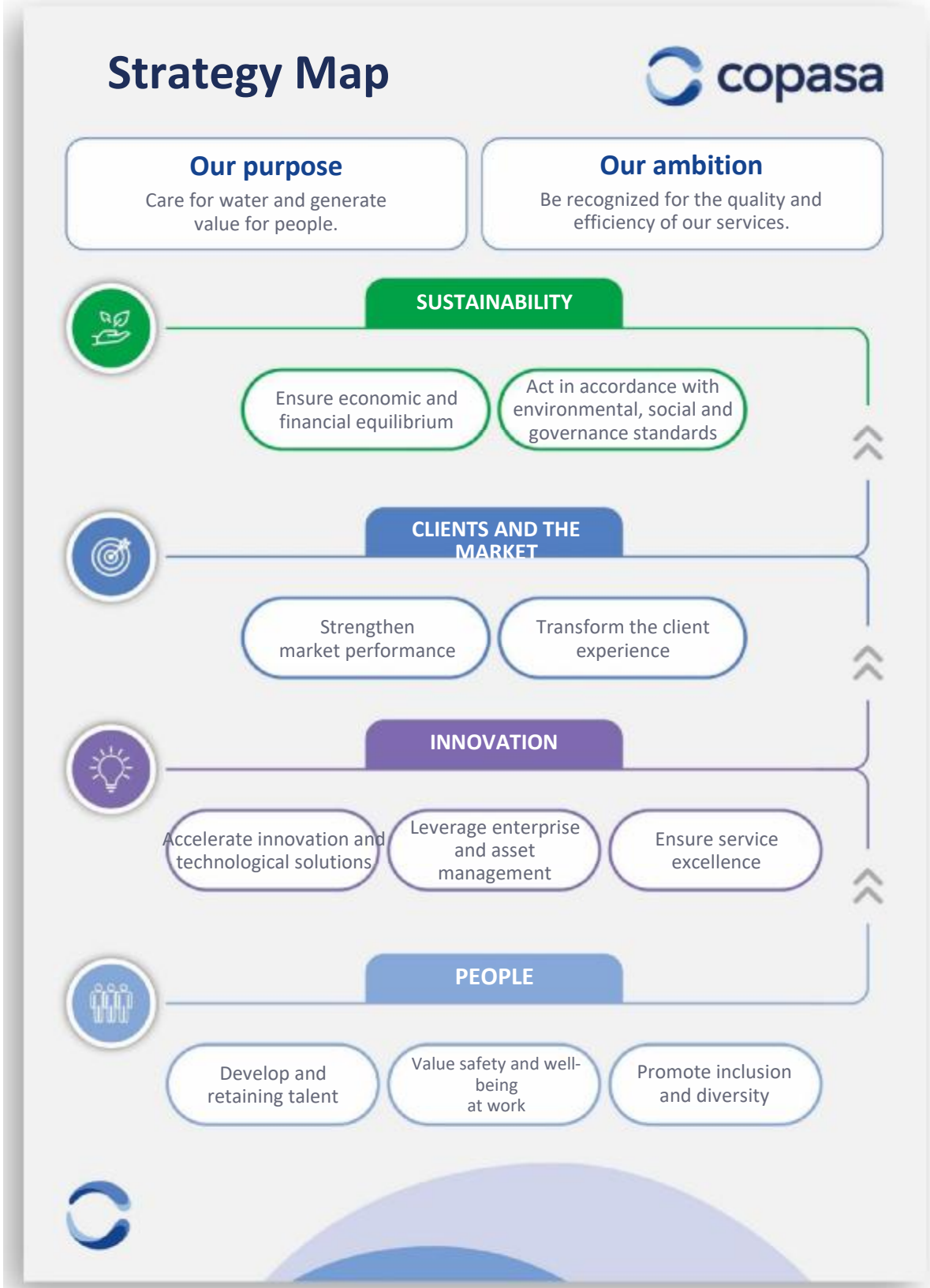
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3.1. Management Excellence Strategic Program

The Management Excellence Strategic Program, deployed since 2021, intensified the application of the Management Excellence Model (MEG) throughout the Company.

3.1.1. Actions adopted in 2024

Throughout the year, significant progress was made in implementing the program:

- ✓ 90 trained people in MEG, with the inclusion of ESG requirements;
- ✓ execution and monitoring of Management Improvement Plans - PMGs;
- ✓ Inova Seminar, with more than 30 cases registered;
- ✓ submission of 10 Success Cases for the Brazilian Sanitation Quality Award (PNQS), six (6) of which were selected to be presented at the PNQS Benchmarking Seminar and three (3) of which were recognized as finalists (Women's Mentoring Program); radiation monitoring management; and effective and innovative default management in Coromandel/MG) and two (2) were winners (suggestions program; and monitoring risk appetite).

3.2. Business process office

In line with the Strategic Objective of "Ensuring service excellence" and the strategic initiative of "Implementing process management", the Business Process Office was set up in April 2024, with consultancy support, the use of the BPM (Business Process Management) methodology and the BPM (Business Process Management Suite) technological solution.

The scope of the Office, whose efforts are concentrated on two (2) fronts - client Experience and Contract Life Cycle - includes the review and management of the Company's value chain and the mapping and improvement of processes, with the aim of optimizing and making its activities more efficient. These initiatives are expected to bring greater agility through a leaner process and a higher level of activity automation.

3.3. Competitive Management Strategic Project

Federal Law 14026/2020 has brought a new reality to the sanitation sector, especially to state-owned companies. It emphasizes achieving universalization of water supply and sewage services by 2033, meeting targets for water losses and quality of services provided, and participating in tenders in the event of termination of the contract or expansion of the market. This scenario leads to the need to re-evaluate processes that can make it possible to achieve these objectives and seek COPASA MG's sustainability, which will only be achieved by raising its performance and competitiveness levels.

To this end, in August 2024 the Company implemented the Strategic Competitive Management Project, with the support of external consultants, through the development of three (3) work fronts - Investment Management, Organization and People and Advanced Data Analysis - as detailed below:

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3.3.1. Investment Management: considering the need to prepare the Company for a cycle of substantial expansion in investments, according to the Multi-Year Investment Plan, and with a view to strengthening the capacity to execute the planned amounts, a comprehensive diagnosis and redesign of the current investment model was carried out during the second semester of 2024, evaluating everything from the investment strategy and portfolio management to the cycle of projects and their enablers (governance, structure and people), bringing COPASA MG up to the levels of best market practices.

3.3.2. Organization and People: a new organizational design was proposed, which should enable significant transformations for COPASA MG. This new structure, designed to be more balanced and optimized, will enable gains in effectiveness and alignment, increasing agility in decision-making and execution capacity. Greater efficiency is also expected through the centralization of management and support functions, as well as productivity gains in operations, considering process-oriented management, which aims to specialize, standardize and optimize operational processes.

3.3.3. Advanced Data Analysis: includes reviewing the fraud detection model by carrying out an end-to-end diagnosis and assessing the maturity and effectiveness of current processes, with a focus on protecting revenue. To this end, the project includes support in the technical specification for the development of a tool for detecting and combating fraud and other studies to boost initiatives aimed at data analysis and science, with a view to making gains for the business.

4. Relationship with client

According to its Strategic Statement, COPASA MG has the client at the center of its initiatives. Understanding client needs and expectations is fundamental to continually improving products, services and processes, demonstrating the company's commitment to providing positive experiences at all points of contact.

Seeking to offer a more personalized and proactive service, COPASA MG contracted, in 2024, a new solution for its Digital Channels - WhatsApp and WebChat - which is expected to use Artificial Intelligence for more assertive interactions, analysis of client sentiment during service, as well as monitoring and quality control of the service provided. The project will be implemented throughout 2025, directly impacting the satisfaction of clients who access our channels.

In the face-to-face branches, the project to revitalize the physical structures began, with the application of the new visual identity, with the aim of providing a more welcoming and pleasant experience for clients, guaranteeing accessibility, with more comfort and safety.

In addition to the physical part, two (2) major service contracts were signed for the branches located in the Metropolitan Region of Belo Horizonte and in the Eastern Region of the state. By guaranteeing the continuity of services and the regulated opening hours, the presence of the outsourced team has shown positive results, such as a reduction in client service and waiting times.

The COPASA MG Client Guide was published on the Company's official pages, social networks and relationship channels. In addition to the Guide, throughout the year the Company made available videos explaining the main services requested, presenting in a quick and innovative way the documents required and the best way to request each service.

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In addition, COPASA MG's invoice underwent an updating process focused on optimizing information and guidance. The New Official Account, delivered from September 2024, has a more modern and functional layout, in line with the Company's new brand, and priority content has been highlighted, making it easier to understand the document. In this way, the changes promote improvements in the client experience, reconciling usability and transparency, without changes to tariffs or billing criteria.

COPASA MG holds an annual client Week, on the days around September 15 (Client Day), with internal employee engagement events, aimed at consolidating the client-centricity model and promoting good practices for excellence in the relationship with the COPASA MG client.

In 2024, the Week proposed highlighting how the organization's day-to-day activities also generate value for the client. Meetings were held on risk management in practice, with a focus on governance, challenges and actions to mitigate client relationship risk, monitored at each of the Company's units. Also noteworthy is the presentation of the process office (BPMO), inaugurated in 2024, with one of the initial themes focused on excellence in the client experience, bringing strategic and operational insights. There were also initiatives such as lectures, cases, among others, aimed at engaging teams, based on the pillars of a good client experience and inspired by leaders who have successfully implemented a client-centric culture in large companies.

COPASA MG monitors client perceptions through surveys carried out throughout the relationship journey (post-service and after-service), as well as a general satisfaction survey. The purpose of the surveys is to measure general client satisfaction, as well as to identify needs and expectations, verify the perception of the Company's image and assess the level of knowledge of the products and services offered.

The quantitative survey is an input for the Company's Strategic Planning, standing out as an important tool for collecting data for analyzing and improving processes, considering the evaluation of the client as a stakeholder, in the dimensions of water, sewage, services and client care, COPASA MG's core business. The results verified each month make up the Annual client Satisfaction Indicator, whose target is approved by the Company's senior management and is monitored considering the regional particularities of the state.

In 2024, the Annual Client Satisfaction Indicator was 76.8% of clients satisfied with COPASA MG, the best profit (loss) since 2021.

4.1. Commercial strategies

Throughout 2024, the Company continued with the actions structured in 2023, promoting commercial initiatives aimed at continuously improving processes and strengthening relationships with its clients. Among them, we point out:

- ***Vem pra Rede Água e Esgoto:*** in accordance with Federal Law 11445/2007, the State Health Code (State Law 13317/1999) and Arsa-MG Resolution 131/2019, the Company promoted an educational and informative campaign aimed at making citizens aware of the obligation and benefits of connecting their buildings to the available public sanitation networks. In addition, the generation of service orders to notify clients and municipalities has been automated, respecting the specific criteria of the situation of the properties.

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- **Automation of sewage confirmation:** aims to optimize the process, ensuring efficiency and agility in the inclusion of the sewage service point, keeping the property register up to date and avoiding loss of revenue.
- **Reading and measurement quality:** to ensure that water meter readings are reliable and reflect clients' actual consumption, a number of measures have been implemented, including:
 - **Contracting an integrated solution for modernizing the measurement and calculation of consumption**, with photographic recording, georeferencing and registration updating technologies in the Metropolitan Region.
 - **Mandatory reading and coding of properties not connected to the network**, to reduce losses, identify offenders, recovering volumes consumed and applying sanctions.
 - **Reading modernization in the eastern region of the state**, covering 13% of the Company's savings, with a focus on expanding reading coverage and reducing service.
 - **Implementation of daily reading and productivity control**, enabling real-time monitoring of reading performance in 52% of the Company's savings.
 - **Renewal and expansion of all the reading equipment**, now using smartphones with Android system, providing agility and dynamism to the activity.
 - **Adaptation of demand contracts for strategic clients**, establishing procedures and methodologies to promote regulatory and legal certainty, retain clients and increase revenue.
 - **Adaptation of the commercial system to telemetry**, allowing real-time monitoring of water consumption and distribution, reducing losses and enabling clients to monitor consumption via an app. The new equipment is in the process of being tendered, with implementation scheduled for the first semester of 2025.

4.2. Debt negotiation journey

With the aim of improving debt negotiation actions and reducing delinquency, the Company has implemented the following measures:

New administrative charges: various forms of contact with clients were created, such as correspondence, SMS, telephone contact, among others, through the use of a contracted company and exclusive service points.

Specialized collection: a company was hired to recover credits arising from services provided to municipalities, philanthropic hospitals and irregular CNPJs.

Strategic collection actions: actions were implemented based on detailed studies of class, region, consumer profile and special dates, with the aim of reaching the target audience, increasing collection and reducing defaults. These actions involve sending reminder and collection emails.

New judicial collection of CPF and CNPJ: aims to recover debts from clients whose other negotiation actions have not had the expected effect. This initiative recovers credits overdue for more than 270 days.

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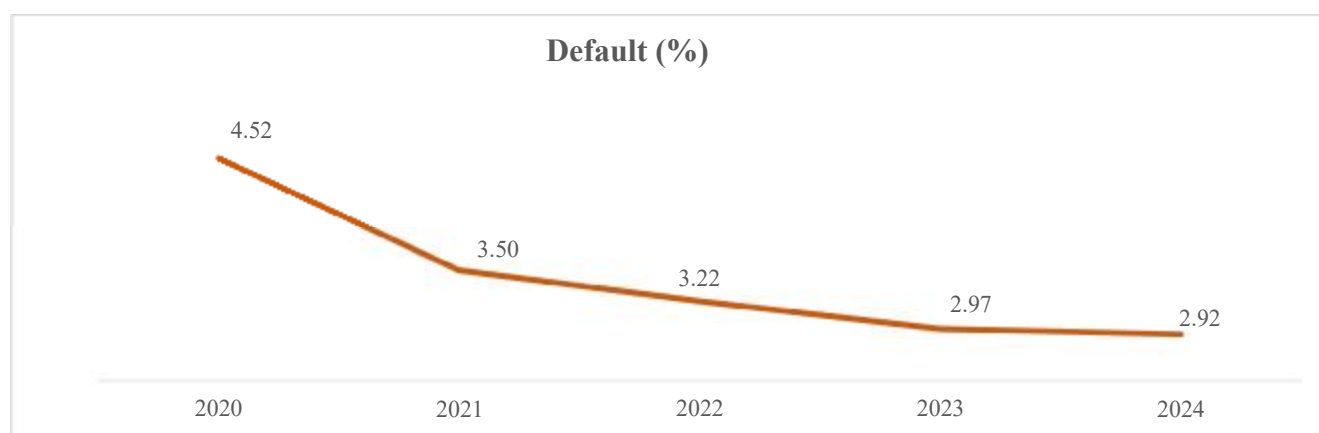
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Expansion and structuring of the Commercial Intelligence Center (NIC): this team develops and monitors commercial indexes, including defaults, evaluating points for improvement and presenting proposals for adjustments, automation and new projects, using artificial intelligence.

4.3. Default ratio

As a result of actions performed, the default rate that corresponds to the ratio between the balance of trade receivables past due between 90 and 359 days, and the total amount billed in the last 12 months, continued to fall. The rate, which was 3.22% in December 2022 and 2.97% in December 2023, has now fallen to 2.92%, the lowest rate seen since September 2026, the start of the historical series.



5. Investment and Fundraising Program

5.1. Investment Program – 2024

The amounts invested in 2024, within the scope of the Parent totaled R\$ 2.17 billion, including interest capitalizations, personnel expenses, materials and others. This amount, which is detailed in the table below, accounts for an increase of 33.2% compared to 2023.

Investments made (R\$ million)	2020	2021	2022	2023	2024
Water	147.1	537.1	579.4	680.0	1,014.2
Sewage	213.3	317.5	449.3	671.0	801.3
Business and operational development	99.0	52.3	100.8	78.5	70.9
Subtotal	459.4	906.9	1,129.5	1,429.5	1,886.5
Capitalization	111.4	95.8	176.1	198.6	282.5
Total - Parent	570.8	1,002.7	1,305.6	1,628.0	2,169.0
COPANOR	24.2	44.5	39.6	31.5	53.9
Total – COPASA MG and COPANOR	595.1	1,047.2	1,345.2	1,659.5	2,222.9

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Water supply systems

- implementation, expansion, improvements and fulfillment of contractual commitments relating to water supply systems in the municipalities of Barroso, Belo Horizonte, Betim, Brumadinho, Capelinha, Contagem, Curvelo, Diamantina, Divinópolis, Esmeraldas, Fronteira, Inhapim, Itamarati de Minas, João Pinheiro, Juatuba, Montes Claros, Mutum, Nova Lima, Nova Resende, Nova Serrana, Patos de Minas, Pouso Alegre, Riacho dos Machados, Ribeirão das Neves, Santa Bárbara, São João Nepomuceno, Teófilo Otoni, Timóteo, among others;
- actions aiming at the efficiency of water-metering and the reduction of losses, with emphasis on the acquisition of macro- and micro-flow meters;
- acquisition of operational equipment for modernization and optimization of the water supply system in several operated municipalities;
- replacement of water assets in several municipalities operated; and
- execution of works to set up Waste Treatment Units (UTRs) at Water Treatment Plants (ETA) in the municipalities of Além Paraíba, Alfenas, Araxá, Belo Horizonte, Betim, Brumadinho, Carmo do Rio Claro, Cataguases, Diamantina, Florestal, Guaxupé, Itajubá, Lavras, Nova Lima, Patos de Minas, Pouso Alegre, Santana do Riacho, São Gotardo, Timóteo, Três Corações, Varginha, among others.

Sewage Treatment Systems

- implementation, expansion, improvements and fulfillment of contractual commitments relating to sewage systems in the municipalities of Abaeté, Além Paraíba, Belo Horizonte, Betim, Brasília de Minas, Buritis, Caldas, Cambuquira, Campanha, Caratinga, Conceição do Pará, Confins, Congonhas, Conselheiro Lafaiete, Contagem, Cruzília, Divinópolis, Guaxupé, Guimarães, Ibrité, Igarapé, Ipatinga, Ipuiúna, Iturama, Januária, Juatuba, Mateus Leme, Montes Claros, Mutum, Nova Lima, Nova Mógica, Paracatu, Patos de Minas, Pedro Leopoldo, Perdões, Pouso Alegre, Ribeirão das Neves, Sabará, Santa Luzia, Santana do Paraíso, Santos Dumont, São Gotardo, São João Nepomuceno, Sarzedo, Timóteo, Turmalina, Ubá, among others;
- replacement of sewage assets in several municipalities where the Company operates; and
- acquisition of operational equipment for modernization and optimization of the sanitary sewage system in several operated municipalities.

Business and operational development

- investments in programs for the modernization of computer infrastructure, operating units and energy efficiency; and
- investments in programs for research, monitoring, and protection of water resources.

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5.2. Investment Program- 2025–2029

At a meeting held on December 12, 2024, the Company's Board of Directors approved the projected Multiyear Investment Program, referring to the Parent, for the period from 2025 to 2029, as detailed in the table below:

Projected value (R\$ million)	2025	2026	2027	2028	2029
Water, Sewage, and Corporate Development	2,316.0	3,200.0	3,200.0	3,500.0	3,600.0
Capitalization	226.2	226.2	226.2	226.2	226.2
Total	2,542.2	3,426.2	3,426.2	3,726.2	3,826.2

The level of capital injections planned in the Investment Program aims at expanding the water supply and sewage treatment systems, extending networks, providing water security, combating losses, developing business, meeting regulatory and efficiency goals, concession commitments assumed, replacing depreciated assets, in line with the achievement of Company's corporate purpose and mission, ensuring our sustainability and longevity.

5.3. Fundraising

To carry out the Investment Program, the Company intends to use funds from its cash generation, as well as funds raised on the market through borrowings, financing and the issue of debentures.

With regard to funds contracted and not released by the end of 2024, the Company had a balance of R\$ 1.2 billion, as shown in the table below. The debt will be recorded on the books upon the effective entry of these funds into the Company.

Financing facility	Balance to be Released (R\$ million)
Caixa Econômica Federal	114.5
KfW ¹	232.2
AFD ¹	868.9
Total Balance to be Released	1,215.6

(1) These financing lines were contracted in euros, and the balances were converted into Reais (R\$) at the end of December 2024 (€ 1.0 equivalent to R\$6.4363).

6. Operating performance

6.1. Operational Data

6.1.1. Water

COPASA MG and COPANOR closed out 2024 with 5.70 million households served by the water supply network, a 1.0% increase compared to 2023 and a network extension of 68.0 thousand km, accounting for an increase of 3.1% in the period under analysis.

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Below are the main operating data and the evolution in the comparative periods:

Operational Data - Water COPASA MG	2020	2021	2022	2023	2024	2024X2023
Connections (1,000 units)	4,529	4,592	4,636	4,681	4,724	0.93%
Households (1,000 units)	5,458	5,531	5,589	5,644	5,698	0.97%
Population Served (1,000 inhabitants)	11,804	11,833	11,848	11,789	11,803	0.11%
Distributed Volume (x 1,000 cubic meters)	1,034,704	1,056,135	1,067,482	1,111,985	1,150,278	3.44%
Measured volume (1,000 m ³)	611,117	628,709	642,673	676,127	691,974	2.34%
Network Extension (km)	56,858	63,316	64,737	65,946	67,979	3.08%

6.1.2. Sewage

Regarding sewage treatment services, COPASA MG and COPANOR, at the end of 2024, jointly had 4.14 million sewage households, representing a 2.3% increase compared to the previous year, and a network extension of 34.2 thousand km, 1.58% more than that the amount recorded in 2023, as follows:

Operational Data - Sewerage COPASA MG+COPANOR	2020	2021	2022	2023	2024	2024X2023
Connections (1,000 units)	2,992	3,064	3,122	3,194	3,247	1.66%
Households (1,000 units)	3,763	3,888	3,963	4,052	4,144	2.29%
Population Served (1,000 inhabitants)	8,332	8,447	8,538	8,603	8,695	1.08%
Measured volume (1,000 m ³)	414,326	428,813	441,383	463,808	476,513	2.74%
Volume Treated (1,000 m ³) ⁽¹⁾	314,169	339,981	310,984	363,959	356,952	-1.93%
Network Extension (km)	29,189	32,376	33,440	33,666	34,200	1.58%

(1) The volume treated with refers only to the Parent.

6.1.3. Other metrics related to commercial and operational performance

Operating indicators COPASA MG	Units	2020	2021	2022	2023	2024	2024X2023
Hydro-metering Index - Billed Savings	%	99.8	99.9	99.9	99.9	99.9	0.0 p.p.
Loss ratio in distribution ⁽¹⁾	%	40.5	40.1	39.4	38.6	38.14	0.5 p.p.
Loss ratio in distribution ⁽²⁾	(L/connect	257.8	256.4	251.3	252.2	253.23	0.4%

(1) Difference between the volume distributed and the volume measured, divided by the volume distributed, over the past 12 months.

(2) Difference between the volume distributed and the volume measured, divided by the number of connections made and the number of days in the period.

The hydro-metering index, which shows the percentage of the Company's billed savings whose consumption is hydro-metered, was 99.9%, the same level as in recent years.

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The “distribution loss” percentage index shows the relationship between the volume of water measured and the volume of water distributed, observing the trend of continuous drop, a decrease of 0.5 p.p. in 2024. The Company continues applying several measures aimed at reducing these losses, as well as adapting to the current context of regulation and alignment with the relevant legislation. Accordingly, as detailed in item 6.2.7, several actions are being carried out, particularly the installation and replacement of micrometers and macrometers, as well as investments in equipment to identify invisible leaks.

6.2. Operational efficiency, innovation and sustainability programs and measures

6.2.1. Operational Efficiency Program - PEO

The Operational Efficiency Program (PEO), based on the 8S methodology¹, aims to improve the Company’s management and operating systems, meeting the quality criteria and requirements established by Arsae-MG. Through a self-assessment mechanism, the PEO enables the mapping of operational units, the implementation of corrective actions, compliance with legal requirements and the improvement of operation performance.

The PEO has a computerized platform developed specifically to meet its demands, in which self-assessments are completed, and must be evidenced by photos or documents inserted into the system, subsequently available for the audit process. The platform is capable of generating structured and well-organized indicators.

In 2024, the 4th cycle of the PEO awarded the locations that stood out among the 565 municipalities and the 15.277 thousand units evaluated.

6.2.2. Operational Intelligence Center - NIO

COPASA MG has the Operational Intelligence Center (NIO), a multidisciplinary area that focuses on the integration of different strategic sectors for the smooth running of the operational areas that allows the consolidation, in a strategic and quick vision, information from the Operational Control Centers - CCOs of its various Business Units. This integration makes responses to demands more agile, increasing the proactivity and timeliness of the Company’s operational actions.

NIO brings together, in a single environment integrated with the operational areas, the functions of communication, service management, operational and surveillance, water losses and operational control, to monitor the main occurrences, in addition to level operational information.

NIO has developed, together with other areas of COPASA MG, several projects to improve the efficiency, monitoring and control of operational processes. Among these projects, the following stand out:

- **Sanitation Information by Topic - ISAA:** consists of a web page developed to facilitate the visualization of the main operational events in the State in real time;

¹Methodology focused on organizing companies and achieving total quality, based on eight (8) sensors: determination and unity (Shikari Yaro), training (Shido), use (Seiri), order (Seiton), cleanliness (Seiso), well-being (Seiketsu), self-discipline (Shitsuke) and economy and combating waste (Setsuyaku).

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- **Digital ETA:** it is a project that allows to launch analyses of the treated water quality, as well as its monitoring in real time by technicians and production supervisors. The Digital ETA application enables agility in identifying and improving actions for problems associated with potential deviations;
- **Operational video monitoring:** allows monitoring of operational units, certifying the accuracy of alerts and alarms regarding problems reported in autonomously operating units. Supports the Operational Efficiency Program, enabling continuous monitoring of the conditions of the units, and monitoring the execution of services by employees who are working in the operational units; and
- **Monitoring of dams:** enables remote and real-time monitoring of COPASA MG's 8 (eight) main dams, both with technical data and images.

6.2.3. Automation and research, development and innovation

6.2.3.1. Automation Project

In 2021, COPASA MG established a project to expand the automation of its operational units. In 2024, the Company continued the implementation of the first stage of this project, covering 168 systems in the year with the measurement of key operational variables, such as reservoir levels, pump operating status, flow rates, pressure and water quality, sending the data to a central Scada² (COPASIS -Sistema Integrado de Supervisão da COPASA MG) to the Regional Control Center of COPASA MG and the smart phones of the operators, responsible employees, technicians and managers of the systems involved. Since 2021, the project has monitored 2,391 units distributed across 271 locations.

6.2.3.2. Research, Development and Innovation

With regard to Research, Development and Innovation - RD&I, the Company is carrying out a series of technological development and innovation initiatives, including partnerships with universities and companies in search of innovative solutions to the Company's challenges.

In 2024, important partnerships with UFMG continued, such as the Strategic Alliance on sewage, with the participation of the Sustainable Wastewater Treatment Plant Reference Center, which covers a series of research, training and consultancy projects aimed at universalizing sewage treatment and the transition to a circular economy, and the Copasa 4.0 project, which seeks to adapt Industry 4.0 solutions to sanitation, promoting cost reductions in the production of intelligent sensors for the processes involved in water and sewage treatment.

Also noteworthy was the launch of the Copasa Hub, with the publication of the Company's first (1st) Public Contract for Innovative Solutions - CPSI. Five (5) challenges were launched for innovative companies and startups in the areas of loss reduction, sewage treatment, remote inspection of works and client relations. A total of 53 technical proposals were received, of which nine (9) were selected for the negotiation and contracting stage, which should take place in early 2025.

² Scada, which is an acronym that stands for Supervisory Control and Data Acquisition. Scada is a system that uses software to monitor and control the variables and devices of a process.

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6.2.4. Actions in logistics and supplies

In 2024, the Company continued with several strategic projects aimed at modernizing, reducing costs and improving the management of its logistics and supply processes.

Within the scope of the Company's acquisitions and contracting, its Regulations and Contracting Standards are constantly updated, fostering greater assertiveness and legality in purchase processes, with opportunities provided by legislation and jurisprudence. In bidding, closed electronic bidding for engineering works and services was gradually implemented throughout 2024, making the bidding process faster, more comprehensive, with greater transparency and publicity of its administrative acts to interested parties.

In the context of the universalization of sanitation established in the New Sanitation Regulatory Framework, it has become necessary to improve cost management, making it more efficient and optimizing the resources used. With this in mind, in mid-2024 a digital platform was contracted containing systematic updates of the parameters for the consumption of materials and the production of equipment and labor, to review, create and maintaining cost compositions; research and calculation of reference prices; research and calculation of price indices and development of special studies to cover all the cost engineering of drinking water treatment and distribution services, as well as sewage collection and treatment. With these elements available, the Company will be able to revise its input contracting model, enabling greater assertiveness in purchases, minimizing the risk of contractual imbalances, increasing competitiveness in bidding processes and reducing administrative costs.

To plan the Company's acquisitions, a solution was implemented in SAP to improve and make the planning of material and equipment acquisitions more effective. The use of this specific environment for the registration, by the various requisitioning units, of material and equipment acquisition needs will bring more agility, reliability, control, precision and economy to the contracting routine.

The Company has been developing strategies to centralize its purchases, with Unified Purchases (hydraulic and sanitary materials) and Centralized Purchases (equipment) to improve its purchasing processes. In 2024, there was an increase in the volume of acquisitions through this strategy of approximately 30% compared to the previous year. In addition, there was a reduction in procurement costs and delivery times, providing greater operational efficiency (purchasing materials in planned quantities, at the right time and delivering the product within the stipulated timeframe).

6.2.5. Actions in the Information Technology (IT) area

In the field of information technology, in 2024, COPASA MG, among other actions, carried out projects to update and expand its licensing contracts for some software, invested in the security of the Company's technological environment, with the acquisition of new equipment, as well as promoting the development of new modules and functionalities for the software already used and acquiring new market solutions, either to meet the internal demands of the operational and administrative areas or to meet new regulatory requirements.

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6.2.6. Electric power management

To reduce costs and align with its commitment to sustainability and the UN Global Compact's Sustainable Development Goals (SDGs), the Company has been implementing a series of initiatives to manage its electricity consumption. Until 2021, practically all electricity consumption came from the captive market. The most relevant actions are:

- **Purchases of electric power in the free trading market:** purchase of incentivized electric power (generated from plants that use renewable sources, such as solar, wind, biomass and small hydroelectric plants - PCH) for high and medium voltage units, with supply starting in 2023. This type of contract reached 38% of the energy consumed by the Company in 12/2023 and 49% in 12/2024, representing savings of approximately R\$ 120 million over these two (2) years.
- **Migration to the retail market:** signing the contract to migrate the energy consumption of medium-voltage installations that remain in the captive market to the retail energy market. Migration will begin in March 2025, with 100% of the energy consumption of the units eligible for migration expected to be in the retail market by the end of 2026, equivalent to 29% of the company's total consumption.
- **Photovoltaic energy:** development of project for the implementation of photovoltaic solar plants for remote energy compensation of units served at low voltage, aiming to reduce electric power costs and greenhouse gas emissions. While the solar plant project is being structured, the Company has started supplying energy to its low-voltage installations through solar farms. Currently, around 13% of COPASA MG's consumption is supplied by photovoltaic energy through distributed generation.
- **Energy efficiency:** reduction of electric power consumption through the replacement of obsolete pieces of equipment with more efficient ones, and the use of new technologies that rationalize the use of energy in the facilities. Energy efficiency measures are being finalized, which will save energy in 13 consumer units.
- **Energy management:** instituting, in 2024, the Energy Management Policy aimed at contributing effectively to the proper use of energy in the Company, establishing principles, guidelines, responsibilities and guiding actions to optimize energy demand and reduce the waste of water, energy, greenhouse gas emissions and electricity costs.

6.2.7. Actions aimed at reducing losses

The Company has been seeking to reduce its loss indicators, acting on both apparent and physical losses.

As part of this effort, significant investments are being made in the renewal of water meters, as shown in the table below, with the replacement of approximately 870 thousand units (20.0% of its water meter fleet) by 2024, including the application of smart water meters. This replacement has led to a reduction in the average age of the Company's water meters, contributing to an improvement in the quality of water measurement, with the application of new technologies, consequently resulting in a reduction in the apparent losses inherent in measurement inaccuracy and an increase in the volumes billed.

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Year	Applied Hydrometers	% of Total connections	Average age (in years)
2021	755.8	17.16	5.15
2022	842.8	18.79	4.23
2023	864.1	19.10	3.79
2024	868.9	20.02	3.71

In addition, with regard to actions aimed at reducing physical losses, the Company has been developing important projects, especially in the Belo Horizonte Metropolitan Region, using technologies to identify leaks and reduce them in its distribution networks:

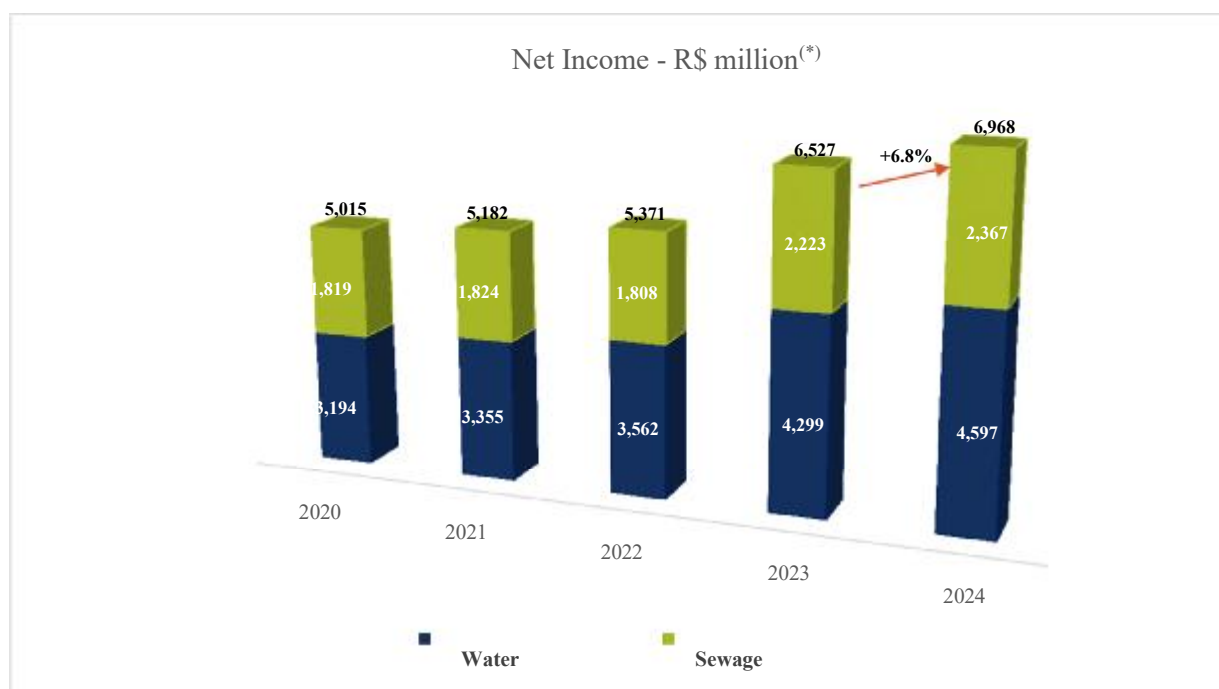
- use of satellite technologies and specific algorithms, as well as the use of equipment such as: geo-radars, geophones, rods and cameras to search for non-visible leaks in networks and branches; and
- contract for the replacement of 348 km of networks in the Metropolitan Region of Belo Horizonte - RMBH, by means of a Non-Destructive Method (MND).

7. Economic and Financial management

The financial information contained in this Section, unless otherwise stated, is presented in million of Reais (R\$ million). In view of the immateriality of the subsidiary COPANOR, it refers exclusively to the Financial Statements of the Parent (COPASA MG), unless otherwise stated.

7.1. Net Income

Net income from water, sewage and solid waste was R\$ 6.97 billion in 2024, representing an increase of 6.8% compared to 2023, as shown in the following graph:



*The sum of the Net Income includes solid waste of R\$ 2 million in the years 2020 to 2022 and R\$ 5 million in the years 2023 and 2024.

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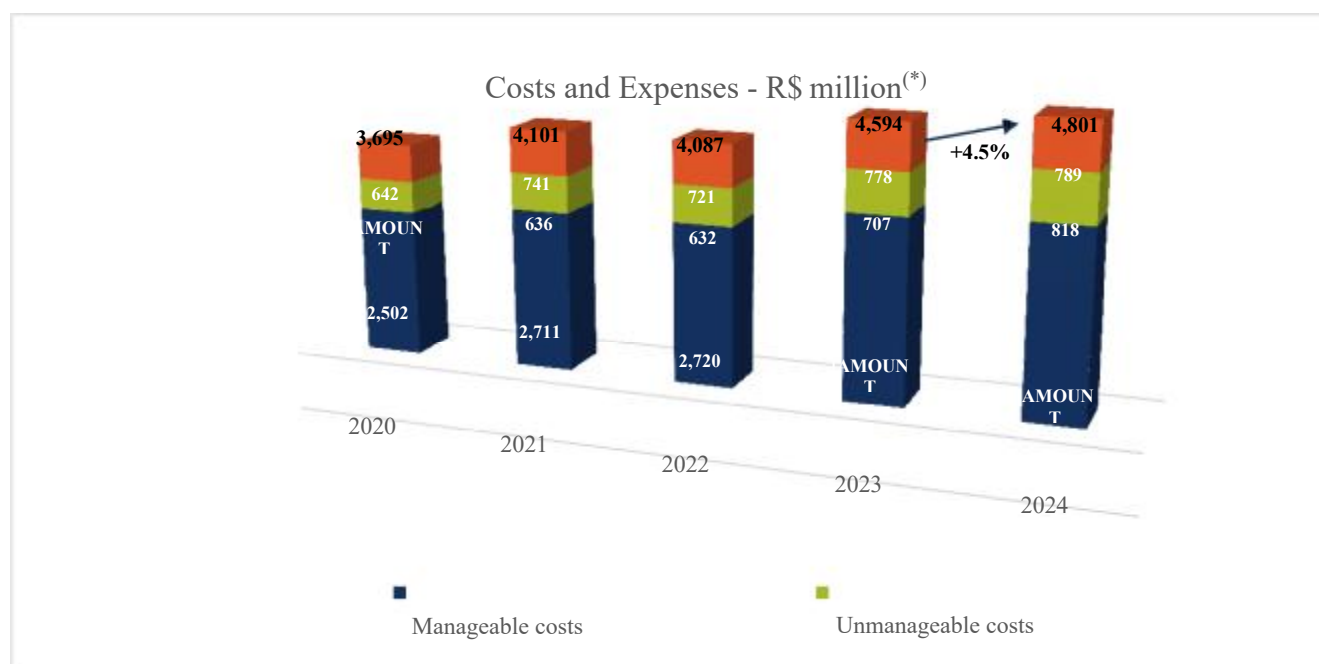
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Below, the Company presents its comments on the main factors that influenced the net income from water and sewage, comparing 2024 to 2023:

- impacts of the tariff adjustment applied on January 1, 2023, with an average tariff effect of 4.21%, as authorized by Arsae-MG; and
- increase of 2.5% in the measured volume of water and sewage, together.

7.2. Costs and expenses

As presented in the following chart, costs and expenses totaled R\$ 4.80 billion in 2024 (R\$ 4.59 billion in 2023).



(*) Costs and Expenses include Other Costs, totaling R\$ 21.3 million (2020), R\$ 12.5 million (2021) and R\$ 13.7 million (2022).

Below, the Company presents the comments on the items that comprise the costs of sales and services provided, cost of selling and administrative expenses (excluding construction costs) that showed the most significant variations:

Personnel: the decrease verified in this account was 0.2%. The factors that contributed to this performance were:

- a 3.1% decrease in the average monthly number of employees, comparing 2024 with 2023, as a result of the Incentive Voluntary Severance Program implemented in 2023, whose layoffs were staggered as of July of that year;
- reduction of R\$ 9.9 million in overtime expenses, due to the reassessment of work schedules and other initiatives focused on reducing this cost;
- a decrease of R\$ 13.3 million in the provisions for profit sharing, due to the reduction in the Company's net profit between the comparative periods; and
- an increase of R\$ 21.5 million in capitalized labor costs, which were reallocated from Costing to Investment.

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It is worth emphasizing that such decreases were partially offset by (i) impacts in salaries, vacation pay, and 13th salary, among other benefits arising from the Collective Bargaining Agreement of November 2023 and November 2024, which were based on the accumulated INPC of 4.14% and 4.62%, respectively; (ii) a 2% salary increase, in February 2024, corresponding to one (1) salary stage, granted to around 65% of the total workforce, as a result of the 2023 ACT; and (iii) an increase of R\$ 11.1 million in spending on the Health Program.

The evolution in the number of employees over the last five (5) years can be found in item 9.2.4.

Outsourced services: the increase verified in this account was 20.7%. The items that recorded the most significant change in the reported period were as follows:

- an increase of R\$ 25.1 million in spending on professional technical services;
- an increase of R\$ 18.3 million in spending on IT services;
- an increase of R\$ 16.2 million in cleaning, surveillance, messenger and receptionist services due to new hires and adjustments;
- an increase of R\$ 14.5 million in water tanker services due to increased demand and higher prices/contractual adjustments;
- an increase of R\$ 11.1 million in expenses related to outsourced reading and delivery services due to the expansion of services;
- increase of R\$ 9.6 million in maintenance, disconnection and reconnection services; and
- an increase of R\$ 8.9 million in the conservation and maintenance of assets and systems and administrative services.

Material: this item fell by 6.7%, mainly due to a reduction in spending on material for the upkeep and maintenance of operational systems assets, partially offset by an increase in spending on parts, accessories and components for vehicles.

Impairment loss on trade receivables: this item increased by 16.6%, as a net effect of:

- an increase in net income of 6.8% in 2024 compared to 2023;
- lower nominal commercial balance in 2024, with regard to the recovery of written-off accounts, net of write-offs of accounts more than 360 days overdue, with a debt effect of R\$ 27.7 million in the two (2) comparative periods, due to the lower use of massive collection campaigns in the last fiscal year by Management;
- increase in the balance of overdue trade receivables, from December 2023 to December 2024, of R\$ 41.8 million (6.3% change);
- application of a new provision matrix in June 2024, which is reviewed annually, a slight concentration of overdue accounts was observed in the oldest debt ranges, compared to the previous year's matrix; and
- decrease in default rate - ratio between the balance of trade receivables past due between 90 and 359 days, and the total amount billed in the last 12 months - in the period, that decreased from 2.97% in December 2023 to 2.92% in December 2024 due to the continuity of collection actions.

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Tariff onlending to Municipalities: the 9.3% increase in this item was mainly due to the 6.8% increase in revenue and the increase in the number of municipal sanitation funds qualified to receive this transfer.

According to [GRT 06/2023 Technical Note of Arsa-e-MG](#), within the scope of the tariff readjustment applied in January 2024, 13 new municipal sanitation funds with the right to transfers were included, totaling 307 qualified municipalities (294 in the same period of 2023). The amounts passed on to the municipal sanitation funds are recognized in the tariff.

Sundry operating costs: The 15.8% increase, comparing 2024 with 2023, was due to the increase in spending of commuting, traveling and lodging, as well as other items in a dispersed manner.

Electric power:

The 6.9% increase recorded in electric power expenses, comparing the year 2024 with 2023, was mainly due to the net effect of the following factors:

- 5.8% increase in the Company's electric power consumption;
- adjustment of 13.27% applied by Cemig to energy tariffs, applicable in the captive market, effective as of June 2023 and 7.32%, effective as of May 2024;
- elimination of 3% in the subsidy applicable to electric power tariffs from public water and sewage service concessionaires, applicable to the captive market, from June 2023;
- exclusion of ICMS from the calculation basis for PIS/COFINS tax credits, from May 2023;
- recurrence of ICMS on the Tariff for Use of the Electric Power Transmission System - TUST and the Tariff for Use of the Electric Power Distribution System - TUSD, from February 2023;
- an increase in expenses related to the application of flags, due to the application of additional, more expensive flags for part of 2024, whereas in 2023 the flag remained green - cheaper, for the whole year;
- reduction in electricity expenses due to the increase in the number of units migrated to the Free Market, with eight (8) units in January 2023 and 26 units in December 2024, with the Company having reached 49% of its electricity consumption under this category; and
- a reduction of R\$ 6.5 million in electricity costs at the units that switched to photovoltaics.

The units using the Free Market and photovoltaics - both of which have a cheaper unit cost per KWh consumed - have seen an increase in the total use of this input. Energy from the Free Market, which accounted for 38% of the energy consumed by the Company in 12/2023, became 49% in December 2024. Photovoltaics, which began to be used in 2024, reached 13% of the total energy consumed in December 2024.

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7.3. Other Operating Income (Expenses), Equity Income and Finance income (costs)

Other Items (R\$ million)	2020	2021	2022	2023	2024	2024 x 2023
Other operating income	171.3	177.4	135.0	67.1	43.2	-35.6%
Other operating expenses	(197.3)	(396.6)	(151.3)	(193.5)	(200.5)	3.6%
Interest in the Subsidiary's profit (loss)	(12.6)	(12.7)	(11.2)	(18.3)	(9.5)	-48.2%
Finance income (costs)	(176.0)	(194.6)	(211.6)	(2.1)	(327.5)	n.a
TOTAL	(214.5)	(426.5)	(239.0)	(146.9)	(494.3)	236.6%

Other operating income: the 35.6% drop, comparing 2024 with 2023, was due to a reduction in the return of tariffs to clients in 2024, compared to 2023.

Other operating expenses: the increase of 3.6%, comparing the year 2024 with 2023. It is worth emphasizing that in 2023 there were two (2) factors that impacted the profit (loss) of that year, namely:

- extraordinary and non-recurring reversal of a provision of R\$ 59.0 million, due to an agreement reached in a Collective Labor Lawsuit; and
- judicial agreement aimed at closing the indemnity lawsuit filed in 2021, alleging economic and financial imbalance in the construction contracts signed with COPASA MG, whose impact on the profit (loss) was R\$ 33.8 million.

Finance income (costs): the increase observed compared to 2023 was mainly due to the following factors:

- change in exchange rate on financing in foreign currency (Euro), due to the sharp devaluation of the Real in 2024; and
- extraordinary and non-recurring reversal, in 2023, of the provision, due to the agreement reached in the Collective Labor Lawsuit, which resulted in the accounting recognition, in that year, of R\$ 108.9 million (creditor), referring to interest and inflation adjustment, in Finance Costs;
- increase in net debt; and
- increase in the average coupon due to the increase in basic interest rates and inflation (IPCA) in 2024, compared to 2023.

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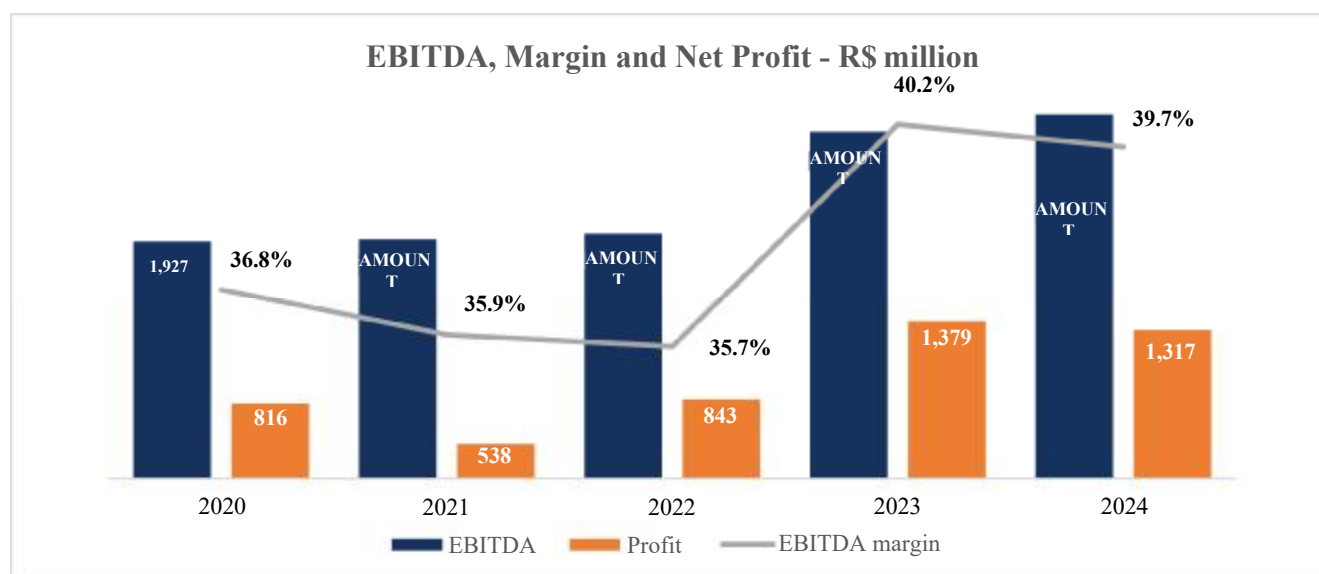
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7.4. EBITDA and Net Profit (Consolidated)

EBITDA is a non-accounting measurement adopted by COPASA MG, calculated in accordance with CVM Resolution 156/2022, consisting of net profit plus income taxes, finance income (costs), depreciation/amortization.

According to the chart below, adjusted EBITDA for 2024 was R\$ 2.79 billion, a margin of 39.8%. Net profit reached R\$ 1.32 billion in 2024 (R\$ 1.38 billion in 2023), and this drop was mainly due to changes in exchange rate (non-cash effect) as a result of the devaluation of the real against the euro.



(*) In 2024, 2023 and 2021, the values refer to Adjusted EBITDA and the Adjusted EBITDA Margin.

A table reconciling Net Profit to EBITDA in the comparative periods is presented below:

Consolidated EBITDA (R\$ million)	2020	2021	2022	2023	2024	2024 x 2023
Net profit for the year	816.5	537.6	843.4	1,379.3	1,316.9	-4.5%
(+) Income taxes	288.8	116.9	202.6	406.9	356.1	-12.5%
(+) Finance income (costs)	176.0	194.6	211.6	2.1	327.5	n.a
(+) Depreciation and Amortization	641.8	741.5	721.1	778.4	789.2	1.4%
(+) Income Taxes, Finance income (costs) and Depreciation/Amortization of COPANOR	3.5	4.9	3.8	12.0	5.8	-51.4%
EBITDA	1,926.6	1,595.4	1,982.5	2,578.8	2,795.5	8.4%
Adjustments - Non-Recurring Items						
(+) Voluntary Dismissal Incentive Program - PDVI		152.2	-	115.1	(2.1)	n.a.
(+) Return - Arsae-MG		82.6	-	-	-	n.a.
(+) Increase in Provision - Labor lawsuit		110.3	-	-	-	n.a.
(-) Reversal of Provision for Labor Claims		-	-	(51.5)	-	n.a.
(+) Compensation for contractual default		-	-	33.9	-	n.a.
(=) Adjusted EBITDA	1,926.6	1,940.5	1,982.5	2,676.2	2,793.4	4.4%
EBITDA margin (Adjusted)	36.8%	35.9%	35.7%	40.2%	39.7%	-0,5p.p.

The Company informs that detailed information about its performance in 2024 is contained in the Earnings Release, published on the same date as the Financial Statements for the year 2024.

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7.5. Compensation to shareholders

For 2024, the Board of Directors defined the percentage of Regular Dividends corresponding to 50% of Net Profit, adjusted by the decrease or increase in the amounts specified in items I, II and III of Article 202 of Federal Law 6.404/1976, in the form of Interest on Equity and/or dividends.

For the year 2024, the amount of R\$ 605.8 million was declared as Regular Dividends, of which R\$ 452.2 million were paid and R\$ 153.5 million will have their payment date defined at the Ordinary General Meeting, to be held in April 2025, as detailed in Note 21 of these financial statements.

In addition, the Annual and Extraordinary General Meeting held on April 26, 2024, approved the declaration of R\$ 300.0 million as Extraordinary Dividends, using part of the Balance of the Earnings Retention Reserve Account existing in the statement of financial position for the year ended 12/31/2023.

The distributions made were preceded by internal studies and projections that indicated that the distribution of these dividends does not affect the investment plan, liquidity and compliance with covenants for the coming years, considering the Company's current level of leverage.

7.6. Indebtedness, Covenants and Ratings

7.6.1. Indebtedness

The balance of borrowings, financing and debentures amounted to R\$ 6.1 billion in December 2024. Net debt rose to R\$ 5.4 billion in December 2024. The table below shows the Company's indebtedness in the last five years.

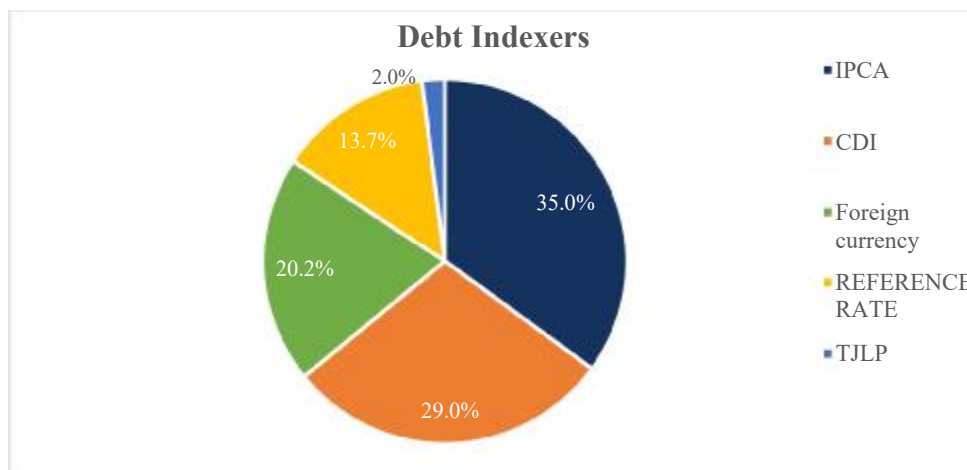
Indebtedness (Consolidated Data) (R\$ million)	2020	2021	2022	2023	2024	2024 x 2023
(+) Borrowings and financing	1,274.0	1,068.4	976.9	1,429.1	1,964.9	37.5%
(+) Debentures	2,507.1	2,917.0	3,163.0	3,314.4	4,148.3	25.2%
(+) Other Onerous Obligations (Libertas)	4.7	-	-	-	-	-
(=) Total borrowings, financing and debentures	3,785.8	3,985.3	4,139.9	4,743.5	6,113.2	28.9%
(+) Lease liability	-	-	106	92.3	79.4	-14.0%
(-) Cash and cash equivalents and securities.	805.6	1,309.7	1,122.3	1,031.4	820.1	-20.5%
(=) Net debt	2,980.2	2,675.6	3,123.5	3,804.4	5,372.5	41.2%

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The chart below shows the breakdown of COPASA MG's debt, according to each of its ratios, in December 2024:



With regard to debt in local currency, the Company has sought greater exposure to debt linked to the IPCA, which has been reflected in the indexing factors. In 12/2024, the IPCA (35.0%) and the CDI (29.0%) were the most representative indexes in the Company's debt.

The foreign currency debt refers to contracts signed with the German bank KfW, the European Investment Bank (EIB) and the French Development Agency (AFD), and the balance on 12/31/2024 was approximately € 193 million (corresponding to R\$ 1.25 billion, considering the euro rate on 12/31/2024).

This amount represents around 20.2% of total borrowings and financing in December 2024 (14.3% in December 2023), and this increase was mainly due to the release of funds in the last 12 months under the financing contracts signed with KfW and AFD.

The accounting impact of the change in exchange rate on foreign currency debt will only have an effect on cash on maturity.

There is still no hedging mechanism for these operations, but the Company is evaluating the possibility of contracting this protection instrument. Of the outstanding balance in foreign currency, the amount due in the short term totals R\$ 62.4 million.

7.6.2. Sustainable and Blue Loan from the French Development Agency

In May 2024, COPASA MG obtained recognition as a Sustainability and Blue Loan for the financing of two hundred million euros (€ 200.0) formalized with the French Development Agency (AFD).

The funds from this financing are being used for actions to improve water supply systems and expand the sewage treatment and collection network in all the municipalities served by the Company, as well as water conservation and social inclusion. These projects are aligned with the United Nations' Sustainable Development Goals (SDGs), notably Goals numbers 3 (Health and Well-Being), 6 (Drinking Water and Sanitation), 11 (Sustainable Cities and Communities), and 14 (Life in Water).

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This was the first time that the Company had obtained recognition for a credit line labeled Sustainability and Blue Loan. The certification was obtained through the independent opinion of Erm Nint, an Environmental, Social and Governance (ESG) consultancy and assessment Company.

7.6.3. Covenants

The Company has borrowings, financing and debentures that require compliance with financial covenants, and for those covenants related to compliance with certain financial ratios, the calculation frequency is different, as provided for in the contract.

It is worth highlighting that Article 4 of the Company's Articles of Incorporation approved at EGM held on 02/27/2025 contains financial covenants to be followed. Such statutory covenants are as follows:

- a) consolidated net indebtedness must be equal to or less than 3 times EBITDA (earnings before interest, taxes, depreciation and amortization);
- b) EBITDA must be greater than 1.2 times the Debt Service.

For the year ended December 31, 2024, the Company was within the limits established for all its contractual and statutory financial covenants, with the latter indicators presenting the following amounts in the five (5) years:

Statutory covenants	Limit	2020	2021	2022	2023	2024
Net Debt/EBITDA (number of times)	$\leq 3.0 \times^{(1)}$	1.6	1.7	1.6	1.5	1.9
EBITDA/Debt service	> 1.2	3.9	1.5	1.7	1.9	2.4

(1) The Articles of Incorporation also establish that the covenant may be increased up to a maximum of 4 times, due to economic circumstances, with the justification and specific approval of the Board of Directors.

7.6.4. Ratings

On June 14, 2024, the Fitch Rating Agency published a [report](#) affirming the Company's National Long-Term Ratings and its issues of unsecured debentures from AA+(bra) and the corporate rating outlook was reviewed, from Stable to Positive.

On July 2, 2024, the Rating Agency Moody's published a [report](#) affirming the Corporate Rating at AAA.br to COPASA MG. The corporate rating outlook remained stable.

The table below summarizes the ratings:

Effectiveness	National scale	Outlook	Date
Fitch Ratings	AA+(bra)	Positive	06/14/2024
Moody's	AAA.br	Stable	07/02/2024

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8. Shareholding Composition and Share Performance

The Company is controlled by the State of Minas Gerais, which owns approximately 50.03% of its shares and entity(ies) related to the controlling shareholder own 0.12% of the shares. There are approximately 49.56% of free float shares and the remainder, corresponding to approximately 0.28% are held in treasury. In December 2024, the shareholder base consisted of approximately 158,000 shareholders from 29 different countries.

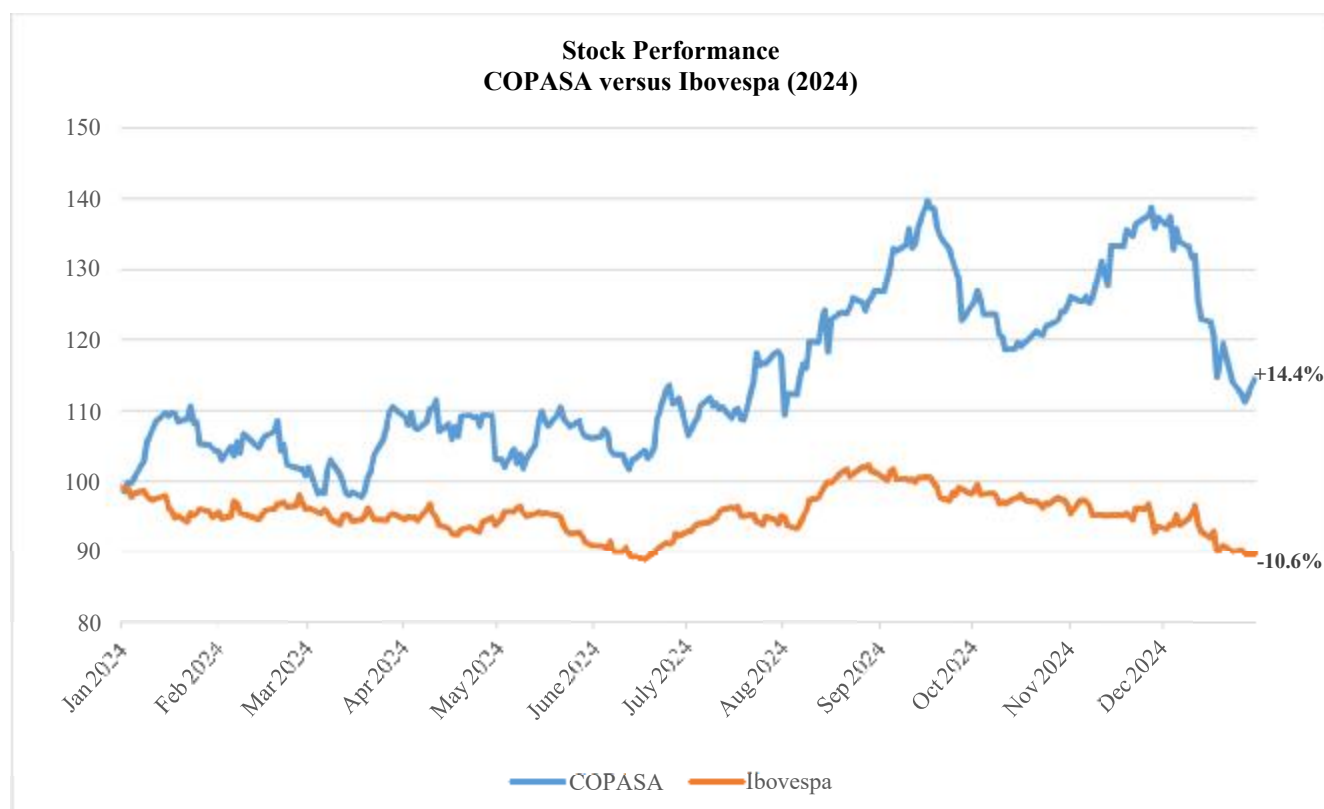
The following table shows the distribution of share capital as at 12/31/2024:

Shareholders	Shares	(%)	Number of shareholders
State of Minas Gerais	190,249,612	50.03%	1
Domestic Shareholders (Minority)	87,030,324	22.89%	157,776
Foreign Shareholders (Minority)	101,901,494	26.80%	350
Treasury shares	1,071,639	0.28%	1
Total	380,253,069	100.00%	158,129

The unit price of COPASA MG's shares (B3:CSMG3), adjusted by the declared income, increased 14.4% in 2024, with the price reaching R\$ 20.82 at the close of the last trading session of that year. In the same period, the Ibovespa fell by more than 10%.

The average daily volume traded in 2024 was R\$ 34.4 million (R\$ 36.7 million in 2023). The average number of trades per day in 2024 was 6.0 thousand trades.

The chart with performance of COPASA MG shares (CSMG3) versus Ibovespa (IBOV) in 2024 is as follows:



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At the end of 2024, the Company was part of ten B3 indices, namely: Corporate Sustainability Index (ISE), Brasil 100 Index (IBRX 100), Brasil Ample Index (IBRA), Dividend Index (IDIV), Trade Corporate Governance Index (IGCT), Stock Index with Differentiated Corporate Governance (IGCX), Corporate Governance Index - Novo Mercado (IGNM), Stock Index with Differentiated Tag-Along (ITAG), Small Cap Index (SMLL), and Public Utility Index (UTIL).

9. Sustainability strategy

COPASA MG reaffirms its commitment to sustainable development in its Strategic Statement, the purpose of which is to “take care of water and generate value for people”. The Company’s Strategic Planning includes the objective “To act in accordance with environmental, social and governance standards”. In addition, as a signatory to the United Nations (UN) Global Compact, COPASA MG aligns its strategic planning with the 2030 Agenda and the Sustainable Development Goals (SDGs), with special attention to SDG 6 - Clean Water and Sanitation and the 10 Universal Principles, derived from the Universal Declaration of Human Rights, the International Labor Organization Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption.

In 2024, COPASA MG continued to implement and expand its sustainable practices, reinforcing its commitment to corporate sustainability and social responsibility. One of the highlight projects was the *Transformando Compromissos em Resultado* (Transforming Commitments into Results) project, which consists of using the guidelines contained in the Corporate Sustainability Index (ISE) methodology as an accelerator for the adoption of sustainable practices by the Company, with the engagement of the Board of Executive Officers. It is worth highlighting the internal workshops that promoted integration between the various units responsible for the main processes that make up the Project, broadening the vision of sustainability in the Company’s business.

The Strategic Week focusing on the Sustainability perspective was also an important milestone, addressing current sustainability issues and their impact on the Company’s strategy. COPASA MG’s main projects, processes and practices for achieving the Strategic Sustainability Goals were presented. The Week included panels, with the presence of the Company’s managers, and lectures, which discussed the adoption of sustainable practices, sustainable business models, sustainability and the legal framework for sanitation, and sustainability and its impact on business.

In addition, COPASA MG was recognized by the American magazine Time as the best sanitation Company in the world, considering aspects related to its financial performance and sustainable practices. In addition to being part of the ESG Integrity Yearbook 2024, by Insight Comunicação, which recognizes the 100 Brazilian companies with the greatest ESG perception.

These initiatives demonstrate COPASA MG’s ongoing commitment to corporate sustainability, constantly improving its sustainable business model.

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The main practices and projects related to the Company's ESG Agenda are presented below.

9.1. Environment

The Company seeks to ensure that it acts in accordance with environmental, social and governance standards by establishing the legal basis as a priority action. Accordingly, COPASA MG is responsible for obtaining authorization acts for environmental interventions and water resources, as well as environmental licensing for its projects, aiming minimize the environmental impacts of its operations, comply with mitigating and compensatory measures and environmental conditions, in addition to follow monitoring and control, determined by the responsible environmental bodies.

The Company's main programs and projects that aim to guarantee the quality and quantity of water in sources used for public supply are:

- **Pró-Mananciais Program:** started in July 2017, it is comprised by actions to protect and recover the macro-drainage basins and aquifer recharge areas – whose sources are captured by the public water supply systems – through actions and the establishment partnerships aimed at improving the quality and quantity of water, favoring the environmental, economic and social sustainability of these sites. Each year, the Program has been consolidating its actions, establishing partnerships with different institutions, which resulted in the integration of 291 municipalities and the formation of 261 Local Environmental Collectives (known as “COLMEIA”) by 2024, involving around 3,500 members and a total of R\$ 20.1 million in resources committed in 2024 and R\$ 136.1 million since the beginning of the Program (2017). The program has worked with various partners, including municipal governments, Emater, FUNDEP (*Manuelzão* Project), TNC (The Nature Conservancy), CIMBAJE (Intermunicipal Multifunctional Consortium of Baixo Jequitinhonha), Federal Institutes, Universities, among others.

The Program won as a case in Advanced Management in the 2021 edition of the Brazilian Sanitation Quality Award - PNQS, considered the Oscars of the sector in Brazil. It was also recognized in the 2020 Business Ethics Award and received the SEAMD Recommends Seal in 2021. In 2024, *Pró-Mananciais* was one of the finalist initiatives in the Seriema Trophy - CREA Environment Award, winning second (2nd) place in the Natural Elements category.

The main figures and results of the *Pró-Mananciais* Program are shown in the table below:

Pró-Mananciais Program	2024	2017–2024
Amount invested	R\$ 20.1 million	R\$ 136.1 million
Planted seedlings	2.2 thousand	682.9 thousand
Meters of fences for APP (permanent conservation area) protection	373.0 thousand	3.0 million
Rainwater containment basins	6.5 thousand	40.6 thousand
Adequacy of roads (meters)	686.9 thousand	3.2 million
Terracing (meters)	236.2 thousand	1.4 million
Construction of firebreaks (square meters)	357.7 thousand	623.2 thousand

- **Maintenance of natural environments in protected areas:** COPASA MG maintains approximately 25 thousand hectares of protected areas, with the main objective of protecting sources for public water supply, making the conservation of these areas compatible with its operational activities.

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Such areas constitute, in whole or in part, Special Protection Areas – APE and/or State Conservation Units and have a great diversity of fauna and flora species of the Atlantic Forest and Cerrado, highlighting the occurrence of endemic and endangered species. To conserve biodiversity and protect the natural heritage found in these areas, in addition to permanent surveillance, we carry out monitoring and protection activities in areas with surface and underground water sources; execution and maintenance of firebreaks; fighting forest fires; contracting the preparation of management plans (as provided for in the SNUC - National System of Conservation Units) and environmental education activities.

- **Chuí Socioambiental:** environmental education program promoted with school community and comprised of sustainability activities in line with awareness of the sanitation and importance of preserving and recovering water springs for supply purposes. The main objective of the program is to disseminate knowledge and strengthen ties between COPASA MG and the community.

The development of the program also involves experiential environmental education projects, which strengthen COPASA MG's social and environmental commitment and social responsibility. Its interaction style is geared towards carrying out interactive dialogues with thematic axes of sanitation and water source protection. It interacts with institutional programs, especially with “Pró-Mananciais”, environmental licensing conditions and system visit program. It is also a highlight on the ESG agenda, with children and teenagers.

The Chuá Program was considered one of the three (3) main initiatives with high capillarity in Rio das Velhas by the Diagnosis of the Environmental Education Plan for the Rio das Velhas Basin.

- **Environmental Education Centers (CEAMs):** CEAMs are spaces created with the aim of raising visitors' awareness of the care and preservation of the environment, with a focus on sanitation, especially public supply. The aim is to create bonds of respect, knowledge and protection in relation to preserved areas, their springs and the conscious use of water resources. Its target audience is students, especially elementary school students, the community in general, partner organizations and the Company's employees.

The Company has three (3) CEAMs: CEAM Barreiro (located in Belo Horizonte), CEAM Curvelo and CEAM Teófilo Otoni. These spaces host interpretive trails, educational games, play activities and educational talks, and in 2024 the CEAMs received 102 visits with a total of 3,438 visitors. In addition, COPASA MG completed the construction of CEAM Mocambo (Patos de Minas), the result of a Technical and Financial Cooperation Agreement between the Company and the municipality.

- **AmbientAÇÃO program:** aims to develop, together with the Company's employees, actions to reduce electric power consumption, reduce consumption and rational use of water and reduce waste generation, as well as encourage selective waste collection generated by the employees themselves in the Company's units.

Among the actions carried out in 2024, we can highlight the Green Fairs, *AmbientAÇÃO* with employees, Visual Campaigns, Film and Debate, the inauguration of a waste terrarium and the clothing donation campaign in support of the tragedy in Rio Grande do Sul.

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The partnership with Associação Lacre do Bem is also mentioned, which mobilized the campaign internally to collect aluminum seals, followed by the donation of wheelchairs. In 2024, 5.2 thousand PET bottles of aluminum seals were collected, and four (4) wheelchairs were donated, resulting in 104 units donated since the partnership began.

In addition, three (3) agreements were signed with Associations/Cooperatives of recyclable waste collectors.

To face the impacts of extreme scarcity events or excessive rainfall, COPASA MG acts on several fronts, including the actions described in the “Pró Mananciais” Program, which enable the environmental improvement of watersheds and, consequently, the quantity and quality of water available. Other highlighted initiatives:

- **Qualitative and quantitative monitoring of surface and underground water springs and rainfall network:** initiative that allows monitoring flows and identifying water springs with higher risk of failure, subsidizing water supply systems’ operating plans. To identify the impact of climatic and hydrological variables on our catchments, we perform quantitative monitoring through flow measurements in surface springs, installation and operation of conventional fluviometric monitoring stations and pluviometric stations. The sectorial network of quantitative monitoring is also being expanded with the installation of new conventional and automatic fluviometric stations with telemetry, resulting in a broad network to measure precipitation in the river basins where the Company has water collections.
- **Monitoring of water accumulation reservoirs:** COPASA MG has eight (8) big water accumulation reservoirs exclusively for water supply, whose levels are monitored daily, allowing operational planning and assessments of scenarios, aiming to assess possible impacts on water supply.
- **Participation in Federal, State and Collegiate Basin Committees to discuss Water Resources Policies:** according to the National Water Resources Policy, Federal Law 9433/1997, water is a limited public good and its management is decentralized. Moreover, its multiple use must be promoted, with priority given to human consumption in scarcity situations. Thus, COPASA MG participates directly in six (6) federal basin committees and 34 state basin committees, participating in discussions related to the topic together with other users of water resources, with civil society and state representative, to ensure the use of water in a sustainable manner.
- **Dam safety:** they are included in the National Dams Policy – Federal Law 12334/2010 – eight (8) units of COPASA MG, due to their characteristics, risk category and associated potential damage. All have Dam Safety Plans, pursuant to current legislation, are monitored and undergo regular annual safety inspections.
- **Management of greenhouse gas emissions – GHG:** in 2014, the Climate Committee was established by the Board of Executive Officers, with the purpose of outlining strategies and goals for the control of GHG emissions, being responsible for the annual GHG inventory of COPASA MG and for reporting information related to the topic to the most diverse interested public and private institutions.

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The Climate Committee reports the mitigation and adaptation actions developed in our processes, corporate risks linked to climate change, annual GHG emissions, among other sustainability information on the worldwide Carbon Disclosure Project – CDP platform annually, in addition to participating in the preparation of the COPASA MG's Sustainability Report.

COPASA MG has been preparing its GHG inventory annually since 2011, and has been improving its calculation methodology in line with recent globally recognized practices. In 2023, COPASA MG's corporate GHG inventory underwent the third-party certification process, making the information verifiable through compliance with ISO 14064-3 and the requirements of the Brazilian GHG Protocol Program (PBGHG), described in the PBGHG specifications for Accounting, Quantification and Publication of Corporate Greenhouse Gas Emissions Inventories (EPB), according to the Operational Control approach. The IGEE certification guaranteed the Company the Gold Seal in the Brazilian GHG Protocol Program.

Scope 1 emissions come from the operation of the sanitary sewage collection and treatment systems, the operation of the landfill in Varginha/MG and fuel consumption in the fleet of vehicles and stationary vehicles.

Scope 2 emissions arise from the consumption of electric power used in administrative processes, water treatment systems, sewage treatment systems and the operation of the sanitary landfill in Varginha/MG.

Indirect Scope 3 emissions, from national and international air travel by COPASA MG employees, were calculated using the methodology described in Volume 2 "Energy" – Chapter 3 "Mobile Combustion" of the "2006 IPCC Guidelines for National GHG Inventories."

The COPASA MG's GHG inventory includes Scopes 1, 2 and 3, and the net emissions contained in the 2023 Base Year GHG Inventory are as detailed below, since the emissions related to the Base Year 2024 were being surveyed at the time preparation of this Report:

Scope 1: 657,040.49 tonCO₂eq³.

Scope 2: 38.152,25tonCO₂eq.

Scope 3: 4,910.53 tonCO₂eq.

³ Equivalence in tons of carbon dioxide. It is an internationally accepted measure that expresses the amount of greenhouse gases in terms equivalent to the amount of carbon dioxide (CO₂).

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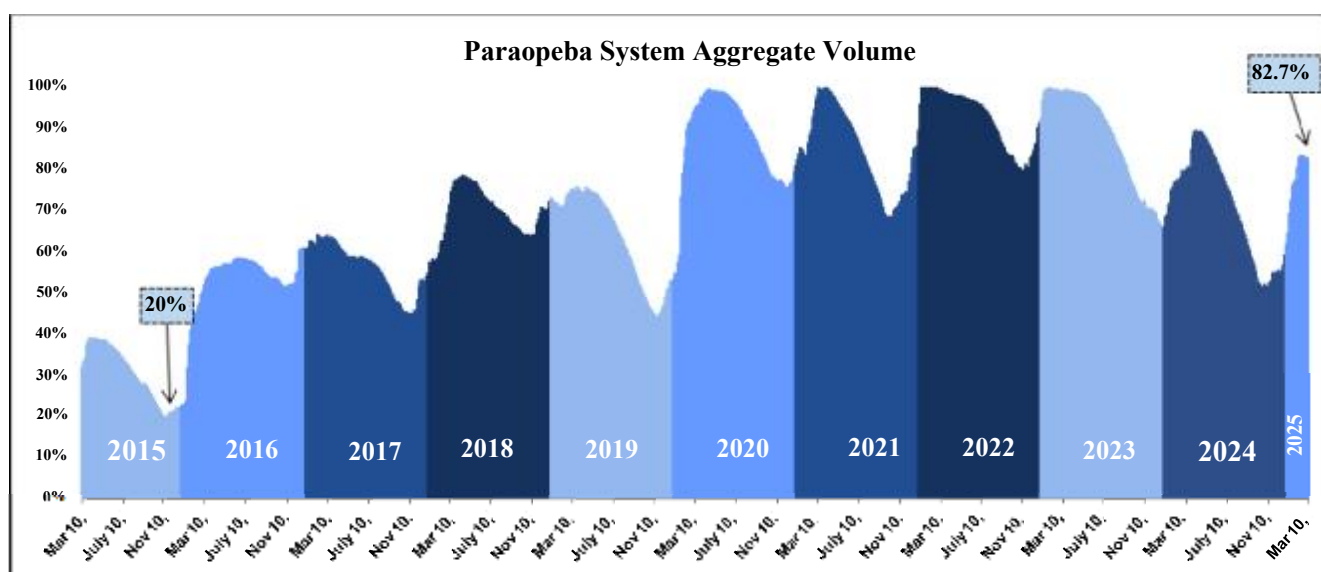
In thousands of reais, unless otherwise indicated

9.1.1. Water Situation

9.1.1.1. Belo Horizonte Metropolitan Region (RMBH)

- **Rio Manso, Vargem das Flores and Serra Azul (Paraopeba System)**

This System is operated in an integrated manner, ensuring greater operational flexibility for water distribution, aiming to balance demand and maintain safe operation levels. Below we show the evolution of the levels of these reservoirs of the Paraopeba System, which together, account for 52% of the distributed volume of the Belo Horizonte Metropolitan Region (RMBH). On 03/10/2025, the volumes of these reservoirs were at 82.7% of their capacity, as shown below:



9.1.1.2. Countryside of the State of Minas Gerais

The Company's activities in the State's interior regions are spread over several municipalities and different drainage basins. In general, most of the locations where the Company provides its services have a source of local water production. Thus, any water restriction in supply impacts the Company's total revenues only locally and marginally.

With the aim of minimizing the impacts of the water situation, when required, the Company uses means that contribute toward the regularization of supply in the affected locations, through the use of water trucks, well drilling, and investments in alternative sources, according to the options available in each region and the degree of criticality of water scarcity in each case. Additionally, awareness campaigns on rational water consumption are intensified.

On March 10, 2025, there were no municipalities in a rationing situation.

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9.2. Social Dimension

9.2.1. Company's Social Activities

The Company's Social activities are guided by its Sustainability Policy, which has the following guidelines related to this topic:

- fight moral and sexual harassment, corruption, illegal acts or any type of bribery and any discrimination practice;
- develop and retain talent;
- identify and evaluate trends and corporate risks related to social and environmental impacts and relationships with the community;
- promote freedom of union association and the right to collective bargaining;
- promote accessibility and ensure the rights of people with disabilities;
- promote the appreciation of diversity, equity and inclusion;
- develop partnerships with public and private agents aimed at promoting sustainable development;
- attend councils, committees or similar to debate local, regional, national or global sustainable development; and
- provide adequate stakeholder engagement, especially in managing business impacts and contingency situations.

9.2.2. Social programs - access to sanitation services

Residential Social Tariff: is a benefit granted to low-income families, offering a reduction of up to 50% on water and sewage bills. This reduction is calculated according to each family's monthly consumption, limited to 20 m³ (20 thousand liters). In 2024, the average monthly number of households benefiting from the Social Residential Tariff was 594.6 thousand and 404.9 thousand households for water supply and sewage services, respectively. In addition, the benefit was extended to include families receiving the Continuous Cash Benefit (BPC).

Progressive discount program for compliant municipalities: offers a financial incentive to municipalities that keep their water and sewage bills up to date. This benefit is granted in the form of a discount of up to 50% on the tariffs for these services. In 2024, this program resulted in total savings of approximately R\$ 66.6 million for municipalities, directly benefiting communities. The program has been restructured and provides for the discount to start at 10% and rise to 50%, depending on the regularity of payments.

Grant award program: this program was recognized and regulated by Arsa-MG in 2024, as an integral part of the tariff cost. The discount criterion has been changed to 50% of the water and sewage charges. In 2024, the grant amounted to R\$ 25.1 million, benefiting 512 organizations.

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Program of donations to philanthropic organizations: allows the Company's clients to make donations to charitable organizations through their bills. There are two (2) programs: the **Sponsorship Program**, aimed at the areas of education, public security and social assistance and **Solidariedágua**, aimed at public or philanthropic hospitals. In 2024, R\$ 3.4 million was raised, benefiting 200 institutions participating in the Sponsorship Program, and R\$ 4.3 million with *Solidariedágua*, destined for 42 institutions.

PIX do Bem: is a program that aims to increase revenue through the use of this form of payment, reducing revenue expenses. The savings generated go to environmental and social organizations that serve the municipalities' needy population. In 2024, the value of the transfers to these entities totaled R\$ 294 thousand.

9.2.3. Acting for the Benefit of Communities

The *Engajar para Transformar* Program is an ongoing initiative in the collective construction of solutions and strategies for the universalization and sustainability of sanitation services. The Program is directly linked to the client relationship commitment of the Company's ESG Agenda, focusing on the Social License to Operate and articulates with the Sustainable Development Goals (SDGs) of the UN's 2030 Agenda, especially SDG 6. In 2024, 25.5 thousand terms of adhesion to COPASA MG's sanitation services were formalized, which provided an estimated incremental turnover of approximately R\$ 13 million.

Another project related to the ESG Agenda was the one on reducing gender inequalities, with a focus on internal and external audiences, financed by the French Development Agency to the tune of 200 thousand euros. In 2024, a diagnosis was made of internal and external gender-related issues at the Company and in its region of operation.

The corporate volunteer program - COPASA MG Volunteers - promotes the planned action and engagement of employees in relevant social actions, strengthening the exercise of citizenship and generating positive impacts in the corporate environment. In 2024, the program served 32 cities, achieving 103% of the target set, totaling 55 actions carried out. The Program was recognized with the VOL 2024 Award - Best Practices in Volunteer Management in Companies. In addition, in 2024, the Program and its results were presented at conferences through participation in the following events:

- **35th AESabesp Technical Meeting - Brazilian Congress on Sanitation and Environment** - The Impact of COPASA MG's Volunteer Program on its Corporate Management: Social, Environmental and Governance Initiatives.
- **SILUBESA - Luso-Brazilian Symposium on Sanitary and Environmental Engineering** - The impact of COPASA MG's Volunteer Program on its corporate management: social, environmental and governance initiatives in the context of environmental sanitation and climate change.

One of the main corporate volunteering practices is *Confia em 6%*, which encourages COPASA MG employees to allocate part of their income tax to the Children's and Adolescents' Fund (FIA), promoting the social development of the communities where COPASA MG operates. In 2024, R\$ 621 thousand was allocated through the program.

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For the third (3rd) consecutive year, COPASA MG participated in *Natal Solidário em Rede*, a partnership with seven (7) other prominent companies from Minas Gerais, benefiting more than 3 thousand children and adolescents aged 2 to 17 at the Cidade dos Meninos Children's and Youth Center, with the participation of volunteers from the Company.

In addition, in line with the commitment to Gender Equity in COPASA MG's ESG Agenda, the *Florescer Financeiro* Project was developed in the city of Ribeirão das Neves, involving 30 women.

Florescer Financeiro is an initiative that is part of the corporate volunteering program. Women and girls living in vulnerable communities are trained in personal finance through hybrid workshops, which combine face-to-face meetings and online activities. The initiative brings benefits both to society, by empowering women to deal with their finances, and to COPASA MG, by strengthening its image in the eyes of the community, making it easier to obtain a social license to operate.

For COPASA MG, cultural and sporting projects, as well as donations, are the various ways of disseminating the new image of a modern, competitive and innovative company to the entire community, demonstrating the care taken to foster the richness of the arts, culture, entertainment, cultural heritage and intellectual and environmental knowledge, all geared towards the quality of life of the people of Minas Gerais.

The sponsorships encouraged through the Culture and Sports Incentive Laws, and the Funds for the Elderly and for Children and Adolescents reflect the Company's commitment to social responsibility, fulfilling its purpose of generating value in the communities where the company operates, among which we can point out:

- **Enchanted Christmas in the Mountains:** aims to provide a multicultural program, free of charge and accessible to all audiences, with Christmas attractions in the performing arts, instrumental and regional music and the visual arts for the public of Monte Verde and surrounding districts, providing an opportunity to boost our culture and encourage cultural tourism.
- **Sant'Ana Museum - Triennial Maintenance Plan 2024-2026:** the project aims to guarantee the maintenance of the exhibition space and the public collection, as well as the work carried out by the institution through educational and cultural activities and the maintenance of Brazil's artistic and cultural heritage. A meeting of art, history and faith. This is the Sant'Ana Museum, the guardian of a collection of images that express the artistic and religious feelings of the Brazilian people. Housed in the old Public Jail in the city of Tiradentes, the museum houses more than 300 images of the saint, protector of homes and families, as well as miners.
- **World Cultural Heritage Books:** this involves the production of two (2) books that are part of the *Conhecer para Cuidar* Collection, in which materials on World Cultural Heritage Sites (Casa do Baile and Museu de Arte da Pampulha) will be disseminated, covering three (3) dimensions: rich content, material for assembling miniature paper models and letters that interact with a digital application. In addition to the main purpose, the project seeks to show that copies are considered "living books", which will encourage readers to become interested in the city's history, build their own knowledge through experimentation, through debates on the importance of cultural assets in everyday life and the new challenges of the 21st century: inclusion, diversity, accessibility, environment, equity, empathy, resilience and humanities.

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- **Expoqueijo Brasil 2024 - Araxá International Cheese Awards - 4th Edition:** aims to enhance one of Minas Gerais' greatest intangible cultural heritages and trademark, cheese. Artisanal Minas cheese has been made since the 18th century and combines knowledge passed down through generations with its very own characteristics.
- **Arte pela Via:** its aim is to take a fresh look at the reality of urban roads by transforming urban buses into large panels signed by artists of different disciplines, thus disseminating local and regional cultural riches to both the local population and tourists. Expected to be the largest exhibition of moving art in the world, the collectives will transform contemporary art into a walking gallery, illustrating how these elements intertwine and shape life in cities, providing a unique experience accessible to all.
- **35th Brazilian Handicraft Fair - The Valleys of Minas:** aims to pay homage to the Jequitinhonha, Mucuri and Rio Doce valleys, as well as the cities that surround the São Francisco River. A total of 222 municipalities are involved, with their art, handicrafts, workshops, gastronomy and musicality, as well as the workshops that will be given by guest participants from each municipality.
- **Tiradentes Creative Week - 8th Edition:** a project that, since 2017, has been stimulating the creativity of artisans from the city of Tiradentes and the Vertentes region and designers from different parts of the country, facilitating the exchange of knowledge between the contemporary and the traditional and valuing popular knowledge, promoting entrepreneurship, trade and tourism.
- **Minas Gerais Wheelchair Basketball Championship:** the project aims to hold a sporting event in Belo Horizonte, with the Minas Gerais Wheelchair Basketball League (LMBC) having a para-sporting, educational and social character.
- **Cavalo Amigo do Autista:** aims to benefit 30 people with disabilities in the sport of equine therapy. Equine therapy aims to provide physical, mental, educational and social benefits to people with disabilities.
- **Pequenos Ginastas, Grandes Saltos:** project fundamental to encourage and help with engagement, awareness and commitment to promoting the physical and mental health of young people, providing visibility to the Company and helping to demonstrate the opportunity for institutional dissemination, social responsibility and marketing involving the entire local and regional society, in addition to adding value to the brand.

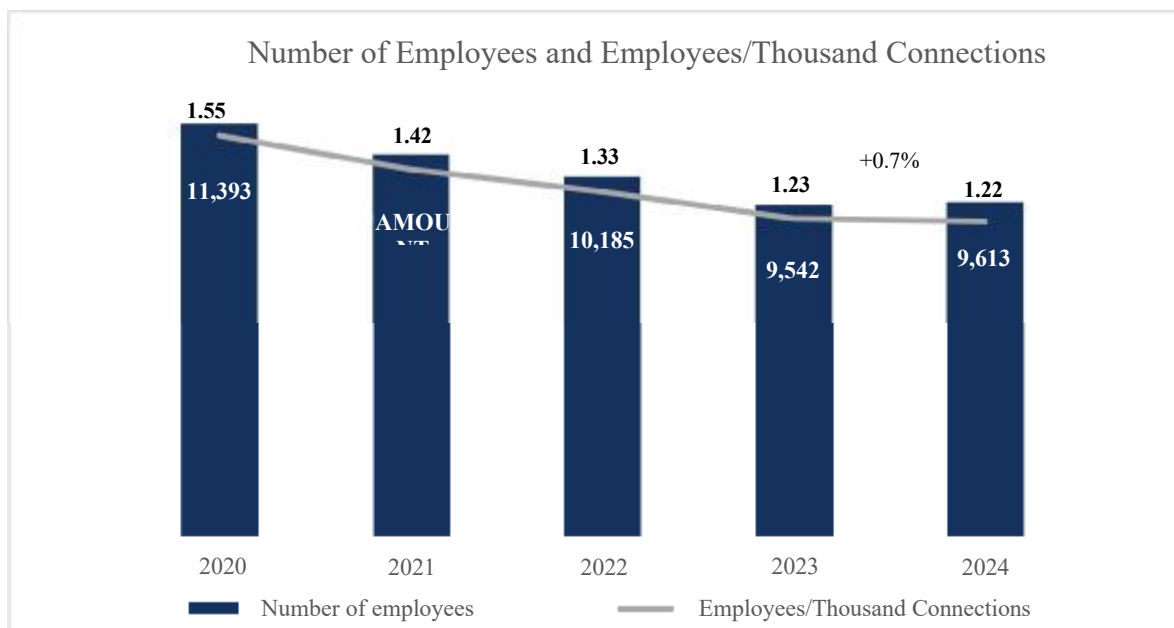
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9.2.4. Human Capital

The Company ended 2024 with 9,613 employees, representing a slight increase of 0.7% over the previous year, as shown in the graph below. This growth was mainly due to one-off hirings, considering the end of the effective period of the public tender in April 2024, and was lower than the increase in the number of water and sewage connections (+1.2%). As a result, the “number of employees per thousand connections” indicator went from 1.23 in December 2023 to 1.22 in December 2024.



In 2024, the Company conducted an organizational climate survey among its employees, obtaining a Favorability Index of 75.3%, representing an improvement of 2.9% over the previous year. Subsequently, the relevant points to be improved were identified and action plans for improving the organizational climate were proposed, with the aim of fostering and strengthening a culture of sharing good practices between the Company’s various units and promoting the health and well-being of its employees.

One of COPASA MG’s main people management policies is the Career, Position and Salary Plan (PCCS), which aims to value professionals’ knowledge, experience, maturity and impact on results. It is geared towards attracting and retaining the professional talent needed to run the business and preserving the Company’s culture and longevity.

To support the development of their careers, employees have the Career Path tool, which allows them to identify the specialties, skills, requirements and conditions needed to take on new positions in the Company.

Another consolidated management tool is the competency-based performance evaluation, in which 8,938 employees were evaluated in the 2024 evaluation cycle.

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In 2024, actions aimed at corporate education, such as technical and graduate studies, external and in-company, courses on COPASA MG's Distance Learning platform - *Manancial do Saber*, Engineer Improvement Program, Technical Mentoring Program, Occupational Health and Safety Program, among other participations in training and development activities resulted in 104 thousand participations in training and a total of 442 thousand hours of training, an average of 44 hours per employee.

Given the specific technical knowledge required by the sanitation sector, COPASA MG developed the Technical Mentoring Program, which aims to help mitigate the risk of losing intellectual capital and ensure excellence in service provision. This Program has employees with a high level of knowledge as mentors, and people with potential, interest and availability for learning as mentees. To carry out this transfer, critical processes and activities identified by superintendencies and in line with main corporate risks were prioritized.

At COPASA MG, Occupational Health and Safety is a material issue and, beyond a legal obligation, it has become a value for the Company, recognized and sponsored by Senior Management. Our Health and Safety Management System covers the entire workforce and aims to protect employees' integrity, health and ability to work.

In 2024, a Health and Safety Culture Evolution Project was completed in partnership with a consultancy firm that is a world leader in the field. Preventive practices have been implemented with the respective proactive indicators, to demonstrate adherence and foster governance of the issue. One example is Leader's Walks (Behavioral Observation), which consists of periodic visits by leaders to raise employee awareness and mitigate behavioral deviations. Leaders have targets to achieve and the practice has significantly increased the monitoring of unsafe conditions in the work environment, given that in most cases leaders have the autonomy to resolve the fact found, and in 2024, 32,244 walks were carried out.

Another important step forward was the revision of the health and safety management process for outsourced employees. In an unprecedented way, an integration program was set up for third parties in terms of health and safety, with monthly classes offered. The program content covers the pillars of the Zero Accident Program, the Health and Safety Policy, the main proactive and reactive indicators, the Golden Rules, the main protocols, the main risks, among others. The first classes began in March and a total of 798 outsourced employees were trained in 2024. As a complement, and after extensive prospecting for solutions in the market, a bidding process was carried out to hire a company that will carry out accreditation and document analysis of the labor obligations of service providers. The process was completed in November 2024 and preparations are underway for the start of the project. This is a structuring action with regard to the inspection of contractors, especially in terms of health and safety.

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A Risk Perception Development Program was also launched in 2024. In all, 49 multipliers were trained and in June the respective training classes began. Lasting 16 hours, the program includes content to reinforce the value of personal safety and increase risk perception, covering factors that motivate human beings to take risks and their impact on the decision-making process through Positive Psychology. In all, 3,984 employees were trained in 2024. To complement this, a Health and Safety Recognition and Consequence Management process has also been structured. The methodology is aimed at behavioral modeling, in order to reinforce the exemplary conduct of employees who stand out for their merit (the first recognition cycle ran from September to December 2024). In absolute numbers, compared to the previous year, accidents involving own employees fell by 3.6%, there were no fatalities and the number of social security benefits that impact the Accident Prevention Factor (FAP) fell by 18.6%.

In accordance with Regulatory Standard NR-01 and NR-17, and with the support of a consultancy specializing in ergonomics, the Company has set up an Ergonomic Management Program. Over the course of 2024, 613 Preliminary Ergonomic Assessments were carried out, covering all ergonomic risks (biomechanical, furniture/equipment, organizational, environmental and also psychosocial/cognitive). In line with this, numerous actions were also carried out to welcome and educate employees on issues related to mental health and well-being, for example: maintenance of an exclusive Telepsychology channel (available 24/7 for its employees); psycho-occupational consultations, with the provision of guides free of charge and monitoring; performing workplace exercise; itinerant interventions (lectures, yoga, discussion groups, health blitz, among others); structuring of Maternity and Breastfeeding Support rooms, to ensure the comfort of employees; meetings of the Alcohol and Drug Assistance Program (PASA); implementation of five (5) decentralized outpatient clinics, seeking greater proximity and optimization of processes, among others. A Program for the Inclusion of People with Disabilities was also set up, with the aim of increasing accessibility and promoting better working conditions. In addition, campaigns to publicize the Program were intensified and an active search was made for employees who could be included, which contributed to maintaining the shares set by law.

Regarding the topic of fostering diversity and inclusion, the Company reinforced its practices to encourage inclusion and diversity, with the insertion of diversity topics and practices to encourage inclusion in its actions aimed at developing leadership and adopting quotas for seniors professionals and people with disabilities in its Internship Program. The Company has a Diversity and Inclusion Policy, established in 2023.

COPASA MG has the purpose of providing opportunities for gender equity in its professional staff as a way to attract and better use its talents. Within this spirit, the Company promoted the 3rd (third) edition of the Female Mentoring Program in 2023/2024, which seeks to encourage the development of female employees interested in enhancing their skills, through monitoring by more experienced professionals (also women) as mentors. The Company that joined the Elas Lideram 2030 Movement, has the goal of reaching 37% of leadership positions held by women by 2025, and this percentage was 35.8% at the end of 2024.

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9.3. Corporate Governance

COPASA MG, in addition to following the governing legislation applicable to corporations and the capital market, must meet the differentiated requirements of transparency and corporate governance imposed by the regulation of its listing segment on B3 and is subject, as a state-owned company, to the controls of the Minas Gerais State Audit Court and the provisions of Federal Law 13.303/2016 – Law of State-Owned Companies, as well as the rules and regulations regarding the sanitation sector, among others. Thus, by operating in a widely regulated environment and based on its constant willingness to always be in line with the best market practices, COPASA MG adopts solid corporate governance standards and internal controls, which will be briefly discussed below.

9.3.1. The Company's Management

The Company is managed by the Board of Directors and the Board of Executive Officers.

The Board of Directors is made up of seven (7) members, of which three (3) are considered independent board members. It is worth mentioning that the Company has the participation of one (1) employee representative and one (1) minority shareholder representative, who is characterized as independent.

The Board of Executive Officers is responsible for managing the Company's business and is made up of five (5) members, one (1) Chief Executive Officer and one (1) Chief Financial and Investor Relations Officer, elected by the Board of Directors.

The positions of Chairman of the Board of Directors and Chief Executive Officer are not held by the same person.

The Tax Council operates on a permanent basis and is currently composed of four (4) effective members and three (3) alternate members. The Tax Council has one (1) full member and the respective alternate member with a permanent relationship with the State Public Administration, appointed by the controlling shareholder, and one (1) effective member as the representative of minority shareholders. This Body is responsible for overseeing the acts of the directors and verify the performance of their legal and statutory duties.

The Statutory Audit Committee - COAUDI is an advisory body, directly linked to the Board of Directors, elected by it and is currently composed of three (3) members, most of whom must be independent, under the terms of the Company's Bylaws, with at least one (1) of the members of the board of directors being independent.

The Company has three (3) non-statutory committees, linked to the Board of Directors, to advise it, as follows:

- **Personnel Committee:** responsible, among other duties, for advising the Board of Directors on decisions regarding guidelines related to people management;
- **Investment Committee:** responsible, above all, for supporting the Board of Directors in decisions regarding the analysis and monitoring of investments included in the Company's planning; and
- **Corporate governance committee:** aims to support the Board of Directors and other statutory bodies in adopting the best corporate governance practices and striving for constant evolution.

The Company also has a Compliance Superintendence and Internal Audit.

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Training and evaluation

Administrators, members of the tax council and members of the audit committee participate, upon taking office and annually, in specific training on corporate and capital market legislation, information disclosure, internal controls, Code of Ethics and Integrity, Federal Law 12.846/2013, bids and contracts.

COPASA MG conducts the performance evaluation process of the administrators and other statutory members annually, under the coordination of the Compliance Superintendence, when the collective performance of the Board of Directors, Tax Council and Board of Executive Officers, as well as the individual performance of the members that make up these Bodies are submitted to measurement. The results are presented to the Board members and serve as a subsidy for the search for opportunities to improve the Company's governance.

9.3.2. Integrity and Compliance

The Company is constantly reviewing its control mechanisms, aiming to maintain the integrity of its ethical values and the achievement of its compliance commitment. Among these control mechanisms, governance instruments and practices stand out, as well as policies, standards and procedures, among which the following can be highlighted:

- **Code of Conduct and Integrity:** consists of an instrument for disseminating COPASA MG's ethical principles and core values, and must be followed by all its employees and by those who have a relationship with it;
- **Integrity program:** consists of the implementation of policies, guidelines and procedures in the fight against corruption and investigation into complaints and irregularities, aimed at implementing internal integrity mechanisms and procedures in compliance with Federal Law 12.846/2013 (Brazil's Anti-Corruption Act) and good corporate governance practices;
- **Reporting channel:** implemented in 2016 with the objective of inhibiting illegal practices and contrary to the interests of COPASA MG, such as corruption, fraud, irregularity, conflicts of interest, among others, as well as favoring the communication, investigation and handling of these practices. This Channel is available on the Company's institutional website (www.copasa.com.br), in the "Reporting" tab, accessible to any citizen. The channel is currently operated by an external company, thus ensuring greater confidentiality and security for the whistleblower in good faith.
- **Ethics Committee:** directly linked to the Chief Executive Officer, it is responsible, among other things, for disseminating the ethical culture, promoting periodic training sessions to clarify the precepts of the Code of Conduct and Integrity to COPASA MG's employees and for receiving, controlling and dealing with complaints of an ethical nature, including responsibility for investigating them.
- **Joint Management:** computerized system for managing expenses and sharing decisions, in which expenditure related to funding and investments, at all levels of the organization (Managements, Superintendencies and Board of Executive Officers), are approved by Committees (Administration Committee, Operational Committee and Steering Committee), composed of at least three members, having been established in 2015.

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- **Policies:** the Company has several policies, which regulate different aspects of its corporate environment and strengthen its governance and culture of integrity, among which the following can be mentioned: (i) Anti-Corruption Compliance Policy; (ii) Conflict of Interests Policy; (iii) Internal Control Policy; (iv) Policy for Appointment and Eligibility of Statutory Members; (v) Corporate Governance Policy; and (vi) Related Party Transactions Policy.

The Company, with the support of the governance bodies, has focused its actions on the development of its Integrity Plan. The most relevant actions carried out are listed below:

- **Compliance site:** COPASA MG has a Compliance website (www.copasa.com.br/compliance) that allows the users to know the pillars that make up its Integrity Plan, access the Integrity instruments and familiarize themselves with the compliance actions developed;
- **Compliance for Leadership:** administrators and other statutory members, as well as superintendents, managers and supervisors are trained annually in integrity topics, aiming to disseminate a culture of integrity;
- **Integrity Workshop:** Aiming to update employees about the Company's integrity instruments, the Integrity Workshop is made available annually on the Company's Distance Learning (EAD) platform. This event addresses COPASA MG's Integrity Plan;
- **Internal campaigns:** annually, COPASA MG carries out a compliance campaign with current topics, aiming to disseminate integrity instruments through mobiles, prisms, posters, leaflets, wallpapers, e-mails, videos, intranet, among others;
- **"Integrity Drops":** integrity brochures are made available in the intranet monthly, with the purpose of promoting reflections regarding ethics in attitudes, aiming to promote an honest corporate environment;
- **Integrity Caravan:** annual event aimed at the administrative public, seeking to initiate negotiations for the celebration of the International Anti-Corruption Day, through dynamics and lectures;
- **International Day Against Corruption:** in reference to the International Anti-Corruption Day, on December 9th, the Company carries out lectures on the topic with the participation of managers, compliance leaders and employees;
- **Compliance in Contract management:** training is carried out periodically to alert contract managers and inspectors about the importance of applying integrity instruments and regulations in the execution of contracts;
- **Compliance Training Matrix:** the Company implemented a Compliance Training Matrix with the purpose of promoting training activities for all its employees and business partners. This matrix was strategically developed, considering priorities defined in the Corporate Risk Matrix. Moreover, such training considers the units in which these employees are allocated and their due exposure to compliance risks; and

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- **ISO 37.301 Certification:** according to the Market Announcement published on 01/30/2025, COPASA MG obtained the ISO 37301 - Compliance Management System certification. This certification demonstrates the commitment of senior management, the Compliance unit and employees to a culture of integrity, contributing to the improvement of general compliance and governance practices.

9.3.3. Risk Management

- **Risk governance:** the Company has a governance structure with defined roles, according to the Three Lines concept of the Institute of Internal Auditors - IIA. Through this vision, operational management is in the 1st line and, in the 2nd line, risk management, internal controls and compliance. All these processes report risks to the Board of Executive Officers and the Board of Directors, which is technically advised by the Statutory Audit Committee. On the third line is the Internal Audit, which reports directly to the Board of Directors.
- **Corporate Risk Management Policy:** aiming to establish principles, guidelines and responsibilities related to the corporate risk management process and guiding activities for identifying, evaluating, addressing, monitoring and communicating risks, COPASA MG implemented the Corporate Risk Management Policy. Internal regulations for risk management refer mainly to ISO 31000:2018 and COSO II ERM: 2017.
- **Compliance and Risk Committee:** The risk management process, coordinated by the Compliance Superintendency, is also submitted to the Compliance and Risk Committee. This committee has an Internal Regulation, being made up of representatives from all boards of executive officers and meets monthly to participate in the process and application of the risk management methodology.
- **Corporate Risk Matrix:** presents the risks to which COPASA MG is subject, the respective risk factors, in addition to the owners with responsibility and authority to manage such risks. This Matrix classifies risks according to their nature, which may be strategic, operational, financial or compliance, reviewing it at least annually.
- **Corporate Risk Map:** summarizes the risks according to criticality, with the most critical related to likelihood and impact: (i) Concessions; (ii) Project Management; (iii) Occupational Health and Safety; (iv) Sewage Treatment; (v) Cyber Attacks; and (vi) Data Privacy and Protection. The respective owners report the status of these risks directly to the Board of Directors.
- **Monitoring of indicators:** the risks identified in the Matrix are monitored through the Risk Indicators and these are submitted for approval by the Board of Directors, which also approves the Company's risk appetite.
- **Risk Response Plans:** the Board of Executive Officers constantly reviews the response plans that have been drawn up, in line with the dynamics of business processes and risk management, to mitigate the main risks to which the Company is exposed. The revisions include, among other definitions, aspects related to the regulatory context in which the Company is inserted, as well as the requirements promoted by the advent of the new legal framework for sanitation, defined in Federal Law 14026/2020.

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- **Contractual Risk Matrix:** The Risk Matrix relating to contracts consists of a preliminary stage designed to identify contractual risks, classify them according to impacts and probabilities of occurrence and predict mitigation measures, aiming to provide legal certainty for the contracting and contracted parties.

9.3.4. Internal controls

COPASA MG's Internal Control System aims to provide reasonable security for the achievement of objectives related to operations, disclosure and compliance, in line with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) methodology.

COPASA MG adopts the Three Lines model, in accordance with the Position Statement of the Institute of Internal Auditors - IIA Global, which relates organizational duties to the Company's internal control levels.

Thus, control activities are not exclusive to a given organizational unit and must be carried out at all levels.

9.3.5. General Data Protection Act – GDPR

In 2024, we made significant progress in the process of adapting to the LGPD, consolidating an organizational culture focused on privacy and information security.

The main actions include:

- **Personal Data Protection Week:** an annual event held during the week of International Personal Data Protection Day (01/28), aimed at all employees, with the aim of disseminating knowledge and promoting cultural changes on privacy.
- **LGPD training:** the following training courses were carried out **(i) LGPD for All**, made available to all employees on the internal training platform - *Manancial do Saber* - and 79% of employees completed the training within the established timeframe; **(ii) Training for Partners and Third Parties**, such as the Association of Employees of COPASA MG, its Subsidiaries and Sponsored Companies - AECO; **(iii) Training for critical process employees**, specific training focused on employees whose professional activities involve access to a high volume of personal data, such as sales and human resources teams and service providers; and **(iv) Compliance for Leaders**, training held from April to October, with 32 lectures given at all the regional offices.
- **Meeting of Compliance Leaders:** event held in March, strengthening the role of leaders as ambassadors for privacy.
- **Integrity Caravan:** event held in November, through the promotion of workshops in all business units, with the Integrity and Privacy Game for administrative teams.

Also in 2024, the implementation of software for the management of the Privacy and Personal Data Protection Governance Program began, with the aim of having greater effectiveness in the control of personal data and more efficient management of actions aimed at adapting to the LGPD.

These initiatives reflect our commitment to strengthening Privacy Governance and ensuring compliance with the LGPD in all our operations.

Companhia de Saneamento de Minas Gerais - COPASA - MG

Year ended December 31, 2024

In thousands of reais, unless otherwise indicated

10. COPANOR

The wholly-owned subsidiary COPANOR was created in 2007 to provide water supply and sewage treatment services in the North and Northeast Regions of Minas Gerais. This region has one of the lowest Human Development Indexes - HDI - in the state of Minas Gerais. The COPANOR's scope of action covers places with a population between 200 and 5,000 inhabitants.

In December 2024, COPANOR served 227 thousand inhabitants with water supply services and, among these, 110 thousand also with sewage services.

The tariffs charged by COPANOR are much lower than the ones of its Parent - COPASA MG, as its cost structure does not consider the return on investments.

As of July 2017, Arsae-MG created a tariff subsidy on COPASA MG's tariff to support COPANOR's investments and maintenance, consisting of a mechanism for transferring funds subsidized by users of COPASA MG to COPANOR, whose objective is to make investments and maintenance of infrastructure assets viable.

Within the scope of the 2nd tariff review of COPASA MG, Arsae-MG decided to continue this transfer. The value of this grant in 2024 was R\$ 47.6 million, the same value predicted for 2025.

In November 2023, in the scope of the fifth (5th) Periodic Tariff Review, the Average Tariff Effect (ETM) was negative at 7.68% (Arsae-MG Resolution 186/2023).

In 2024, R\$ 53.9 million were invested in COPANOR, including capitalizations. For the year 2025, investments of R\$ 47.6 million are planned for the subsidiary, which will be used in operational demands to allow the adequate provision of services.

11. Relationship with independent auditors

Considering the rotation provided for in Article 31 of CVM Resolution 23/2021, as well as the rules established by Law 13303/2016, and considering the period of five consecutive years of service provision by KPMG Auditores Independentes, the Company carried out a bidding process in 2023 to engage a new provider of external audit services for the year 2024, in which Grant Thornton Auditores Independentes - GT was declared the winner. It was contracted on April 3, 2024, and began providing services after the special review of the Quarterly Information - ITRs - for the first quarter of 2024. Therefore, GT performed external audit services for the Financial Statements – FSs – of the Parent and its subsidiary for the fiscal year ended December 31, 2024.

In addition to the services related to the audit of the financial statements, for the year ended December 31, 2024, the services include the issuance of Financing Ratio reports and Limited Assurance of Payments reports, in compliance with the requirements of the financing agreements with the German bank KfW and the French Development Agency (AFD), as well as work on Previously Agreed Procedures (PPA) required annually by Arsae-MG.

The amounts paid for the services provided by GT in 2024 totaled R\$ 1.14 million.

Companhia de Saneamento de Minas Gerais - COPASA - MG

Year ended December 31, 2024

In thousands of reais, unless otherwise indicated

The Audit Committee's duty is to give its opinion on hiring and terminating the independent auditor, as well as supervising the activities and quality of the services provided, assessing its independence in relation to the Company and reporting to the Board of Directors. COPASA MG respects the principles that preserve the independence of the external auditors with respect to not auditing its own work, not exercising managerial functions, and not practicing law for its client, among other restrictions, in order to avoid the existence of a conflict of interest or a loss of independence or objectivity of the independent auditors. These principles are expressed in its Policy for Hiring Independent and Extra-Audit Services, applicable to the Parent and subsidiaries, available on the Company's Investor Relations website.

Annual Statement of Financial Position / 2024



Company: Companhia de Saneamento de Minas Gerais – COPASA MG

1 - Calculation Basis	2024 Amount (R\$'000)			2023 Amount (R\$'000)		
Net income from water, sewage and solid waste (RL) ¹	6,968,399			6,527,071		
Total net income	7,786,457			7,325,715		
Operating Revenue (OI)	1,673,006			1,786,272		
Gross payroll (GP)	1,626,535			1,661,600		
Gross operating profit (ROB)	3,377,954			3,059,894		
2 - Internal Social Indicators	Amount ('000)	% on GP	% on NR	Amount ('000)	% on GP	% on NR
Food	204,666	12.58%	2.94%	211,820	12.75%	3.25%
Compulsory social charges	335,965	20.66%	4.82%	328,620	19.78%	5.03%
Private pension	56,418	3.47%	0.81%	55,111	3.32%	0.84%
Health	124,459	7.65%	1.79%	109,067	6.56%	1.67%
Occupational safety and security	10,384	0.64%	0.15%	9,115	0.55%	0.14%
Education	3,737	0.23%	0.05%	3,236	0.19%	0.05%
Training and professional development	8,898	0.55%	0.13%	8,392	0.51%	0.13%
Day-care assistance	1,747	0.11%	0.03%	1,622	0.10%	0.02%
Culture	20	0.00%	0.00%	0	0.00%	0.00%
Profit sharing	71,634	4.40%	1.03%	84,935	5.11%	1.30%
Other ²	7,201	0.44%	0.10%	6,904	0.42%	0.11%
Total - Internal social indicators	825,107	50.73%	11.84%	818,822	49.28%	12.55%
3 - External Social Indicators	Amount ('000)	% on OR	% on NR	Amount ('000)	% on OR	% on NR
Education	2,815	0.17%	0.04%	3,039	0.17%	0.05%
Culture	6,430	0.38%	0.09%	6,139	0.34%	0.09%
Health and sanitation	520,399	31.11%	7.47%	432,523	24.21%	6.63%
Sports	2,600	0.16%	0.04%	2,411	0.13%	0.04%
Other ²	12,987	0.77%	0.18%	8,293	0.46%	0.13%
Total contributions to society	545,180	32.59%	7.82%	452,403	25.33%	6.93%
Taxes (excluding social charges)	1,156,441	69.12%	16.60%	1,091,358	61.10%	16.72%
Total - External social indicators	1,701,621	101.71%	24.42%	1,543,761	86.42%	23.65%
4 - Environmental indicators	Amount ('000)	% on OR	% on NR	Amount ('000)	% on OR	% on NR
Investments related to company's production/operation	682,299	40.78%	9.79%	598,827	33.52%	9.17%
Investments in external programs and/or projects	20,447	1.22%	0.29%	41,099	2.30%	0.63%
Total investments in the environment	702,747	42.01%	10.08%	639,927	35.82%	9.80%

Companhia de Saneamento de Minas Gerais - COPASA - MG

Year ended December 31, 2024

In thousands of reais, unless otherwise indicated

5 - Private Social Investment (PSI) ²	2024			2023		
Mobilization of private resources in the public interest (Amount in R\$ thousand)	151,272			137,549		
Ratio of PSI to Gross Operating Profit (%)	4.48			4.50		
6 - Workforce indicators ⁴	2024			2023		
Number of employees in the end of the period	9,613			9,542		
Number of professionals hired during the period	373			262		
Number of interns	160			104		
Number of employees >45 years	5,422			5,182		
Number of women working in the company	862			853		
% of management positions held by women	35.37%			36.18%		
Number of black people working in the company	5,322			5,276		
% of management positions held by black employees	25.17%			25.00%		
Number of people with disabilities	481			464		
7 - Relevant information regarding the practice of corporate citizenship	2024			2023		
Frequency rate of accidents at work with lost time per million hours worked ⁵ .	5.18			4.52		
Social and environmental projects developed by the company were defined by:	() management	(X) board of executive officers and managements	() all employees	() management	(X) board of executive officers and managements	() all employees
The safety and health standards in the workplace were defined by:	(X) board of executive officers and managements	() all employees	() all + Cipa	(X) board of executive officers and managements	() all employees	() all + Cipa
Regarding union freedom, the right of collective bargaining and internal representation of employees, the Company:	() does not get involved	(X) follows the ILO standards	() encourages and follows the ILO	() does not get involved	(X) follows the ILO standards	() encourages and follows the ILO
The private pension plan encompasses:	() management	() board of executive officers and managements	(X) all employees	() management	() board of executive officers and managements	(X) all employees
Profit sharing includes:	() management	() board of executive officers and managements	(X) all employees	() management	() board of executive officers and managements	(X) all employees
Regarding supplier selection, the same ethical and social responsibility/environmental standards adopted by the Company:	() are not considered	() are suggested	(X) are demanded	() are not considered	() are suggested	(X) are demanded
Regarding the participation of employees in volunteer work programs, the Company:	() does not get involved	() supports it	(X) organizes and supports it	() does not get involved	() supports it	(X) organizes and supports it
Total number of consumer complaints and criticism:	filed w/the company: 1,545,946	filed with PROCON: 3,124	filed w/court ⁶ : 9,732	filed w/the company: 1,529,882	filed with PROCON: 1,492	filed with courts: 7,649
% of complaints and criticism dealt with or solved:	filed w/the company: 91%	filed with PROCON: 100%	filed with courts: 20%	filed w/the company: 100%	filed with PROCON: 100%	filed with courts: 70%
Wealth for distribution (In thousands of Reais):	4,863,376			4,643,269		
Wealth distributed:	25.05%	government		26.32%	government	
	30.19%	employees		33.86%	employees	
	12.46%	shareholders		13.74%	shareholders	
	17.68%	portfolio		10.11%	outsourcing	
	14.62%	withholding		15.97%	withheld	
7 - Other Information						
EIN 17.281.106/0001-03, sector: sanitation.						
Explanation of stated information: Environmental Development Management, telephone 55 31 3250-2024, email gnda@copasa.com.br .						
1 - To calculate the indicators, the value of Net Income from water, sewage and solid waste (NR) from services provided by Copasa is being considered, excluding Construction Revenue. Classification according to the company's system for disclosing results.						
2 - Internally, the Others category invests most in life insurance and transportation vouchers for employees and trainees; Regarding external indicators, the category is mostly Communication campaigns and Support for various events.						
3 - Private Social Investment (PSI) reported as of 2023 adopts the methodology presented by BISC (Benchmarking of Corporate Social Investment) - Comunias Initiative, available at: https://bisc.org.br/ and the Group of Institutes, Foundations and Companies (GIFE), available at: https://gife.org.br/quem-somos-gife . Amounts calculated on Gross Operating Profit (GOP) as indicated by ISE B3.						
4 - Copasa does not employ child or slave labor and has no involvement with prostitution or sexual exploitation of children or teenagers, and is not involved in corruption. We respect and include diversity.						
5 - The Company has invested in improving this matter especially with the Zero Accident Program, comprised of a set of projects and actions aimed at developing a safety culture involving safe behavior, discipline and inspection and aiming at the zero accident target. As a result, the indicator Total number of accidents at work was replaced by the strategic indicator Frequency rate of accidents with lost time per million hours worked.						
6 - At the end of 2023, a change was made to the system and methodology for collecting legal cases, making it possible to filter and make this information available with greater accuracy.						

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail. See Note 36 to the financial statements.)

Independent auditor's report on individual and consolidated financial statements

Grant Thornton Auditores Independentes Ltda.

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To the Management and Shareholders of
Companhia de Saneamento de Minas Gerais - COPASA MG
Belo Horizonte - MG

Opinion

We have audited the individual and consolidated financial statements of Companhia de Saneamento de Minas Gerais - COPASA MG ("Company"), identified as Parent and Consolidated, respectively, which comprise the statement of financial position as of December 31, 2024, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the aforementioned individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of Companhia de Saneamento de Minas Gerais - COPASA MG as of December 31, 2024, the individual and consolidated performance of its operations and its individual and consolidated cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), (currently called "IFRS Accounting Standards").

Basis for opinion

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

Emphasis - public civil action to carry out asphalt repair work

Please refer to Note 17 to the individual and consolidated financial statements, which describes that the Company was convicted, in a final and unappealable decision, in a public civil action filed by the State Public Prosecutor's Office, requiring it to carry out asphalt repair works resulting from interventions carried out in its provision of public basic sanitation services in the municipality of Belo Horizonte. On the date of the individual and consolidated financial statements presented here, the process is at the phase of compliance with the judgment, and there has been no consensual indication by the parties or by a judicial expert as to the size of the works to be carried out. The Company's Management believes that, based on the Cooperation Agreement mentioned in Note 17, and after the completion of the legal expert assessment and the alignment between the parties, that the amounts spent on the additional asphalt repairs will be recognized in the tariff as they result from a legal obligation to do so, in accordance with the regulatory framework in force. Furthermore, according to the Company's Management, there is currently no way of reliably estimating the amounts required to carry out these works. Accordingly, these individual and consolidated financial statements have recognized no impact relating to this discussion. Our opinion is not qualified in relation to this matter.

Key audit matters (KAM)

Key audit matters are those who, in our professional judgment, were the most significant in our audit of the prior year financial statements. 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.

Revenue Recognition from the provision of water and sewage services (Notes 3.14 and 29)

Reason why the matter was considered a key audit matter

The water supply and sewage treatment service income of the Company and its subsidiaries are recognized when water is consumed or when services are rendered. Therefore, revenue recognition requires an information technology environment with a robust structure capable of supporting the number of transactions related to billing, from the reading of consumption and processing to the invoice issuance.

The recognition of revenue from the provision of water and sewage services includes the estimated volumes consumed and not yet billed, calculated based on the last consumption reading date until the end of each period.

Therefore, there is a significant risk that the revenue to be invoiced is recognized without meeting all the minimum criteria necessary for its recognition to fulfill the performance obligation in the normal course of business of the Company and its subsidiaries.

Due to the complexity, inherent risks and the information technology environment associated with the high level of reliance on the revenue and trade receivables' process, we consider this matter to be material and therefore, a key audit matter.

How the matter was addressed in our audit

Our audit procedures included, without limitation:

- We evaluated the design and implementation of existing relevant internal controls related to the billing process and trade receivables;
- With the assistance of our IT experts, we carried out the understanding and testing of the general controls regarding the technology environment related mainly to the security aspects, systems change and monitoring of the processes that support the billing system of the Company and its subsidiaries;
- We tested the reconciliation of the carrying amounts of water and sewage service revenues with the auxiliary reports and, on a sample basis, we monitored the process of reading the water meters, inspected the invoices and recalculated the value of the invoices based on the tariff table in force, as well as testing the subsequent receipt of selected invoices in the trade receivables outstanding at December 31, 2024;
- We performed substantive analytical procedures on revenue from water and sewage services, checking the reasonableness of the change arising from the application of the tariff adjustment and the increase in consumption in the current year and the comparative change in revenue between the current year and the previous year; and
- To estimate the revenue to be billed from volumes consumed, we evaluated the data and criteria adopted by the Company and its subsidiaries, as well as the uniformity of the criteria in relation to the one adopted in the previous year and recalculated the revenue to be billed as of December 31, 2024, considering the number of days not billed in relation to the closing date of the month, as well as carrying out a documentary inspection test, using a sample basis, to examine the invoice and the subsequent settlement of the revenue to be invoiced (evaluating the accrual period of each record).

As a result of the evidence obtained through the audit procedures summarized above, we believe that the criteria adopted by the Company and its subsidiaries for revenue recognition, including estimates of volumes consumed and not yet invoiced, are acceptable in the context of the individual and consolidated financial statements for the year ended December 31, 2024, taken as a whole.

Expenses with contract assets, intangible assets and financial assets (Notes 3.4, 3.6, 05, 10 and 11)

Reason why the matter was considered a key audit matter

At December 31, 2024, the Company and its subsidiaries have recorded the individual amounts of R\$ 3,040,712 thousand, R\$ 6,145,857 thousand and R\$ 1,362,892 thousand, respectively (and consolidated amounts of R\$ 3,174,929 thousand, R\$ 6,262,652 thousand and R\$ 1,381,729 thousand, respectively) under the headings contract assets, intangible assets and financial assets of the concessions. The business of the Company and its subsidiaries requires significant investments in the infrastructure of its concessions, which are classified as contract assets, intangible assets and financial assets of the concession.

Due to the high degree of judgment exercised by the Company and its subsidiaries to define and allocate expenses between: **(i)** costs capitalized as contract assets, which are expenses with works in progress linked to the concession; **(ii)** capitalized costs of intangible assets, when there is an increase in capacity and network improvement; **(iii)** costs capitalized to the financial asset of the concession, when there is an unconditional right to receive cash at the end of the concession by way of indemnity and refer to the portion that is not recovered via tariffs and **(iv)** maintenance expenses incurred, which are recognized in the statement of profit or loss for the year and, due to the fact that any change in the assumptions used and the judgments exercised in classifying the expenses could have a significant impact on the individual and consolidated financial statements, we believe that this matter is significant and, therefore, a key audit matter.

How the matter was addressed in our audit

Our audit procedures included, without limitation:

- We assessed the design of internal controls related to investments with the concession, including the criteria for determining the accounting classification between capitalized costs with contract assets, intangible assets, financial assets of concession and maintenance expenses;
- On a sampling basis, for additions made during the year, we evaluated the nature of these investments and we considered the adequacy of the classification of investment amounts among concession agreement assets, intangible assets, concession financial assets and maintenance expenses, the latter recognized in profit (loss) for the year;
- We evaluated the capitalization of borrowing costs using analytical procedures;
- In addition, we evaluated the controls for transferring the costs in contract assets to the final accounts to determine the start of recording amortization on a sample basis; and
- Finally, we evaluated the fair presentation of the disclosures of the Company and its subsidiaries about their capitalization and transfer policies.

As a result of the evidence obtained through the procedures summarized above, we consider that the criteria adopted by management for recording, measuring and evaluating the contract assets, intangible assets and the financial assets of concessions, as well as the respective disclosures, are acceptable in the context of the individual and consolidated financial statements for the year ended December 31, 2024 taken as a whole.

Other matters

Statements of value added

Individual and consolidated statements of added value for the year ended December 31, 2024, prepared under responsibility of Company's management, and presented as supplementary information for IFRS purposes, were submitted to audit procedures carried out together with the audit of Company's financial statements.

To form our opinion, we evaluated whether the accompanying statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are according to the criteria established in the NBC TG 9 – Statement of Value Added. In our opinion, these statements of value added were 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 accompanying the individual and consolidated financial statements and the auditor's report

The Company's management is responsible for such other information that comprises the Management Report.

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

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

Audit of the amounts corresponding to the prior year

The figures for the year ended December 31, 2023, presented for comparison purposes, were audited by another independent auditor, whose report, dated March 20, 2024, was unmodified.

Responsibility of management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and adequate presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) (currently called IFRS Accounting Standards), and the internal controls it deemed necessary to enable the preparation of these financial statements free from material misstatement, whether due to fraud or error.

In the preparation of individual and financial statements, management is responsible for assessing the ability of the Company to continue as a going concern, disclosing, where applicable, the matters relating to its going concern and the use of this basis of accounting in preparing the financial statements, unless management intends to wind-up the Company or cease its operations, or has no realistic alternative to avoid the closure of operations.

Those charged with governance of the Company and its subsidiaries are the people responsible for overseeing the process of preparation of the individual and consolidated financial statements.

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

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

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

- Identify and assess the risks of material misstatement in the individual and consolidated financial statements, whether caused by fraud or error, we plan and perform audit procedures in response to such risks, and we obtain proper and sufficient audit evidence to support our opinion. The risk of not detecting material misstatement resulting from fraud is higher than that arising from error, once the fraud may involve the act of dodging the internal controls, collusion, falsification, omission or false intentional representations.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and its subsidiaries;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that there is material uncertainty, we will call attention in our audit report to the respective disclosures in the individual and consolidated financial statements or include any change in our opinion, if the disclosures are inappropriate. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the general presentation, structure and content of the financial statements, including disclosures and if the individual and consolidated financial statements represent the corresponding transactions and events in compliance with the purpose of fair presentation;
- Obtained sufficient and appropriate audit evidence regarding the individual and consolidated accounting information of the entities or business activities within the group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit and, consequently, for the audit opinion.

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

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

From the matters communicated with those charged with Governance, we determine those matters that were of most significance in the audit of the individual and consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our audit report, unless a law or regulation has prohibited the public disclosure of the issue, or when, under extremely rare circumstances, we determine that the issue shall not be reported in our report, because the adverse consequences from such report may, from a reasonable perspective, exceed the benefits from the report for public interest.

Belo Horizonte, March 21, 2025

Grant Thornton Auditores Independentes Ltda.
CRC MG-008.957/F-8



Daniel Menezes Vieira
Accountant CRC 1MG-078.081/O-1

Companhia de Saneamento de Minas Gerais - COPASA - MG

Statements of financial position as of December 31, 2024 and 2023

(Free translation from the original issued in Portuguese.

In the event of any discrepancies, the Portuguese language version shall prevail.)

In thousands of reais, unless otherwise indicated

	Note	Parent		Consolidated	
		12/31/2024	12/31/2023	12/31/2024	12/31/2023
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	06	614,732	994,581	642,082	1,031,425
Securities	06	177,972	-	177,972	-
Trade receivables	07	1,274,961	1,264,375	1,289,584	1,281,019
Banks and agreement investments	24	7,625	-	7,754	124
Inventories		98,738	106,706	104,850	111,821
Recoverable taxes	15	100,231	36,234	101,139	37,215
Technical cooperation agreement	19	54,963	51,368	54,964	51,376
Other assets		30,200	36,944	28,066	30,523
Total current assets		2,359,422	2,490,208	2,406,411	2,543,503
NONCURRENT ASSETS					
Long-term assets:					
Trade receivables	07	75,034	56,017	75,457	56,284
Collaterals as guarantees of borrowings, financing and debentures	08	37,712	61,883	37,712	61,883
Pledged short-term investment	08	75,185	75,285	75,185	75,285
Deferred income tax and social contribution	18	219,604	236,824	219,604	236,824
Financial assets - concession agreements	05	1,362,892	999,639	1,381,729	1,016,635
Technical cooperation agreement	19	2,546	4,479	2,546	4,479
Other assets		52,222	48,083	52,463	48,150
Contract assets	10	3,040,712	2,511,680	3,174,929	2,609,114
Lease right-of-use	13	86,200	86,852	86,312	86,967
Investments	09	312,535	274,699	-	260
Intangible assets	11	6,145,857	5,570,519	6,262,652	5,684,772
Property and equipment	12	1,729,020	1,757,823	1,736,789	1,765,707
Total noncurrent assets		13,139,519	11,683,783	13,105,378	11,646,360
TOTAL ASSETS		15,498,941	14,173,991	15,511,789	14,189,863

See the accompanying notes to the individual and consolidated financial statements.

Companhia de Saneamento de Minas Gerais - COPASA - MG

Statements of financial position as of December 31, 2024 and 2023

(Free translation from the original issued in Portuguese.

In the event of any discrepancies, the Portuguese language version shall prevail.)

In thousands of reais, unless otherwise indicated

	Note	Parent		Consolidated	
		12/31/2024	12/31/2023	12/31/2024	12/31/2023
LIABILITIES					
CURRENT LIABILITIES					
Borrowings and financing	16	120,791	113,975	120,791	113,975
Debentures	16	586,987	567,681	586,987	567,681
Public-Private Partnership	14	44,631	45,752	44,631	45,752
Trade payables		351,129	377,766	358,873	388,277
Obligations – lease	13	48,489	47,457	48,579	47,531
Taxes, contributions and obligations	15	72,795	111,914	73,811	113,118
Provision for vacations		149,010	140,157	150,701	141,681
Technical cooperation agreement	19	98	1,298	98	1,298
Employees' profit sharing		84,564	85,225	84,564	85,225
Retirement benefit obligations	20	6	60	6	60
Dividends and interest on equity payable	21	144,028	430,991	144,028	430,991
Other liabilities	15	58,274	74,007	60,133	76,081
Total current liabilities		1,660,802	1,996,283	1,673,202	2,011,670
NONCURRENT LIABILITIES					
Borrowings and financing	16	1,844,107	1,315,102	1,844,107	1,315,102
Debentures	16	3,561,284	2,746,756	3,561,284	2,746,756
Obligations – lease	13	30,755	44,710	30,775	44,747
Public-Private Partnership	14	124,821	166,148	124,821	166,148
Provision for lawsuits	17	158,345	125,764	158,773	126,212
Retirement benefit obligations	20	-	109,577	-	109,577
Technical cooperation agreement	19	4,584	-	4,584	-
Other liabilities	15	66,014	95,826	66,014	95,826
Total non-current liabilities		5,789,910	4,603,883	5,790,358	4,604,368
EQUITY					
Realized share capital	21	3,606,531	3,402,385	3,606,531	3,402,385
Treasury shares		(8,576)	(8,576)	(8,576)	(8,576)
Earnings reserves		4,432,760	4,225,721	4,432,760	4,225,721
Property valuation adjustments		17,514	(45,705)	17,514	(45,705)
Total equity		8,048,229	7,573,825	8,048,229	7,573,825
TOTAL LIABILITIES AND EQUITY		15,498,941	14,173,991	15,511,789	14,189,863

See the accompanying notes to the individual and consolidated financial statements.

Companhia de Saneamento de Minas Gerais - COPASA - MG

Statements of profit or loss and comprehensive income for the years ended December 31, 2024 and 2023

(Free translation from the original issued in Portuguese.

In the event of any discrepancies, the Portuguese language version shall prevail.)

In thousands of reais, unless otherwise indicated

	Note	Parent		Consolidated	
		2024	2023	2024	2023
Statement of profit or loss					
Net income from sales and services rendered	29	7,786,457	7,325,715	7,878,006	7,404,379
Cost of sales and services rendered	30	(4,408,503)	(4,265,821)	(4,504,365)	(4,342,430)
GROSS PROFIT		3,377,954	3,059,894	3,373,641	3,061,949
Selling expenses	30	(287,849)	(296,154)	(288,202)	(298,232)
Expected credit losses on trade receivables	30	(214,172)	(183,658)	(214,862)	(185,496)
Administrative expenses	30	(708,647)	(646,944)	(717,294)	(651,367)
Other operating income	32	43,200	67,060	43,530	67,703
Other operating expenses	32	(200,497)	(193,490)	(202,272)	(205,363)
Interest in the Subsidiary's profit (loss)	09	(9,505)	(18,348)	-	-
		(1,377,470)	(1,271,534)	(1,379,100)	(1,272,755)
OPERATING PROFIT BEFORE FINANCE INCOME (COSTS) AND TAXES		2,000,484	1,788,360	1,994,541	1,789,194
Finance income	33	370,264	327,501	376,241	333,150
Finance costs	33	(697,742)	(329,589)	(697,776)	(336,072)
Finance income (costs), net	33	(327,478)	(2,088)	(321,535)	(2,922)
PROFIT BEFORE TAXES		1,673,006	1,786,272	1,673,006	1,786,272
Current income tax and social contribution	18	(371,448)	(305,613)	(371,448)	(305,613)
Deferred income tax and social contribution	18	15,362	(101,313)	15,362	(101,313)
	18	(356,086)	(406,926)	(356,086)	(406,926)
NET PROFIT FOR THE YEAR		1,316,920	1,379,346	1,316,920	1,379,346
Basic and diluted earnings for the year attributable to shareholders of common shares of the Parent	21	3.47	3.64	3.47	3.64
Statement of comprehensive income					
NET PROFIT FOR THE YEAR		1,316,920	1,379,346	1,316,920	1,379,346
OTHER COMPONENTS OF THE COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX EFFECTS		63,247	(49,801)	63,247	(49,801)
Items that will not be reclassified to profit (loss)					
Actuarial gain (loss) on retirement benefits	20	63,247	(49,801)	63,247	(49,801)
COMPREHENSIVE INCOME FOR THE YEAR		1,380,167	1,329,545	1,380,167	1,329,545

See the accompanying notes to the individual and consolidated financial statements.

Companhia de Saneamento de Minas Gerais - COPASA - MG

Statements of changes in equity for the years ended December 31, 2024 and 2023

(Free translation from the original issued in Portuguese.

In the event of any discrepancies, the Portuguese language version shall prevail.)

In thousands of reais, unless otherwise indicated

	Earnings reserves					Retained earnings	Valuation adjustment to equity	Total
	Share capital	Treasury shares	Legal	Tax incentives	Earnings retention			
BALANCE AT DECEMBER 31, 2023	3,402,385	(8,576)	526,575	116,556	3,582,590	-	(45,705)	7,573,825
Capital increase								
• Capitalization of reserves (Note 21)	204,146	-	-	(756)	(203,390)	-	-	-
Comprehensive income for the year								
Net profit for the year	-	-	-	-	-	1,316,920	-	1,316,920
Actuarial gain on retirement benefits (Note 20)	-	-	-	-	-	-	63,247	63,247
Total comprehensive income for the year	-	-	-	-	-	1,316,920	63,247	1,380,167
Proposed distribution/appropriation:								
• Legal reserve (Note 21)	-	-	65,846	-	-	(65,846)	-	-
• Tax incentive reserve (Note 21)	-	-	-	39,546	-	(39,546)	-	-
• Earnings retention (Note 21)	-	-	-	-	605,793	(605,793)	-	-
• Interest on equity (Note 21)	-	-	-	-	-	(502,251)	-	(502,251)
• Complementary dividends (Note 21)	-	-	-	-	-	(103,512)	-	(103,512)
Extraordinary dividends (Note 21)	-	-	-	-	(300,000)	-	-	(300,000)
Amortization of inflation adjustment on restated assets	-	-	-	-	-	42	(42)	-
Deferred income tax and social contribution on restated assets	-	-	-	-	-	(14)	14	-
BALANCE AT DECEMBER 31, 2024	3,606,531	(8,576)	592,421	155,346	3,684,993	-	17,514	8,048,229

See the accompanying notes to the individual and consolidated financial statements.

Companhia de Saneamento de Minas Gerais - COPASA - MG

Statements of changes in equity for the years ended December 31, 2024 and 2023

(Free translation from the original issued in Portuguese.

In the event of any discrepancies, the Portuguese language version shall prevail.)

In thousands of reais, unless otherwise indicated

	Earnings reserves					Retained earnings	Valuation adjustment to equity	Total
	Share capital	Treasury shares	Legal	Tax incentives	Earnings retention			
BALANCE AT DECEMBER 31, 2022	3,402,385	(8,576)	457,608	81,722	3,317,250	-	4,125	7,254,514
Comprehensive income for the year								
Net profit for the year	-	-	-	-	-	1,379,346	-	1,379,346
Actuarial loss from retirement benefits (Note 20)	-	-	-	-	-	-	(49,801)	(49,801)
Total comprehensive income for the year	-	-	-	-	-	1,379,346	(49,801)	1,329,545
Proposed distribution/appropriation:								
• Legal reserve (Note 21)	-	-	68,967	-	-	(68,967)	-	-
• Tax incentive reserve (Note 21)	-	-	-	34,834	-	(34,813)	-	21
• Earnings retention (Note 21)	-	-	-	-	637,812	(637,812)	-	-
• Interest on equity	-	-	-	-	-	(479,132)	-	(479,132)
• Complementary dividends (Note 21)	-	-	-	-	-	(158,651)	-	(158,651)
Extraordinary dividends (Note 21)	-	-	-	-	(372,472)	-	-	(372,472)
Amortization of inflation adjustment on restated assets	-	-	-	-	-	44	(44)	-
Deferred income tax and social contribution on restated assets	-	-	-	-	-	(15)	15	-
BALANCE AT DECEMBER 31, 2023	3,402,385	(8,576)	526,575	116,556	3,582,590	-	(45,705)	7,573,825

See the accompanying notes to the individual and consolidated financial statements.

Companhia de Saneamento de Minas Gerais - COPASA - MG

Statements of cash flows for the years ended December 31, 2024 and 2023

(Free translation from the original issued in Portuguese.

In the event of any discrepancies, the Portuguese language version shall prevail.)

In thousands of reais, unless otherwise indicated

	Parent		Consolidated	
	2024	2023	2024	2023
Cash flow from operating activities:				
Net profit for the year	1,316,920	1,379,346	1,316,920	1,379,346
Adjustments to reconcile net profit with net cash				
Expected credit losses on trade receivables	214,172	183,658	214,862	185,496
Charges and inflation adjustments and changes in exchange rates, net	282,436	62,672	282,436	62,672
Interest income and expenses, net	297,577	217,150	297,285	216,640
Deferred income tax and social contribution	(15,362)	101,313	(15,362)	101,313
Interest in the Subsidiary's profit (loss)	9,505	18,348	-	-
Loss on write-off of intangible assets and property and equipment	(2,375)	27,356	(2,371)	27,211
Depreciation and amortization	789,234	778,424	801,005	789,570
Formation (reversals) of provision	19,648	(262,551)	19,564	(262,420)
Provision from retirement benefits	7,760	58,871	7,760	58,871
Financial assets	(82,229)	(73,341)	(82,943)	(73,914)
Provision for inventory and investment losses	1,085	526	(823)	1,093
Prescribed dividends and interest on equity	(256)	-	(256)	-
Other	(7,140)	(3,412)	(7,140)	(3,412)
Adjusted profit	2,830,975	2,488,360	2,830,937	2,482,466
Changes in assets				
Trade receivables	(213,117)	(376,919)	(211,637)	(383,655)
Inventories	7,577	4,707	6,626	3,797
Recoverable taxes	(63,997)	54,112	(63,924)	53,795
Advance tariff transfer	11,061	9,497	11,061	9,497
Technical cooperation agreement	(1,662)	(23,048)	(1,655)	(23,041)
Other assets	67,103	(7,011)	62,642	(5,664)
Changes in liabilities				
Trade payables	(26,637)	88,146	(29,404)	89,682
Taxes, contributions and payroll taxes and labor obligations	387,925	330,077	387,737	330,493
Provisions for vacation and 13 th salary	8,853	4,922	9,020	5,067
Employees' profit sharing	(661)	29,988	(661)	29,988
Technical cooperation agreement	3,384	(6,680)	3,384	(6,680)
Provision for lawsuits	12,933	(8,433)	12,997	(8,470)
Retirement benefit obligations	(21,562)	(78,612)	(21,562)	(78,612)
Voluntary Incentive Severance Program - PDVI	(22,323)	35,468	(22,323)	35,468
Other	(21,542)	(14,551)	(21,758)	(14,538)
Cash provided by operating activities	2,958,310	2,530,023	2,951,480	2,519,593
Interest paid	(426,823)	(423,638)	(426,836)	(423,643)
Interest paid on the Public-Private Partnership	(12,118)	(11,820)	(12,118)	(11,820)
Payment of IRPJ/CSLL	(461,999)	(349,759)	(461,999)	(349,822)
Net cash provided by operating activities	2,057,370	1,744,806	2,050,527	1,734,308

Companhia de Saneamento de Minas Gerais - COPASA - MG

Statements of cash flows for the years ended December 31, 2024 and 2023

(Free translation from the original issued in Portuguese.

In the event of any discrepancies, the Portuguese language version shall prevail.)

In thousands of reais, unless otherwise indicated

	Parent		Consolidated	
	2024	2023	2024	2023
Cash flow in investing activities:				
Payment to Public-Private Partnership	(40,506)	(36,634)	(40,506)	(36,634)
Capital increase of subsidiaries	(47,601)	(47,590)	-	-
Amount received from the sale of property and equipment	6,789	3,746	6,931	3,896
Acquisition of contract assets	(1,334,522)	(1,046,011)	(1,372,473)	(1,065,792)
Acquisition of intangible assets	(634,720)	(408,273)	(645,775)	(417,899)
Acquisition of property and equipment	(76,549)	(64,394)	(77,843)	(66,450)
Short-term investments	-	-	-	-
Collateral for financing	29,754	4,605	29,754	4,605
Banks and agreement investments	(7,625)	11,791	(7,630)	11,718
Increase in securities	(358,999)	-	(358,999)	-
Redemptions of securities	196,339	-	196,339	-
Net cash used in investing activities	(2,267,640)	(1,582,760)	(2,270,202)	(1,566,556)
Cash flow in financing activities:				
Inflow of borrowings, financing and debentures	1,756,387	1,498,361	1,756,387	1,498,361
Amortization of borrowings, financing and debentures	(683,206)	(906,246)	(683,206)	(906,246)
Interest on equity paid	(421,954)	(591,911)	(421,954)	(591,911)
Dividends paid	(735,561)	(185,535)	(735,561)	(185,535)
Funding costs	(22,134)	(21,673)	(22,134)	(21,673)
Payment of lease liability	(63,111)	(51,541)	(63,200)	(51,622)
Net cash used in financing activities	(169,579)	(258,545)	(169,668)	(258,626)
Decrease in cash and cash equivalents in the year	(379,849)	(96,499)	(389,343)	(90,874)
Cash and cash equivalents at beginning of year	994,581	1,091,080	1,031,425	1,122,299
Cash and cash equivalents at the end of year	614,732	994,581	642,082	1,031,425

See the accompanying notes to the individual and consolidated financial statements

Companhia de Saneamento de Minas Gerais - COPASA - MG

Statements of value added for the years ended December 31, 2024 and 2023

(Free translation from the original issued in Portuguese.

In the event of any discrepancies, the Portuguese language version shall prevail.)

In thousands of reais, unless otherwise indicated

	Parent		Consolidated	
	2024	2023	2024	2023
REVENUES	8,326,149	7,874,793	8,423,650	7,958,911
Provision of water and sewage services	7,673,473	7,187,223	7,741,700	7,259,103
Solid waste	5,590	5,523	5,590	5,523
Other income	43,200	67,061	43,530	67,704
Revenues related to formation of own assets	818,058	798,644	847,692	812,077
Provision for expected credit losses on trade receivables	(214,172)	(183,658)	(214,862)	(185,496)
INPUTS ACQUIRED FROM THIRD PARTIES	(3,046,500)	(2,773,178)	(3,114,135)	(2,833,545)
Cost of sales and services rendered	(2,579,347)	(2,397,112)	(2,644,042)	(2,442,293)
Material, energy, outsourced services and other	(342,670)	(253,379)	(347,125)	(257,460)
Other operating expenses	(124,483)	(122,687)	(122,968)	(133,792)
GROSS VALUE ADDED	5,279,649	5,101,615	5,309,515	5,125,366
DEPRECIATION AND AMORTIZATION	(789,234)	(778,425)	(801,005)	(789,571)
NET VALUE ADDED PRODUCED	4,490,415	4,323,190	4,508,510	4,335,795
VALUE ADDED RECEIVED AS TRANSFER	372,961	320,079	388,700	344,324
Interest in the Subsidiary's profit (loss)	(9,505)	(18,348)	-	-
Finance income	382,466	338,427	388,700	344,324
WEALTH FOR DISTRIBUTION	4,863,376	4,643,269	4,897,210	4,680,119
WEALTH DISTRIBUTED	4,863,376	4,643,269	4,897,210	4,680,119
Personnel	1,468,389	1,572,206	1,493,214	1,593,458
Salaries and wages	921,971	1,021,423	939,766	1,036,099
Benefits	404,298	396,994	410,237	402,548
FGTS	70,486	68,854	71,577	69,876
Employees' profit sharing	71,634	84,935	71,634	84,935
Taxes and contributions	1,218,191	1,222,020	1,227,007	1,230,987
Federal	1,145,989	1,155,615	1,153,441	1,163,309
State	66,363	62,882	67,726	64,150
Municipal	5,839	3,523	5,840	3,528
Debt capital	859,876	469,697	860,069	476,328
Interest	819,857	446,039	819,872	452,384
Rentals	39,724	23,612	39,889	23,787
Other	295	46	308	157
Equity capital	1,316,920	1,379,346	1,316,920	1,379,346
Interest on equity	502,251	479,132	502,251	479,132
Dividends	103,512	158,651	103,512	158,651
Interest on equity and dividends	605,763	637,783	605,763	637,783
Retained earnings	711,157	741,563	711,157	741,563

See the accompanying notes to the individual and consolidated financial statements.

Companhia de Saneamento de Minas Gerais - COPASA - MG

Notes to the individual and consolidated financial statements

Year ended December 31, 2024

(Free translation from the original issued in Portuguese.

In the event of any discrepancies, the Portuguese language version shall prevail.)

In thousands of reais, unless otherwise indicated

01. General information

Companhia de Saneamento de Minas Gerais (“COPASA MG”, “Parent”, or “Company”) is a publicly-held mixed capital company, controlled by the State of Minas Gerais, headquartered in the city of Belo Horizonte at Rua Mar de Espanha, 525, Bairro Santo Antonio (EMG). The Company is engaged in planning, designing, performing, expanding, remodeling, managing, and providing public utility water supply and sewage treatment services, and is authorized to operate in Brazil and abroad.

COPASA MG owns 100% of the subsidiary COPASA Serviços de Saneamento Integrado do Norte e Nordeste de Minas Gerais S/A (“COPANOR”, “Subsidiary”) - established by State Law 16698, of April 17, 2007, engaged in: planning, designing, performing, expanding, remodeling, exploring, and providing water supply and sewage treatment services; the collection, recycling, treatment and final disposal of urban, domestic and industrial waste; the draining and management of rainwater in urban areas in cities of the North of Minas Gerais and the water basins of the Jequitinhonha, Mucuri, São Mateus, Buranhém, Itanhém and Jucuruçu rivers.

In September 2024, as described in Note 9, the Company set up the wholly-owned subsidiary Copasa Patos Saneamento S.A. (“Copasa Patos”, “Subsidiary”, “Controlled Company”), whose corporate purpose is to plan, execute, expand, remodel and operate public basic sanitation services, with a view to contributing to the social well-being and improving the quality of life of the population of the municipality of Patos de Minas.

As disclosed to the market on November 14, 2024, by means of a Material Fact, the Company received a letter from the controlling shareholder informing that the State of Minas Gerais filed with the Legislative Assembly, on that date, a Bill that contemplates proposed measures for the privatization of COPASA MG. The bill will be analyzed and deliberated by the Minas Gerais State Legislative Assembly. The Company, in accordance with the best levels of transparency and corporate governance, will keep its shareholders and the market in general duly informed of the occurrence of any new material act or fact, under the terms of the applicable legislation.

02. Basis of Preparation and Presentation of Individual and Consolidated Financial Statements

The individual and consolidated financial statements of the parent herein presented under the titles “Individual” or “Parent” and “Consolidated”, respectively, were prepared and presented in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board - IASB and also in accordance with accounting practices adopted in Brazil, comprising those included in the Brazilian Corporate Law and Pronouncements, guidelines and Interpretations issued by the Accounting Pronouncement Committee - CPC, and approved by the Brazilian Securities and Exchange Commission - CVM.

The Board of Directors authorized the issue of Financial Statements as of December 31, 2024 and of the Individual and Consolidated Financial Statements as of March 21, 2025.

All relevant information of the individual and consolidated financial statements, and only such information, is being highlighted and corresponds to the one used by Management when managing.

Companhia de Saneamento de Minas Gerais - COPASA - MG

Notes to the individual and consolidated financial statements

Year ended December 31, 2024

(Free translation from the original issued in Portuguese.

In the event of any discrepancies, the Portuguese language version shall prevail.)

In thousands of reais, unless otherwise indicated

03. Description of significant accounting policies

The main accounting policies adopted in the preparation of these individual and consolidated financial statements are defined below. Those policies were consistently applied in the years presented, unless otherwise stated.

3.1 Presentation of information by segment

The operating information by segment is shown consistently with the internal report supplied to the main operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing the performance of the operating segments, is the Board of Executive Officers, which is also responsible for making the Company's strategic decisions together with the Company's Board of Directors.

The Company and its subsidiaries have three different segments, represented by the water supply segment and the sewage treatment segment under public concessions, which are provided by the Parent and its subsidiaries, and the solid waste collection segment in the municipality of Varginha.

Information by segment is presented in note 22.

3.2 Basis of consolidation

The Company controls an entity when it is exposed to, or has a right over the variable returns arising from its involvement with the entity and has the ability to affect those returns exerting its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements as of the date the Company obtains the control, until the date such control ceases.

Control over an investee can be assumed when the Company retains 20% or more of the investee's voting power. In other cases, the existence of control will be determined if there is significant influence over the investee.

In the Individual financial statements of the parent, financial information of subsidiaries is recognized under the equity method.

3.2.1 Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealized revenues or expenses arising from intragroup transactions are eliminated. Unrealized gains originating from transactions with investees recorded using the equity method, are eliminated against the investment in the proportion of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only up to the point where there is no evidence of loss due to impairment.

3.3 Foreign currency translation

(a) Functional and presentation currency

These individual and consolidated financial statements are being presented in Brazilian Real, functional currency of the Company and its subsidiaries. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Companhia de Saneamento de Minas Gerais - COPASA - MG

Notes to the individual and consolidated financial statements

Year ended December 31, 2024

(Free translation from the original issued in Portuguese.

In the event of any discrepancies, the Portuguese language version shall prevail.)

In thousands of reais, unless otherwise indicated

(b) Transactions and balances

Transactions with foreign currencies are converted into functional currency by using exchange rates prevailing on the transaction or valuation dates when the items are remeasured. Exchange gains and losses resulting from the settlement of those transactions and from the translation at year-end exchange rates referring to monetary assets and liabilities in foreign currencies, are recognized in the statement of profit or loss.

3.4 Financial instruments

3.4.1 Financial assets

3.4.1.1 Initial recognition

Trade receivables and concession agreement financial assets are initially recognized on the date that they originated. All other financial assets and liabilities are initially recognized when the Company and its subsidiaries become parties to the contractual provisions of the instrument.

A financial asset or a financial liability is initially measured at fair value, plus, for an item not measured at fair value through profit or loss (FVTPL), transaction costs which are directly attributable to its acquisition or issue. Trade receivables without a significant financing component are initially measured at the transaction price.

3.4.1.2 Subsequent classification and measurement

Upon initial recognition, a financial asset is classified as measured: at amortized cost; at Fair Value Through Other Comprehensive Income (FVTOCI) - debt instrument; at FVTOCI - equity instrument; or at FVTPL.

Financial assets are not reclassified after initial recognition, unless the Company and its subsidiaries change the business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the subsequent reporting period to the change in the business model.

A financial asset is measured at amortized cost if it meets the following two conditions and is not designated as measured at fair value through profit or loss (FVTPL): (i) it is held within the business model, whose purpose is to maintain financial assets to receive contractual cash flows; (ii) the contractual terms of financial assets give rise, on specific dates, to cash flows that solely refer to payments of principal and interest on the principal value outstanding.

Upon initial recognition of an investment in an equity instrument that is not held for trading, the Company and its subsidiaries may irrevocably choose to present subsequent changes in the fair value of the investment in Other Comprehensive Income. This choice is made on an investment basis.

All financial assets not classified as measured at amortized cost or at FVTOCI, as described above, are classified at FVTPL. At initial recognition, the Company and its subsidiaries may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or as FVTOCI, as FVTPL if it eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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(a) Business model assessment

The Company and its subsidiaries carry out an assessment of the objective of the business model in which a financial asset is kept in the portfolio since this better reflects the way in which the business is managed and the information is provided to Management. The information taken into account includes the short-term investment guidelines and objectives determined for the portfolio and the practical operation of these guidelines in order to guarantee liquidity, safety and profitability, respecting the cash flow needs of the Company and its subsidiaries, in order to ensure the sustainability of the business by efficient and adequate capital management.

(b) Subsequent measurement and gains and losses

- Financial assets at FVTPL

These assets are subsequently measured at fair value. Net profit (loss), plus interest or dividend revenue, is recognized in profit or loss.

- Financial assets at amortized cost

These assets are subsequently measured at amortized cost under the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

- Equity instruments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognized as gain in profit or loss unless the dividend clearly represents a recovery of part of the investment cost. Other net profit (loss) is recognized in OCI and are never reclassified to profit or loss.

(c) Derecognition

Financial assets are written off when contract rights to assets' cash flows expire, or when the Company and its subsidiaries transfer the contract right of receiving a financial asset to contract cash flows, in a transaction in which substantially all risks and rewards of owning the financial asset are transferred or in which the Company and its subsidiaries neither substantially transfer nor maintain all risks and rights to receive cash flows.

3.4.2 Evaluation of financial asset impairment

The Company and its subsidiaries recognize an allowance for expected credit losses on:

- Financial assets measured at amortized cost.

The Company and its subsidiaries measure the provision for loss in an amount equal to credit loss expected for the whole lifetime, except for the items described below, which are measured as credit loss expected for 12 months:

- debt securities with low credit risk on the reporting date; and
- other debt securities and bank balances for which the credit risk (i.e., default risk throughout the expected life of financial instrument) has not increased significantly since initial recognition.

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To improve methodology used to calculate expected loss on trade receivables, as CPC 48, the Company and its subsidiaries carry out new studies to align its estimates regarding expected loss.

Based on these studies, expected loss recognized by the Company and its subsidiaries consider analysis of receipts' historic balances over a period from 12 to 36 months, segregated according to credit risk characteristics and divided into default groups according to maturity ranges to more accurately determine the rate at which debtors move into a category of higher default risk over time. This made it possible to incorporate information on invoices' actual payment periods and to determine, based on trade receivables, expected loss for each default category.

The Company and its subsidiaries continue to analyze its receivables' behavior so that provisioned amounts reflect loss expectations in trade receivables. Thus, regularly reviews the estimate criteria by segregating database per geographic location and clients category to determine loss rates for each group based on new information available and on analysis of its clients' debts, as well as integrating reasonable and bearable projections of future economic conditions.

The Company and its subsidiaries consider that a debt security has a low credit risk when its credit risk rating is equivalent to the generally accepted definition of "investment grade." The Company and its subsidiaries consider this to be rated BBB - or higher, as standard scale disclosed by the credit rating agencies *Moody's*, *Fitch* and *S&P*.

Lifetime expected credit losses are expected credit losses that result from all possible default events over the expected life of a financial instrument.

Expected credit losses for 12 months are those losses that result from potential delinquency events within 12 months after the date of statement of financial position (or in a shorter period if the estimated life of the instrument is lower than 12 months).

The maximum period considered in the estimate of expected credit loss is the maximum contractual period during which the Company and its subsidiaries are exposed to credit risk.

Financial assets with recovery problems

On each date of statement of financial position, the Company and its subsidiaries evaluate whether the financial assets accounted for at amortized cost and are experiencing recovery issues. A financial asset has "recovery problems" when one or more events with a negative impact on the estimated future cash flows of the financial asset occur.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulties of the debtor;
- breach of contractual clauses, such as delinquency or late payment of more than 90 days;
- restructuring of an amount due to the Company and its subsidiaries under terms that would not be accepted in normal conditions;
- the probability that the borrower will enter bankruptcy or other financial reorganization; and
- the disappearance of an active market for that financial asset because of financial difficulties.

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Presentation of the expected provision for credit loss in the statement of financial position

Provision for losses for financial assets measured at amortized cost are deducted from the gross carrying amount of assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company and its subsidiaries have no reasonable expectation of recovering the financial asset in full or in part. With respect to individual clients, the Company and its subsidiaries based on the history of recovery of similar assets, adopt the policy of writing off the gross carrying amount when the financial asset is overdue for 360 days. The Company and its subsidiaries do not expect any significant recovery of amount written off. However, financial assets written off may still be subject to credit collection, in compliance with procedures of the Company and its subsidiaries for the recovery of the amounts due.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits, other high-liquidity short-term investments, maturing originally after three months and with immaterial risks regarding the change in value and used by the Company and its subsidiaries to manage its short-term commitments.

Securities

Refers to financial resources from financing with a French development agency, as described in Note 16(a). They are invested in Bank Deposit Certificates with daily liquidity, used to pay for water and sewage infrastructure works, as well as other programs financed by the agency.

Pledged short-term investment

Refers to ANA's (Agência Nacional de Águas e Saneamento Básico) funds, as an incentive, related to the Hydrographic Basins Depollution Program (PRODES). The funds are granted and deposited in a specific linked account and the payment for the treated sewage will be made upon compliance with the established goals. In view of the partial fulfillment of the targets, these funds are also maintained in non-current liabilities, under Sundry liabilities. The Company does not recognize an impairment loss since if there is an obligation to return the funds, there is a corresponding liability recorded, as described in Note 8.

Financial assets - Concession agreements

The Company and its subsidiaries do not recognize impairment loss on them, given that the concession agreements provide that, upon termination, the assets built or acquired by the Company will revert to the municipality through indemnity of the residual values of the investments linked to reversible assets not yet depreciated. As of the date of statement of financial position, no events with adverse impact on the estimated future cash flows of the financial asset have been identified.

The concessionaire recognizes a credit receivable when it has the unconditional right to receive cash at the end of the concession, as indemnity for investments made in the construction or improvement of the infrastructure used in the concession of these public services that will not be recovered via tariff through the rendering of services related to the concession.

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The Company and its subsidiaries are parties to public utility concession agreements that are entered into pursuant to Interpretation ICPC 1, represent a right to charge, from the utility service users, by means of tariffs set by regulatory bodies for the provision of water supply and/or sewage treatment services over a period of time established in the concession agreements. Consequently, the Company and its subsidiaries recognize financial asset referring to the portion that exceeds the term of the contracts, based on the economic useful life of the assets comprising the infrastructure for the provision of public services, until the end of the concession. The financial asset was measured by the present value of the indemnities, discounted at a discount rate defined by the Company and its subsidiaries.

These financial assets are initially recorded at fair value (present value of the right, calculated based on the net value of investments that will be indemnified by the Concession Grantor) and subsequently at amortized cost.

These trade receivables are classified in the long term, considering the expectation of receiving these amounts, based on the closing date of the concessions.

3.4.3 Financial liabilities

Financial liabilities are only recognized when the Company and its subsidiaries assume a contractual obligation under a financial instrument. When recognized, they are initially recognized at their fair values plus the transaction costs directly attributable to their acquisition or issuance and are classified as measured at amortized cost. Other financial liabilities are subsequently measured at amortized cost under the effective interest method. Interest expense, foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit (loss).

(a) Trade payables

They are obligations due for assets or services acquired in the normal course of businesses, and are classified as current liabilities if payment is due within 12 months. Otherwise, amounts are presented as non-current liabilities.

Obligations are initially recognized at fair value and, subsequently, measured at amortized cost using the effective interest rate method.

(b) Borrowings, financing and debentures

Borrowings, financing and debentures are initially recognized at fair value, net of costs incurred in the transaction and are subsequently stated at amortized cost. Any difference between the amounts raised (net of transaction costs) and the total amount payable is recognized in the statement of profit or loss during the period while they are outstanding, under the effective interest rate method.

The rates paid for obtaining the borrowing are recognized as transaction costs, since either a portion or the entire loan will probably be drafted.

Borrowings, financing and debentures are classified as current liabilities unless the Company and its subsidiaries have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

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In the event of breach of contractual agreement (covenants) of a long-term borrowing (for example, non-financial indicators) at the end of or before the end of the reporting date, the Company and its subsidiaries assess the need for reclassification as current, considering the achievement of the unconditional right to defer its settlement for at least 12 months after that date. This assessment also considers the need for a reliable representation as to the essence required for the Individual and Consolidated Financial Statements, as well as the purpose of providing reliable information on the financial position of the Company and its subsidiaries.

Borrowing costs are interest and other charges incurred by the Company and its subsidiaries arising from borrowings and financing agreements, including inflation adjustment and exchange-rate change. Cost of borrowings directly attributed to the acquisition, construction or production of a qualifiable asset, which is an asset that necessarily demands a substantial period of time to become ready for intended use or sale is capitalized as part of this asset's cost when it is probable that will result in future economic benefits to the entity and such costs can be reliably measured. In the case of borrowings or financing in foreign currency, the Company and its subsidiaries analyze them as if they were taken out in local currency, limiting the capitalization of interest and/or change in exchange rate to the amount that would be capitalized if they were made in the local market in similar lines of borrowings and financing. All other borrowing costs are recorded as expenses in the period they are incurred.

Derecognition

The Company and its subsidiaries derecognize a financial liability when its contractual obligations are discharged, canceled or expired. The Company and its subsidiaries also derecognize a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

In the derecognition of a financial liability, the difference between the extinct carrying amount and the consideration paid (including assets transferred that do not pass through the cash or assumed liabilities) is recognized in the profit or loss.

3.5 Inventories

Inventories of materials are intended for consumption and maintenance of water and sewage treatment systems. They are stated at cost, which is determined at the average cost evaluation method. Provisions for losses on slow-moving or obsolete inventories are set up when materials, except strategic ones, reach 365 days without movement. Recognized amounts do not exceed their replacement or realization costs.

3.6 Intangible assets

(a) Assets directly linked to the Concessions

The concessionaire recognizes as an intangible asset, the investments made in the construction or improvement of the infrastructure used in the provision of public utility services, which will be received via tariff over the concession period and the amount of which will be amortized over the concession period, in line with ICPC 01 Interpretation issued by the Accounting Pronouncement Committee, and as a result of the concession agreements signed.

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The amortization of the intangible asset reflects the period in which the future economic benefits of the asset are consumed by the Company and its subsidiaries, and may be the final term of the concession, or the useful life of the asset. The Company and its subsidiaries use the straight-line method, which results in constant expenses throughout the period.

The fair value of construction, renovation and improvement in infrastructure is recognized as revenue, when the infrastructure is built, provided that this work is expected to generate future economic benefits, according to Note 3.14.

(b) Right-of-use

Rights of use refer primarily to costs incurred on the renewal or revision of concessions and arise on the assumption of commitments to financially participate in river valley treatment works, such as stream channeling and open sewage channels, to be performed by municipal governments. These are amortized over the remaining concession agreement period.

(c) Software licenses

Acquired software licenses are recorded based on costs incurred to acquire the software and so that they will be ready to be used. These costs are amortized under the straight-line method over their estimated useful lives.

3.7 Property and equipment

The assets recorded in property and equipment include those that are not linked to public service concessions and are mainly characterized by general use assets and the administrative facilities of the Company and its subsidiaries, as well as shared water production and sewage treatment systems, since these are considered as the assets of the Company and its subsidiaries, as they are not directly linked to a specific concession.

Property and equipment are stated at historical cost, less depreciation and impairment losses, if applicable.

Depreciation is carried out over the estimated useful life of each asset, under the straight-line method, which results in a constant expense over the useful life of the asset. Annually, the Company and its subsidiaries assess the need for changes annually, using the depreciation rates listed below:

	<u>Years</u>
Buildings	25–40
Machinery	10–15
Vehicles	3–5
Furniture, fixtures and equipment	3–8

3.8 Impairment loss of non-financial assets

Assets subject to amortization are reviewed to verify and/or reverse their impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds its recoverable value which reflects the higher value between the fair value of the asset less sales costs or its value in use.

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Value in use is based on estimated future cash flows discounted to present value using a discount rate that reflects current market evaluations of times value of money and the specific risks of the assets or Cash Generating Unit - CGU to which the asset belongs. The use of the discounted cash flow financial model requires Management to adopt certain assumptions based on information generated by its internal reports, which involve judgments about the future income of the business.

For impairment tests, assets are grouped into a CGU, that is, smallest identifiable group of assets that can generate cash inflows by continuous use, which are highly independent from cash inflows referring to other assets or CGU.

The value-in-use calculation is based on the discounted cash flow model. The cash flows are derived from the budget for the next five (5) years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash-inflows and the growth rate used.

3.9 Provisions

Provisions for labor, civil, tax and environmental lawsuits are recognized when: (i) the Company has an obligation (legal or not formalized) as a result of events already occurred; (ii) it is probable that making a cash disbursement will be necessary to settle the obligation; and (iii) its amount can be estimated in a reasonable and safe manner.

When there are several similar obligations, the likelihood of the Company and its subsidiaries settling them is determined considering the class of obligations as a whole. A provision is recognized even if the likelihood of settlement related to any individual item included in the same class of obligations is small.

Provision is measured at present value of expenditure necessary to settle the obligation, using a rate before tax effects that reflects current market evaluations of time value of money and obligations' specific risks. The increase in the obligation due to the passage of time is recognized as other operating expenses. As these are legal discussions, any resulting outflow of economic benefits depends on judicial procedures.

Provisions are recognized and adjusted up to the dates of statements of financial position by the estimated amount of probable losses, in compliance with the policies of the Company and its subsidiaries, the nature of each proceeding and supported by the opinion of its legal department that takes into account changes in circumstances, such as limitation period applicable, conclusions of tax inspections or additional exposures identified based on new matters or court decisions. Judgments regarding future events may differ significantly from current estimates and exceed the amounts provisioned. Provisions are reviewed and adjusted to consider changes in circumstances involving them. All reclassified amounts are submitted for approval by the Board of Executive Officers on a monthly basis, thus establishing more careful policies for the constitution of these provisions.

Provision for legal proceedings is presented in the individual and consolidated financial statements, net of escrow deposits based on the legal enforceable right.

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3.10 Distribution of dividends and interest on equity

The amount for distribution of dividends that is within the portion equivalent to minimum mandatory dividend is recorded in liabilities under “Dividends and interest on equity payable” caption, as it is considered as a legal obligation provided for in the Articles of Incorporation.

Portion of dividends that is higher than minimum mandatory dividends after the accounting period to which financial statements refer, but before the authorization date for issue, it is recorded as “dividends” in shareholders' equity. Any amount above the mandatory minimum is only recognized on the date of its approval or payment, whichever occurs first.

Interest on equity payable to shareholders is treated in the same way as dividends and charged to retained earnings. As required by tax legislation, interest payable to shareholders is calculated in accordance with Law 9249 / 95 and recorded in profit (loss) under finance costs, further details are provided in Note 21.

For the purpose of disclosure, the Financial Statements, this interest on equity is reversed from finance costs and presented as a charge to retained earnings.

3.11 Taxation

(a) Income tax and social contribution

Income taxation comprises current and deferred income tax and social contribution. Taxes on sales are recognized in the statement of profit or loss, except and to the extent that they relate to items related to the business combination or to items recognized directly in equity or comprehensive income.

Given the broad aspect of business relationships, as well as the long-term nature and complexity of existing contractual instruments, differences between the real results and the assumptions adopted, or future changes in these assumptions, could require future adjustments in the tax revenue and expenses already recorded.

The Company and its subsidiaries record provisions, with basis on most probable estimates, for possible consequences of audits by tax authorities. The amount of those provisions is based on various factors, such as experience of prior tax audits and deferring deprecations of tax regulations by the taxed entity and by the responsible tax authority. Those interpretation differences may arise in a great variety of matters depending on current conditions.

Management periodically evaluates the positions taken in the calculations of income taxes.

Current income tax and social contribution

The current income tax and social contribution charge is calculated based on enacted or substantially enacted tax law on the date of statement of financial position. Taxable profit differs from the profit presented in the statement of profit or loss, since it excludes revenues and expenses taxable or deductible in other years, in addition to permanently excluding nontaxable or nondeductible items. Management periodically evaluates the positions taken in the calculations of income tax with respect to situations in which applicable tax regulation is subject to interpretations; and forms provisions, when applicable, based on estimated amounts that shall be paid to tax authorities.

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Income tax and social contribution are shown net, per taxpaying unit, in liabilities when there are amounts to be paid or under assets when the prepaid amounts exceed the total owed on the reporting date.

Deferred income tax and social contribution

Deferred income tax and social contribution are generated by temporary losses between the tax and accounting bases of assets and liabilities contained on the date of statement of financial position. Deferred income and social contribution tax assets are recognized to the extent that it is probable that taxable income will be available so that deductible temporary differences can be realized and tax losses can be offset.

Deferred income tax and social contribution assets and liabilities are measured considering the tax rates and laws in effect on the date of statement of financial position and which are expected to be applied as at the realization date of the asset or settlement of the liability.

Deferred income and social contribution tax assets are recognized to the extent that it is probable that taxable income will be available so that deductible temporary differences can be realized and tax losses can be offset.

Deferred income tax assets and liabilities are presented at net value in statement of financial position when there is the legal right and the intention of offsetting them upon calculation of current taxes, in general related to the same legal entity and the same tax authority. The realization of deferred tax credits is subject to future events that will make the provisions that originated them deductible under the terms of the tax legislation in force.

The Company and its subsidiaries regularly review deferred tax assets for impairment and recognize provision for impairment if it is likely that these assets will not be realized, based on historical taxable income, the projection of future taxable income and the estimated time for reversal of the existing temporary recoverable differences. These calculations require the use of estimates and assumptions. The use of different estimates and assumptions could result in a provision for impairment of deferred tax assets.

(b) Taxes on sales and services

Income from sales and services are subject to the following taxes and contributions and at the following basic rates:

Taxes	Rate %
PIS/PASEP - Social Integration Program	1.65
COFINS – Contribution for Social Security Funding	7.60
ISSQN - Service Tax ^(*)	Sundry

^(*) Not levied on water supply and sewage collection services.

These taxes are presented as deductions from revenue in the statement of profit or loss, provided that PIS/COFINS taxes are determined under the non-cumulative regime.

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3.12 Employee benefits

(a) Retirement obligations

The Company sponsors three Supplementary Pension plans: Plan RP1- Defined Benefit (BD), Copasa Settled Plan (BD) and the New Copasa Plan - Defined Contribution (CD). Plans are usually financed by payments to trust funds determined by periodic actuarial calculations.

The liability recognized in the statement of financial position in relation to referenced plans is the present value of obligation on the date of statement of financial position, less the fair value of plan assets, with the adjustments of unrecognized past service costs. The obligation is annually calculated by independent actuaries using the projected unit credit method. The value of the plan's assets is measured based on fair value.

Actuarial gains and losses arising from adjustments based on experience and changes in actuarial assumptions are recorded directly in equity, as other comprehensive income, when incurred in a manner that the plan's net asset or liability is recognized in the statement of financial position to reflect the full amount of the plan's deficit or surplus. Past costs of services are immediately recognized in the income figures.

The current value of these obligations depends on a series of factors that are determined with basis on actuarial calculations that use certain assumptions. One of the assumptions used in the determination of pension plan net cost (income) is the discount interest rate. Any changes in these assumptions may affect the carrying amount of pension plan obligations.

The Company determines the appropriate discount rate at the end of each year. That is the discount rate that should be used to determine the present value of estimated cash outflows that should be necessary to settle pension plan obligations. When determining the appropriate discount rate, the Company considers interest rates on government bonds.

Other major assumptions for pension plan obligations are partly based on current market conditions. Additional information is disclosed in Note 20.

(b) Short-term employee benefits

Liabilities for short-term employee benefits are recognized as personnel expenses as the related service is rendered. The liability is recognized at the amount expected to be paid, if the Company and its subsidiaries have a legal or constructive obligation to pay this amount as a result of prior service rendered by the employee, and the obligation can be reliably estimated.

The Company records provisions to recognize employee profit-sharing (PL) expenses, and the company's Employee Profit Sharing Program Regulations, approved by the Board of Directors, define the procedures for its implementation.

The profit sharing amount to be paid will be approved on an annual basis by the Board of Directors and corresponds to 25% of the minimum mandatory dividends paid to shareholders, corresponding, therefore, to 6.25% of the net profit for the year, after deducting the legal reserve and the tax incentive reserve, on which institutional performance standards will be applied.

Annually, the portion of income not distributed to employees will be transferred to the following year, being added for purposes of calculating the amount to be distributed.

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3.13 Share capital

Share capital is the paid-in or unpaid amount corresponding to the co-participation of a holder, partner or shareholders for starting or maintaining the Company.

When the Company buys its own issued shares (treasury shares), the amount paid, including any additional directly attributable costs (net of income tax), is deducted from the capital attributable to the Company's shareholders until the shares are cancelled or reissued. When those shares are subsequently reissued, any amount received, net of any additional directly attributable transaction costs, and net of respective effects of income tax and social contribution, is included in the equity attributable to the Company's shareholders.

3.14 Revenue recognition

Income comprises the fair value of the consideration received or receivable mainly for the rendering of services in the normal course of activities of the Company and its subsidiaries. Income is presented net of taxes, of returns, rebates and discounts.

(a) Service provision

Revenues are recognized at a specific point in time, as water supply and sewage treatment services are provided and water is consumed or when services are provided, as long as the performance obligation is met. Revenue not yet invoiced represents revenue earned, the service of which was rendered, but has not yet been invoiced by the end of each period. These revenues are recorded as unbilled trade receivables, based on monthly estimates taking into account the type of client, the type of transaction and the specifications of each sale, so that the revenues are offset against the costs in their accrual period.

The need to estimate the revenue to be invoiced is since billing is carried out on a cyclical basis, which often does not coincide with the monthly closings. Thus, the Company and its subsidiaries, considering the amount involved, make estimates, which include information such as average consumption obtained in the last reading of the water meters to be attributed to each consumer for the period between the reading date and the end of the accounting period, observing the type of client, the type of transaction and the specifications of each sale, so that the income is offset against the costs in the proper reporting period.

(b) Construction contracts

Construction contract is the one specifically negotiated for the construction of an asset or a combination of assets that are directly interrelated or interdependent depending on their design, technology and function or their purpose or end use.

The Company and its subsidiaries act as the primary responsible for the construction and installation of the infrastructure related to the concession, either with its own efforts or through the contracting of third parties, being significantly exposed to its risks and rewards. Construction revenue includes that from contracts under the cost plus margin (cost plus) method, where revenue is recognized over time based on the cost method adopted.

The Company and its subsidiaries estimate that the margin is zero, in accordance with Resolution 072/2015 of the Regulatory Agency and the subsequent Resolution ARSAE-MG 191/2024, which defined the non-recognition of the construction margin in the indemnification of assets by the municipalities.

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(c) Contract assets

The contract asset is defined by the standard as the right to consideration in exchange for goods or services transferred to the client when this right is conditioned to something beyond the lapsing of time, such as its future performance.

When the Company and its subsidiaries complete the performance by transferring goods or services to the client before payment of the consideration or before payment is due, the Company states this right as contract asset.

The concession agreements and water supply and sewage treatment program contracts provide that a portion of the investments made by the concessionaire is remunerated by users of the public service and the other part is indemnified by the Concession Grantor at the end of the concession.

The Contract Asset is initially recorded at fair value and includes capitalized borrowing costs during the period in which the asset is under construction. After the assets come into operation, performance obligation related to construction is met, and the assets are then divided into financial assets and intangible assets.

3.15 Finance income

Interest revenue and expenses are recognized in profit or loss at the effective interest method. Dividend revenue is recognized in profit (loss) on the date when the right of the Company and its subsidiaries to receive the payment is established. The Company and its subsidiaries classify interests received and dividends and interest on equity received as cash flows from investing activities.

3.16 Leases

The Company and its subsidiaries consider if a contract is, or contains a lease, when the contract transfers the right to control the use of an identified asset for a period of time in exchange for consideration. The Company and its subsidiaries follow the definition of lease under CPC 06 (R2)/IFRS 16 to assess whether a contract transfer the right to control the use of an identified asset.

The Company and its subsidiaries opted not to recognize the assets of right-of-use and the lease liabilities for low-value lease assets and short-term leases have a period of 12 months or less, including the information technology equipment. The Company and its subsidiaries record lease payments in connection with these leases as expenses on a straight-line basis based on the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the inception date, and discounted using the interest rate implied in the lease or, if that rate cannot be immediately determined, the incremental borrowing rate of the Company. Usually, the Company uses their incremental borrowing rate as discount rate.

3.17 Standards reviewed with adoption as of January 1, 2024

The Company and its subsidiaries have applied certain standards and amendments for the first time, which are effective for annual periods beginning on or after January 01, 2024 (unless otherwise stated). The Company and its subsidiaries have decided not to early adopt any other standards, interpretations or amendments that have been issued but are not yet in force.

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IFRS 16: Lease liability in a sale and leaseback transaction

In September 2022, the IASB issued amendments to IFRS 16 (equivalent to CPC 06 – Leases) to specify the requirements that a seller-lessee uses in measuring the lease liability arising from a sale and lease back transaction, aiming to ensure that the seller-lessee does not recognize any amount of gain or loss that relates to the right of use it retains.

Amendments had no impact on the individual and consolidated financial statements of the Company and its subsidiaries.

IAS 1: Classification of Liabilities as Current or Non-Current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 (equivalent to CPC 26 (R1) – Presentation of Financial Statements) to specify the requirements of classification of liabilities as current or non-current. The changes clarify the following:

- i) What is meant by the right to postpone settlement;
- ii) That the right to defer must exist at the end of the period of the financial statements;
- iii) The classification is not affected by the likelihood of the Company and its subsidiaries exercising its deferral right; and
- iv) That only if a derivative embedded in a convertible liability is itself an equity instrument will the terms of a liability not affect its rating.

Furthermore, a disclosure requirement was introduced when a liability arising from a borrowing agreement is classified as noncurrent and the right of the Company and its subsidiaries to defer settlement depends on compliance with future covenants within twelve months.

Amendments had no impact on the individual and consolidated financial statements of the Company and its subsidiaries.

IAS/IFRS 7: Trade payables financing agreements

In May 2023, the IASB issued amendments to IAS 7 (equivalent to CPC 03 (R2) – Statements of Cash Flows) and IFRS 7 (equivalent to CPC 40 (R1) – Financial Instruments: evidencing) to clarify the characteristics of supplier financing agreements and require additional disclosures of these agreements.

The disclosure requirements in the amendments are intended to help users of individual and consolidated financial statements understand the effects of finance arrangements with suppliers on an Group's obligations, cash flows and exposure to liquidity risk.

Amendments had no impact on the individual and consolidated financial statements of the Company and its subsidiaries.

Amendments to IFRS 10/CPC 36 (R3): Consolidated financial statements

In July 2024, the International Accounting Standards Board (IASB) issued the document “Annual Improvements to IFRS Accounting Standards - Volume 11”, which included minor changes to IFRS 10 (Consolidated Statements), which also affects CPC 36 (R3) in Brazil. These changes are part of the continuous cycle of annual improvements, with the aim of clarifying or correcting specific issues in the accounting standards.

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Main changes to IFRS 10 in “Volume 11”: The changes to IFRS 10 are minor revisions, but have a material fact on the application of the standard and on the interpretation of control for consolidation purposes

i) Clarification on loss of control: the IASB has clarified how companies should treat the loss of control of a subsidiary. The rule now makes it clearer exactly when control is considered lost. This is especially important for transactions involving the sale of subsidiaries or a change in subsidiary control. A detailed review of the steps that must be followed to assess whether control has actually been lost, with a focus on the data at which control ceases to exist.

ii) Assessment of control when there are external influences: the review also addresses situations in which control of a stake may be affected by external influences, such as agreements with other companies or shareholders.

Amendments had no impact on the individual and consolidated financial statements of the Company and its subsidiaries.

3.18. New standards, amendments to interpretation of accounting standards issued but not yet effective on December 31, 2024

The standards and interpretations amended or issued, but not yet in force up to the date of issue of the individual and consolidated financial statements of the Company and its subsidiaries, are described below.

The Company and its subsidiaries intend to adopt these standards and interpretations, if applicable, when they become effective.

Amendments to IAS 21/CPC 02: The effects of changes in exchange rates entitled lack of convertibility

The amendments specify how to assess whether a currency is convertible, and how to determine the exchange rate when it is not. The amendments state that a currency is convertible into another currency when the Group can obtain the other currency within a period that allows for normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

The Group assesses whether the currency is convertible into another currency on the measurement date and for a specific purpose. If the Group can obtain only an insignificant amount of the other currency on the measurement date for the specific purpose, the currency is not convertible into another currency.

The assessment of whether the currency is convertible into another currency depends on the Group's ability to obtain the other currency and not on its intention or decision to do so.

When the currency is not convertible into another currency on the measurement date, the Group must estimate the spot exchange rate on that date. The Group's objective in estimating the spot exchange rate is to reflect the rate at which an organized exchange transaction would occur on the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how the Group estimates the spot exchange rate to meet this objective. The Group may use an observable exchange rate without adjustment or another estimation technique.

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In addition, the IASB made important changes to IFRS 1 - Initial Adoption of International Financial Reporting Standards to align with and refer to the revised IAS 21 to assess convertibility.

The amendments are applicable for annual periods beginning on or after January 1, 2025, with early adoption permitted. The Group cannot apply the amendments retrospectively and must apply the specific transition provisions included in the amendments.

The Company and its subsidiaries do not expect the application of these amendments to have an impact on the individual and consolidated financial statements.

IFRS 18 - Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1 - Presentation of Financial Statements and introduced new requirements to:

- i) present specific categories and subtotals defined in the statement of profit and loss;
- ii) present disclosures on the performance measures defined by management (MPMs) in the notes to the financial statements; and
- iii) improvements linked to the requirements for aggregating and disaggregating information.

The Company and its subsidiaries must apply IFRS 18 for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, come into force when the Company and its subsidiaries apply IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The Company and its subsidiaries expect that the application of these changes will have an impact on the individual and consolidated financial statements.

IFRS 7 and 9: Financial instruments

In May 2024, the IASB issued amendments to the classification and measurement requirements of IFRS 9 and the disclosure requirements of IFRS 7. The changes are aimed at:

- (i) clarifying that a financial liability is written off on the settlement date, i.e. when the related obligation is settled or cancelled or the liability expires in another way that qualifies for write-off;
- (ii) introducing an accounting policy option to write off financial liabilities settled through an electronic payment system before the settlement date;
- (iii) clarifying how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance characteristics and other similar contingent characteristics;
- (iv) clarifying the treatment of non-recourse assets and contractually linked instruments;
- (v) requiring additional disclosures for financial assets and liabilities with contractual terms that refer to a contingent event, including ESG-linked ones, and equity instruments classified at fair value through other comprehensive income.

The Company and its subsidiaries do not expect the application of these amendments to have an impact on the individual and consolidated financial statements.

The amendments are effective for annual exercises beginning on or after January 01, 2026.

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04. Estimates and critical accounting judgments

Accounting estimates and judgments are continuously assessed and are based on past experience and other factors, including expected future events, that are deemed reasonable in the circumstances.

Based on assumptions, the Company and its subsidiaries make estimates for the future. Given their nature, accounting estimates will hardly coincide with actual results. The estimates and assumptions that present a significant risk and probably would cause a material adjustment to the carrying amount of assets and liabilities for the next fiscal year are included in the following notes:

Judgments

Information regarding judgments made on the adoption of accounting policies which significantly impact the amounts recognized in the individual and consolidated financial statements are included in the following note:

- (a) Lease term - Note 3.16: if the Company and its subsidiaries are reasonably certain of exercising extension options.

Uncertainties on assumptions and estimates

Information on uncertainties as to assumptions and estimates as of December 31, 2024 that pose a high risk of resulting in a material adjustment in Carrying amounts of assets and liabilities in the next fiscal year are included in the following notes:

- (a) Recognition of construction income – Note 3.14(b): Margin estimate considering Resolution 072/2015 of the Regulatory Agency which defined the non-recognition of the construction margin in the indemnity of assets provided for in the concession agreements and program, by the municipalities.
- (b) Recognition of unbilled income – Note 3.14 (a): Estimate based on consumption average.
- (c) Provision for losses on realization of credit – Note 3.4.2: Measurement of expected credit loss for trade receivables and contractual assets.
- (d) Benefits of supplementary pension plans - Note 3.12 (a): Measurement of obligations of defined benefits: main actuarial assumptions; definition of rate.
- (e) Taxes - Note 3.11: Availability of future taxable income against which deductible temporary differences and tax losses can be utilized.
- (f) Impairment loss of non-financial assets - Note 3.8: Definition of main assumptions in relation to recoverable values.
- (g) Provisions for labor, civil, tax and environmental lawsuits - Note 3.9: Definition of key assumptions regarding the likelihood and magnitude of an outflow of funds.
- (h) Financial instruments measured at fair value - Note 3.4.1: Determination of fair value of equity instruments.
- (i) Financial assets and intangible assets linked to the concession - Note 3.4.2: Definition of discount rate for adjustment to present value.

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05. Public service concession agreements

The water supply and sewage treatment utility services are provided under Concession Agreements and/or Program Agreements that are executed with each municipality and usually have a duration of 30 years. These Contracts and agreements are mostly fair similar in terms of rights and obligations of the concessionaire and the concession grantor. The coverage area of the Company and its subsidiaries is the State of Minas Gerais.

As of December 31, 2024, the Company and its subsidiaries were parties to 637 Concession Agreements or Program Agreements for the provision of water supply utility services and 308 Concession Contracts or Program Agreements for the provision of sewage treatment utility services (638 and 309 as of December 31, 2023, respectively).

At December 31, 2024, 43 concessions had expired and one (1) had a legally void contract, together representing 4.8% of total revenue (30 concessions had expired and 02 had legally void contracts, together representing 4.3% of total revenue as of December 31, 2023) whose services continue to be provided and billed normally by the Company and its subsidiaries, in compliance with the principle of continuity in the provision of essential public services.

The services' consideration is received in the form of tariffs. Federal Law 11445/2007 establishes that revisions of and/or adjustments to tariffs must be regulated, supervised, and authorized by a regulatory agency, which in Minas Gerais, is the ARSAE-MG. The tariff calculation must ensure the concessionaire's economic and financial balance and the preservation of the social aspects of the services provided.

The purpose of the Tariff Adjustment is to offset the effects of inflation on the service provider's costs in a given period. The Periodic Tariff Review consists of reassessing the conditions involved in the provision of the services and market conditions by having in place tariff mechanisms to ensure service efficiency and attainment of service expansion and quality goals.

On October 6, 2022, ARSAE-MG approved the change in the base date of Copasa's annual tariff adjustments from August 1 to January 1, with the offsetting of financial losses arising from this change, as provided for in State Law 18.309/2009.

ARSAE-MG, through Resolution ARSAE-MG 197/2024, of November 28, 2024, authorized the Company to apply new tariffs to public water supply and sewage services provided, as of January 1, 2025. The average tariff effect applied to current tariffs is 6.42% (4.21% as of January 01, 2024).

As of December 31, 2024, the Company and its subsidiaries presented the amount of R\$ 1,362,892 in the parent (R\$ 999,639 as of December 31, 2023) and R\$ 1,381,729 in the Consolidated (R\$ 1,016,635 as of December 31, 2023) as trade receivables from the concession grantor (municipalities), related to the amount expected to be received at the end of the concessions for non-active assets depreciated over the concession period.

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Financial assets - Public service concession agreements

	Parent		Consolidated	
	2024	2023	2024	2023
Opening balance	999,639	872,921	1,016,635	889,897
Transfer of intangible assets and property and equipment	281,024	53,377	282,151	52,824
Capitalization	82,961	74,406	83,675	74,979
Write-offs	(734)	(1,061)	(734)	(1,061)
Other	2	(4)	2	(4)
Closing balance	1,362,892	999,639	1,381,729	1,016,635

The new Legal Framework

Federal Law 14.026, of July 15, 2020 - the New Sanitation Sector Legal Framework - established the requirement for bidding of program and concession contracts by the Concession Grantors as the effectiveness of each instrument occurs; established targets for universal sanitation by December 31, 2033; granted the National Water and Basic Sanitation Agency (ANA) the authority to establish reference standards, and established the regionalized provision of sanitation services.

Work to update contracts to include legal targets was carried out by Copasa within the deadline defined by law. Proof of the Company's economic and financial capacity was recognized on December 31, 2022, as required by Federal Decree 10.710/2021 and subsequent regulations.

On July 12, 2023, the federal executive branch issued Decrees 11.598/23 and 11.599/23, revoking Decrees 11.466/23 and 11.467/23 where (i) aspects regarding methodology and deadlines for proving the economic and financial capacity of the service providers, and (ii) the possibility, provided for in previous decrees, of a public company or state mixed-capital company providing sanitation services, without a prior bidding process, to the municipalities that comprise a metropolitan region, urban agglomeration or micro-region.

The Company and its subsidiaries stress that the legislative changes mentioned at the time do not interfere with the current legal status of its concession and program agreements and the corresponding provision of water supply and sanitary sewage services, and that continues monitoring all initiatives that may change the rules in force on the sector.

On March 20, 2024, ARSAE-MG issued Resolution 191, which revoked ARSAE-MG Resolution 72 of July 09, 2015, and establishes new methodologies for calculating the amounts of compensation for unamortized investments linked to assets that revert to the Concession Grantor, in the event of the expiration or early termination of public service concessions regulated by ARSAE-MG. On December 11, 2024, ARSAE-MG published Resolution 200, which amended Resolution 191, inserting two annexes, and amending the chapter dealing with the residual indemnification of shared system assets. The Company believes that the content of this latest Resolution provides even greater legal and regulatory certainty as to the treatment given by the Company to assets operated in shared systems, and there are no impacts to be recorded in its individual and consolidated financial statements as a result of these resolutions.

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Between May and September 2024, the Company signed Amendment Terms to the Concession Agreements with the Municipalities of Patos de Minas, Divinópolis, Visconde do Rio Branco and Rio Pomba, as disclosed in the Market Announcements, changing the form of regulation from discretionary to contractual. There has been a change in the agency responsible for regulation in the municipality and/or an extension to the effective period of the contracts: (i) the municipalities of Patos de Minas and Divinópolis are now regulated by the Intermunicipal Sanitation Regulatory Agency of Minas Gerais (ARISMIG), maintaining the original contractual maturity; (ii) the municipality of Visconde de Rio Branco began to be regulated by the Intermunicipal Regulatory Agency for Basic Sanitation in Minas Gerais (ARISB-MG) and had its maturity postponed from September 2047 to July 2054; and (iii) for the municipality of Rio Pomba, ARSAE-MG was retained as the regulatory agency, extending the expiration date from December 2048 to September 2054.

06. Cash and cash equivalents and securities

(a) Cash and cash equivalents and securities

	Parent		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Cash and banks	52,674	32,258	53,650	33,396
Short-term bank deposit certificates and debentures subject to repurchase and resale agreements	562,058	962,323	588,432	998,029
Cash and cash equivalents	614,732	994,581	642,082	1,031,425
Securities	177,972	-	177,972	-
Total	792,704	994,581	820,054	1,031,425

The Company and its subsidiaries classify its short-term investments as cash and cash equivalents, as they are considered financial assets that can be immediately redeemed maturing within 90 days and subject to an insignificant risk of change in value.

Such funds available in Cash and Cash Equivalents are invested in Bank Deposit Certificates - CDBs and Debentures subject to repurchase agreements, which consist of fixed-income securities, whose yield is substantially based on the variance of the Interbank Deposit Certificate (CDI) rate. These short-term investments were remunerated at the average rate of 102.10% of CDI in the year ended December 31, 2024 (102.67% of CDI in the year ended December, 31, 2023).

The funds recorded in Securities are earmarked for investments in vegetative growth, improvements in sewage infrastructure and loss reduction initiatives, in connection with contracted financing agreements. These amounts are invested in CDBs and are subject to an average compensation of 98.60% of the CDI.

As of December 31, 2024, Interbank Deposit Certificate (CDI) was 12.15% p.a. (11.65% p.a. as of December 31, 2024). The risk assessment of this financial instrument is detailed in Note 23.1(d)(ii).

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(b) Movements in short-term bank deposit certificates

	Parent		Consolidated	
	2024	2023	2024	2023
January 1	962,323	1,071,401	998,029	1,102,350
New investments	6,683,919	7,633,225	6,783,274	7,690,293
Income	94,784	125,646	98,630	129,793
Redemptions	(7,178,968)	(7,867,949)	(7,291,501)	(7,924,407)
At December 31	562,058	962,323	588,432	998,029

(c) Movements in securities

	Parent/Consolidated	
	2024	2023
January 1	-	-
New investments	358,999	-
Income	15,312	-
Redemptions	(196,339)	-
At December 31	177,972	-

07. Trade receivables

Amounts of trade receivables are broken down by maturity:

Past due for (days):	Parent		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
≤30	273,955	254,127	277,195	258,103
31–60	107,145	96,832	108,658	98,438
61–90	49,170	53,518	49,895	54,339
91–180	102,492	97,171	103,428	98,198
181–360	156,046	148,866	156,116	148,888
>360	17,168	13,661	17,201	13,676
Overdue - total	705,976	664,175	712,493	671,642
Falling due	420,383	399,177	425,745	404,813
Billed	1,126,359	1,063,352	1,138,238	1,076,455
To be billed	482,250	494,148	486,547	499,497
Trade receivables	1,608,609	1,557,500	1,624,785	1,575,952
(-) Provision for expected credit losses on trade receivables	(258,614)	(237,108)	(259,744)	(238,649)
Trade receivables, net	1,349,995	1,320,392	1,365,041	1,337,303
Trade receivables - current	1,274,961	1,264,375	1,289,584	1,281,019
Trade receivables - non-current	75,034	56,017	75,457	56,284

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Trade receivables include the controlling shareholder State of Minas Gerais (EMG), as detailed below:

Amounts	Parent/Consolidated	
	12/31/2024	12/31/2023
Billed	17,349	15,954
To be billed	12,201	12,709
Trade receivables from the State of Minas Gerais ⁽¹⁾	29,550	28,663

⁽¹⁾ Figures also shown in Note 25 (a), which deals with Related Parties.

Movements in provision for expected credit losses on trade receivables of the Company and its subsidiaries were as follows:

	Parent		Consolidated	
	2024	2023	2024	2023
Opening balance	237,108	218,414	238,649	220,156
Addition to provision for expected credit losses on trade receivables	214,172	183,658	214,862	185,496
Trade receivables written off in the period as non-collectible	(192,666)	(164,964)	(193,767)	(167,003)
Closing balance	258,614	237,108	259,744	238,649

The provision for impairment of trade receivables was recorded in profit (loss) for the year as selling expenses. The amounts charged to the allowance account are written off when there is no longer an expectation of recovery.

The Company and its subsidiaries adopt the provision matrix as a methodology for recording the provision for expected credit losses, annually reviewed, considering a retrospective and prospective evaluation, aiming to verify the need for additional provisions, as described in Note 3.4.2.

The Company and its subsidiaries do not recognize a provision for losses on debts related to the State of Minas Gerais, in view of the recent history of renegotiations, payments received, the signing of an agreement to settle debt, as well as the terms of remuneration with dividends and interest on equity, in addition to the observed history of default. The trade receivables due from EMG totaled R\$ 587 as of December 31, 2024 (R\$ 460 as of December 31, 2023). The Company's management evaluates this matter depending on the facts and circumstances at each reporting date.

In the case of loans to the Belo Horizonte City Council, and in accordance with negotiations between the parties, the monthly transfer of the 4% of net revenue to the Municipal Sanitation Fund (FMSB) is conditional on proof that the City Council has deposited the amount equivalent to its monthly invoices in that Fund. In addition, each year, the FMSB receives a complementary contribution from COPASA referring to any difference between 4% of net collection and Net Operating Income calculated annually in that municipality.

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08. Collaterals as guarantees of borrowings, financing and debentures and restricted interest earning bank deposit

	Parent / Consolidated	
	12/31/2024	12/31/2023
Collaterals as guarantees of borrowings, financing and debentures ⁽ⁱ⁾	37,712	61,883
PRPDI ⁽ⁱⁱ⁾	15,940	4,980
PRODES ⁽ⁱⁱⁱ⁾	59,245	70,305
Linked financial investment - non-current	75,185	75,285

- (i) Consists of money deposited in investment funds owned by the creditors, that the Company makes under its financing, borrowing and debentures contracts. A statutory lien is also awarded on its revenue by transferring to creditors part of its revenue, as per the table in Note 23.1 (e). Both guarantees occur within the term or grace period of the contracted debts. As of December 31, 2024 and 2023, the balances are classified as noncurrent assets.
- (ii) Refers to financial resources from the Research, Development and Innovation Program - PRPDI, established by ARSAE-MG Resolution 166/2022. The Company calculates a percentage of 0.3% of its Net Income (0.2% of Net Income in 2023), which is allocated to a specific bank account and must be used for R&D and innovation projects. The Company submits its multi-year plan for using these funds each tariff cycle. The income from the short-term investments of the funds not yet used makes up the PRPDI funds. The use of these resources is subject to periodic audit by the regulator.
- (iii) Refers to ANA's (Agência Nacional de Águas e Saneamento Básico) funds related to the Hydrographic Basins Depollution Program – PRODES. The amount of each agreement is deposited in a specific current account linked to each agreement, called water basin depollution account, and the amounts are translated and invested in the "water basin depollution investment fixed-income long-term fund" solely and exclusively intended to the purpose of each agreement. Copasa will withdraw the payments for the wastewater treatment services in 12 quarterly, consecutive installments, starting when the wastewater treatment plant is fully operational and at the beginning of the wastewater treatment plant certification, and withdrawals are contingent to the attainment of the targets agreed when the agreement was executed. Because these targets were only partially attained, the Company also maintains these funds in non-current liabilities in deposit account for works (see Note 15).

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09. Investments

Movements in investments in subsidiaries are in the table below:

	Opening balances	Interest in the Subsidiary's profit (loss)	Provision for loss	Capital increase	Closing balances
Year ended					
December 31, 2024					
COPANOR	274,439	(9,505)	-	47,591	312,525
Copasa Patos Saneamento S.A.	-	-	-	10	10
Other	260	-	(260)	-	-
Total	274,699	(9,505)	(260)	47,601	312,535
Year ended December 31,					
2023					
COPANOR	245,197	(18,348)	-	47,590	274,439
Other	260	-	-	-	260
Total	245,457	(18,348)	-	47,590	274,699

The Parent made a payment to COPANOR of R\$ 47,591 in 2024, of which R\$ 23,796 in the 1st quarter and R\$ 23,795 in the 3rd quarter (R\$ 47,590 in 2023, of which R\$ 23,795 in the 1st quarter and R\$ 23,795 in the 3rd quarter), the proceeds of which will enable investments to be made in works to implement, expand and maintain the water supply and sewage systems.

Summarized financial information

COPANOR	Interest (%)	Current assets	Noncurrent assets	Current liabilities	Non-current liabilities	Equity	Loss for the period
12/31/2024	100%	49,297	278,394	14,718	448	312,525	(9,505)
12/31/2023	100%	60,039	237,016	22,131	485	274,439	(18,348)
Copasa Patos	Interest (%)	Current assets	Noncurrent assets	Current liabilities	Non-current liabilities	Equity	Loss for the period
12/31/2024	100%	10	-	-	-	10	-

In September 2024, in connection with the Amendment signed with the Municipality of Patos de Minas described in Note 5, the Company set up the wholly-owned subsidiary Copasa Patos Saneamento S.A., whose corporate purpose is to plan, execute, expand, remodel and operate public basic sanitation services, to contribute to the social well-being and improve the quality of life of the population of the municipality of Patos de Minas.

On October 10, 2024, the Company opened a public consultation on the Água dos Vales Project, a Public-Private Partnership (PPP) with the aim of universalizing basic sanitation in the Jequitinhonha and Mucuri regions of the state of Minas Gerais, according to the Material Fact disclosed.

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The project aims to benefit 92 municipalities served by COPASA MG and/or its wholly-owned subsidiary COPANOR, which are part of the Vale do Jequitinhonha Reference Block, created in 2022 by the Ministry of Regional Development, involving a population of more than one (1) million people. These municipalities are part of the drought polygon, and they require a specific approach to meet their environmental and social needs.

The PPP will delegate responsibility for investing in and managing the water collection, treatment, and distribution systems and sewage collection and disposal to a private operator. COPASA MG, as a contractor, will supervise the execution of the investments and ensure compliance with the targets and performance indicators.

The technical studies are being conducted by the International Finance Corporation (IFC), a branch of the World Bank, and the Brazilian Development Bank (BNDES). The Global Infrastructure Facility and PSPInfra, a joint initiative of the Inter-American Development Bank (IDB), BNDES, and IFC, are supporting them financially.

The public consultation ended in December, and the contributions received are being compiled for later publication. The timetable for the subsequent phases of the project will also be published as soon as it is finalized.

10. Contract assets

Movements in the year ended December 31, 2024, may be shown as follows:

	Systems of			Inventories for works	Total
	Water	Sanitation	Common use		
Parent:					
Balances at December 31, 2023	584,305	1,109,222	642,211	175,942	2,511,680
Additions	304,896	455,700	489,200	84,726	1,334,522
Provision for construction material	-	-	-	(434)	(434)
Write-offs	(964)	(265)	(88)	-	(1,317)
Capitalized borrowings costs	33,415	42,443	47,024	-	122,882
Transfers to intangible assets	(229,457)	(409,565)	(233,342)	-	(872,364)
Transfers to property and equipment	(5,148)	(17,063)	(32,046)	-	(54,257)
Balances at December 31, 2024	687,047	1,180,472	912,959	260,234	3,040,712
Consolidated:					
Balances at December 31, 2023	599,407	1,159,876	658,993	190,838	2,609,114
Additions	305,975	479,498	502,044	84,956	1,372,473
Reversal of provision for construction material	-	-	-	1,428	1,428
Write-offs	(964)	(265)	(88)	-	(1,317)
Capitalized borrowings costs	33,415	42,443	47,024	-	122,882
Transfers to intangible assets	(230,549)	(409,565)	(234,982)	-	(875,096)
Transfers to property and equipment	(5,148)	(17,063)	(32,344)	-	(54,555)
Balances at December 31, 2024	702,136	1,254,924	940,647	277,222	3,174,929

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Movements in 2023 were as follows:

	Systems of			Inventories for works	Total
	Water	Sanitation	Common use		
Parent:					
Balances at December 31, 2022	701,177	778,910	410,116	167,232	2,057,435
Additions	260,264	446,187	331,029	-	1,037,480
Reversal of provision for construction material	-	-	-	8,710	8,710
Write-offs	(11,306)	(15,045)	(123)	-	(26,474)
Reclassifications	15,551	13,980	(29,531)	-	-
Capitalized borrowings costs	44,884	37,362	35,645	-	117,891
Transfers to intangible assets	(106,569)	(147,919)	(99,186)	-	(353,674)
Transfers to property and equipment	(319,696)	(4,253)	(5,739)	-	(329,688)
Balances at December 31, 2023	584,305	1,109,222	642,211	175,942	2,511,680
Consolidated:					
Balances at December 31, 2022	716,824	802,395	422,146	182,456	2,123,821
Additions	260,575	458,149	338,370	167	1,057,261
Reversal of provision for construction material	-	-	-	8,215	8,215
Write-offs	(11,306)	(15,048)	(123)	-	(26,477)
Reclassifications	15,551	13,980	(29,531)	-	-
Capitalized borrowings costs	44,884	37,362	35,645	-	117,891
Transfers to intangible assets	(107,425)	(132,709)	(100,808)	-	(340,942)
Transfers to property and equipment	(319,696)	(4,253)	(6,706)	-	(330,655)
Balances at December 31, 2023	599,407	1,159,876	658,993	190,838	2,609,114

In the year ended December 31, 2024, the additions, amounting to R\$ 1,334,522 in the Parent (R\$ 1,037,480 in 2023) and R\$ 1,372,473 in Consolidated (R\$ 1,057,261 in 2023), refer mainly to works to implement the water supply system in the city of Pouso Alegre, the Rio das Velhas System in Nova Lima and the Serra Azul System in Juatuba, and the implementation of sewage systems in the cities of Além Paraíba, Buritis, Campanha, Coronel Fabriciano/Timóteo, Confins, Congonhas, Divinópolis, Igarapé, Sabará, São João Nepomuceno and Sarzedo.

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11. Intangible assets

Breakdown of balances is as follows:

	12/31/2024			12/31/2023		
	Cost	Accumulated amortization	Net intangible assets	Cost	Accumulated amortization	Net intangible assets
Parent:						
In operation						
Water systems	4,799,727	(3,037,844)	1,761,883	4,369,930	(2,798,056)	1,571,874
Sanitation	7,090,457	(3,589,756)	3,500,701	6,598,731	(3,274,461)	3,324,270
Common use systems	1,397,269	(1,085,266)	312,003	1,239,137	(994,450)	244,687
Right-of-use	820,932	(393,066)	427,866	679,503	(351,552)	327,951
Other intangible assets	184,119	(40,715)	143,404	135,833	(34,096)	101,737
Total intangible assets	14,292,504	(8,146,647)	6,145,857	13,023,134	(7,452,615)	5,570,519
Consolidated:						
In operation						
Water systems	4,866,426	(3,050,116)	1,816,310	4,429,891	(2,807,109)	1,622,782
Sanitation	7,157,456	(3,604,404)	3,553,052	6,663,134	(3,285,777)	3,377,357
Common use systems	1,419,736	(1,099,121)	320,615	1,258,952	(1,005,095)	253,857
Right-of-use	821,096	(393,221)	427,875	679,664	(351,704)	327,960
Other intangible assets	185,753	(40,953)	144,800	137,066	(34,250)	102,816
Total intangible assets	14,450,467	(8,187,815)	6,262,652	13,168,707	(7,483,935)	5,684,772

Movements during the year ended December 31, 2024, may be shown as follows:

	Systems of					
	Water	Sanitation	Common use ⁽¹⁾	Rights-of-use	Other	Total
Parent:						
Balances at December 31, 2023	1,571,874	3,324,270	244,687	327,951	101,737	5,570,519
Additions	176,143	214,331	101,616	141,086	1,544	634,720
Write-offs	(1,907)	(43)	(486)	(1)	(353)	(2,790)
Amortization	(160,233)	(295,557)	(90,890)	(38,442)	(6,767)	(591,889)
Transfers from (to) financial assets	(92,489)	(155,083)	(11,702)	102	(21,877)	(281,049)
Transfer between intangible assets and property and equipment	625	609	1,262	158	(2,143)	511
Transfers of contract assets	229,457	409,565	177,596	121	55,625	872,364
Reclassifications	52,643	31,990	(100,934)	-	16,301	-
PIS/COFINS credit on amortization	(14,228)	(29,381)	(9,149)	(3,109)	(660)	(56,527)
Other	(2)	-	3	-	(3)	(2)
Balances at December 31, 2024	1,761,883	3,500,701	312,003	427,866	143,404	6,145,857

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	Systems of			Rights-of-use	Other	Total
	Water	Sanitation	Common use ⁽¹⁾			
Consolidated:						
Balances at December 31, 2023	1,622,782	3,377,357	253,857	327,960	102,816	5,684,772
Additions	181,723	217,274	103,584	141,088	2,106	645,775
Write-offs	(2,010)	(43)	(529)	(1)	(353)	(2,936)
Amortization	(163,478)	(298,889)	(94,204)	(38,444)	(6,851)	(601,866)
Transfers from (to) financial assets	(92,780)	(155,443)	(11,772)	102	(22,283)	(282,176)
Transfer between intangible assets and property and equipment	612	609	1,279	158	(2,143)	515
Transfers of contract assets	230,549	409,565	178,991	121	55,870	875,096
Reclassifications	53,140	32,004	(101,445)	-	16,301	-
PIS/COFINS credit on amortization	(14,228)	(29,381)	(9,149)	(3,109)	(660)	(56,527)
Other	-	(1)	3	-	(3)	(1)
Balances at December 31, 2024	1,816,310	3,553,052	320,615	427,875	144,800	6,262,652

⁽¹⁾ Considering that the shared systems have specific useful life rates, these assets started to be tracked in a specific group called 'shared systems'.

Movements in 2023 were as follows:

	Systems of			Rights-of-use	Other	Total
	Water	Sanitation	Common use ⁽¹⁾			
Parent:						
Balances at December 31, 2022	1,481,643	3,369,780	209,080	332,008	104,807	5,497,318
Additions	122,458	168,192	87,413	29,990	220	408,273
Write-offs	(1,625)	(76)	(187)	-	(6)	(1,894)
Amortization	(158,160)	(316,014)	(78,629)	(34,347)	(6,619)	(593,769)
Transfers from (to) financial assets	(19,770)	(33,853)	(3,015)	(118)	2,523	(54,233)
Transfer between intangible assets and property and equipment	(2,974)	(25,945)	335	-	(10,272)	(38,856)
Transfers of contract assets	106,569	147,919	99,186	-	-	353,674
Reclassifications	43,731	14,265	(69,498)	418	11,084	-
Other	2	2	2	-	-	6
Balances at December 31, 2023	1,571,874	3,324,270	244,687	327,951	101,737	5,570,519
Consolidated:						
Balances at December 31, 2022	1,528,714	3,437,476	219,770	332,034	105,633	5,623,627
Additions	127,839	170,618	88,924	29,990	528	417,899
Write-offs	(1,627)	(76)	(187)	-	(6)	(1,896)
Amortization	(160,977)	(319,174)	(82,081)	(34,364)	(6,683)	(603,279)
Transfers from (to) financial assets	(20,346)	(32,866)	(2,887)	(118)	2,537	(53,680)
Transfer between intangible assets and property and equipment	(2,974)	(25,945)	343	-	(10,272)	(38,848)
Transfers of contract assets	107,425	132,709	100,808	-	-	340,942
Reclassifications	44,727	14,611	(70,835)	418	11,079	-
Other	1	4	2	-	-	7
Balances at December 31, 2023	1,622,782	3,377,357	253,857	327,960	102,816	5,684,772

⁽¹⁾ Considering that the shared systems have specific useful life rates, these assets started to be tracked in a specific group called 'shared systems'.

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Amortization was allocated to profit (loss) as follows:

	Parent		Consolidated	
	2024	2023	2024	2023
Cost of services rendered	583,393	586,732	593,366	596,225
Selling expenses	1,586	292	1,586	293
Administrative expenses	6,910	6,745	6,914	6,761
	591,889	593,769	601,866	603,279

Average amortization rate calculated for Parent and Consolidated:

	Parent		Consolidated	
	2024	2023	2024	2023
Water systems	4.96%	4.77%	4.96%	4.77%
Sewage treatment	5.13%	4.87%	5.13%	4.86%
Common use systems	20.29%	19.77%	20.06%	19.64%
Right-of-use	6.38%	6.30%	6.38%	6.30%
Other intangible assets	4.83%	2.49%	4.83%	2.54%

Impairment testing of long-lived assets

The Company and its subsidiaries prepared a technical impairment test study to ensure that the assets are not recorded at a higher value than can be recovered through use. This study was based on data for the year 2024, with a projection of all production variables, turnover, economies served, costs, expenses and investments for the next 11 years. This period reflects the period of most intense investments to meet the universalization targets recommended by the New Framework, until 2033.

The profit (loss) showed that there is no need to record a provision for impairment of long-lived assets.

The Company and its subsidiaries believe that it has a single cash-generating unit (CGU) as its segments are interrelated and interdependent for revenue generation. The recoverable value of CGU was based on the value in use, determined through the discounted future cash flows to be generated by its continued use.

The projected EBITDA is based on expectations of future income, considering the assumptions of business growth, projected according to the strategies of the Company and its subsidiaries. Key assumptions were the following:

- Revenue evolution according to the current tariff and projected invoiced volume as a result of the growth in volume consumed, in addition to a tariff increase in the years 2026 and 2030, as an effect of the tariff review, with an increase in the company's tariff according to internal studies in each of the reviews, referring to the gains from the compensation of the rise in the asset base.
- Costs and expenses: costs with material and electric power estimated with change proportional to the growth rates of economies served to expand coverage for the period up to 2033, but considering efficiency gains resulting from actions such as investments in renewable energy sources.
- Prices were maintained constant.

Reasonably possible changes, of + 10% or -10% at the date of statement of financial position in each of the relevant assumptions, would not have affected the calculation and consequently would not result in impairment.

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12. Property and equipment

(a) Breakdown of balances is as follows:

	12/31/2024				12/31/2023		
	Average rate	Cost	Accumulated depreciation	Property and equipment, net	Cost	Accumulated depreciation	Property and equipment, net
Parent:							
In operation							
Machinery and equipment	15.25%	823,578	(598,835)	224,743	769,071	(576,274)	192,797
Vehicles	12.32%	79,107	(78,473)	634	81,660	(81,091)	569
Other		42,648	(231)	42,417	41,892	(231)	41,661
		945,333	(677,539)	267,794	892,623	(657,596)	235,027
Land and buildings	4.32%	3,810,598	(2,349,372)	1,461,226	3,758,415	(2,235,619)	1,522,796
Total property and equipment - in operation		4,755,931	(3,026,911)	1,729,020	4,651,038	(2,893,215)	1,757,823
Consolidated:							
In operation							
Machinery and equipment	15.19%	831,393	(601,851)	229,542	775,483	(578,377)	197,106
Vehicles	18.28%	82,902	(80,205)	2,697	85,454	(82,066)	3,388
Other		42,648	(231)	42,417	41,892	(231)	41,661
		956,943	(682,287)	274,656	902,829	(660,674)	242,155
Land and buildings	4.32%	3,811,546	(2,349,413)	1,462,133	3,759,180	(2,235,628)	1,523,552
Total property and equipment - in operation		4,768,489	(3,031,700)	1,736,789	4,662,009	(2,896,302)	1,765,707

(b) Movements during the year ended December 31, 2024, may be shown as follows:

	Machinery and equipment	Vehicles	Other	Land and buildings	Total
Parent:					
Balances at December 31, 2023	192,797	569	41,661	1,522,796	1,757,823
Additions	60,263	264	-	16,022	76,549
Write-offs	(304)	-	-	(3)	(307)
Depreciation	(43,070)	(181)	-	(103,254)	(146,505)
Transfer of contract assets	17,355	-	755	36,147	54,257
Transfer between intangible assets and property and equipment	(166)	-	-	(345)	(511)
Transfers between financial assets and property and equipment	23	-	-	2	25
PIS/COFINS credit on depreciation	(2,157)	(18)	-	(10,138)	(12,313)
Other	2	-	1	(1)	2
Balances at December 31, 2024	224,743	634	42,417	1,461,226	1,729,020

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	Machinery and equipment	Vehicles	Other	Land and buildings	Total
Consolidated:					
Balances at December 31, 2023	197,106	3,388	41,661	1,523,552	1,765,707
Additions	61,493	264	-	16,086	77,843
Write-offs	(304)	-	-	(3)	(307)
Depreciation	(43,984)	(937)	-	(103,287)	(148,208)
Transfer of contract assets	17,533	-	755	36,267	54,555
Transfer between intangible assets and property and equipment	(170)	-	-	(345)	(515)
Transfers between financial assets and property and equipment	23	-	-	2	25
PIS/COFINS credit on depreciation	(2,157)	(18)	-	(10,138)	(12,313)
Other	2	-	1	(1)	2
Balances at December 31, 2024	229,542	2,697	42,417	1,462,133	1,736,789

Movements in 2023 were as follows:

	Machinery and equipment	Vehicles	Other	Land and buildings	Total
Parent:					
Balances at December 31, 2022	143,763	2,330	31,259	1,290,044	1,467,396
Additions	61,168	-	-	3,226	64,394
Write-offs	(2,715)	-	-	(19)	(2,734)
Depreciation	(34,502)	(1,805)	-	(103,126)	(139,433)
Transfer of contract assets	24,895	44	132	304,617	329,688
Transfer between intangible assets and property and equipment	177	-	10,271	28,408	38,856
Transfers between financial assets and property and equipment	13	-	-	843	856
Other	(2)	-	(1)	(1,197)	(1,200)
Balances at December 31, 2023	192,797	569	41,661	1,522,796	1,757,823
Consolidated:					
Balances at December 31, 2022	147,325	5,195	31,259	1,290,044	1,473,823
Additions	62,451	700	-	3,299	66,450
Write-offs	(2,715)	-	-	(19)	(2,734)
Depreciation	(35,304)	(2,551)	-	(103,135)	(140,990)
Transfer of contract assets	25,169	44	132	305,310	330,655
Transfer between intangible assets and property and equipment	169	-	10,271	28,408	38,848
Transfers between financial assets and property and equipment	13	-	-	843	856
Other	(2)	-	(1)	(1,198)	(1,201)
Balances at December 31, 2023	197,106	3,388	41,661	1,523,552	1,765,707

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Depreciation was allocated to profit (loss) as follows:

	Parent		Consolidated	
	2024	2023	2024	2023
Cost of services rendered	120,886	117,561	122,442	118,973
Selling expenses	3,521	4,666	3,521	4,759
Administrative expenses	22,098	17,206	22,245	17,258
	146,505	139,433	148,208	140,990

13. Right-of-use assets and lease obligations

(a) Right-of-use from lease (Non-current Assets)

Year 2024	Real	Vehicles	Machinery and	Total
	estate		equipment	
Parent:				
Opening balance	12,497	73,270	1,085	86,852
Additions	15,721	29,558	-	45,279
Re-measurements	(783)	4,460	1,232	4,909
Depreciation	(4,945)	(44,234)	(1,661)	(50,840)
Closing balance	22,490	63,054	656	86,200
Consolidated:				
Opening balance	12,612	73,270	1,085	86,967
Additions	15,764	29,559	-	45,323
Re-measurements	(738)	4,459	1,232	4,953
Depreciation	(5,036)	(44,234)	(1,661)	(50,931)
Closing balance	22,602	63,054	656	86,312
Year 2023				
Parent:				
Opening balance	10,834	83,361	80	94,275
Additions	7,624	12,872	1,647	22,143
Re-measurements	(974)	16,630	-	15,656
Depreciation	(4,987)	(39,593)	(642)	(45,222)
Closing balance	12,497	73,270	1,085	86,852
Consolidated:				
Opening balance	10,843	83,361	80	94,284
Additions	7,805	12,872	1,647	22,324
Re-measurements	(970)	16,630	-	15,660
Depreciation	(5,066)	(39,593)	(642)	(45,301)
Closing balance	12,612	73,270	1,085	86,967

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(b) Obligations – lease (liabilities)

	Real estate	Vehicles	Machinery and equipment	Total
Year 2024				
Parent:				
Opening balance	12,770	78,566	831	92,167
Additions	13,589	31,599	91	45,279
Re-measurements	(783)	4,460	1,232	4,909
Main consideration	(5,178)	(56,543)	(1,390)	(63,111)
Interest consideration	(1,372)	(4,912)	(141)	(6,425)
Interest	1,372	4,912	141	6,425
Closing balance	20,398	58,082	764	79,244
Current liabilities	5,957	41,768	764	48,489
Noncurrent liabilities	14,441	16,314	-	30,755
Consolidated:				
Opening balance	12,881	78,566	831	92,278
Additions	13,633	31,599	91	45,323
Re-measurements	(738)	4,459	1,232	4,953
Main consideration	(5,268)	(56,542)	(1,390)	(63,200)
Interest consideration	(1,385)	(4,912)	(141)	(6,438)
Interest	1,385	4,912	141	6,438
Closing balance	20,508	58,082	764	79,354
Current liabilities	6,047	41,768	764	48,579
Noncurrent liabilities	14,461	16,314	-	30,775
Year 2023				
Parent:				
Opening balance	11,318	94,591	-	105,909
Additions	7,624	12,873	1,646	22,143
Re-measurements	(1,460)	17,116	-	15,656
Main consideration	(4,712)	(46,014)	(815)	(51,541)
Interest consideration	(818)	(5,306)	(105)	(6,229)
Interest	818	5,306	105	6,229
Closing balance	12,770	78,566	831	92,167
Current liabilities	4,233	42,650	574	47,457
Noncurrent liabilities	8,537	35,916	257	44,710
Consolidated:				
Opening balance	11,324	94,592	-	105,916
Additions	7,806	12,872	1,646	22,324
Re-measurements	(1,456)	17,116	-	15,660
Main consideration	(4,793)	(46,014)	(815)	(51,622)
Interest consideration	(823)	(5,306)	(105)	(6,234)
Interest	823	5,306	105	6,234
Closing balance	12,881	78,566	831	92,278
Current liabilities	4,307	42,650	574	47,531
Noncurrent liabilities	8,574	35,916	257	44,747

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Discount rate used to measure total present value of future lease payments for lease agreements executed in 2024 was 8.39% p.a. (8.7% p.a. in 2023) and the average term of contracts on December 31, 2024 is 46 months (41 months on December 31, 2023).

(c) Lease expenses

Asset class	Parent			Consolidated		
	2024			2024		
	Low-value leases	Short-term leases	Total	Low-value leases	Short-term leases	Total
Machinery and equipment	21,255	-	21,255	21,439	-	21,439
Reprographics and IT equipment	1,152	-	1,152	1,152	-	1,152
Real estate	-	267	267	-	267	267
Total	22,407	267	22,674	22,591	267	22,858

The Company and its subsidiaries, in full compliance with Technical Pronouncement CPC 06 (R2), in measuring and remeasuring their lease liabilities and the right to use, used the discounted cash flow technique without considering the projected future inflation in the flows to be discounted, in compliance with the prohibiting provision by this CPC.

14. Public-Private Partnership - PPP - Rio Manso Producing System

COPASA MG and BRK Ambiental - Manso S.A, a Special Purpose Entity (SPE), formalized a Public-Private Partnership (PPP), in the form of an Administrative Concession, to expand the capacity of the Rio Water Producing System Manso, in the Belo Horizonte Metropolitan Region, and providing services in this system.

During the construction phase, the Company recognized the intangible asset according to the construction progress, matched against a related liability, under the PPP contract. Inflation adjustment expenses were capitalized in intangible assets until the beginning of its operation.

The expenses arising from this contract related to the maintenance of systems for the year ended December 31, 2024 were R\$ 94,101 (R\$ 91,288 in the year ended December 31, 2023).

To adjust the liability determined, the contract readjustment index is being applied annually, in April, and apportioned over the subsequent 12 months in a proportional manner. Movements in liabilities can be shown as follows:

	Parent / Consolidated	
	2024	2023
Opening balance	211,900	243,603
Restatement	10,176	16,751
Amortization	(40,506)	(36,634)
Interest paid	(12,118)	(11,820)
Closing balance	169,452	211,900
Current liabilities	44,631	45,752
Non-current liabilities	124,821	166,148

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15. Taxes, contributions, payroll taxes and labor obligations and other liabilities

(a) Current assets:

Recoverable taxes are shown below:

	Parent		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Recoverable withholding income tax (IRRF)	3,176	2,902	3,937	3,646
IRPJ to be offset/negative balance	71,495	26,395	71,495	26,540
CSLL to be offset/negative balance	23,779	4,596	23,779	4,653
Recoverable PIS	16	-	16	-
Other recoverable taxes	1,765	2,341	1,912	2,376
Closing balance	100,231	36,234	101,139	37,215

The recoverable taxes refer mainly to the negative balance of IRPJ/CSLL for 2024, which will be offset in 2025.

(b) Current liabilities:

The taxes, contributions, and payroll taxes and labor obligations are comprised of:

	Parent		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
INSS	31,035	30,203	31,607	30,730
COFINS	139	37,991	321	38,353
PIS	-	8,200	39	8,278
IRPJ	26,411	22,391	26,428	22,413
FGTS	6,346	6,135	6,486	6,263
Other	8,864	6,994	8,930	7,081
Closing balance	72,795	111,914	73,811	113,118

The other liabilities are comprised as follows:

	Parent		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Deposit for works ⁽ⁱ⁾	44,217	54,471	44,217	54,471
PDVI ⁽ⁱⁱ⁾	13,144	35,467	13,144	35,467
Return of tariffs - ARSAE ⁽ⁱⁱⁱ⁾	23,293	23,290	23,293	23,290
Health program	5,069	11,316	5,061	11,449
Deferred revenue - Prodes	15,028	15,835	15,028	15,835
Profit Sharing Program Residue	4,451	8,248	4,451	8,248
Advertising - Vale resources	4,496	4,496	4,496	4,496
Salaries payable	2,196	1,808	2,209	1,816
Other	12,394	14,902	14,248	16,835
Closing balance	124,288	169,833	126,147	171,907
Current liabilities	58,274	74,007	60,133	76,081
Non-current liabilities	66,014	95,826	66,014	95,826

(i) Refers to ANA's funds related to the Hydrographic Basins Depollution Program (PRODES) (See Note 8).

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- (ii) The Company instituted the Voluntary Dismissal Incentive Program – PDVI in May 2023, duly regulated and widely publicized to its employees. A total of 736 employees joined the program, and dismissals took place as of July 2023, as follows:

Parent / Consolidated					
PDVI	Provision in May 2023	Payments/cancellations ^(*) Year 2023	Balance at 12/31/2023	Payments/cancellations ^(*) Year 2024	Balance at 12/31/2024
Number of employees	736	703	33	33	-
Total current and noncurrent liabilities	115,067	(79,600)	35,467	(22,323)	13,144
Current liabilities			23,477		11,867
Non-current liabilities			11,990		1,277

(*) Nine (09) memberships were canceled.

- (iii) ARSAE-MG has ordered the return of amounts to trade receivables through the following administrative proceedings, which Management considers probable losses and have therefore been provisioned.

The Company identified all clients involved in the aforementioned proceedings and recorded the exact amount to be returned to each one, through a credit (discount) on invoices. Movements in the amounts involved in the proceedings were as follows:

Parent / Consolidated						
Proceedings	Opening balance	Increase in provision	Returns made			Closing balance
			Principal value	Interest and adjustments	Total returned	
Year 2024						
130,016	-	1,232	856	2	858	374
005/2019	17,900	-	92	256	348	17,552
028/2021	3,322	-	21	-	21	3,301
041/2021	2,068	-	2	-	2	2,066
	23,290	1,232	971	258	1,229	23,293
						Current liabilities
						23,293
						Noncurrent liabilities
						-

Parent / Consolidated					
Proceedings	Opening balance	Principal value	Returns made		Closing balance
			Interest and inflation adjustment	Total returned	
Year 2023					
005/2019	43,814	(7,598)	(18,316)	(25,914)	17,900
028/2021	3,432	(110)	-	(110)	3,322
041/2021	4,321	(2,239)	(14)	(2,253)	2,068
	51,567	(9,947)	(18,330)	(28,277)	23,290
					Current liabilities
					19,050
					Noncurrent liabilities
					4,240

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16. Borrowings, financing and debentures

Borrowings, financing, and debentures, totaling R\$ 6,113,169 as of December 31, 2024 (R\$ 4,743,514 as of December 31, 2023), mature until 2043, and average coupons of 8.39% p.a. for the Parent and Consolidated (8.7% p.a. as of December 31, 2023 for the Parent and Consolidated).

	Parent / Consolidated	
	12/31/2024	12/31/2023
Current:		
Financing - FGTS	53,058	48,705
Borrowings	5,097	12,149
Finame	251	3,073
Financing in foreign currency ⁽ⁱ⁾	62,385	50,048
Bank borrowings and financing	120,791	113,975
Debentures ⁽ⁱ⁾	586,987	567,681
Total current	707,778	681,656
Noncurrent:		
Financing - FGTS	670,196	681,004
Borrowings	-	5,039
Finame	-	250
Financing in foreign currency ⁽ⁱ⁾	1,173,911	628,809
Bank borrowings and financing	1,844,107	1,315,102
Debentures ⁽ⁱ⁾	3,561,284	2,746,756
Total noncurrent	5,405,391	4,061,858
Total current and non-current	6,113,169	4,743,514

⁽ⁱ⁾ Funding cost is included.

(a) Borrowings and financing

As of December 31, 2024, the carrying amounts of the Company's borrowings are stated as follows:

	Index + Interest (p.a.)	Maturity year	Parent / Consolidated	
			Carrying amount	
			12/31/2024	12/31/2023
In domestic currency:				
Financing - FGTS	TR + 7.30-8.50%	01/16/2043	723,254	729,709
Borrowing	TJLP + 1.55-1.73%	05/15/2025	5,097	17,188
Finame	2.5-8.7%	01/15/2025	251	3,323
			728,602	750,220
In foreign currency (Euro):				
Financing	1.41%	05/15/2034	234,163	185,218
Financing	Euribor + 0.55%	09/20/2033	591,991	496,120
Financing	Euribor + 2.69%	12/20/2043	419,109	15
			1,245,263	681,353
Funding costs			(8,967)	(2,496)
			1,236,296	678,857
Borrowings and financing			1,964,898	1,429,077

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Movements in borrowings and financing are as follows:

	Parent / Consolidated	
	2024	2023
Opening balance	1,429,077	976,937
Inflows of borrowings and financing	456,387	589,234
Accrued charges	107,173	73,063
Inflation adjustments and exchange rate changes	205,740	5,477
Amortization of charges	(103,883)	(68,672)
Amortization of principal	(123,124)	(147,219)
Funding costs	(7,058)	-
Amortization of funding cost	586	257
Closing balance	1,964,898	1,429,077
Current liabilities	120,791	113,975
Non-current liabilities	1,844,107	1,315,102

On December 29, 2023, the Company contracted a financing of € 200 million from a French development agency, and € 65 million were released in May 2024, with a term of 20 years and a grace period of five years for amortization. The funds will be used to carry out projects relating to hydrometry/macrometry/apparent losses, vegetative growth, information technology, water quality control, operational equipment and machinery, research and development, as well as water supply and sewage systems. The ceiling interest rate is Euribor 6M + spread, with half-yearly payments over the disbursed amount, establishing the mandatory minimum interest rate of 0.25% p.a.

The amounts recorded in noncurrent liabilities relating to bank borrowings and financing are broken down by year of maturity as follows:

Maturity year	Parent / Consolidated					
	12/31/2024			12/31/2023		
	Domestic currency	Foreign currency	Total	Domestic currency	Foreign currency	Total
2025	-	-		54,661	46,126	100,787
2026	53,999	83,449	137,448	52,418	69,385	121,803
2027	57,329	126,875	184,204	55,651	105,493	161,144
2028	60,769	126,875	187,644	58,987	86,449	145,436
2029–2043	498,099	845,068	1,343,167	464,576	323,595	788,171
Funding costs	-	(8,356)	(8,356)	-	(2,239)	(2,239)
Total	670,196	1,173,911	1,844,107	686,293	628,809	1,315,102

The accounting impact of the change in exchange rate on foreign currency debt will only affect cash on maturity.

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(b) Debentures

The Company has contracted long-term credit operations through the public issue of simple and unsecured debentures not convertible into shares. The breakdown of debentures is presented below:

	Parent / Consolidated			
	Index + Interest (p.a.)	Maturity year	Carrying amount	
			12/31/2024	12/31/2023
Subscription 5th issue				
Single series	REF.RATE+9.00%	09/01/2031	118,737	136,246
Total 5 th issue			118,737	136,246
Subscription 8th issue				
1 st series	TJLP+1.87%	06/15/2028	33,037	42,128
2 nd series	IPCA+8.18%	06/15/2028	22,099	27,079
Total 8 th issue			55,136	69,207
Subscription 11th issue				
1 st series	TJLP+2.62%	01/15/2031	87,592	101,156
2 nd series	IPCA+8.85%	01/15/2031	52,410	58,159
Total 11 th issue			140,002	159,315
Subscription 12th issue				
1 st series	IPCA+5.06%	01/15/2024	-	43,646
2 nd series	IPCA+5.27%	01/15/2026	44,382	70,475
Total 12 th issue			44,382	114,121
Subscription 13th issue				
3 rd series	IPCA+6.50%	07/15/2025	32,350	61,651
Total 13 th issue			32,350	61,651
Subscription 14th issue				
1 st series	106.15% CDI	06/15/2024	-	9,645
2 nd series	IPCA+4.30%	06/15/2026	72,518	115,228
Total 14 th issue			72,518	124,873
Subscription 15th issue				
Single series	CDI+1.75%	12/16/2025	154,654	308,941
Total 15 th issue			154,654	308,941
Subscription 16th issue				
1 st series	IPCA+5.23%	09/15/2031	258,842	281,960
2 nd series	CDI+1.30%	09/15/2026	273,949	430,204
Total 16 th issue			532,791	712,164
Subscription - 17th issue				
1 st series	CDI+1.30%	12/16/2029	753,807	752,937
Total 17 th issue			753,807	752,937
Subscription - 18th issue				
1 st series	CDI + 1.20%	09/16/2030	114,198	114,123
2 nd series	IPCA+7.10%	09/16/2030	832,435	793,540
Total 18 th Issue			946,633	907,663
Subscription - 19th issue				
1 st series	CDI+0.90%	07/15/2034	493,601	-
2 nd series	IPCA+7.27%	07/15/2034	844,277	-
Total 19 th Issue			1,337,878	-
Total debentures			4,188,888	3,347,118
Funding costs			(40,617)	(32,681)
Total			4,148,271	3,314,437

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In September 2023, the 18th Public Issue of simple Debentures was carried out, in the amount of R\$ 900,000, in two series; the (i) first series of R\$ 113,600; and (ii) the second series of R\$ 786,400. The maturity period for both series is seven years. The resources were allocated to the execution of part of the investment program and the payment of the Company's Voluntary Dismissal Incentive Program (PDVI).

In July 2024, the 18th Public Issue of simple Debentures was carried out, in the amount of R\$ 1,300 million, in two series; and (i) the first series in the amount of R\$ 482 million, with compensation linked to the DI rate, plus 0.90% per annum; and (ii) the second series in the amount of R\$ 818 million, whose compensation is linked to the Broad National Consumer Price Index (IPCA) plus 7.2735% per annum. The maturity date for both series is ten (10) years. The funds are used to carry out part of the Company's investment program and liquidity reserve.

Movements in debentures are as follows:

	Parent / Consolidated	
	2024	2023
Opening balance	3,314,437	3,162,983
Debenture income	1,300,000	909,127
Accrued charges	337,772	326,126
Inflation adjustment	80,595	40,616
Amortization of charges	(316,515)	(348,737)
Amortization of principal	(560,082)	(759,027)
Funding costs	(15,076)	(21,673)
Amortization of funding cost	7,140	5,022
Closing balance	4,148,271	3,314,437
Current liabilities	586,987	567,681
Non-current liabilities	3,561,284	2,746,756

The Company maintains collateral in monetary amounts, as mentioned in Note 8, in addition to the guarantee of lien of its collection, according to Note 23.1 (e). Both guarantees occur within the term or grace period of the contracted debts.

The amounts recorded in non-current liabilities for debentures are broken down as follows, by year of maturity:

Maturity year	Parent / Consolidated	
	12/31/2024	12/31/2023
2025	-	547,171
2026	535,422	526,505
2027	581,717	479,405
2028	664,514	471,739
2029–2043	1,812,391	748,157
Funding costs	(32,760)	(26,221)
Total	3,561,284	2,746,756

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(c) Covenants and guarantees

The Company has borrowings, financing and debentures with certain contractual conditions, which require compliance with covenants based on certain financial and non-financial ratios and different reporting periods, as established in the respective contracts. Some contracts provide that, in the event of non-compliance with these ratios and indicators, the Company will provide additional collateral to the creditor or reinstate the financial ratios provided for in the contracts within a certain period. Finally, if the temporary waiver of compliance with these rates is not obtained, the creditor may require the early maturity of the debt.

The Company has complied with all the covenants established in the contractual instruments.

17. Provision for legal disputes

(a) Legal disputes provisioned

Following is the breakdown of provision for legal disputes:

	12/31/2024			12/31/2023		
	Provision for risks	Escrow deposits	Net balance	Provision for risks	Escrow deposits	Net balance
Parent:						
Labor	59,884	(16,400)	43,484	46,264	(19,208)	27,056
Civil	99,837	(1,536)	98,301	108,225	(10,218)	98,007
Tax	14,026	(314)	13,712	1,908	(2,029)	(121)
Environmental	2,848	-	2,848	550	272	822
Closing balance	176,595	(18,250)	158,345	156,947	(31,183)	125,764
	12/31/2024			12/31/2023		
	Provision for risks	Escrow deposits	Net balance	Provision for risks	Escrow deposits	Net balance
Consolidated:						
Labor	59,940	(16,450)	43,490	46,432	(19,322)	27,110
Civil	100,149	(1,536)	98,613	108,619	(10,218)	98,401
Tax	14,026	(314)	13,712	1,908	(2,029)	(121)
Environmental	2,958	-	2,958	550	272	822
Closing balance	177,073	(18,300)	158,773	157,509	(31,297)	126,212

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Movements in 2024 are demonstrated as follows:

	<u>Parent</u>	<u>Consolidated</u>
Balance on December 31, 2023, before offsetting escrow deposits	156,947	157,509
Additions	70,646	70,988
Updates	13,068	13,058
Reversals	(10,376)	(10,399)
Payments	(53,690)	(54,083)
Total provision	176,595	177,073
Offsetting of deposits	(18,250)	(18,300)
Balance at December 31, 2024	158,345	158,773

The additions and reversals refer to the inclusion of new lawsuits and revaluations of loss forecasts in lawsuits against COPASA MG and as an analysis carried out by the Legal department, based on previously adjudged cases or sentences issued by the judiciary branch and validation of Company's Management. Restatements refer to the inflation adjustment of the provision balance.

The movements in the parent can be summarized as follows:

1. Additions in the amount of R\$ 62,927, referring to the constitution of provisions for labor, civil and tax lawsuits, with an increase in labor provisions of R\$ 27,368, civil provisions of R\$ 22,612 and tax provisions of R\$ 12,947.
2. Updates to lawsuits of R\$ 13,068, of which R\$ 3,445 are labor provisions, R\$ 9,417 are civil provisions, and R\$ 206 are tax provisions.
3. Net reversals of R\$ 2,657, basically civil provisions.
4. Payments were made of R\$ 53,690, of which R\$ 17,193 in labor claims, R\$ 35,462 in civil claims and R\$ 1,035 in tax claims.

Movements for the year 2023 are demonstrated as follows:

	<u>Parent</u>	<u>Consolidated</u>
Balance at December 31, 2022 before offset of escrow deposits	419,498	420,067
Additions	38,035	38,364
Updates	18,527	18,566
Reversals	(153,922)	(153,970)
Payments	(165,191)	(165,518)
Total provision	156,947	157,509
Offsetting of deposits	(31,183)	(31,297)
Balance at December 31, 2023	125,764	126,212

The movements for the year 2023 in the parent can be summarized as follows:

1. Additions in the amount of R\$ 38,035, referring to the recording of a provision for labor, civil and tax claims, with an increase in labor provision of R\$ 13,929, civil provision of R\$ 23,894 and tax provision of R\$ 212.

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2. Updates of proceedings in the amount of R\$ 18,527, of which R\$ 11,909 refers to labor claims, R\$ 6,547 refers to civil claims and R\$ 71 refers to tax claims. Reversals of R\$ 153,922 mainly referring to labor lawsuits.
3. Payments of R\$ 165,191 made, of which R\$ 110,391 were labor claims, R\$ 52,691 were civil claims, and R\$ 2,109 were tax claims.

The Company and its subsidiaries are parties to several lawsuits that arise in the ordinary course of its operations, with a different number and value of lawsuits. The main of which are listed in the items below:

(i) Labor provisions

The lawsuits for which the Company and its subsidiaries have direct responsibility are mainly related to requests for payment of overtime, unhealthy and dangerous hazard pay, on-call, salary differences arising from equal roles. The Company and its subsidiaries form a provision for labor lawsuits classified as risk of probable loss. The classification of the risk of loss, the amount of contingency and the amount of the accounting provision are reviewed and changed, according to the decisions made, in each of the phases of the proceeding and assessed by the internal contingency committee.

A collective labor action was filed in 2008 by the Labor Prosecution Office and Sindicato dos Trabalhadores nas Indústrias de Purificação e Distribuição de Água e em Serviços de Esgoto do Estado de Minas Gerais (Sindágua-MG) Sindágua, questioning the legality of the dismissal policy adopted at that time for using the age of employees as a criterion for terminating the employment contract.

In 2023, an agreement was reached in the collective action, duly approved by the Labor Court, with payments of R\$ 102,182 made, generating a reversal of the provision for the demand in the amount of R\$ 59,177 in Other Operating Expenses and the remainder in Finance Costs.

The agreement ended the possibility of including potential interested parties in the Collective Action. New individual executions are suspended due to the Motion for New Trial filed, and the Company obtained provisional relief in the same. COPASA MG, based on the position of its legal advisors, maintained a provision of R\$ 8,712 on December 31, 2024 (R\$ 8,757 on December 31, 2023), relating to potential beneficiaries who did not join the Class Action Suit, considering possible new individual lawsuits. Some agreements are being reached in ongoing individual lawsuits.

(ii) Civil provision

Civil provision is related to indemnity claims for pain and suffering and material damages or requests for reimbursement related to overpayments or payments made in duplicate. Company and its subsidiaries estimate the provision based on the amounts billed, subject to inquiry and recent judicial decisions.

The Public Ministry of the State of Minas Gerais filed a collective civil action in 2003 claiming the simple return to users. The sum provisioned as of December 31, 2024 is R\$ 21,758 (R\$ 20,782 as of December 31, 2023).

(iii) Tax provisions

Tax provisions refer to tax enforcement proceedings in which the public entity intends to collect a tax credit (taxes and contributions, improvement contributions or compulsory borrowing) or a non-tax credit (fines arising from administrative sanction proceedings).

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In 2023, the Municipality of Alfenas filed a tax enforcement seeking to collect fines imposed in various tax assessment notices, arising from issues involving pavement repair after works had been carried out by COPASA MG. The sum provisioned as of December 31, 2024 is R\$ 11,895 (no provision as of December 31, 2023).

(iv) Environmental

These are lawsuits brought against the Company in the normal course of business and generally involve compensation for environmental damage caused by activities related to the water treatment process or any of the stages in the provision of the sewage service.

(b) Legal disputes not provisioned

The Company and its subsidiaries have other lawsuits in court assessed as possible losses. For these suits, no provision was set up for losses considered possible, considering that the Company and its subsidiaries believe that they have a solid legal basis that justifies the procedures adopted for defense in the judicial sphere. The proceedings in progress at administrative and judicial levels, before different courts in which the Company and its subsidiaries are figures as defendant, are as follows:

	Parent		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Labor (i)	98,412	73,564	99,426	74,408
Civil (ii)	683,137	548,818	696,846	554,499
Tax (iii)	179,560	114,454	179,586	114,479
Environmental	54,971	45,369	54,971	45,369
Total	1,016,080	782,205	1,030,829	788,755

(i) Labor

Most of the lawsuits in which the Company and its subsidiaries are directly responsible are related to overtime, additional payments for unhealthy and hazardous conditions, salary differences arising from job isonomy and questions related to the dismissal of employees, and secondary liability in lawsuits related to contractors, service providers and trade payables.

(ii) Civil

Refer to lawsuits filed by clients, the State and Federal Prosecutors' Office, Municipalities, associations, etc., which claim jurisdictional protection with respect to various matters, except for tax and labor claims, being distributed in several instances, courts and special courts.

Individual proceedings

The Company and its subsidiaries are parties to a significant number of individual proceedings for damages due to the suppression of water supply and damages caused by works conducted. Such proceedings were filed in the normal course of our business and involve moral and material damages, such as indemnities for damages to real estate and automobiles and accidents caused during the exploration of our activities, among other issues. Management does not believe that such proceedings will cause, individually or collectively, a material adverse effect on the operating income, financial condition or business prospects of the Company and its subsidiaries.

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Asphalt rehabilitation - Belo Horizonte

The Company is a party to a public civil action filed by the Public Prosecutor's Office, requiring it to carry out asphalt repair work resulting from interventions carried out in its provision of public basic sanitation services in the municipality of Belo Horizonte, in compliance with the municipality's Code of Conduct (Municipal Law 8616/03). In a final and unappealable decision, the Company was ordered to carry out pavement repair work in accordance with the aforementioned Code.

The Company's Management believes that the asphalt rehabilitation previously carried out met the technical engineering requirements for rehabilitating the ditches and the economic and financial criteria aimed at prudence in the costs incurred and reasonable rates. The case is in the process of being enforced, and there has been no consensual indication by the parties or by a judicial expert as to the size of the works to be carried out. Therefore, at this time it is not possible to reliably estimate the amounts required to carry out these works. Therefore, these financial statements have recognised no impact related to this discussion.

In addition, based on the *Cooperation Agreement between the State of Minas Gerais, the Municipality of Belo Horizonte, Companhia de Saneamento de Minas Gerais - COPASA MG, Capital Development Superintendence - SUDECAP, for the Shared Provision of Water Supply and Basic Sanitation Services in the Municipality of Belo Horizonte*, dated November 13, 2002, and after the completion of the legal expert assessment and the alignment between the parties, Management believes that the amounts spent on the additional asphalt repairs will be recognized in the tariff because they result from a legal obligation to do so, according to the regulatory framework in force, since the Brazilian Water and Sanitation Agency ANA, in its Reference Standard NR 05/2024, which deals with the contractual Risk Matrix, states that risks arising from a "Act of State or administrative event" are allocated to the service holder, i.e. the Concession Grantor, and not to the service provider, i.e. the Company.

Collective proceedings

The Company and its subsidiaries are parties to public civil actions and class actions seeking the annulment, suspension or challenge of 36 of our concession agreements. The likelihood of loss of these proceedings were classified as possible or remote, and, consequently, no provisions were set up. It should also be noted the existence of previously adjudged case favorable for the Company and its subsidiaries, handed down by the Minas Gerais State Public Court of Justice in a similar case, as well as opinions of renowned jurists on the subject, also favorable to our positioning, that is, the legality of the concession agreements.

(iii) Tax

These are proceedings in which the Company and its subsidiaries are assessed by the Public Treasury, whether National, State or Municipal, to collect credits of a tax nature (resulting from taxes, fees, contributions for improvement, social contributions and/or compulsory borrowing) and for collection of non-tax credits (such as those arising from the imposition of administrative fines).

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18. Income tax and social contribution

(a) Corporate Income Tax (IRPJ) and Social Contribution on Net profit (CSLL)

The amounts recorded as income tax and social contribution expenses in the individual and consolidated financial statements are reconciled with the nominal rates provided by law, as shown below:

	Parent		Consolidated	
	2024	2023	2024	2023
Profit before taxes	1,673,006	1,786,272	1,673,006	1,786,272
Nominal rate	34%	34%	34%	34%
Expected expense at nominal rate	(568,822)	(607,332)	(568,822)	(607,332)
IRPJ and CSLL on:				
(Additions) / Exclusions -				
Share of profit (loss) of investees	(3,232)	(6,238)	-	-
Donations and grants	2,428	1,160	2,428	1,160
Other (additions) / exclusions	(9,362)	(6,519)	(12,594)	(12,757)
Other reconciliation items -				
Interest on equity	170,766	162,905	170,766	162,905
Tax incentives	52,136	49,098	52,136	49,098
Effective expense - IRPJ and CSLL	(356,086)	(406,926)	(356,086)	(406,926)
Current IRPJ and CSLL	(371,448)	(305,613)	(371,448)	(305,613)
Deferred corporate income tax (IRPJ) and social contribution (CSLL)	15,362	(101,313)	15,362	(101,313)
Effective expense - IRPJ and CSLL	(356,086)	(406,926)	(356,086)	(406,926)
Effective rate	21.28%	22.78%	21.28%	22.78%

The Company and its subsidiaries recognize, in accordance with the Constitutive Report 227/2021 issued by SUDENE and Executive Declaratory Act 103/2022 of 09/26/2022, the right to use the tax incentive of a 75% reduction in income tax in the amount of R\$ 32,406 (R\$ 31,401 in 2023). See Note 21 (b) (ii).

(b) Deferred income tax and social contribution

Deferred income tax and social contribution are calculated on income tax losses and the negative basis of social contribution and the corresponding temporary differences between the calculation basis of tax on assets and liabilities, and carrying amounts of individual and consolidated financial statements. Such tax rates, currently defined to find these deferred taxes, are of 25% for income tax and 9% for social contribution.

Deferred tax assets are recognized to the extent that it is likely that future taxable profit will be available to be used to offset temporary differences, based on projections of future profit prepared and based on internal assumptions and on future economic scenarios that may, however, be subject to change.

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The bases of deferred income tax and social contribution by temporary differences are as follows:

	Parent / Consolidated			
	Opening balances	Comprehensive income	Recognized in profit/loss	Closing balances
Year ended December 31, 2024				
IRPJ and CSLL Assets (Liabilities) on:				
Provision for expected credit losses on trade receivables	80,617	-	7,312	87,929
Provision for lawsuits	53,362	-	6,680	60,042
CPC adjustment - Balance of assigned assets to depreciate	37,490	-	(2,726)	34,764
Amortization difference by the discount of financial asset	238,278	-	28,959	267,237
Exchange rate changes on borrowings	(7,916)	-	7,916	-
Other sundry temporary provisions	20,802	-	(1,432)	19,370
Actuarial liabilities - comprehensive income	28,407	(32,582)	-	(4,175)
Deferred construction revenue margin	(25,982)	-	1,783	(24,199)
Capitalization of discounted financial asset	(171,418)	-	(28,246)	(199,664)
Funding cost due to issue of debentures	(11,112)	-	(2,698)	(13,810)
Funding cost of borrowings	(849)	-	(2,200)	(3,049)
Provision for CPC adjustments - comprehensive income	(4,855)	14	-	(4,841)
Total deferred net assets	236,824	(32,568)	15,348	219,604
Year ended December 31, 2023				
IRPJ and CSLL assets (liabilities) on:				
Provision for expected credit losses on trade receivables	74,261	-	6,356	80,617
Provision for lawsuits	142,629	-	(89,267)	53,362
Actuarial liabilities - comprehensive income	2,753	25,654	-	28,407
CPC adjustment - Balance of assigned assets to depreciate	40,216	-	(2,726)	37,490
Amortization difference by the discount of financial asset	212,179	-	26,099	238,278
Exchange rate changes on borrowings	(652)	-	(7,264)	(7,916)
Other sundry temporary provisions	26,241	-	(5,439)	20,802
Deferred construction revenue margin	(27,781)	-	1,799	(25,982)
Capitalization of discounted financial asset	(146,105)	-	(25,313)	(171,418)
Funding cost due to issue of debentures	(5,451)	-	(5,661)	(11,112)
Funding cost of borrowings	(937)	-	88	(849)
Provision for CPC adjustments - comprehensive income	(4,870)	15	-	(4,855)
Total deferred net assets	312,483	25,669	(101,328)	236,824

The temporary differences of R\$ 15,348 (R\$ 101,328 in 2023), recorded in the year, refer to deferred IRPJ and CSLL recognized in the statement of profit or loss, of R\$ 15,362 as credits (R\$ 101,313 as debits in 2023), and R\$ 14 (R\$ 15 in 2023) of deferred IRPJ and CSLL debits on the amortization of inflation adjustment on 1996/1997 restated assets recognized in equity, in valuation adjustment to equity.

In compliance with CVM Resolution 109, dated May 20, 2024 and Technical Pronouncement CPC 32 - Income Taxes, the Company and its subsidiaries have a history of profitability and expectation of generating future taxable income that allow the recovery of tax credits contained in the deferred tax assets existing as of December 31, 2022. The balance of net deferred assets recorded on December 31, 2024, is R\$ 228,620 (R\$ 213,273 on December 31, 2023), without the effects on comprehensive income.

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Therefore, projections of profit (loss) show that the Company and its subsidiaries should obtain sufficient income to recover the taxes paid, according to the estimated realization of the deferred tax assets, as follows:

Period	Recoverable taxes
In 2025	97,897
In 2026	15,353
In 2027	11,819
In 2028	11,819
In 2029	11,818
2030–2034	418
>2034	79,496
Total	228,620

19. Technical cooperation agreement

The balance of covenants in assets is as follows:

	Parent		Consolidated	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Current assets	54,963	51,368	54,964	51,376
Noncurrent assets	2,546	4,479	2,546	4,479
	57,509	55,847	57,510	55,855

	Parent			Consolidated		
	Receivable	Advance	Net	Receivable	Advance	Net
December 31, 2024						
State funds	11,088	(9,662)	1,426	562,014	(560,587)	1,427
Federal funds	244,398	(188,315)	56,083	244,398	(188,315)	56,083
Total	255,486	(197,977)	57,509	806,412	(748,902)	57,510
December 31, 2023						
State funds	4,653	(4,287)	366	555,580	(555,206)	374
Federal funds	241,143	(185,662)	55,481	241,143	(185,662)	55,481
Total	245,796	(189,949)	55,847	796,723	(740,868)	55,855

The balance of agreements in liabilities is as follows:

	Parent / Consolidated	
	12/31/2024	12/31/2023
Current liabilities	98	1,298
Non-current liabilities	4,584	-
	4,682	1,298

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	Parent / Consolidated		
	Advance	Receivable	Net
December 31, 2024			
State funds	4,682	-	4,682
Total	4,682	-	4,682
December 31, 2023			
State funds	5,409	(4,111)	1,298
Total	5,409	(4,111)	1,298

20. Retirement benefit obligations

On December 7, 1982, the Company signed an adhesion agreement and became a sponsor of the Minas Gerais Social Security Foundation - FUNDASEMG, whose rights and obligations were later assumed by PREVIMINAS, currently Libertas Foundation, which was established with the purpose of complementing the retirement of participating employees, ensuring the maintenance of its defined benefit plan in said Foundation. The Company's contribution is equivalent to that of participating employees, pursuant to Complementary Laws 108 and 109, dated May 29, 2001, and its value is calculated based on previously prepared actuarial studies.

As of November 1, 2010, the Company has three different plans: a) the RP1-BD (Defined Benefit) Plan, which was closed to new members, but which remains active and receiving contributions from those who did not choose to migrate to the other plans; b) the Copasa Settled-BD (Defined Benefit), created only to manage employee benefits from settlement; and c) the Copasa New Plan-CD (Defined Contribution) that was created for the migration of all participants and beneficiaries of the old BD plan and for the inclusion of new employees and officers.

On December 31, 2024, the descriptive statistics of the population mass linked to the RP1-BD, Copasa Settled-DB and Copasa New Plan-DB is:

	RP1-BD	Copasa Settled-BD	Copasa New Plan-DC
Active Participants	60	528	8,485
Redeemed participants	12	7	-
Participants	155	2,284	1,583
Pensioners	134	637	71

The benefits offered by the RP1-BD Plan, which is closed to new members, are as follows: supplementation of disability retirement, age, contribution and special retirement, in addition to sickness pay, pension, inmate pension supplement and death benefit.

Benefits offered by Copasa Settled-BD Plan: a) active, self-sponsored and assisted participants: settled benefit of scheduled retirement plan; b) beneficiary of assisted participant from the defined benefit plan: settled death pension benefit and settled savings for death; and c) redeemed participant or beneficiary of redeemed participant: settled benefit resulting from option for deferred proportional benefit.

The benefits offered by COPASA New Plan-DC are: a) for participants who migrated from the defined benefit plan to this plan, the length of stay in the previous plan will be recognized for the purpose of fulfilling the grace period in the new plan; and b) for new participants, the guaranteed benefits are deferred proportional benefit, disability retirement, death pension, inmate pension supplement and annual allowance.

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The actuarial assumptions used in the benefit plans maintained by the Company are regularly reviewed and may differ from the actual results observed based on changes in the market and economic conditions, regulatory facts, judicial regulations, increase or decrease in the dismissal rates, in the life expectancy of participants, the volatility of the plan's assets, the changes in the return on bonds and inflation.

The investment guidelines for the plan assets are defined by the Libertas Foundation's Deliberative Council, based on the legal rules in force.

The amounts and information of the retirement benefit obligations are presented below:

a) Amounts recognized in liabilities:

	Parent/Consolidated	
	12/31/2024	12/31/2023
Normal contributions - current	6	60
Long-term obligations - non-current	-	109,577
Total obligations recorded in the statement of financial position	6	109,637

Amounts related to three benefit plans recognized in statement of financial position are as follows:

	2024				2023
	RP1-BD	Copasa Settled-BD	Copasa New Plan-DC	Total	Total
Present value of obligations financed	(55,609)	(1,081,345)	(10,663)	(1,147,617)	(1,339,568)
Fair value of the plan assets	64,974	1,082,705	75,339	1,223,018	1,291,237
Asset ceiling effect	(9,365)	(1,360)	(64,676)	(75,401)	(61,246)
Plan's net liabilities	-	-	-	-	(109,577)

Movements in the present value of financed obligations is as follows:

	2024				2023
	RP1-BD	Copasa Settled-BD	Copasa New Plan-DC	Total	Total
At January 01	(62,838)	(1,265,769)	(10,961)	(1,339,568)	(1,233,609)
Current service cost	(18)	-	(255)	(273)	(1,686)
Financial cost	(6,114)	(115,836)	(1,063)	(123,013)	(144,280)
Contributions from plan participants	(247)	-	(859)	(1,106)	(1,019)
Actuarial remeasurements ⁽¹⁾	9,452	202,067	2,475	213,994	(40,904)
Benefits paid by the plan	4,156	104,551	-	108,707	85,757
Extraordinary contributions (active participants)	-	(3,227)	-	(3,227)	(1,755)
Extraordinary contributions (assisted participants)	-	(3,131)	-	(3,131)	(2,072)
Present value at December 31	(55,609)	(1,081,345)	(10,663)	(1,147,617)	(1,339,568)

⁽¹⁾ Gain is mainly due to the higher discount rate and expected return on assets for 2024 compared to 2023 (see actuarial assumptions below).

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Movements in fair value of benefit plan assets are as follows:

	2024				2023
	RP1-BD	Copasa Settled-BD	Copasa New Plan-DC	Total	Total
At January 01	70,174	1,156,192	64,871	1,291,237	1,251,248
Real return on plan assets	(1,508)	1,346	8,753	8,591	104,926
Employer contributions	216	23,360	856	24,432	965
Employee contributions	247		859	1,106	1,019
Benefits paid	(4,155)	(104,551)	-	(108,706)	(85,756)
Extraordinary contributions (active participants)	-	6,358	-	6,358	1,755
Extraordinary contributions assisted	-	-	-	-	2,072
Extraordinary contributions sponsor	-	-	-	-	15,008
Fair value, December 31	64,974	1,082,705	75,339	1,223,018	1,291,237

b) The amounts with an impact on the statement of profit and loss are:

	Parent / Consolidated					
	Forecast 2025	2024			2023	
		RP1 -BD	Copasa Paid-BD	Copasa New Plan-DC	Total	Total
Cost of current services	(90)	(18)	-	(255)	(273)	(1,686)
Financial cost	(124,536)	(6,114)	(115,836)	(1,063)	(123,013)	(144,279)
Expected return on the plan assets	133,523	6,827	105,426	6,291	118,544	146,346
Interest on the effect of asset ceiling	(8,623)	(714)	-	(5,228)	(5,942)	(7,137)
(Expenses) Income	274	(19)	(10,410)	(255)	(10,684)	(6,756)

	Parent / Consolidated	
	2024	2023
Actuarial remeasurements recognized in comprehensive income for the year	63,247	(49,801)
Actuarial gains (losses) accumulated in comprehensive income up to the year	8,103	(55,144)

c) Amounts recognized in other comprehensive income are:

	Parent / Consolidated				
	2024			2023	
	RP1-BD	Copasa Paid-BD	Copasa New Plan-DC	Total	Total
Actuarial gains (losses)	9,453	202,067	2,475	213,995	(40,904)
Return on the plan's assets, not including interest	(8,335)	(104,079)	2,461	(109,953)	(41,420)
Change in the effect of the asset ceiling	(1,315)	(1,360)	(5,538)	(8,213)	6,868
Gross (Loss) Gain	(197)	96,628	(602)	95,829	(75,456)
Taxes	67	(32,854)	205	(32,582)	25,655
Net gain (loss)	(130)	63,774	(397)	63,247	(49,801)

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d) The main actuarial assumptions used:

	RP1-BD	Copasa Settled -BD	Copasa New Plan-DC)
In 2024:			
Annual discount rate	11.37% p.a.	11.37% p.a.	11.45% p.a.
Expected annual return on plan assets	11.37% p.a.	11.37% p.a.	11.45% p.a.
Annual salary increase	5.36% p.a.	3.70% p.a.	-
Projected inflation rate	3.70% p.a.	3.70% p.a.	3.70% p.a.
General Mortality Table	AT 2000 Basic M&Foreign	BR-EMSsb 2015 (M&F)	BR-EMSsb 2015 (M&F)
Disability mortality table	AT 49 M	AT 49 M	AT 49 M (A80%)
Table of new disability benefit vested	TASA 1927	TASA 1927	Weak light D50%
In 2023:			
Annual discount rate	9.73% p.a.	9.70% p.a.	9.7% p.a.
Expected annual return on plan assets	9.73% p.a.	9.70% p.a.	9.7% p.a.
Annual salary increase	1.60% p.a.	-	-
Projected inflation rate	3.92% p.a.	3.92% p.a.	3.92% p.a.
General Mortality Table	AT 2000 Basic M&Foreign	BR-EMSsb 2015 (M&F)	BR-EMSsb 2015 (M&F)
Disability mortality table	AT 49 M	AT 49 M	AT 49 M (A80%)
Table of new disability benefit vested	TASA 1927	TASA 1927	Weak light D50%

The expected rate of return on plan assets was determined by their manager, according to their estimated return expectation for each type of investment, as well as on the plan's asset allocation target, defined based on the 2024 investment policy.

e) Sensitivity analysis of main hypotheses:

Mortality Assumption	RP1 Plan		
	AT-2000		
	Basic M&F	Age +1	Age -1
Actuarial liability	(55,608)	(54,855)	(56,421)
Fair asset	64,973	64,974	64,974
Surplus (deficit)	9,365	10,119	8,553
Changes	-	8.05%	-8.67%
Actual interest rate	5.59%	0.25%	-0.25%
Actuarial liability	(55,608)	(54,464)	(56,798)
Fair asset	64,973	64,974	64,974
Surplus (deficit)	9,365	10,510	8,176
Changes	-	12.23%	-12.70%

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	Copasa Settled-BD		
	BR-EMSsb		
	2015 (M&F)	Age +1	Age -1
Mortality Assumption			
Actuarial liability	(1,081,345)	(1,062,780)	(1,101,506)
Fair asset	1,082,704	1,082,705	1,082,705
Surplus (deficit)	1,359	19,925	-18,801
Changes	-	1366.15%	-1483.44%
Actual interest rate	5.56%	+0.25%	-0.25%
Actuarial liability	(1,081,345)	(1,060,199)	(1,103,280)
Fair asset	1,082,704	1,082,705	1,082,705
Surplus (deficit)	1,359	22,506	(20,575)
Changes	-	1556.07%	-1613.98%
	Copasa New Plan-DC		
	BR-EMSsb		
	2015 (M&F)	Age +1	Age -1
Mortality Assumption			
Actuarial liability	(10,663)	(11,718)	(9,607)
Fair asset	75,339	75,340	75,340
Surplus (deficit)	64,676	63,622	65,733
Changes	-	-1.63%	1.63%
Actual interest rate	5.56%	+0.25%	-0.25%
Actuarial liability	(10,663)	(10,572)	(10,756)
Fair asset	75,339	75,340	75,340
Surplus (deficit)	64,676	64,768	64,584
Changes	-	0.14%	-0.14%

The sensitivity analyses presented for the plans are based on a change in the assumption, while all other assumptions are kept constant. In practical terms, this is not likely to happen, and changes in some of the assumptions can be correlated. In calculating the sensitivity of the defined benefit obligation in relation to material actuarial assumptions, the same method (present value of the defined benefit obligation calculated based on the projected credit unit method on the date of statement of financial position) was adopted, as well as in the calculation of the pension plan obligation recognized in the statement of financial position.

21. Shareholders' equity and dividends

(a) Capital

The Company is part of B3 – Brasil, Bolsa, Balcão's New Market of Corporate Governance, and its capital is exclusively comprised of common shares. In 2024, two (2) increases were made to the Share Capital, without issuing new shares, totaling R\$ 204,146, as shown below:

- On March 25, 2024, the Board of Directors approved a capital increase of R\$ 756, relating to the capitalization of a tax incentive reserve for SUDENE's tax benefit.
- At the Annual General Meeting held on April 26, 2024, it was decided to capitalize earnings retention reserve of R\$ 203,390 to the Share Capital, to adjust the excess of the Earnings Reserve in relation to the Company's Share Capital.

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At December 31, 2024, the subscribed and paid-up share capital is R\$ 3,606,531 (R\$ 3,402,385 as of December 31, 2023), represented by 380,253,069 common shares, all registered and without par value.

The Company is controlled by the State of Minas Gerais, which owns approximately 50.03% of its shares and entity(ies) related to the controlling shareholder own 0.12% of the shares. There are approximately 49.56% of free float shares and the remainder, corresponding to approximately 0.28%, is held in treasury.

Copasa is authorized to increase its Share Capital up to the limit of R\$ 5 billion, upon resolution of the Board of Directors, as per the Extraordinary General Meeting held on April 29, 2020.

The shareholders will have the right of first refusal in any capital increases in accordance with current legislation. However, at criteria established at General Meeting, the preference right may be removed or the deadline to may be reduced to its exercise, upon issuance of shares, debentures convertible into shares and subscription warrant whose placement occurs through stock exchange sale or public subscription pursuant to law and within authorized capital limit.

The Company may, by resolution of the General Meeting, grant a stock option plan for managers, employees and collaborators, and this option may be extended to the managers and employees of the direct or indirect subsidiaries of the Company. It is worth highlighting that there was no stock option plan in the last years.

(b) Earnings reserves

(i) Legal reserve

The legal reserve is set up annually by the allocation of 5% of net profit for the year and may not exceed 20% of the Company's share capital. The purpose of the legal reserve is to guarantee that the share capital is paid-in and used solely to offset losses and increase capital.

(ii) Tax incentive reserve

- Government grants

Formed by the allocation of portion of tax incentives, resulting from donations and government grants. In the year of 2024, the amount of R\$ 7,140 (R\$ 3,412 in 2023) was recorded in profit (loss), referring to the incentive for the fulfillment of the depollution targets for the Company's sewage treatment plants, granted by ANA, with funds from PRODES (Note 15).

- Tax incentives – SUDENE

Executive Order 2199-14/2001, updated by Law 13799/2019, grants a 75% reduction in income tax and non-refundable surcharges, calculated on Operating Profits, to companies that invest in priority sectors in the SUDENE and Amazon Development Superintendence (SUDAM) regions.

COPASA MG, which operates in 637 municipalities in Minas Gerais, has 168 municipalities in the SUDENE coverage area and had its right to the benefit approved. The incentive, valid from 2021 to 2030, covers activities in collecting, treating and distributing water and sewage, a sector classified as a priority for regional development.

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The benefit is recognized in the Company's statement of profit or loss in accordance with CPC 07 (R1) (IAS 20) and allocated to the Tax Incentive Reserve. It can only be used to increase share capital or absorb losses, in accordance with Law 6404/1976. In 2024, COPASA recognized R\$ 32,406 in tax incentives (R\$ 31,401 in 2023).

On March 25, 2024, the Board of Directors approved the incorporation of R\$ 756 from the Tax Incentive Reserve to the Share Capital, referring to the reinvestment of 30% of the IRPJ for the year 2021, in accordance with the Articles of Incorporation and DFIN Ordinance 0037/2023.

(iii) Earnings retention

Management proposes earnings retention in the amount of R\$ 605,793 (R\$ 637,812 in 2023) for future investments by the Company, in line with the "Pluriannual Investment Program".

The accumulated balance of earnings reserve on December 31, 2024, except for tax incentive reserves, considering the management's proposal for the allocation of net profit for said year, is greater than the share capital. To comply with the limit established in article 199 of Federal Law 6404/1976 and the provisions of the articles of incorporation, the Company's Management proposes capitalizing part of the earnings retention reserve, of R\$ 1,393,468, to Share Capital, as per Note 35 - Events after the reporting period.

(c) Valuation adjustment to equity

Valuation adjustments to equity are related to:

- (i) Actuarial gains and losses: corresponds to the actuarial gains and losses calculated in accordance with CPC 33 (R1) and IAS 19 (R1) (Note 19). As of December 31, 2024, this account totals a credit balance of R\$ 8,103 (debit balance of R\$ 55,144 as of December 31, 2023).
- (ii) Inflation adjustment on 1996/1997 assets, net of IRPJ and CSLL, of R\$ 9,399 for the year ended December 31, 2024 (R\$ 9,427 for the year ended December 31, 2023).
- (d) Compensation to shareholders

- Dividend Policy

Pursuant to the Articles of Incorporation, shareholders are entitled to receive a mandatory minimum dividend of 25% of net profit for the year, adjusted by the decrease or increase in the amounts provided for in items I, II and III, article 202, of Law 6404/76. The Company has a Dividend Policy, approved by the Extraordinary General Meeting held on April 28, 2023, the content of which is summarized below:

Regular dividends - The Board of Directors will define, upon approval of corporate budget for the year, the percentage of Adjusted Net Profit to be distributed, observing the statutory minimum percentage of 25% and the limit of 50%. The declaration must occur quarterly and the payment will be made within 60 days as of the date of the declaration, except for the values referring to the fourth quarter, which will be defined at the Annual General Meeting.

Extraordinary Dividends - They may be distributed as assessed by the Board of Directors, complying with the general guidelines, including compliance with the public interest that justified the creation of Copasa; the guarantee of resources, in its Investment Plan, to meet the provisions of Federal Law 11.445/2007 and Federal Law 14.026/2020, as well as legal, regulatory, statutory and financial restrictions, as well as covenants.

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- Regular dividends

For 2024, the Board of Directors defined the percentage of Regular Dividends corresponding to 50% of Net Profit, adjusted by the decrease or increase in the amounts specified in items I, II and III of Article 202 of Federal Law 6.404/1976, in the form of Interest on Equity and/or dividends.

A total of R\$ 605,763 was declared as Regular Dividends, of which R\$ 452,226 has been paid and R\$ 153,537 will be paid at the AGM, as shown in the table below:

Reference	Corporate Event	Date of right	Amounts	Payment date
1Q24 Dividends	BOARD OF DIRECTORS' MEETING ON MARCH 20, 2024	03/25/2024	54,831	05/17/2024
JCP 1Q24	BOARD OF DIRECTORS' MEETING ON MARCH 20, 2024	03/25/2024	117,596	05/17/2024
JCP 2Q24	RCA 20/06/2024	06/25/2024	120,127	08/19/2024
2Q24 Dividends	RCA 20/06/2024	06/25/2024	25,747	08/19/2024
JCP 3Q24	RCA 09/12/2024	09/17/2024	124,437	09/30/2024
3Q24 Dividends	RCA 09/12/2024	09/17/2024	9,488	09/30/2024
	Declared value (Jan–Sep 2024)		452,226	
JCP 4Q24	RCA 12/12/2024	12/23/2024	140,091	To be defined at Annual General Meeting
4Q24 Dividends	RCA 03/21/2025	03/26/2025	13,446	To be defined at Annual General Meeting
			153,537	
	Total		605,763	

As of December 31, 2024 and 2023, minimum mandatory dividends are as follows:

	Parent / Consolidated	
	2024	2023
Net profit for the year	1,316,920	1,379,346
Legal reserve (5%)	(65,846)	(68,967)
Tax incentive reserve - government grant	(7,140)	(3,412)
Tax incentive reserve - SUDENE	(32,406)	(31,401)
Profit available for distribution	1,211,528	1,275,566
Minimum mandatory dividends – 25%	302,882	318,892

- Extraordinary dividends

Within the scope of the Dividend Policy, the General Meeting held on April 26, 2024 resolved to distribute extraordinary dividends of R\$ 300,000 as Extraordinary Dividends, paid on May 10, 2024 (R\$ 372,472 paid on December 28, 2023), using part of the Earnings Retention Reserve existing in the statement of financial position for the year ended December 31, 2023.

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- Movements in “dividends and interest on equity payable” caption:

	2024	2023
Dividends and interest on equity payable at the beginning of the year	430,991	231,653
Interest on equity	502,251	479,132
Withholding tax on interest on equity	(34,955)	(33,471)
Interest on equity paid in the year	(421,954)	(591,911)
Regular and extraordinary dividends	403,512	531,123
Dividends paid	(735,561)	(185,535)
Prescribed interest on equity and dividends	(256)	-
Dividends and interest on equity payable at the end of the year	144,028	430,991

- (e) Profit allocation

As provided for in article 192 of Law 6404/76 the net profit for the year will be allocated as follows:

	Parent	
	2024	2023
Legal reserve	65,846	68,967
Tax incentive reserve - government grant	7,140	3,412
Tax incentive reserve - SUDENE	32,406	31,401
Inflation adjustment of taxes	(28)	(29)
Compensation to shareholders	605,763	637,783
Earnings retention reserve	605,793	637,812
Net profit	1,316,920	1,379,346

- (f) Earnings per share

- Basic

Basic earnings per share are calculated by dividing the income attributable to Company’s shareholders by the weighted average number of common shares issued by the Company throughout the year, less common shares held as treasury shares.

	Parent/Consolidated	
	2024	2023
Profit attributable to the Company’s shareholders	1,316,920	1,379,346
Weighted average number of common shares issued - thousands	379,181	379,181
Basis earnings per share (in Reais)	3.47	3.64

- Diluted

As of December 31, 2024 and 2023, the diluted earnings per share is the same as the basic earnings since there are no dilutive instruments.

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22. Information by business segment

The management of the Company and its subsidiaries defined the operating segments used to make strategic decisions, such as water services, sewage services and solid waste services. The Company and its subsidiaries do not have intersegment revenues, only from external trade receivables.

(i) Profit (loss)

	Consolidated				Balances as per financial statements
	Water services	Sewage services	Solid waste	Reconciliation to Financial Statements	
Year ended December 31, 2024					
Gross operating income	5,117,454	2,624,246	5,590	847,692	8,594,982
Sales taxes	(473,531)	(242,761)	(684)	-	(716,976)
Net operating income	4,643,923	2,381,485	4,906	847,692	7,878,006
Costs, selling and administrative expenses	(3,221,557)	(1,652,071)	(3,403)	(847,692)	(5,724,723)
Operating profit before other net operating expenses	1,422,366	729,414	1,503	-	2,153,283
Other operating expenses, net					(158,742)
Finance income (costs), net					(321,535)
Operating profit before taxes					1,673,006
Year ended December 31, 2023					
Gross operating income	4,792,299	2,466,804	5,523	812,077	8,076,703
Sales taxes	(443,457)	(228,202)	(665)	-	(672,324)
Net operating income	4,348,842	2,238,602	4,858	812,077	7,404,379
Costs, selling and administrative expenses	(3,077,726)	(1,584,284)	(3,438)	(812,077)	(5,477,525)
Operating profit before other net operating expenses	1,271,116	654,318	1,420	-	1,926,854
Other operating expenses, net					(137,660)
Finance income (costs), net					(2,922)
Operating profit before taxes					1,786,272

The amortization and depreciation of the asset are allocated as follows:

Years ended December 31	Consolidated			2023
	2024			
	Amortization	Depreciation	Total	
Water services	165,139	78,743	243,882	233,117
Sewage services	298,954	29,641	328,595	347,872
Other assets	188,704	39,824	228,528	208,582
Total intangible assets	652,797	148,208	801,005	789,571

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The impacts on gross operating revenue and costs arising from the reconciliation to the financial statements are presented below:

Years ended December 31	Consolidated	
	2024	2023
Gross construction revenue referring to ICPC 1 (R1)	847,692	812,077
Construction cost referring to ICPC 1 (R1)	(847,692)	(812,077)
Construction margin	-	-

The assets corresponding to the reported segments are reconciled with the total assets, as shown below:

	Consolidated	
	12/31/2024	12/31/2023
Intangible assets:		
Water services	1,816,310	1,622,782
Sewage services	3,553,052	3,377,357
Other intangible assets	893,290	684,633
Total intangible assets	6,262,652	5,684,772
Property and equipment		
Water services	1,091,251	1,160,716
Sewage services	244,664	253,250
Other intangible assets	400,874	351,741
Total property and equipment	1,736,789	1,765,707

There is no liability allocated to the reported segments.

23. Financial risk management

Corporate Risk Management is in line with Corporate Governance practices and with Corporate Planning, which defines the Strategic Declaration of the Company and its subsidiaries.

The Company and its subsidiaries use short, medium and long-term planning instruments to assess the management of its financial risks and, thus, guide the decision-making process, allowing actions, when necessary, to be taken in a timely manner. In the short term, the “daily cash flow schedule” is used, which covers a period of up to 90 days; in the medium term (360 days) it uses the corporate budget; in the long term, the Company uses the “Statement of profit or loss”, which portrays its strategic objectives for a period of 5 years, complemented by an economic-financial projection over a 30-year time horizon, and consists of an economic statement and a financial statement.

23.1 Financial risk management

The Company and its subsidiaries monitor its indebtedness ratios aiming to assess the risks of loan operations that could compromise its liquidity.

The short-term assumption of the Company and its subsidiaries is to predict its cash flow over a 12-month period, considering the economic scenarios disclosed by the financial institutions with which it relates.

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The primary exposure risks of the Company and its subsidiaries are:

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices comprise several types of risk: interest rate risk, currency risk, commodity price risk and other price risks, such as equity risk. Financial instruments affected by market risk include borrowings, financing and debentures, CDBs and short-term investments.

The sensitivity analyses, according to the tables in items (b) and (c) below, were prepared by the Company based on the value of the net debt, on the index of fixed interest rates in relation to the variable interest rates for the debt, and the proportion of financial instruments in foreign currencies, all at constant values. The analyses exclude the impact of changes in market variables on the value of retirement and post-employment obligations, provisions and on non-financial assets and liabilities.

Sensitivity analysis of respective item in statement of profit or loss is the effect of assumed changes according to respective market risks. It is based on financial assets and liabilities held as of December 31, 2024 and 2023.

(b) Interest rate risk

The interest rate risks for the Company and its subsidiaries arise from the different rates that remunerate: (i) assets, such as short-term investments and (ii) liabilities, especially borrowings, financing and debentures. The Company and its subsidiaries are exposed to the risk of rising interest rates and inflation, with an impact on borrowings and financing.

The Company had 79.79% of its total indebtedness in local currency and the outstanding balances were mainly indexed to the changes in Long-term Interest Rate (TJLP), the Benchmark Rate (TR), the Broad Consumer Price Index (IPCA), and the Interbank Deposit Certificate Rate (CDI), whereas 20.21% of its total debt was indexed to foreign currencies (euro) as of December 31, 2024. Operations related to borrowings, financing, debentures and their respective interest rates are disclosed below:

Indebtedness – financing facilities	Start of contract	Contractual rate (annual)	Variable rate (annual)	Termination of contract	Debt balance	Debt balance (including provision for interest)	% of total debit balance
<u>In domestic currency:</u>							
Financing - FGTS	- (1)	7.30–8.50%	Reference rate	01/16/2043	721,058	723,254	11.74%
Borrowings	01/15/2008	1.55–1.73%	TJLP	05/15/2025	5,082	5,097	0.08%
Finame	03/28/2011	2.5–8.7%	-	01/15/2025	250	251	0.00%
Debentures – 5 th issue							
Single series	09/20/2011	9.00%	Reference rate	09/01/2031	117,835	118,737	1.93%
Debentures – 8 th issue							
1 st series	06/15/2015	1.87%	TJLP	06/15/2028	32,933	33,037	0.54%
2 nd series	06/15/2015	8.18%	IPCA	06/15/2028	22,030	22,099	0.36%
Debentures 11 th issue							
1 st series	01/15/2017	2.62%	TJLP	01/15/2031	87,291	87,592	1.42%
2 nd series	01/15/2017	8.85%	IPCA	01/15/2031	52,234	52,410	0.85%
Market debentures – 12 th issue							
2 nd series	01/15/2018	5.27%	IPCA	01/15/2026	43,326	44,382	0.72%
Market Debentures - 13 th issue							
3 rd series	07/15/2018	6.50%	IPCA	07/15/2025	31,410	32,350	0.52%
Market debentures – 14 th issue							
1 st series	06/15/2019	106.15%	CDI	06/15/2024	-	-	0.00%
2 nd series	06/15/2019	4.30%	IPCA	06/15/2026	72,397	72,518	1.18%

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Market debentures – 15 th issue							
Single series	12/16/2020	1.75%	CDI	12/16/2025	153,846	154,654	2.51%
Market debentures – 16 th issue							
1 st series	09/15/2021	5.23%	IPCA	09/15/2031	255,047	258,842	4.20%
2 nd series	09/15/2021	1.30%	CDI	09/15/2026	272,566	273,949	4.45%
Market Debentures - 17 th issue							
Single series	12/16/2022	1.30%	CDI	12/16/2029	750,000	753,807	12.23%
Market debentures – 18 th issue							
1 st series	09/15/2023	1.20%	CDI	09/16/2030	113,626	114,198	1.85%
2 nd series	09/15/2023	7.10%	IPCA	09/16/2030	830,173	832,435	13.51%
Market debentures – 19 th issue							
1 st series	07/15/2024	0.90%	CDI	07/15/2034	482,000	493,601	8.01%
2 nd series	07/15/2024	7.27%	IPCA	07/15/2034	832,133	844,277	13.70%
Total						4,917,490	

(1) Sundry dates.

Thus, analyses are carried out considering the possibility of refinancing, renewing existing positions and new financing, aiming to optimize the Company's cost of capital.

Interest rate sensitivity

The Company prepared a sensitivity analysis of the effects of a possible change in market variables on its borrowings, financing, and debentures. In such analysis, keeping all other variables constant, the Company's profit (loss) before taxation would be affected according to the scenarios presented below:

Indicators	Exposure (i)	Scenario I	Scenario II	Scenario III	Scenario IV	Scenario V
		Probable (ii)	+25%	-25%	+50%	-50%
TJLP (iii)	125,306	7.19%	8.99%	5.39%	10.79%	3.60%
Changes in principal	-	9,009	11,262	6,757	13,514	4,505
IPCA	2,138,749	4.99%	6.24%	3.74%	7.49%	2.50%
Changes in principal	-	106,724	133,404	80,043	160,085	53,362
DI	1,772,038	15.00%	18.75%	11.25%	22.50%	7.50%
Impacts on Interest	-	265,806	332,257	199,354	398,709	132,903
Reference rate	838,894	0.93%	1.17%	0.70%	1.40%	0.47%
Changes in principal and interest	-	7,837	9,796	5,878	11,756	3,918
Fixed spread - Euribor (iv)	1,004,063	2.00%	2.50%	1.50%	3.00%	1.00%
Impact on Interest	-	20,081	25,102	15,061	30,122	10,041
Fixed spread (iv)	233,929	-	0.00%	0.00%	0.00%	0.00%
No impact	-	-	-	-	-	-
Total	6,112,979	409,457	511,821	307,093	614,186	204,729

(i) Principal as of December 31, 2024, funding cost is not included.

(ii) Index sources:

Brazilian Extended Consumer Price Index - IPCA, according to Focus Bulletin 01/03/2025 (<https://www.bcb.gov.br/publicacoes/focus>).

Long-Term Interest Rate - TJLP, according to long-term projections ITAÚ 01/06/2025 (<https://www.itaubba-pt/analises-economicas/projecoes>).

Interbank Deposit Certificate - CDI according to the Selic projected in the Focus Bulletin 01/03/2025

(<https://www.bcb.gov.br/publicacoes/focus>). For changes in the exchange rate, see the item "Sensitivity to exchange rate" below.

(iii) Contracts: When the TJLP is higher than 6% per annum, the restated outstanding balance is subject to a rate of 6% per annum + spread. When the TJLP is equal to or less than 6% p.a., the restated outstanding balance will be charged considering the full TJLP plus the spread.

(iv) Contracts with fixed spread and without inflation adjustment.

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(c) Currency risk

The Company is exposed to the risk of rising exchange rates, mainly to the quotations of euro against the Brazilian real, directly impacting indebtedness, profit (loss) and cash flow. The operations and their respective exchange rates are disclosed below:

Indebtedness – financing facilities	Start of contract	Contractual rate (annual)	Variable rate (annual)	Termination of contract	Debit balance (Principal)	Debt balance (interest included)	%
Financing	12/13/2019	0.55%	€ + Euribor	09/20/2033	585,703	591,991	9.61%
Financing	12/13/2018	1.41%	Euro	05/15/2034	233,679	234,163	3.80%
Financing	12/29/2023	2.69%	€ + Euribor	12/20/2043	418,360	419,109	6.80%
Total					1,237,742	1,245,263	

Borrowings and financing in foreign currency are earmarked for specific works to improve and expand the water supply and sewage collection and treatment systems, as well as for gains in energy efficiency and environmental protection. For said operations, whose outstanding principal balances were € 192,306 thousand (equivalent to R\$ 1,237,741 thousand) on December 31, 2024, there is no contracted hedging mechanism.

Sensitivity to foreign exchange rate

The sensitivity analysis, prepared by the Company, is determined by the estimated changes in the € exchange rates, of ±25% and ±50%, in the debt balance in foreign currency of borrowings and financing. Keeping all other variables constant, the result of exchange rate sensitivity before taxation is shown below:

Financial instrument as of 12/31/2024	Financing
Principal Balance (€ thousand)	€192,306
Principal Balance	1,237,741
Scenarios regarding the debt balance	Gain (loss)
Likely (Projection)	85,826
25% decrease in € FX	309,435
50% decrease in € FX	618,871
25% increase in € FX	(309,435)
50% increase in € FX	(618,871)

Source of projected indexes: Euro Projection Santander January 06, 2025. The Euro rate considered in the “probable” scenario is R\$ 5.99 for the 4th quarter of 2025.

<https://www.itau.com.br/itaubba-pt/analises-economicas/projecoes>

(d) Credit risk

Credit risk is the risk that the business counterparty fails to fulfill an obligation under a financial instrument or customer contract, which would lead to financial loss. The Company and its subsidiaries are exposed to credit risk in its operating and financing activities, including deposits held in financial institutions, foreign exchange transactions and other financial instruments.

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The table below analyzes financial liabilities to be settled at net value, per maturity brackets, corresponding to statement of financial position's remaining period in relation to contract maturity date. The amounts shown in the table correspond to the contracted undiscounted cash flows.

	Maturity brackets as of December 31, 2024			
	≤01 year	01–03 years	03–05 years	>05 years
Amortization	666,471	1,438,791	1,712,759	2,294,958
Interest	477,550	762,626	498,649	585,147
Borrowings, financing and debentures	1,144,021	2,201,417	2,211,408	2,880,105
Public-private partnership ⁽¹⁾	44,631	82,458	42,363	-
Obligations – lease	48,489	9,846	20,909	-
Trade payables	351,129	-	-	-

⁽¹⁾ The amounts also include the financial expense related to the flow of future disbursements from Rio Manso PPP, updated according to the index defined in the agreement and calculated for the month of April, the date scheduled for the updates.

The Company does not have operations with derivative financial instruments.

The table below shows the collateral for the receivables provided by the Company in borrowings, financing and debentures agreements, in addition to the Rio Manso PPP. It is worth highlighting that these agreements also have a collateral for financing (Note 8).

Restricted income as of December 31, 2024			
Contract	Collateral (committed revenue)	Amount	Termination of contract
<u>Financing and debentures</u>			
2007/2008 Financing	three (3) times the monthly debt service of the agreements.	5,647	September 2031
PAC 2009	three (3) times the monthly debt service of the agreements.	2,036	November 2032
5 th Issue of debentures (R\$ 288 Million)	at least 4.5% of the debentures' outstanding balance in the last business day of each year.	6,132	September 2031
2011 Financing (Normative Instructions 33, 25 and 24)	three (3) times the monthly debt service of the agreements.	4,292	June 2035
2012 Financing (Normative Instruction 24)	three (3) times the monthly debt service of the agreements.	567	May 2036
2013 Financing (Normative Instruction 27)	three (3) times the monthly debt service of the agreements.	3,769	October 2037
2014 Financing (Normative Instruction 02)	three (3) times the monthly debt service of the agreements.	2,557	Feb 2038
2015 Financing (Normative Instruction 02)	three (3) times the monthly debt service of the agreements.	1,644	March 2039
2017 Financing (Normative Instruction 29)	three (3) times the monthly debt service of the agreements.	5,956	January 2043
Financing (R\$ 181 million)	R\$ 7.0 million, annually adjusted by the IPCA since April 2010.	15,612	May 2025
8 th Issue of debentures (R\$ 140 million)	R\$ 16.9 million, annually adjusted by the IPCA since September 2015.	24,938	June 2028
11 th Issue of Debentures (R\$ 226 million)	R\$ 5.5 million, annually adjusted by the IPCA since April 2017.	7,761	January 2031
Finame	130% of the portion of the contracts.	329	January 2025

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Restricted income as of December 31, 2024			
Contract	Collateral (committed revenue)	Amount	Termination of contract
2023 Financing (€ 200 million)	125% of the sum of the portion's amortization and interest.	15,315	December 2043
Public-Private Partnership			
Rio Manso PPP	1/12 of the annual installment of the consideration payable for each effective year.	11,629	December 2028
Total restricted revenue		108,184	

23.2 Capital risk management

The Company manages and monitors the capital structure in accordance with its Indebtedness Policy established in its Articles of Incorporation, in which:

- Copasa's consolidated net indebtedness must be equal to or less than 3x EBITDA; and
- Copasa's EBITDA must exceed 1.2x the Debt Service.

Objectives, policies and procedures were not changed during years ended December 31, 2024 and 2023. See Note 35 (b) - Events after the reporting period.

23.3 Fair value estimate

It is assumed that balances of trade receivables and trade payables at carrying amount, less impairment loss on trade receivables is close to fair values considering maturity dates. For disclosure purposes, financial liabilities' fair value is estimated by discounting future contract cash flows at interest rate prevailing in the market, which is available to the Company for similar financial instruments.

(a) Fair value of borrowings, financing and debentures

The book values compared to their respective estimated fair values are as follows:

	Parent / Consolidated			
	Accounting	Fair	Accounting	Fair
	12/31/2024	12/31/2024	12/31/2023	12/31/2023
Borrowings and financing	1,964,898	1,948,948	1,429,077	1,397,880
Simple debentures	4,148,271	4,087,864	3,314,437	3,295,607
Total	6,113,169	6,036,812	4,743,514	4,693,487

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The market liability values are calculated through the projection of the debt balance, updated by the contractual rate for the number of months remaining for payment. The value found goes back to the current period using the market rates below:

Parent / Consolidated				
Lines	Contractual rate	Period in months	Market fee	Observations
Financing	7.83%	117	9.00%	Rate quote in December 2024
Financing	7.55%	5	13.15%	Rate quote in December 2024
FINAME	6.00%	1	13.48%	FINAME rate quote – December 2024
Simple debentures	9.84%	56	11.15%	Debenture rate quotes in December 2024
Financing	1.41%	114	1.41%	Rate quote in December 2024
Financing	5.34%	231	5.25%	Rate quote in December 2024

24. Financial instruments by category

(a) Assets

	12/31/2024		12/31/2023	
	Financial assets at amortized cost	Total	Financial assets at amortized cost	Total
Parent:				
Cash and cash equivalents	614,732	614,732	994,581	994,581
Securities	177,972	177,972	-	-
Trade receivables	1,349,995	1,349,995	1,320,392	1,320,392
Banks and agreement investments	7,625	7,625	-	-
Restricted short-term investments	75,185	75,185	75,285	75,285
Concession financial assets	1,362,892	1,362,892	999,639	999,639
Other trade receivables	91,288	91,288	129,763	129,763
	3,679,689	3,679,689	3,519,660	3,519,660
Consolidated:				
Cash and cash equivalents	642,082	642,082	1,031,425	1,031,425
Securities	177,972	177,972	-	-
Trade receivables	1,365,041	1,365,041	1,337,303	1,337,303
Banks and agreement investments	7,754	7,754	124	124
Restricted short-term investments	75,185	75,185	75,285	75,285
Concession financial assets	1,381,729	1,381,729	1,016,635	1,016,635
Other trade receivables	89,154	89,154	123,342	123,342
	3,738,917	3,738,917	3,584,114	3,584,114

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(b) Liabilities

	12/31/2024		12/31/2023	
	Financial liabilities at amortized cost	Total	Financial liabilities at amortized cost	Total
Parent:				
Borrowings, financing and debentures	6,113,169	6,113,169	4,743,514	4,743,514
Trade payables	351,129	351,129	377,766	377,766
Lease	79,244	79,244	92,167	92,167
Public-Private Partnership	169,452	169,452	211,900	211,900
	6,712,994	6,712,994	5,425,347	5,425,347
Consolidated:				
Borrowings, financing and debentures	6,113,169	6,113,169	4,743,514	4,743,514
Trade payables	358,873	358,873	388,277	388,277
Lease	79,354	79,354	92,278	92,278
Public-Private Partnership	169,452	169,452	211,900	211,900
	6,720,848	6,720,848	5,435,969	5,435,969

25. Transactions with related parties

(a) Assets, liabilities and profit (loss)

The Company recognizes as a related party, in addition to the business relationships maintained with its wholly-owned subsidiary COPANOR, Copass Saúde and Fundação Libertas de Seguridade Social, as well as the financial transactions maintained with key management personnel, with its Majority Shareholder and with the Companies or Bodies directly or indirectly related to it, provided that there are formalized contractual relations with these Companies or Bodies that generate financial transactions.

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Balances and transactions with related parties are as follows:

	Parent			
	12/31/2024			
	Subsidiary COPANOR	Other		
STATE OF MG		COPASS	LIBERTAS	
Assets				
Current assets				
Trade receivables				
Billed amounts	-	17,349	1	20
Amounts to be billed	-	12,201	1	11
Agreements	-	1,426	-	-
Other assets - Credits with subsidiary	2,318	-	-	-
Total assets	2,318	30,976	2	31
Liabilities				
Current liabilities				
Agreements	-	98	-	-
Retirement benefit obligations	-	-	-	6
Health program	-	-	5,069	-
Non-current liabilities				
Agreements	-	4,584	-	-
Total Liabilities	-	4,682	5,069	6
Profit (loss) for the year				
Revenues from water and sewage services	107	194,982	9	273
Security program	-	-	-	(56,418)
Health program	(982)	-	(120,815)	-
Granted personnel expenses and apportionment of costs and expenses	(4,223)	-	-	-

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	Parent			
	12/31/2023			
	Subsidiary COPANOR	Other		
STATE OF MG		COPASS	LIBERTAS	
Assets				
Current assets				
Trade receivables				
Billed amounts	-	15,954	1	17
Amounts to be billed	-	12,709	1	10
Agreements	-	366	-	-
Other assets - Credits with subsidiary	6,744	-	-	-
Total assets	6,744	29,029	2	27
Liabilities				
Current liabilities				
Agreements	-	1,298	-	-
Retirement benefit obligations	-	-	-	60
Health program	-	-	11,316	-
Non-current liabilities				
Retirement benefit obligations	-	-	-	109,577
Total Liabilities	-	1,298	11,316	109,637
Profit (loss) for the year				
Revenues from water and sewage services	86	182,759	10	205
Security program	-	-	-	(55,112)
Health program	-	-	(109,716)	-
Granted personnel expenses	(1,402)	-	-	-

Balances and transactions with related parties are carried out at prices and conditions agreed between the parties, except for regulated water and sewage tariffs, which are subject to determination by the Regulatory Agency.

(b) Key management personnel compensation

	2024	2023
Compensation	9,529	7,047
Benefits:		
Food	97	88
Health	185	122
Post-employment benefit	456	352
Total	10,267	7,609

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25.1 Type of related party transactions

- State of Minas Gerais

(a) Provision of water supply and sewage treatment services to the State and other State associates

These services are provided under terms to apply the tariffs set by ARSAE-MG.

(b) Interest on equity and dividends

For the year ended December 31, 2024, the Company allocated to the State of Minas Gerais R\$ 251,999 referring to Interest on equity (JCP) and R\$ 51,936 referring to dividends (R\$ 240,398 referring to the Interest on equity and R\$ 79,601 referring to dividends on December 31, 2023).

(c) Guarantee in Company agreements with the Federal Government

The agreement listed below describes the guarantees provided by the State of Minas Gerais in agreements involving the Company and the Federal Government.

Under the Revenue Attachment and Counter Guarantee Receivables Assignment and Transfer Agreement of November 29, 2011, entered into by the Federal Government, the State of Minas Gerais and Copasa, the State assigned as counter guarantee in case of default of the payments, its tax credits provided for in Articles 155, 157 and 159 of the Constitution of the Federative Republic of Brazil, as provided for by Section III of said Agreement, i.e., in amounts sufficient to pay the installments and other charges due on each maturity date. As of December 31, 2024, the outstanding balance of this contract is R\$ 234,163 (R\$ 185,218 as of December 31, 2023).

(d) Technical cooperation agreements

Refer to agreements entered into by the Company and the State, under which the latter transfers funds from the Federal Government's General Budget, as grants, i.e., without generating finance costs and the need to provide guarantees. In turn, the Company is required to build infrastructure within the agreements' effective periods.

(e) Service agreements with PRODEMGE

The Company has signed contracts with Companhia de Tecnologia da Informação do Estado de Minas Gerais – PRODEMGE, whose controlling shareholder is EMG, for the provision of integration services to the IP Multiservice Network with support for voice and video data transmission with quality of service, based on IP - Internet Protocol technology, through which it is possible to share information technology services and telecommunications infrastructure, as well as the supply of a digital signature certificate for individuals or companies under the ICP Brazil standard. It also enables the provision of a Web Server/Multidomain Site certificate - International Hierarchy.

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(f) Execution of works - water resilience

On July 14, 2021, the Company published a Material Fact announcing that it had received from its controlling shareholder, the State of Minas Gerais, on that date, a letter informing it of the approval of a Bill by the Minas Gerais State Legislative Assembly - subsequently sanctioned, becoming State Law 23830/21 of July 28, 2021, authorizing a budget supplement and capital investment in the Company, of R\$ 2.05 billion. The funds are intended for interventions and works that will boost the water resilience of the Paraopeba and Rio das Velhas Basins, resulting from the Agreement signed in court between the State of Minas Gerais and Vale S.A.

On February 28, 2023, the Company announced in a Material Fact informing that it received on the aforementioned date from its controlling shareholder (State of Minas Gerais) a new official letter informing that, regarding the aforementioned works that will enhance the water resilience of the Paraopeba and Rio das Velhas, the transfer of amounts allocated to the execution of the works will be carried out in a non-onerous manner and, consequently, no capital contribution will be made to the Company. The legal instruments related to this matter were formalized in the third quarter of 2023.

In May 2024, a Deliberation Agreement was signed between the State of Minas Gerais, COPASA MG, the Federal Public Prosecutor's Office, the Public Prosecutor's Office of the State of Minas Gerais and the Minas Gerais State Public Defender's Office, defining that COPASA MG will be responsible for contracting and carrying out lot one (1) of the expansion works of the Manso system, and the State Department for Infrastructure, Mobility and Partnerships will be responsible for contracting and carrying out lots two (2) and three (3) of the expansion works of the said system. COPASA MG published the call for tenders in October 2024, and the procedures for receiving and analyzing proposals are underway. Regarding the transfer pipeline agreement, COPASA is currently developing the engineering projects, which are scheduled to be completed in the fourth quarter of 2025. The call for tenders is expected to be published in 2026.

• COPANOR

These refer to the costs of employees assigned by the Parent and the apportionment of costs and expenses of the administrative activities provided, in accordance with the Institutional Technical Cooperation Agreement signed between the parties.

• Fundação Libertas

Sponsor's contribution relating to the employees participating in one of the three Supplementary Pension Plans: defined benefit, settled fund benefit, and benefit contribution, managed by Fundação Libertas (Note 20).

The Company's contribution is equivalent to that of participating employees, pursuant to Complementary Laws 108 and 109, dated May 29, 2001. The management fees and other prices are set by the entity's managing board, including the payments of retirees, appropriately calculated at arm's length.

• COPASS Saúde

Sponsor's contribution to the employee's healthcare and dental care plan.

The transaction is conducted at arm's length since the plan is registered with the ANS (National Health Agency) and regulated by this Agency, which means it must comply with the same rules applicable to other corporate healthcare and dental care plans.

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(i) Cooperation Agreement for staff assignment

The Company, through cooperation agreements with lien to the assignor, signed on March 23, 2022 and July 20, 2022, assigned 2 employees to exercise, respectively, the positions of Executive Superintendent and Administrative and Financial Manager at Copass Saúde. Expenses for Copasa related to this assignment in 2024 were R\$ 1,588 (R\$ 1,506 in 2023).

26. Commitments

The Company and its subsidiaries signed contracts for the construction of new projects, under which obligations are recognized as the services are performed. The main amounts payable to contractors and suppliers outstanding as of December 31, 2024 are listed below:

	<u>Amount</u>	<u>Average contractual term (in months)</u>
Obligations of the 10 largest contracts - Investments in works and vegetative growth in several concessions, this being the expected amount of disbursement	492,550	17
Contractual Obligations - Leasing contracts outside the scope of IFRS 16, this being the expected amount of disbursement	33,787	17

27. Insurance

The Company and its subsidiaries contracted the Civil Liability Insurance for board members, directors and/or administrators of commercial companies in order to ensure them the right to compensation for the members of the Boards, Board of Executive Officers, the Legal Department, Superintendencies and Accounting and Asset Management in the event of judicial and extrajudicial settlements, arbitration awards made by courts, final and unappealable court decisions, including attorneys' fees and court costs, in the course of proceedings based on civil liability for acts of management committed by these individuals while carrying out their duties, effective up to June 2025.

In August 2024, the Company took out insurance to cover damage to its buildings or facilities at the sites known as Regional, Cercadinho, Mutuca and Barreiro. The insurance's effective period is 12 months, beginning on August 18, 2024, and expected to end in August 2025.

The risk assumptions adopted, in view of their nature, are not within the scope of an audit of individual and consolidated financial statements and, therefore, were not audited by our independent auditor.

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28. Transactions that do not involve cash or cash equivalents

During 2024 and 2023, the Company and its subsidiaries carried out the following investing and financing activities not involving cash, so they are not reflected in the statement of cash flows:

	Parent		Consolidated	
	2024	2023	2024	2023
Capitalized borrowing costs (Note 10)	122,882	117,891	122,882	117,891
Lease additions (Note 13)	50,188	37,799	50,276	37,984

29. Revenues

The reconciliation of gross revenue to net revenue is as follows:

	Parent		Consolidated	
	2024	2023	2024	2023
Revenue from water services	5,065,569	4,737,671	5,117,454	4,792,299
Revenue from the provision of sewage services	2,607,904	2,449,552	2,624,246	2,466,804
Solid waste	5,590	5,523	5,590	5,523
Construction income	818,058	798,644	847,692	812,077
Total gross revenue	8,497,121	7,991,390	8,594,982	8,076,703
Taxes on sales and services	(710,664)	(665,675)	(716,976)	(672,324)
Net Income	7,786,457	7,325,715	7,878,006	7,404,379

	Parent		Consolidated	
	2024	2023	2024	2023
Breakdown of Net Income:				
Direct revenue from water	4,528,070	4,221,902	4,574,538	4,270,619
Direct sewage revenue	2,352,588	2,211,564	2,367,419	2,227,218
Solid waste	4,906	4,858	4,906	4,858
Total direct revenue	6,885,564	6,438,324	6,946,863	6,502,695
Indirect revenue from water	68,768	77,365	69,385	78,223
Indirect sewage revenue	14,067	11,382	14,066	11,384
Total indirect income	82,835	88,747	83,451	89,607
Construction income	818,058	798,644	847,692	812,077
Net Income	7,786,457	7,325,715	7,878,006	7,404,379

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	Parent		Consolidated	
	2024	2023	2024	2023
General material	(121,061)	(118,097)	(127,784)	(123,608)
Treatment materials	(126,940)	(128,600)	(130,661)	(132,410)
Outside services	(951,727)	(804,869)	(961,307)	(813,440)
Electric power	(618,722)	(578,966)	(633,034)	(592,219)
General expenses	(351,638)	(318,890)	(354,374)	(321,095)
Depreciation and amortization	(789,234)	(778,425)	(801,005)	(789,571)
Tax credits	-	64,633	954	65,462
Reversal (Loss) of obsolete materials	(824)	(526)	1,084	(1,093)
Expected credit losses on trade receivables	(214,172)	(183,658)	(214,862)	(185,496)
Losses on investments	(260)	-	(260)	-
	(5,619,171)	(5,392,577)	(5,724,723)	(5,477,525)
	Parent		Consolidated	
	2024	2023	2024	2023
Detailed construction costs:				
Payroll and social charges	63,097	42,368	63,097	42,368
Materials	52,034	49,550	55,605	51,483
Equipment	38,052	43,041	37,970	43,631
Outside services	600,950	581,492	627,095	592,402
Financing costs	63,642	82,243	63,642	82,243
Other	283	(50)	283	(50)
	818,058	798,644	847,692	812,077

31. Personnel expenses

	Parent		Consolidated	
	2024	2023	2024	2023
Salaries	(806,373)	(810,660)	(824,114)	(825,223)
Indemnities, mainly PDVI	(8,265)	(125,326)	(8,320)	(125,439)
Social security costs	(265,479)	(259,767)	(269,900)	(263,958)
FGTS	(70,486)	(68,854)	(71,577)	(69,876)
Contribution to pension plan	(56,418)	(55,111)	(56,418)	(55,111)
Meal program	(202,502)	(209,988)	(207,182)	(214,183)
Health program	(120,815)	(109,716)	(121,797)	(110,667)
Employees' profit sharing	(71,634)	(84,935)	(71,634)	(84,935)
Other benefits	(24,563)	(22,179)	(24,840)	(22,587)
Total (Note 30)	(1,626,535)	(1,746,536)	(1,655,782)	(1,771,979)
Personnel (Note 30)	(1,361,056)	(1,486,769)	(1,385,882)	(1,508,021)
Social security costs (Note 30)	(265,479)	(259,766)	(269,900)	(263,957)

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32. Other operating income (expenses)

Other net operating expenses are presented below:

	Parent		Consolidated	
	2024	2023	2024	2023
Revenue from contractual fines	11,146	6,291	11,170	6,297
Donations and investment grants	7,140	3,412	7,140	3,412
Gain on sale of assets	6,789	7,048	6,931	7,198
Reversal of non-deductible provision	1,229	28,277	1,229	28,277
Other income	16,896	22,032	17,060	22,519
Total income	43,200	67,060	43,530	67,703
	Parent		Consolidated	
	2024	2023	2024	2023
Legal claims and compensation	(74,382)	(37,026)	(74,545)	(37,811)
ARSAE fee	(60,437)	(56,813)	(61,538)	(57,843)
Environmental preservation expenses	(20,736)	(39,750)	(20,736)	(39,750)
Taxes	(14,079)	(13,306)	(14,344)	(13,601)
Actuarial liabilities (Note 20)	(10,684)	(6,756)	(10,684)	(6,756)
Environmental fines	(8,950)	(8,202)	(9,123)	(9,311)
Other expenses	(11,229)	(31,637)	(11,302)	(40,291)
Total expense	(200,497)	(193,490)	(202,272)	(205,363)
Other operating expenses, net	(157,297)	(126,430)	(158,742)	(137,660)

33. Finance income and costs

Finance income (costs) can be summarized as follows:

	Parent		Consolidated	
	2024	2023	2024	2023
Interest income	55,525	49,679	56,074	50,137
Income from short-term investments	111,111	125,863	114,848	130,010
Revenue from inflation adjustment and changes in exchange rate	62,919	48,451	63,080	48,601
Revenues from financial assets/other	152,911	114,434	154,698	115,576
Taxes on finance income	(12,202)	(10,926)	(12,459)	(11,174)
Total finance income	370,264	327,501	376,241	333,150
Charges on financing and legal provisions	(369,519)	(208,097)	(369,534)	(208,235)
Expenses with inflation adjustment and changes in exchange rate	(327,456)	(120,051)	(327,456)	(126,258)
Other expenses	(767)	(1,441)	(786)	(1,579)
Total finance costs	(697,742)	(329,589)	(697,776)	(336,072)
Finance income (costs)	(327,478)	(2,088)	(321,535)	(2,922)

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34. Operational and Financial Data of Activities Related to Achievement of Collective Interest Purposes

In compliance with the provisions of item VI, article 8 of Federal Law 13303/16 and in item VI, article 13 of State Decree 47154/17, Copasa informs that the operational and financial data regarding the activities related to the achievement of the collective interest purposes are informed in Management report.

35. Events after the reporting period

a) Changes in members of the Board of Executive Officers

On February 11, 2025, the Company informed in a Material Fact that the Board of Directors, in a meeting held on that date, elected Mr. Adriano Rudek de Moura as Chief Financial and Investor Relations Officer of COPASA MG, replacing Mr. Carlos Augusto Botrel Berto. Mr. Moura's term of office began on February 24, 2025.

According to the Material Fact disclosed on February 19, 2025, COPASA MG informed that Mr. Guilherme Augusto Duarte de Faria, Chief Executive Officer, expressed his interest in leaving the Company. In a new Material Fact dated February 26, 2025, it announced that the Board of Directors, at a meeting held on that date, elected Mr. Fernando Passalio de Avelar as Chief Executive Officer. Mr. Avelar's term of office began on March 04, 2025. The Company also informed that Mr. Guilherme Duarte will continue as a member of the Board of Directors.

b) Authorization - issue of debentures

As disclosed in a Material Fact on March 12, 2025, the Board of Directors authorized, at a meeting held on March 10, 2025, the start of a capital market operation, through the 20th issue of unsecured, simple debentures, not convertible into shares, for public distribution, under the automatic registration procedure, aimed at professional investors, under a solid placement guarantee, pursuant to CVM Resolution 160/2022, of up to R\$ 900 million, the funds of which will basically be used to carry out part of the Company's investment program.

c) Official Letter received from the Controlling Shareholder

As disclosed on March 19, 2025 in a Material Fact, the Company received from its controlling shareholder, on that date and through the Department of Economic Development, an official letter whose full content is transcribed below. The Company will keep the market informed of developments in the matter covered by this Material Fact.

"To Mr.

Hamilton Amadeo

Chairman of the Board of Directors

Companhia de Saneamento de Minas Gerais - Copasa/MG

Subject: Request to the Company's management to verify the appropriate measures Reference: [If you reply to this Official Letter, expressly indicate Case 1220.01.0000861/2025-57].

Mr. President,

Considering the provisions of Federal Law 14026, of July 15, 2020, which updates the Legal Framework for Basic Sanitation (Federal Law 11445, of January 05, 2007), which establishes obligations and a new deadline for compliance with universal access to basic sanitation services;

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Considering that the Government of the State of Minas Gerais is committed to adopting the necessary measures to meet the legal deadline for universal sanitation;

Considering that the current administration of the Government of the State of Minas Gerais has submitted a proposal for an Amendment to the 1989 State Constitution and a Bill to authorize the Executive Branch to promote measures to privatize the Companhia de Saneamento de Minas Gerais (Minas Gerais Sanitation Company) - COPASA;

Considering that the discussion in the Legislative Assembly of Minas Gerais, the legitimate representative of the interests of Minas Gerais society, involves the sharing of data and technical information;

Considering the applicable provisions in COPASA/MG's Articles of Incorporation; I request that the management of Copasa/MG check the appropriate measures to:

- a) carry out all the due diligence and surveys necessary to identify any risks related to the universalization of sanitation, including the possibility of bringing forward the legal deadline;*
- b) evaluate the current capital structure, with a view to recommending alternatives to ensure that the necessary investments are made within the required timeframes;*

c) carry out all the activities, studies, due diligence and services necessary to support the State in the discussions to be held within the Minas Gerais Legislative Assembly and with the other stakeholders in the process, throughout the processing of the aforementioned proposal to amend the Constitution and the aforementioned Bill, providing all the information necessary to guarantee broad public debate, respect for the democratic process and the duty of transparency.

I emphasize that the execution of the measures, in the entirety of their work plan, must be supervised by the controlling shareholder, through a person, team or body delegated by them, who may require improvements, changes and direction of the documents drawn up and the execution.

Sincerely,

Mila Batista Leite Corrêa da Costa

Secretary of State for Economic Development”.

d) Capitalization of earnings reserve

On March 21, 2025, the Board of Directors, in a joint meeting with the Board of Auditors, recommended for resolution at the next General Meeting the capitalization of R\$ 1,393,468 from the earnings retention reserve to the Share Capital, bringing it to R\$ 5,000,000, to comply with the limit established in article 199 of Law 6404/76 and with the provisions of the bylaws.

36. Explanation added to the English version

The accompanying financial statements were translated into English from the original Portuguese version prepared for local purposes. Certain accounting practices applied by the Company that conform to those accounting practices adopted in Brazil may not conform to the generally accepted accounting principles in the countries where these financial statements may be used.

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Board of Executive Officers, Boards and Accountant

BOARD OF EXECUTIVE OFFICERS

Fernando Passalio de Avelar	Chief Executive Officer
Adriano Rudek de Moura	Chief Financial and Investor Relations Officer
Cleyson Jacomini de Sousa	Chief Trade Receivables, Communication and Sustainability Officer
Guilherme Frasson Neto	Operations Director
Pablo Ferraço Andreão	Chief Engineering and Environment Officer

BOARD OF DIRECTORS

Hamilton Amadeo	Chairman
Carlos Alexandre Jorge da Costa	Board Member
Guilherme Augusto Duarte de Faria	Board Member
Gustavo de Oliveira Barbosa	Board Member
José Alvim Pereira	Board Member
Márcia Fragoso Soares	Board Member
Rodolfo Torres do Santos	Board Member

TAX COUNCIL

Fernando Dal-Ri Murcia	Chairman
Felipe Magno Parreiras de Sousa	Board Member
Rafael Caminha Marchesini	Board Member
Reges Moisés dos Santos	Board Member

ACCOUNTANT IN CHARGE

Gabriel Estellita Lins Costa
Accountant - CRC/ES - 009433/O-4 T-MG

Ítalo José Cabral Guerra
Controllership and Finance Superintendent

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CAPITAL BUDGET

The level of capital injections for 2025, in the scope of the Investment Program, approved by the Board of Directors, aims at expanding the water supply and sewage treatment systems, extending networks, providing water security, combating losses, developing business, meeting regulatory and efficiency goals, concession commitments assumed, replacing depreciated assets, in line with the achievement of Company's corporate purpose and mission, ensuring our sustainability and longevity.

For 2025, the investments foreseen by Copasa in water, sewage and business and operational development, for deliberation of the Ordinary General Meeting (AGM), total R\$ 2,316.0 million. Capitalization of R\$ 226.2 million is also planned for the year.

In addition, a proposal for investments of R\$ 47.6 million will be submitted to the same AGM, with the aim of improving the infrastructure conditions for the provision of services in COPANOR's area of operation, with the source of funds being the subsidy from the additional amount considered in the Company's tariff, as established by the regulatory body.

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ANNUAL SUMMARIZED REPORT FROM AUDIT COMMITTEE - COAUDI 2024

To the members of the Board of Directors of Companhia de Saneamento de Minas Gerais - Copasa:

Introduction

The Statutory Audit Committee - COAUDI of Companhia de Saneamento de Minas Gerais - Copasa was established at the Board of Directors' meeting as of March 21, 2018. The composition, discipline and operation of COAUDI are provided for in its own Internal Regulation, presented in the Company's official website.

The current COAUDI is made up of 3 members: Brenda Felícia Vieira da Silveira, with a term of office until July 2025, Roberto Tommasetti, who acts as a Member specializing in corporate accounting, in compliance with article 25 of Law 13303/2016 and article 37 of State Decree 47154/17, with a term of office until June 2027 and Rodolfo Torres dos Santos, Member representing the Board of Directors, as Coordinator of COAUDI, with a term of office until April 2026.

COAUDI is a joint statutory advisory body to the Board of Directors, with permanent and independent performance, whose main duties are evaluating and monitoring the processes for preparing and presenting the Company's financial statements, the risk management processes and internal controls, as well as the effectiveness of the internal and external audit performance.

Furthermore, it also assesses the reasonableness of the parameters supporting the actuarial calculations and results of the benefit plans maintained by the Company, as well as the monitoring, together with Management, of the transactions with its related parties.

Managers are responsible for the preparation and integrity of the financial statements, for the management of risks, the maintenance and effectiveness of the internal control systems and the compliance of activities with legal and regulatory standards.

Internal Audit is responsible for the periodic review and assessment of controls related to the main risk areas, acting independently to analyze, assess and verify their effectiveness, recommendations and adequacy of the applicable governance criteria.

Grant Thornton was responsible for the independent audit of the Company's financial statements for the year ended December 31, 2024 and for the special review of its quarterly information. As a normal part of its duties, an understanding was obtained regarding the internal controls relevant to the audit in order to plan appropriate audit procedures, but not for the purpose of expressing an opinion of Companhia de Saneamento de Minas Gerais 2 on the effectiveness of internal controls and compliance with legal and regulatory provisions applicable.

Main activities of COAUDI for the year

During the course of the 2024 fiscal year, COAUDI continued the intense process of deepening its knowledge of the Company's business and familiarizing itself with its main risk areas, policies, control mechanisms and governance support. To this end, monthly meetings were held with the Company's Managers, especially those responsible for the areas of Controllershship and Accounting, Legal, Cyber Security, Internal Audit, Sustainable Development, Compliance and Risk Management. In addition, COAUDI met with the Supervisory Board.

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These meetings addressed matters related to the financial statements, accounting and tax and fiscal processes, risk management and internal controls and transactions involving related parties, monitoring of initiatives related to ESG, activities related to cybersecurity and data governance/incident responses and reports from the reporting channel forwarded to COAUDI. Matters related to the definition and review of corporate risk indicators, the review of the Code of Conduct and Integrity and institutional policies, as well as the monitoring of integrity metrics, legal action contingencies and the work of the Ethics Committee, Internal Audit and Compliance Superintendence were also discussed.

Meetings were also held with the Managers of Fundação Libertas and their external auditors, with COPASS Saúde, with the subsidiary COPANOR and with the technicians responsible for Grant Thornton Auditores Independentes.

Another activity carried out by COAUDI consists of assessing the eligibility requirements and prohibitions for Statutory Members, as set out in article 36, paragraph 1, items IX and X, of State Decree 47154/17, as well as monitoring the Company's compliance with the requirements of Law 13709/2019 - General Personal Data Protection Law - LGPD.

In the dialogues of COAUDI Members with internal and external audits, their work plans were assessed and their results, conclusions and recommendations were presented. The reviews of the quarterly Financial Statements, as well as the Annual Financial Statement for the year ended December 31, 2024 were assessed with those responsible for their preparation and with the independent auditors.

Finally, COAUDI also records the participation of its members in the Training and Retraining Program for Administrators, carried out in 2024.

Conclusions

COAUDI's opinions and judgments rely on the data and information presented to it by the Company's Management (especially in the Accounting, Legal, Risk Management and Internal Audit areas), of its subsidiary COPANOR, of Fundação Libertas, of COPASS Saúde and of the External Auditor.

As for the structure of internal controls and risk management, COAUDI considers that there is satisfactory coverage for the size and complexity of the Company's businesses.

Regarding the Internal Audit, the results of its performance during the year 2024 did not reveal any deviations or significant flaws in the procedures related to the effectiveness of the internal controls adopted by the Company, as well as regarding the adherence to the policies and practices established by the Management and in compliance with the rules and regulations applicable to the activity.

Regarding the External Audit, COAUDI has not identified a situation that could affect its independence and is not aware of significant technical differences between Management, the Independent Auditors and COAUDI itself.

Subject to the limitations and peculiarities of its scope of operation, COAUDI considers that all relevant and pertinent matters were properly addressed in its diligences and discussions with the Company's Management, allowing it to conclude that they are adequately disclosed in the Financial Statements for the year ended December 31, 2024. Accordingly, there is any restrictions on their approval by the Board of Directors.

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Belo Horizonte, March 21, 2025.

Brenda Felicia Vieira da Silveira
COAUDI's Member

Roberto Tommasetti
COAUDI's Member

Rodolfo Torres dos Santos
COAUDI's Coordinator

Companhia de Saneamento de Minas Gerais - COPASA - MG

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OPINION OF THE TAX COUNCIL

The Tax Council of Companhia de Saneamento de Minas Gerais - COPASA MG, in the exercise of its legal and statutory duties, have examined the Management Report and the Financial Statements, comprising the following: Statement of financial position, Statement of Profit or Loss for the Year, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Audit Report, Explanatory Notes, Capital Budget and other accounting documents, relating to the year 2024.

Based on the examinations and clarifications provided by Management throughout the fiscal year and in view of the non-qualified report of Grant Thornton Auditores Independentes Ltda., issued on March 21, 2025, the Tax Council considers that the Management Report and the individual and consolidated Financial Statements, accompanied by the Explanatory Notes for the year ended December 31, 2024, as well as the proposals for the allocation of 2024 Net Profit and the capital budget for 2025, are in condition to be submitted for discussion and voting at the Ordinary General Meeting of COPASA MG.

Belo Horizonte, March 21, 2025.

Felipe Magno Parreiras de Sousa
Board Member

Fernando Dal-Ri Murcia
Chairman of the Board

Rafael Caminha Marchesini
Board Member

Reges Moisés dos Santos
Board Member

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STATEMENT OF REVIEW OF THE FINANCIAL STATEMENTS AND THE INDEPENDENT AUDITOR'S OPINION BY THE OFFICERS

In compliance with items V and VI, article 27 of CVM Resolution 80, dated March 29, 2022, the Chief Executive Officer and the other Officers of Companhia de Saneamento de Minas Gerais - COPASA MG, a publicly held mixed capital company headquartered at Rua Mar de Espanha, 525, Belo Horizonte - MG, EIN 17.281.106/0001- 3, hereby declare that:

1. They have reviewed, discussed and agreed with the opinions expressed in the Grant Thornton Auditores Independentes opinion on the Financial Statements of the Parent and Consolidated, in compliance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) for the year ended December 31, 2024;
2. Review and discussions were carried out and they agree that financial statements of the Parent and Consolidated are in compliance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) for the year ended December 31, 2024.

In Belo Horizonte-MG, March 21, 2025.

Fernando Passalio de Avelar
Chief Executive Officer

Adriano Rudek de Moura
Chief Financial and Investor Relations Officer

Cleyson Jacomini de Sousa
Chief Trade Receivables, Communication and Sustainability Officer

Guilherme Frasson Neto
Operations Director

Pablo Ferraço Andreão
Chief Engineering and Environment Officer