

# **Companhia de Saneamento de Minas Gerais (COPASA MG)**

Individual and consolidated  
financial statements as of  
Quarterly Information - 06/30/2023  
and independent auditors' report  
**(Free-Translation)**

Original report in Portuguese signed by

## Contents

### Company information

Breakdown of capital	1
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### Individual financial statements

Balance sheet - Assets	2
------------------------	---

Balance sheet - Liabilities	3
-----------------------------	---

Statement of income	5
---------------------	---

Statement of comprehensive income	6
-----------------------------------	---

Statement of cash flows (Indirect method)	7
---	---

#### Statement of changes in shareholders' equity

Statement of changes in shareholders' equity (DMPL) – 01/01/2023–06/30/2023	9
---	---

Statement of changes in shareholders' equity (DMPL) – 01/01/2022–06/30/2022	10
---	----

Statement of added value	11
--------------------------	----

### Consolidated financial statements

Balance sheet - Assets	12
------------------------	----

Balance sheet - Liabilities	13
-----------------------------	----

Statement of income	15
---------------------	----

Statement of comprehensive income	17
-----------------------------------	----

Statement of cash flows (Indirect method)	18
---	----

#### Statement of changes in shareholders' equity

Statement of changes in shareholders' equity (DMPL) – 01/01/2023–06/30/2023	20
---	----

Statement of changes in shareholders' equity (DMPL) – 01/01/2022–06/30/2022	21
---	----

Statement of added value	22
--------------------------	----

Performance comment	23
---------------------	----

Notes to the financial statements	28
-----------------------------------	----

Comments on the Behavior of the Business Projections	62
--	----

### Opinions and Statements

Special review report - Unqualified	63
-------------------------------------	----

Statement of the Executive Officers on the Financial Statements	64
---	----

Statement of the Executive Officers on Independent Auditor's Report	65
---	----

**Company information / Capital composition**

<b>Quantity of shares (Thousand)</b>	<b>Current quarter 06/30/2023</b>
<b>Paid-in capital</b>	
Common	380,253
Preferred	0
<b>Total</b>	<b>380,253</b>
<b>Treasury</b>	
Common	1,072
Preferred	0
<b>Total</b>	<b>1,072</b>

**Individual financial statements / Balance sheet – Assets****(In thousands of reais)**

<b>Code of account</b>	<b>Account description</b>	<b>Current quarter 06/30/2023</b>	<b>Prior year 12/31/2022</b>
1	Total assets	13,498,836	13,175,980
1.01	Current assets	2,377,254	2,407,557
1.01.01	Cash and cash equivalents	740,563	1,091,080
1.01.03	Accounts receivable	1,194,348	1,040,394
1.01.03.01	Clients	1,194,348	1,040,394
1.01.04	Inventories	119,583	112,118
1.01.06	Recoverable taxes	246,213	90,325
1.01.06.01	Current taxes recoverable	246,213	90,325
1.01.06.01.01	Recoverable taxes	246,213	90,325
1.01.08	Other Current assets	76,547	73,640
1.01.08.03	Other	76,547	73,640
1.01.08.03.01	Advances to employees	14,276	15,506
1.01.08.03.02	Sundry	18,819	16,173
1.01.08.03.03	Technical cooperation agreement	41,023	30,170
1.01.08.03.04	Banks and arrangements	2,429	11,791
1.02	Non-current assets	11,121,582	10,768,423
1.02.01	Long term assets	3,905,148	3,558,252
1.02.01.03	Interest earning bank deposits measured at amortized cost	70,753	71,706
1.02.01.04	Accounts receivable	146,490	146,183
1.02.01.04.01	Clients	37,732	34,678
1.02.01.04.03	Collaterals as guarantees of loans, financing and debentures	62,432	61,033
1.02.01.04.05	Advances and other	46,326	50,472
1.02.01.07	Deferred taxes	311,087	312,483
1.02.01.07.01	Deferred income tax and social contribution	311,087	312,483
1.02.01.10	Other non-current assets	3,376,818	3,027,880
1.02.01.10.03	Financial assets - Concession contracts	886,329	872,921
1.02.01.10.04	Financial assets measured at fair value through other comprehensive income	620	620
1.02.01.10.05	Right-of-use from lease	96,602	94,275
1.02.01.10.06	Contract asset	2,393,267	2,057,435
1.02.01.10.07	Technical cooperation agreement	0	2,629
1.02.02	Investments	253,260	245,457
1.02.02.01	Equity interest	253,260	245,457
1.02.02.01.02	Interest in subsidiaries	253,000	245,197
1.02.02.01.04	Other investments	260	260
1.02.03	Property, plant and equipment	1,433,944	1,467,396
1.02.03.01	Fixed assets in operation	1,433,944	1,467,396
1.02.04	Intangible assets	5,529,230	5,497,318
1.02.04.01	Intangible assets	5,529,230	5,497,318
1.02.04.01.01	Concession contract	5,529,230	5,497,318

**Individual financial statements - Balance sheet - Liabilities****(In thousands of reais)**

<b>Code of account</b>	<b>Account description</b>	<b>Current quarter 06/30/2023</b>	<b>Prior year 12/31/2022</b>
2	Total liabilities	13,498,836	13,175,980
2.01	Current liabilities	2,012,793	1,924,251
2.01.01	Social and labor obligations	181,776	135,235
2.01.01.02	Labor obligations	181,776	135,235
2.01.02	Suppliers	306,347	289,620
2.01.02.01	Domestic suppliers	306,347	289,620
2.01.03	Tax liabilities	242,689	98,125
2.01.03.01	Federal tax liabilities	239,900	95,374
2.01.03.01.01	Income tax and social contribution payable	152,908	0
2.01.03.01.02	Other federal liabilities	86,992	95,374
2.01.03.03	Municipal tax liabilities	2,789	2,751
2.01.04	Loans and financing	854,068	940,871
2.01.04.01	Loans and financing	116,462	150,328
2.01.04.01.01	In domestic currency	61,762	88,511
2.01.04.01.02	In foreign currency	54,700	61,817
2.01.04.02	Debentures	737,606	790,543
2.01.04.02.01	Non-convertible	737,606	790,543
2.01.05	Other liabilities	379,337	405,163
2.01.05.02	Other	379,337	405,163
2.01.05.02.01	Dividends and interest on own capital	120,650	231,653
2.01.05.02.04	Obligations with retirement benefits	9,697	9,627
2.01.05.02.06	Technical cooperation agreement	5,295	7,978
2.01.05.02.07	Public-Private Partnership	50,733	36,792
2.01.05.02.08	Sundry liabilities	152,703	84,001
2.01.05.02.09	Obligations – Lease	40,259	35,112
2.01.06	Provisions	48,576	55,237
2.01.06.01	Tax, social security, labor and civil provision	48,576	55,237
2.01.06.01.07	Employee profit sharing	48,576	55,237
2.02	Non-current liabilities	3,904,640	3,997,215
2.02.01	Loans and financing	3,135,790	3,199,049
2.02.01.01	Loans and financing	1,023,294	826,609
2.02.01.01.01	In domestic currency	689,316	691,766
2.02.01.01.02	In foreign currency	333,978	134,843
2.02.01.02	Debentures	2,112,496	2,372,440
2.02.01.02.01	Non-convertible	2,112,496	2,372,440
2.02.02	Other liabilities	385,946	401,418
2.02.02.02	Other	385,946	401,418
2.02.02.02.03	Obligations with retirement benefits	32,714	44,296
2.02.02.02.05	Deposits for works	53,582	55,429
2.02.02.02.06	Public-Private Partnership	180,593	206,811
2.02.02.02.07	Sundry	50,647	24,085
2.02.02.02.08	Obligations – Lease	66,542	70,797
2.02.02.02.09	Technical cooperation agreement	1,868	0
2.02.04	Provisions	382,904	396,748
2.02.04.01	Tax, social security, labor and civil provision	382,904	396,748
2.02.04.01.06	Provision for legal disputes	382,904	396,748

**Individual financial statements - Balance sheet - Liabilities****(In thousands of reais)**

<b>Code of account</b>	<b>Account description</b>	<b>Current quarter 06/30/2023</b>	<b>Prior year 12/31/2022</b>
2.03	Shareholders' equity	7,581,403	7,254,514
2.03.01	Realized capital	3,402,385	3,402,385
2.03.02	Capital reserves	-8,576	-8,576
2.03.02.05	Treasury shares	-8,576	-8,576
2.03.04	Profit reserves	3,856,580	3,856,580
2.03.04.01	Legal reserve	457,608	457,608
2.03.04.05	Profit retention reserve	3,317,250	3,317,250
2.03.04.07	Tax incentive reserve	81,722	81,722
2.03.05	Retained Earnings/Losses	326,904	0
2.03.06	Equity valuation adjustments	4,110	4,125

**Individual financial statements / Statement of income****(In thousands of reais)**

Code of account	Account description	Current quarter 04/01/2023–06/30/2023	Accumulated of the current year 01/01/2023–06/30/2023	Same quarter of the prior year 04/01/2022–06/30/2022	Accumulated of the prior year 01/01/2022–06/30/2022
3.01	Revenue from sales of goods and/or services	1,782,985	3,495,471	1,520,663	2,941,014
3.01.01	Water services	1,035,855	2,077,968	886,976	1,725,011
3.01.02	Sewage services	536,025	1,067,539	450,354	880,579
3.01.03	Revenue from construction	209,551	347,500	182,989	334,487
3.01.04	Revenues from solid waste	1,554	2,464	344	937
3.02	Cost of goods and/or services sold	-1,122,130	-2,053,580	-941,563	-1,842,056
3.02.01	Cost of goods and/or services sold	-912,579	-1,706,080	-758,574	-1,507,569
3.02.02	Construction cost	-209,551	-347,500	-182,989	-334,487
3.03	Gross income (loss)	660,855	1,441,891	579,100	1,098,958
3.04	Operating expenses/revenue	-334,356	-629,796	-263,249	-521,468
3.04.01	Sales expenses	-135,731	-256,295	-95,954	-234,406
3.04.01.01	Sales expenses	-84,511	-153,606	-57,668	-137,564
3.04.01.02	Estimated losses from allowance for doubtful accounts	-51,220	-102,689	-38,286	-96,842
3.04.02	General and administrative expenses	-169,850	-309,818	-147,636	-271,428
3.04.04	Other operating revenue	15,496	31,935	33,732	69,669
3.04.05	Other operating expenses	-41,517	-79,626	-49,004	-78,569
3.04.05.01	Other operating expenses	-41,517	-79,626	-49,004	-78,569
3.04.06	Equity in net income of subsidiaries	-2,754	-15,992	-4,387	-6,734
3.05	Income (loss) before financial income and taxes	326,499	812,095	315,851	577,490
3.06	Financial income (loss)	-21,740	-70,809	-80,026	-102,381
3.06.01	Financial revenues	86,253	164,940	58,911	150,864
3.06.02	Financial expenses	-107,993	-235,749	-138,937	-253,245
3.07	Income (loss) before income tax	304,759	741,286	235,825	475,109
3.08	Income tax and social contribution	-55,483	-154,304	-55,435	-127,197
3.08.01	Current	-50,389	-152,908	-58,065	-58,065
3.08.02	Deferred	-5,094	-1,396	2,630	-69,132
3.09	Net income (loss) from continued operations	249,276	586,982	180,390	347,912
3.11	Income/loss for the period	249,276	586,982	180,390	347,912

**Individual financial statements / Statement of comprehensive income****(In thousands of reais)**

<b>Code of account</b>	<b>Account description</b>	<b>Current quarter 04/01/2023–06/30/2023</b>	<b>Accumulated of the current year 01/01/2023–06/30/2023</b>	<b>Same quarter of the prior year 04/01/2022–06/30/2022</b>	<b>Accumulated of the prior year 01/01/2022–06/30/2022</b>
4.01	Net income for the period	249,276	586,982	180,390	347,912
4.03	Comprehensive income for the period	249,276	586,982	180,390	347,912

**Individual financial statements / Statement of cash flows (Indirect method)****(In thousands of reais)**

Code of account	Account description	Accumulated of the current year 01/01/2023–06/30/2023	Accumulated of the prior year 01/01/2022–06/30/2022
6.01	Net cash from operating activities	843,235	392,903
6.01.01	Cash generated in operations	1,213,280	1,039,285
6.01.01.01	Net income for the year	586,982	347,912
6.01.01.02	Allowance for doubtful accounts	102,689	96,842
6.01.01.04	Charges and net inflation adjustments and exchange-rate changes	27,505	31,914
6.01.01.05	Interest revenues and expenses, net	109,705	134,865
6.01.01.06	Deferred income tax and social contribution	1,396	69,132
6.01.01.07	Equity in net income of subsidiaries	15,992	6,734
6.01.01.08	Gain / Loss in the write-off of assets	9,498	12,349
6.01.01.09	Depreciation and amortization	388,837	357,927
6.01.01.10	Formation (reversal) of provision	-12,872	-22,669
6.01.01.11	Provision from retirement benefits	27,608	32,443
6.01.01.12	Financial assets	-43,142	-27,085
6.01.01.13	Other	-844	-1,595
6.01.01.16	Provision for inventory losses	-74	516
6.01.02	Changes in assets and liabilities	15,744	-432,497
6.01.02.01	Trade accounts receivable	-235,681	-87,767
6.01.02.02	Inventories	-7,548	-25,326
6.01.02.03	Recoverable taxes	-155,888	-55,486
6.01.02.06	Investment in Securities / Restricted Interest Earning Bank Deposit	0	-1,134
6.01.02.07	Advance of tariff onlending	3,897	3,652
6.01.02.08	Other financial assets	0	270
6.01.02.09	Other	5,072	-4,299
6.01.02.10	Suppliers	16,727	-9,412
6.01.02.11	Taxes, rates, contributions, and social charges	296,897	101,969
6.01.02.12	Provision for vacation and 13 <sup>th</sup> salary	46,541	48,794
6.01.02.13	Employee profit sharing	-6,661	-77,372
6.01.02.14	Technical cooperation agreement	-9,039	5,676
6.01.02.15	Contingencies	-972	852
6.01.02.16	Obligations with retirement benefits	-39,120	-23,475
6.01.02.17	Other liabilities	-13,548	-43,503
6.01.02.18	Collective Bargaining Agreement 2019/2022	0	-175,807
6.01.02.19	Payment of actuarial liabilities	0	-13,399
6.01.02.20	Voluntary Dismissal Incentive Program - PDVI	115,067	-76,730
6.01.03	Other	-385,789	-213,885
6.01.03.01	Interest paid	-207,574	-154,755
6.01.03.02	Interest paid to public-private partnership	-7,188	-5,909
6.01.03.03	Payment of income tax/social contribution	-171,027	-53,221
6.02	Net cash used in investment activities	-648,477	-563,762
6.02.08	Payment to PPP	-15,095	-16,568
6.02.09	Capital increase in subsidiaries	-23,795	-27,090
6.02.10	Acquisition of contract assets	-456,891	-440,074
6.02.11	Acquisition of intangible assets	-143,975	-79,172
6.02.12	Acquisition of property, plant and equipment	-21,699	-11,605
6.02.13	Amount received for sale of property, plant and equipment	2,121	2,749

**Individual financial statements / Statement of cash flows (Indirect method)****(In thousands of reais)**

<b>Code of account</b>	<b>Account description</b>	<b>Accumulated of the current year 01/01/2023–06/30/2023</b>	<b>Accumulated of the prior year 01/01/2022–06/30/2022</b>
6.02.14	Collateral for financing	1,495	8,028
6.02.15	Banks and arrangements	9,362	-30
6.03	Net cash from financing activities	-545,275	-352,259
6.03.01	Inflows of loans, financing and debentures	256,790	24,062
6.03.02	Amortization of loans, financing and debentures	-426,597	-326,830
6.03.04	Interest on own capital paid	-352,402	-31,558
6.03.12	Funding cost	-301	0
6.03.13	Lease payment	-22,765	-17,933
6.05	Increase (decrease) in cash and cash equivalents	-350,517	-523,118
6.05.01	Opening balance of cash and cash equivalents	1,091,080	1,279,469
6.05.02	Closing balance of cash and cash equivalents	740,563	756,351

**Individual financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2023–06/30/2023****(In thousands of reais)**

Code of account	Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity
5.01	Opening balances	3,402,385	-8,576	3,856,580	0	4,125	7,254,514
5.03	Adjusted opening balances	3,402,385	-8,576	3,856,580	0	4,125	7,254,514
5.05	Total comprehensive income	0	0	0	586,982	0	586,982
5.05.01	Net income for the period	0	0	0	586,982	0	586,982
5.06	Internal changes in shareholders' equity	0	0	0	-260,078	-15	-260,093
5.06.07	Interest on own capital	0	0	0	-260,093	0	-260,093
5.06.10	Amortization of inflation adjustment on restated assets	0	0	0	23	-23	0
5.06.11	Deferred income tax and social contribution on restated assets	0	0	0	-8	8	0
5.07	Closing balances	3,402,385	-8,576	3,856,580	326,904	4,110	7,581,403

**Individual financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2022–06/30/2022****(In thousands of reais)**

Code of account	Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity
5.01	Opening balances	3,402,385	-8,576	3,402,583	0	-36,434	6,759,958
5.03	Adjusted opening balances	3,402,385	-8,576	3,402,583	0	-36,434	6,759,958
5.05	Total comprehensive income	0	0	0	347,912	0	347,912
5.05.01	Net income for the period	0	0	0	347,912	0	347,912
5.06	Internal changes in shareholders' equity	0	0	0	-86,984	-24	-87,008
5.06.04	Interest on own capital	0	0	0	-87,008	0	-87,008
5.06.05	Amortization of inflation adjustment on restated assets	0	0	0	36	-36	0
5.06.06	Deferred income tax and social contribution on restated assets	0	0	0	-12	12	0
5.07	Closing balances	3,402,385	-8,576	3,402,583	260,928	-36,458	7,020,862

**Individual Financial Statements / Statement of Added Value****(In thousands of reais)**

<b>Code of account</b>	<b>Account description</b>	<b>Accumulated of the current year 01/01/2023–06/30/2023</b>	<b>Accumulated of the prior year 01/01/2022–06/30/2022</b>
7.01	Revenues	3,745,753	3,179,931
7.01.01	Sale of goods, products and services	3,469,007	2,872,617
7.01.02	Other revenues	31,935	69,669
7.01.02.01	Other operating revenue	31,935	48,202
7.01.02.02	Recovery of written-off accounts	0	21,467
7.01.03	Revenues from construction of own assets	347,500	334,487
7.01.04	Formation/reversal of allowance for doubtful accounts	-102,689	-96,842
7.02	Inputs acquired from third parties	-1,287,867	-1,201,302
7.02.01	Cost of products, goods and services sold	-1,132,096	-1,059,345
7.02.02	Materials, energy, outsourced services and other	-112,302	-95,559
7.02.04	Other	-43,469	-46,398
7.03	Gross added value	2,457,886	1,978,629
7.04	Retentions	-388,837	-357,927
7.04.01	Depreciation, amortization and depletion	-388,837	-357,927
7.05	Net added value produced	2,069,049	1,620,702
7.06	Added value received as transfer	153,887	147,886
7.06.01	Equity in net income of subsidiaries	-15,992	-6,734
7.06.02	Financial revenues	169,879	154,620
7.07	Total added value payable	2,222,936	1,768,588
7.08	Distribution of added value	2,222,936	1,768,588
7.08.01	Personnel	773,862	662,481
7.08.01.01	Direct remuneration	516,983	439,733
7.08.01.02	Benefits	186,116	176,103
7.08.01.03	SEVERANCE PAY FUND (FGTS)	34,510	33,157
7.08.01.04	Other	36,253	13,488
7.08.01.04.01	Employee profit sharing	36,253	13,488
7.08.02	Taxes, duties and contributions	553,688	461,184
7.08.02.01	Federal	518,671	428,583
7.08.02.02	State	32,430	30,439
7.08.02.03	Municipal	2,587	2,162
7.08.03	Third-party capital remuneration	308,404	297,011
7.08.03.01	Interest	296,496	291,206
7.08.03.02	Rentals	11,908	5,805
7.08.04	Remuneration of own capital	586,982	347,912
7.08.04.01	Interest on own capital	260,093	87,008
7.08.04.03	Retained earnings / Loss for the period	326,889	260,904

**Consolidated financial statements or Balance sheet – Assets****(In thousands of reais)**

<b>Code of account</b>	<b>Account description</b>	<b>Current quarter 06/30/2023</b>	<b>Prior year 12/31/2022</b>
1	Total assets	13,509,777	13,189,607
1.01	Current assets	2,417,497	2,449,939
1.01.01	Cash and cash equivalents	766,927	1,122,299
1.01.03	Accounts receivable	1,207,498	1,051,607
1.01.03.01	Clients	1,207,498	1,051,607
1.01.04	Inventories	125,021	116,395
1.01.06	Recoverable taxes	247,115	90,989
1.01.06.01	Current taxes recoverable	247,115	90,989
1.01.06.01.01	Recoverable taxes	247,115	90,989
1.01.08	Other Current assets	70,936	68,649
1.01.08.03	Other	70,936	68,649
1.01.08.03.01	Advances to employees	14,573	15,791
1.01.08.03.02	Sundry	12,782	10,831
1.01.08.03.03	Technical cooperation agreement	41,034	30,185
1.01.08.03.04	Banks and arrangements	2,547	11,842
1.02	Non-current assets	11,092,280	10,739,668
1.02.01	Long term assets	4,010,658	3,641,958
1.02.01.03	Interest earning bank deposits measured at amortized cost	70,753	71,706
1.02.01.04	Accounts receivable	146,946	146,518
1.02.01.04.01	Clients	38,136	34,963
1.02.01.04.03	Collaterals as guarantees of loans, financing and debentures	62,432	61,033
1.02.01.04.05	Advances and other	46,378	50,522
1.02.01.07	Deferred taxes	311,087	312,483
1.02.01.07.01	Deferred income tax and social contribution	311,087	312,483
1.02.01.10	Other non-current assets	3,481,872	3,111,251
1.02.01.10.03	Financial assets - Concession contracts	902,888	889,897
1.02.01.10.04	Financial assets measured at fair value through other comprehensive income	620	620
1.02.01.10.05	Right-of-use from lease	96,636	94,284
1.02.01.10.06	Contract asset	2,481,728	2,123,821
1.02.01.10.07	Technical cooperation agreement	0	2,629
1.02.02	Investments	260	260
1.02.02.01	Equity interest	260	260
1.02.02.01.05	Other investments	260	260
1.02.03	Property, plant and equipment	1,441,248	1,473,823
1.02.03.01	Fixed assets in operation	1,441,248	1,473,823
1.02.04	Intangible assets	5,640,114	5,623,627
1.02.04.01	Intangible assets	5,640,114	5,623,627
1.02.04.01.01	Concession contract	5,640,114	5,623,627

**Consolidated financial statements / Balance sheet - Liabilities****(In thousands of reais)**

<b>Code of account</b>	<b>Account description</b>	<b>Current quarter 06/30/2023</b>	<b>Prior year 12/31/2022</b>
2	Total liabilities	13,509,777	13,189,607
2.01	Current liabilities	2,023,275	1,937,386
2.01.01	Social and labor obligations	183,923	136,614
2.01.01.02	Labor obligations	183,923	136,614
2.01.02	Suppliers	311,822	298,595
2.01.02.01	Domestic suppliers	311,822	298,595
2.01.03	Tax liabilities	243,558	98,976
2.01.03.01	Federal tax liabilities	240,769	96,225
2.01.03.01.01	Income tax and social contribution payable	152,908	0
2.01.03.01.02	Other federal liabilities	87,861	96,225
2.01.03.03	Municipal tax liabilities	2,789	2,751
2.01.04	Loans and financing	854,068	940,871
2.01.04.01	Loans and financing	116,462	150,328
2.01.04.01.01	In domestic currency	61,762	88,511
2.01.04.01.02	In foreign currency	54,700	61,817
2.01.04.02	Debentures	737,606	790,543
2.01.04.02.01	Non-convertible	737,606	790,543
2.01.05	Other liabilities	379,665	405,517
2.01.05.02	Other	379,665	405,517
2.01.05.02.01	Dividends and interest on own capital	120,650	231,653
2.01.05.02.04	Obligations with retirement benefits	9,697	9,627
2.01.05.02.06	Technical cooperation agreement	5,295	7,978
2.01.05.02.07	Public-Private Partnership	50,733	36,792
2.01.05.02.08	Sundry liabilities	153,007	84,348
2.01.05.02.09	Obligations – Lease	40,283	35,119
2.01.06	Provisions	50,239	56,813
2.01.06.01	Tax, social security, labor and civil provision	50,239	56,813
2.01.06.01.05	Other tax obligations	1,663	1,576
2.01.06.01.07	Employee profit sharing	48,576	55,237
2.02	Non-current liabilities	3,905,099	3,997,707
2.02.01	Loans and financing	3,135,790	3,199,049
2.02.01.01	Loans and financing	1,023,294	826,609
2.02.01.01.01	In domestic currency	689,316	691,766
2.02.01.01.02	In foreign currency	333,978	134,843
2.02.01.02	Debentures	2,112,496	2,372,440
2.02.01.02.01	Non-convertible	2,112,496	2,372,440
2.02.02	Other liabilities	385,946	401,418
2.02.02.02	Other	385,946	401,418
2.02.02.02.03	Obligations with retirement benefits	32,714	44,296
2.02.02.02.05	Deposits for works	53,582	55,429
2.02.02.02.06	Public-Private Partnership	180,593	206,811
2.02.02.02.07	Sundry	50,647	24,085
2.02.02.02.08	Obligations – Lease	66,542	70,797
2.02.02.02.09	Technical cooperation agreement	1,868	0
2.02.04	Provisions	383,363	397,240
2.02.04.01	Tax, social security, labor and civil provision	383,363	397,240

**Consolidated financial statements / Balance sheet - Liabilities****(In thousands of reais)**

<b>Code of account</b>	<b>Account description</b>	<b>Current quarter 06/30/2023</b>	<b>Prior year 12/31/2022</b>
2.02.04.01.06	Provision for legal disputes	383,363	397,240
2.03	Consolidated shareholders' equity	7,581,403	7,254,514
2.03.01	Realized capital	3,402,385	3,402,385
2.03.02	Capital reserves	-8,576	-8,576
2.03.02.05	Treasury shares	-8,576	-8,576
2.03.04	Profit reserves	3,856,580	3,856,580
2.03.04.01	Legal reserve	457,608	457,608
2.03.04.05	Profit retention reserve	3,317,250	3,317,250
2.03.04.07	Tax incentive reserve	81,722	81,722
2.03.05	Retained Earnings/Losses	326,904	0
2.03.06	Equity valuation adjustments	4,110	4,125

**Consolidated financial statements / Statement of income****(In thousands of reais)**

Code of account	Account description	Current quarter 04/01/2023–06/30/2023	Accumulated of the current year 01/01/2023–06/30/2023	Same quarter of the prior year 04/01/2022–06/30/2022	Accumulated of the prior year 01/01/2022–06/30/2022
3.01	Revenue from sales of goods and/or services	1,799,800	3,531,435	1,533,647	2,966,925
3.01.01	Water services	1,046,873	2,101,201	895,931	1,742,258
3.01.02	Sewage services	539,502	1,074,928	453,176	886,064
3.01.03	Revenue from construction	211,871	352,842	184,196	337,666
3.01.04	Revenues from solid waste	1,554	2,464	344	937
3.02	Cost of goods and/or services sold	-1,139,479	-2,087,570	-957,510	-1,871,291
3.02.01	Cost of goods and/or services sold	-927,608	-1,734,728	-773,314	-1,533,625
3.02.02	Construction cost	-211,871	-352,842	-184,196	-337,666
3.03	Gross income (loss)	660,321	1,443,865	576,137	1,095,634
3.04	Operating expenses/revenue	-335,021	-627,842	-261,633	-520,243
3.04.01	Sales expenses	-136,135	-258,258	-97,582	-237,670
3.04.01.01	Sales expenses	-85,156	-154,810	-58,163	-138,543
3.04.01.02	Estimated losses from allowance for doubtful accounts	-50,979	-103,448	-39,419	-99,127
3.04.02	General and administrative expenses	-170,940	-311,969	-148,986	-274,622
3.04.04	Other operating revenue	15,027	32,007	34,278	71,310
3.04.05	Other operating expenses	-42,973	-89,622	-49,343	-79,261
3.04.05.01	Other operating expenses	-42,973	-89,622	-49,343	-79,261
3.05	Income (loss) before financial income and taxes	325,300	816,023	314,504	575,391
3.06	Financial income (loss)	-20,541	-74,737	-78,679	-100,282
3.06.01	Financial revenues	87,474	167,277	60,260	152,967
3.06.02	Financial expenses	-108,015	-242,014	-138,939	-253,249
3.07	Income (loss) before income tax	304,759	741,286	235,825	475,109
3.08	Income tax and social contribution	-55,483	-154,304	-55,435	-127,197
3.08.01	Current	-50,389	-152,908	-58,065	-58,065
3.08.02	Deferred	-5,094	-1,396	2,630	-69,132
3.09	Net income (loss) from continued operations	249,276	586,982	180,390	347,912
3.11	Income/loss for the period	249,276	586,982	180,390	347,912
3.11.01	Attributed to the Parent company's partners	249,276	586,982	180,390	347,912

**Consolidated financial statements / Statement of income****(In thousands of reais)**

<b>Code of account</b>	<b>Account description</b>	<b>Current quarter 04/01/2023–06/30/2023</b>	<b>Accumulated of the current year 01/01/2023–06/30/2023</b>	<b>Same quarter of the prior year 04/01/2022–06/30/2022</b>	<b>Accumulated of the prior year 01/01/2022–06/30/2022</b>
3.99	Earnings per share - (Reais R\$ / Shares)				
3.99.01	Basic earnings per share				
3.99.01.01	COMMON SHARES	0.66	1.55	0.48	0.92
3.99.02	Diluted earnings per share				
3.99.02.01	COMMON SHARES	0.66	1.55	0.48	0.92

**Consolidated financial statements / Statement of comprehensive income****(In thousands of reais)**

<b>Code of account</b>	<b>Account description</b>	<b>Current quarter 04/01/2023–06/30/2023</b>	<b>Accumulated of the current year 01/01/2023–06/30/2023</b>	<b>Same quarter of the prior year 04/01/2022–06/30/2022</b>	<b>Accumulated of the prior year 01/01/2022–06/30/2022</b>
4.01	Consolidated net income for the period	249,276	586,982	180,390	347,912
4.03	Consolidated comprehensive income for the period	249,276	586,982	180,390	347,912
4.03.01	Attributed to the Parent company's partners	249,276	586,982	180,390	347,912

**Consolidated financial statements / Statement of cash flows (Indirect method)****(In thousands of reais)**

<b>Code of account</b>	<b>Account description</b>	<b>Accumulated of the current year 01/01/2023–06/30/2023</b>	<b>Accumulated of the prior year 01/01/2022–06/30/2022</b>
6.01	Net cash from operating activities	826,659	377,306
6.01.01	Cash generated in operations	1,202,809	1,039,496
6.01.01.01	Net income for the year	586,982	347,912
6.01.01.02	Allowance for doubtful accounts	103,448	99,127
6.01.01.04	Charges and net inflation adjustments and exchange-rate changes	27,505	31,914
6.01.01.05	Interest revenues and expenses, net	109,452	134,429
6.01.01.06	Deferred income tax and social contribution	1,396	69,132
6.01.01.08	Gain / Loss in the write-off of assets	9,501	12,733
6.01.01.09	Depreciation and amortization	394,234	362,123
6.01.01.10	Formation (reversal) of provision	-12,796	-22,885
6.01.01.11	Provision from retirement benefits	27,608	32,443
6.01.01.12	Financial assets	-43,403	-27,279
6.01.01.13	Other	-842	-1,593
6.01.01.16	Provision for inventory losses	-276	1,440
6.01.02	Changes in assets and liabilities	9,639	-448,304
6.01.02.01	Trade accounts receivable	-238,244	-89,647
6.01.02.02	Inventories	-8,757	-26,047
6.01.02.03	Recoverable taxes	-156,126	-55,663
6.01.02.06	Investment in Securities / Restricted Interest Earning Bank Deposit	0	-1,134
6.01.02.07	Prepaid tariff pass-through	3,897	3,652
6.01.02.08	Other financial assets	0	270
6.01.02.09	Other	5,755	-3,667
6.01.02.10	Suppliers	13,227	-24,041
6.01.02.11	Taxes, rates, contributions, and social charges	296,916	101,685
6.01.02.12	Provision for vacation and 13 <sup>th</sup> salary	47,309	49,295
6.01.02.13	Employee profit sharing	-6,661	-77,372
6.01.02.14	Technical cooperation agreement	-9,035	5,677
6.01.02.15	Contingencies	-997	814
6.01.02.16	Obligations with retirement benefits	-39,120	-23,475
6.01.02.17	Other liabilities	-13,592	-42,715
6.01.02.18	Collective Bargaining Agreement 2019/2022	0	-175,807
6.01.02.19	Payment of actuarial liabilities	0	-13,399
6.01.02.20	Voluntary Dismissal Incentive Program - PDVI	115,067	-76,730
6.01.03	Other	-385,789	-213,886
6.01.03.01	Interest paid	-207,574	-154,756
6.01.03.02	Interest paid to public-private partnership	-7,188	-5,909
6.01.03.03	Payment of income tax/social contribution	-171,027	-53,221
6.02	Net cash used in investment activities	-636,719	-545,410
6.02.08	Payment to PPP	-15,095	-16,568
6.02.10	Acquisition of contract assets	-464,771	-445,337
6.02.11	Acquisition of intangible assets	-146,566	-82,379
6.02.12	Acquisition of property, plant and equipment	-23,198	-11,870
6.02.13	Amount received for sale of property, plant and equipment	2,121	2,749
6.02.14	Collateral for financing	1,495	8,028
6.02.15	Banks and arrangements	9,295	-33

**Consolidated financial statements / Statement of cash flows (Indirect method)****(In thousands of reais)**

<b>Code of account</b>	<b>Account description</b>	<b>Accumulated of the current year 01/01/2023–06/30/2023</b>	<b>Accumulated of the prior year 01/01/2022–06/30/2022</b>
6.03	Net cash from financing activities	-545,312	-352,282
6.03.01	Inflows of loans, financing and debentures	256,790	24,062
6.03.02	Amortization of loans, financing and debentures	-426,597	-326,830
6.03.04	Interest on own capital paid	-352,402	-31,558
6.03.12	Funding cost	-301	0
6.03.13	Lease payment	-22,802	-17,956
6.05	Increase (decrease) in cash and cash equivalents	-355,372	-520,386
6.05.01	Opening balance of cash and cash equivalents	1,122,299	1,309,721
6.05.02	Closing balance of cash and cash equivalents	766,927	789,335

**Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2023–06/30/2023****(In thousands of reais)**

Code of account	Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity	Interest of non-controlling shareholders	Consolidated shareholders' equity
5.01	Opening balances	3,402,385	-8,576	3,856,580	0	4,125	7,254,514	0	7,254,514
5.03	Adjusted opening balances	3,402,385	-8,576	3,856,580	0	4,125	7,254,514	0	7,254,514
5.05	Total comprehensive income	0	0	0	586,982	0	586,982	0	586,982
5.05.01	Net income for the period	0	0	0	586,982	0	586,982	0	586,982
5.06	Internal changes in shareholders' equity	0	0	0	-260,078	-15	-260,093	0	-260,093
5.06.07	Interest on own capital	0	0	0	-260,093	0	-260,093	0	-260,093
5.06.10	Amortization of inflation adjustment on restated assets	0	0	0	23	-23	0	0	0
5.06.11	Deferred income tax and social contribution on restated assets	0	0	0	-8	8	0	0	0
5.07	Closing balances	3,402,385	-8,576	3,856,580	326,904	4,110	7,581,403	0	7,581,403

**Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2022–06/30/2022****(In thousands of reais)**

Code of account	Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity	Interest of non-controlling shareholders	Consolidated shareholders' equity
5.01	Opening balances	3,402,385	-8,576	3,402,583	0	-36,434	6,759,958	0	6,759,958
5.03	Adjusted opening balances	3,402,385	-8,576	3,402,583	0	-36,434	6,759,958	0	6,759,958
5.05	Total comprehensive income	0	0	0	347,912	0	347,912	0	347,912
5.05.01	Net income for the period	0	0	0	347,912	0	347,912	0	347,912
5.06	Internal changes in shareholders' equity	0	0	0	-86,984	-24	-87,008	0	-87,008
5.06.04	Interest on own capital	0	0	0	-87,008	0	-87,008	0	-87,008
5.06.05	Amortization of inflation adjustment on restated assets	0	0	0	36	-36	0	0	0
5.06.06	Deferred income tax and social contribution on restated assets	0	0	0	-12	12	0	0	0
5.07	Closing balances	3,402,385	-8,576	3,402,583	260,928	-36,458	7,020,862	0	7,020,862

**Consolidated Financial Statements / Statement of Added Value****(In thousands of reais)**

<b>Code of account</b>	<b>Account description</b>	<b>Accumulated of the current year 01/01/2023–06/30/2023</b>	<b>Accumulated of the prior year 01/01/2022–06/30/2022</b>
7.01	Revenues	3,784,152	3,207,515
7.01.01	Sale of goods, products and services	3,502,751	2,897,666
7.01.02	Other revenues	32,007	71,310
7.01.02.01	Other operating revenue	32,007	48,849
7.01.02.02	Recovery of written-off accounts	0	22,461
7.01.03	Revenues from construction of own assets	352,842	337,666
7.01.04	Formation/reversal of allowance for doubtful accounts	-103,448	-99,127
7.02	Inputs acquired from third parties	-1,316,818	-1,220,075
7.02.01	Cost of products, goods and services sold	-1,149,915	-1,074,492
7.02.02	Materials, energy, outsourced services and other	-114,376	-97,541
7.02.04	Other	-52,527	-48,042
7.03	Gross added value	2,467,334	1,987,440
7.04	Retentions	-394,234	-362,123
7.04.01	Depreciation, amortization and depletion	-394,234	-362,123
7.05	Net added value produced	2,073,100	1,625,317
7.06	Added value received as transfer	172,317	156,817
7.06.02	Financial revenues	172,317	156,817
7.07	Total added value payable	2,245,417	1,782,134
7.08	Distribution of added value	2,245,417	1,782,134
7.08.01	Personnel	784,377	671,547
7.08.01.01	Direct remuneration	524,297	446,178
7.08.01.02	Benefits	188,802	178,267
7.08.01.03	SEVERANCE PAY FUND (FGTS)	35,025	33,614
7.08.01.04	Other	36,253	13,488
7.08.01.04.01	Employee profit sharing	36,253	13,488
7.08.02	Taxes, duties and contributions	559,364	465,626
7.08.02.01	Federal	523,615	432,440
7.08.02.02	State	33,162	31,020
7.08.02.03	Municipal	2,587	2,166
7.08.03	Third-party capital remuneration	314,694	297,049
7.08.03.01	Interest	302,750	291,209
7.08.03.02	Rentals	11,944	5,840
7.08.04	Remuneration of own capital	586,982	347,912
7.08.04.01	Interest on own capital	260,093	87,008
7.08.04.03	Retained earnings / Loss for the period	326,889	260,904

## Performance comment

### Performance Comment

The Company presents a Performance Comment on the operating and financial income (loss) for the second quarter of 2023 (2Q23) compared to the second quarter of 2022 (2Q22), as follows:

#### 1. Operating performance

##### Concessions

In June 2023, COPASA MG (consolidated) had 640 concessions to render water services and 309 concessions to provide sewage treatment services, as shown in the following table:

Concessions <sup>1,2</sup>	June 2023			June 2022		
	Total	Parent Company	COPANOR	Total	Parent Company	COPANOR
<b>Water</b>						
Concessions	640	591	49	640	591	49
In operation	632	584	48	632	584	48
<b>Sewage</b>						
<b>Concessions<sup>3</sup></b>	309	253	56	310	254	56
In operation	270	229	41	268	227	41

(1) Only one (1) concession/operation per municipality is considered, regardless of whether there is more than one contract, in the case of COPASA 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 24 municipalities and concessions with 2 municipalities, whose contracts were judicially declared null and void.

(3) This reduction is due to the termination of the sewage concession in the municipality of Datas, which has a population of less than 4,000 inhabitants. The concession was not operated.

The ten main current concessions on June 30, 2023, which jointly accounted for approximately 50% of the Company's net water and sewage revenue, as well as their respective maturities, are listed below:

Municipality with Concession in force	Maturity
Belo Horizonte	November/2032
Contagem	February/2073
Betim	December/2042
Montes Claros	July/2048
Ribeirão das Neves	May/2034
Divinópolis	June/2041
Santa Luzia	February/2050
Pouso Alegre	August/2046
Varginha	June/2047
Patos de Minas	December/2038

In June 2023, 83% of the Company's water and sewage revenues came from concessions whose maturity dates occur after December 2031. Concessions relating to 24 municipalities were expired and the contracts of two (2) municipalities, which together account for approximately 3.9% 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 municipalities where contractual nullity was decreed.

## Performance comment

### Operating data

Below are the main operating data and the evolution in the comparative periods. Considering COPASA MG and COPANOR jointly in the last 12 months, the number of consumer units for the provision of water supply and sanitary sewage services increased 1.1% and 2.0%, respectively.

Specification-CONSOLIDATED (COPASA+COPANOR)	2Q23	2Q22	Change (Amount)	Change (%)
<b>Water</b>				
Connections (1,000 units)	4,656	4,606	50	1.1%
Households (1,000 units)	5,615	5,552	63	1.1%
Population Served (1,000 inhabitants)	11,852	11,819	33	0.3%
Distributed volume (1,000 m <sup>3</sup> )	274,838	269,570	5,268	2.0%
Measured Volume (1,000 m <sup>3</sup> )	163,330	158,565	4,765	3.0%
Network Extension (km)	65,397	64,185	1,212	1.9%
<b>Sewage</b>				
Connections (1,000 units)	3,156	3,093	63	2.0%
Households (1,000 units)	4,006	3,926	80	2.0%
Population Served (1,000 inhabitants)	8,594	8,488	106	1.2%
Measured volume (1,000 m <sup>3</sup> )	112,475	109,450	3,025	2.8%
Network Extension (km)	33,276	32,546	730	2.2%

### Number of employees

The numbers of employees in the comparative periods are presented below:

Number of employees	June 2023	June 2022	Change (Amount)	Change (%)
COPASA	10,179	10,125	54	0.5%
COPANOR	473	447	26	5.8%
<b>Total</b>	<b>10,652</b>	<b>10,572</b>	<b>80</b>	<b>0.76%</b>

## 2. Financial performance

In view of the immateriality of the subsidiary COPANOR, the financial information provided by the Company in the Performance Comment, except where otherwise indicated, refers to the individual financial statements.

### Net revenue

Net revenue from water, sewage and solid waste reached R\$ 1.6 billion in 2Q23, as presented in the following table:

Net revenue (R\$ thousand)	2Q23	2Q22	Change (Amount)	l (%)
Net Revenue - Water	1,035,855	886,976	148,879	16.8%
Net Revenue - Sewage	536,025	450,354	85,671	19.0%
Net Revenue - Solid Waste	1,554	344	1,210	351.7%
<b>Net Revenue - Water, Sewage and Solid Waste</b>	<b>1,573,434</b>	<b>1,337,674</b>	<b>235,760</b>	<b>17.6%</b>

The main factors that influenced net revenue from water and sewage in the analyzed periods were the impacts of the tariff adjustment applied on January 01, 2023, with an average tariff effect of 15.7%, as authorized by Arsae-MG, as well as an increase of 3.0% in the measured water volume and 2.8% in the measured sewage volume.

## Performance comment

### Costs and expenses

Costs and expenses totaled R\$ 1.2 billion in 2Q23, against R\$ 1.0 billion in 2Q22, accounting for an increase of 21.6%. Disregarding the Voluntary Dismissal Incentive Program (PDVI), the increase is 10.1%.

Costs and expenses (in thousands of reais)	2Q23	2Q22	Change (Amount)	Change (%)
<b>Manageable costs</b>	<b>846,853</b>	<b>666,590</b>	<b>180,263</b>	<b>27.0%</b>
Personnel, social security obligations included.	399,804	368,811	30,993	8.4%
Voluntary Dismissal Incentive Program - PDVI	115,067	-	115,067	-
Outsourced services	165,083	154,208	10,875	7.1%
Rio Manso PPP	22,461	25,856	(3,395)	-13.1%
Material	19,227	19,796	(569)	-2.9%
Impairment loss on accounts receivable	51,220	38,286	12,934	33.8%
Tariff transfer to municipalities	62,237	48,329	13,908	28.8%
Sundry operating costs	11,754	11,304	450	4.0%
<b>Non-manageable costs</b>	<b>165,652</b>	<b>158,931</b>	<b>6,721</b>	<b>4.2%</b>
Electric power	135,533	134,653	880	0.7%
Telecom	4,679	5,340	(661)	-12.4%
Treatment and laboratory material	33,503	25,381	8,122	32.0%
Fuels and lubricants	9,395	10,769	(1,374)	-12.8%
Tax credits	(17,458)	(17,212)	(246)	1.4%
<b>Depreciation and amortization</b>	<b>204,646</b>	<b>175,581</b>	<b>29,065</b>	<b>16.6%</b>
<b>Charging for the use of water resources</b>	<b>1,009</b>	<b>1,062</b>	<b>(53)</b>	<b>-5.0%</b>
<b>Total costs and expenses (without PDVI)</b>	<b>1,103,093</b>	<b>1,002,164</b>	<b>100,929</b>	<b>10.1%</b>
<b>Total costs and expenses</b>	<b>1,218,160</b>	<b>1,002,164</b>	<b>215,996</b>	<b>21.6%</b>

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

**Personnel:** expenses with this item increased 8.4% in 2Q23 when compared to the same period of last year, mainly due to impacts on salaries, vacations, 13th salary, among other benefits, arising from the 2022 Collective Agreement, whose base date is November and which was based on the Brazilian National Consumer Price Index -INPC (6.46%); as well as an increase in provision for Profit Sharing in 2Q23.

**PDVI:** as detailed in Note 13, 736 employees joined that program, whose estimated amounts with indemnities totaled R\$ 115.1 million, being fully accounted for in 2Q23. Dismissals are scheduled to occur within six months, starting in July 2023.

**Outsourced services:** the increase verified in this account was 7.1%. The items that recorded the most significant change in the reported period were:

- expenses of R\$ 3.8 million with reading and bill delivery outsourcing services occurred in the second quarter of 2023;
- increase of R\$ 2.3 million in maintenance, disconnection and reconnection services; and
- increase of R\$ 2.2 million in expenses with IT services verified in 2Q23, due to the contracting of new software licenses and contractual readjustments.

## Performance comment

**Rio Manso PPP:** the 13.1% decrease in this item was mainly due to the recovery of the PIS/COFINS credits directly to this account as of 2023 and the impact of the application of the water scarcity flag on electric power expenses in 2Q22.

**Impairment loss on accounts receivable:** the amount of this item is 33.8% higher than in 2Q23, mainly due to:

- results of the increase in net revenue;
- review of the risk matrix in June 2022, which reduced the amounts recorded in that quarter.

**Tariff onlending to Municipalities:** the 28.8% increase in this item was due to:

- increase in revenue, owing to the readjustment of 15.7% defined by Arsaé-MG; and
- increase in the number of municipal sanitation funds qualified to receive such transfers. According to [GRT 01/2022 Technical Note](#), within the scope of the tariff readjustment applied on January 1, 2023, 75 new municipal sanitation funds with the right to transfers were included, totaling 294 qualified municipalities.

### Other operating revenues (expenses)

As shown in the table below, Other Operating Revenues (Expenses) recorded a negative income (loss) of R\$ 26.0 million in 2Q23, versus a negative income (loss) of R\$ 15.2 million in 2Q22, as shown in the following table:

Other operating revenues (expenses) (R\$ thousand)	2Q23	2Q22	Change (Amount)	Change (%)
<b>Other operating revenues</b>	<b>15,496</b>	<b>33,732</b>	<b>(18,236)</b>	<b>-54.1%</b>
Revenue from technical services	62	74	(12)	n.m.
Reversal of non-deductible provision	7,544	16,440	(8,896)	n.m.
Recovery of written-off accounts	-	11,862	(11,862)	-100.0%
Other revenues	7,890	5,356	2,534	47.3%
<b>Other operating expenses</b>	<b>(41,517)</b>	<b>(49,004)</b>	<b>7,487</b>	<b>-15.3%</b>
Reversal of (provision for) legal disputes, net	(3,691)	(9,177)	5,486	-59.8%
ARSAE fee	(14,204)	(13,265)	(939)	7.1%
Expenses with Environment Preservation	(11,350)	(5,069)	(6,281)	123.9%
Taxes and Duties	(3,707)	(3,587)	(120)	3.3%
Actuarial liability	(1,655)	(4,687)	3,032	-64.7%
Other expenses	(6,910)	(13,219)	6,309	n.m.
<b>Total</b>	<b>(26,021)</b>	<b>(15,272)</b>	<b>(10,749)</b>	<b>70.4%</b>

### Equity in net income of subsidiaries

The equity in net income of subsidiaries in 2Q23 refers to the subsidiary COPANOR and was negative by R\$ 2.8 million, while in 2Q22 the income (loss) was negative by R\$ 4.4 million, as the table below:

Coponor income (loss) (R\$ thousand)	2Q23	2Q22	Change (Amount)	Change (%)
<b>Net income (loss)</b>	<b>(2,754)</b>	<b>(4,387)</b>	<b>1,633</b>	<b>-37%</b>

## Performance comment

### Financial income (loss)

As the following table, the net financial income (loss) was negative by R\$ 21.7 million in 2Q23, compared to a negative income (loss) of R\$ 80.02 million in 2Q22.

Financial revenues (expenses) (R\$'000)	2Q23	2Q22	Change (Amount)	(%)
<b>Financial revenues</b>	<b>86,253</b>	<b>58,911</b>	<b>27,342</b>	<b>46.4%</b>
Inflation adjustments	2,641	2,327	314	13.5%
Exchange-rate changes	18,769	6,779	11,990	176.9%
Interest	11,641	12,365	(724)	-5.9%
Actual gain in interest earning bank deposits	34,078	24,156	9,922	41.1%
Capitalization of financial assets/other	19,124	13,284	5,840	44.0%
<b>Financial expenses</b>	<b>(107,993)</b>	<b>(138,937)</b>	<b>30,944</b>	<b>-22.3%</b>
Inflation adjustments	(25,526)	(51,581)	26,055	-50.5%
Exchange-rate changes	(24)	(14,559)	14,535	-99.8%
Interest on financing	(81,965)	(72,769)	(9,196)	12.6%
Sundry	(478)	(28)	(450)	1607.1%
<b>Financial income (loss)</b>	<b>(21,740)</b>	<b>(80,026)</b>	<b>58,286</b>	<b>-72.8%</b>

### EBITDA and Net Income (Consolidated)

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

Adjusted EBITDA reached R\$ 647.8 million in 2Q23, with a margin of 40.4%. On the other hand, the net income recorded was R\$ 249.3 million in 2Q23. The table below presents the values in the comparative periods:

Net Income and EBITDA (R\$ thousand)	2Q23	2Q22	Change (Amount)	(%)
<b>Net income for the period</b>	<b>249,276</b>	<b>180,390</b>	<b>68,886</b>	<b>38.2%</b>
(+) Income taxes	55,482	55,435	47	0.1%
(+) Net financial revenue	20,541	78,679	(58,138)	-73.9%
(+) Depreciation and amortization	207,438	177,736	29,702	16.7%
<b>(=) EBITDA</b>	<b>532,737</b>	<b>492,240</b>	<b>40,497</b>	<b>8.2%</b>
<b>(=) EBITDA margin</b>	<b>33.2%</b>	<b>35.6%</b>	-	-
<b>Adjustments - Non-Recurring Items</b>				
(+) Voluntary Dismissal Incentive Program - PDVI	115,067	-	115,067	-
<b>(=) Adjusted EBITDA</b>	<b>647,804</b>	<b>492,240</b>	<b>155,564</b>	<b>31.6%</b>
<b>EBITDA Margin (Adjusted)</b>	<b>40.4%</b>	<b>35.6%</b>	-	-

## Notes

### 01.Operations

Companhia de Saneamento de Minas Gerais ("COPASA MG", "COPASA", "Parent Company", 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.

### 02.Preparation basis and presentation of individual and consolidated interim financial information

The individual and consolidated interim financial information is presented in thousands of reais (R\$ 1,000), unless otherwise indicated.

The individual and consolidated Interim Financial Information, presented herein under the headings "Individual" or "Parent Company" and "Consolidated", respectively, was prepared and is being presented in accordance with CPC 21(R1) / IAS 34 - Interim Financial Reporting, in line with the rules established by the Brazilian Securities and Exchange Commission (CVM).

The Company considered the guidelines provided for in Technical Guideline OCPC 07 in the preparation of its financial statements. Management states that relevant information in interim financial information, and only them, are being evidenced and correspond to that used by Management in its administration.

This interim financial information should be read together with the Company's Financial Statements for the year ended December 31, 2022, which 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 Company's Board of Directors authorized the issue of Interim Financial Information as of June 30, 2023 of the Parent Company and Consolidated as of July 27, 2023.

Considering that there were no relevant changes regarding the breakdown and nature of the balances presented in the Financial Statements as of December 31, 2022, the following Notes are presented concisely for the period ended June 30, 2023:

- 03. Description of significant accounting policies;
- 04. Public service concession agreements;
- 05. Cash and cash equivalents;
- 06. Trade accounts receivable;
- 14. Loans, financing and debentures; 16. Income tax and social contribution;
- 16. Deferred income tax and social contribution
- 18. Obligations with retirement benefits;
- 19. Shareholders' equity and dividends; 21. Financial risk management;
- 21. Financial risk management
- 23. Related party transactions.

## Notes

### 03.Description of significant accounting policies

The significant accounting policies applied in this Interim Financial Information are consistent with the policies described in Note 3 of the Company's Financial Statements for the year ended December 31, 2022, filed with the Brazilian Securities and Exchange Commission (CVM).

### 04.Public service concession agreements

As of June 30, 2023, the Company and its subsidiary COPANOR were parties to 640 Concession Contracts or Program Agreements for the provision of water supply utility services and 309 Concession Contracts or Program Agreements for the provision of sewage treatment utility services (640 and 309 as at December 31, 2022, respectively).

As of June 30, 2023, the Company presented the amount of R\$ 886,329 in the parent company (R\$ 872,921 as of December 31, 2022) and R\$ 902,888 in the Consolidated (R\$ 889,897 as of December 31, 2022) as accounts receivable 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.

#### Financial assets - Public service concession agreements

	Parent Company		Consolidated	
	First semester 2023	2022	First semester 2023	2022
<b>Opening balance</b>	<b>872,921</b>	<b>733,328</b>	<b>889,897</b>	<b>752,253</b>
Transfer from (to) intangible assets and property, plant and equipment	(29,734)	83,661	(30,414)	81,301
Capitalization	43,340	56,624	43,601	57,035
Write-offs	-	(700)	-	(700)
Other	(198)	8	(196)	8
<b>Closing balance</b>	<b>886,329</b>	<b>872,921</b>	<b>902,888</b>	<b>889,897</b>

### 05.Cash and cash equivalents

#### (a) Cash and cash equivalents

	Parent company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Cash and banks	30,408	19,679	31,163	19,949
Short-term bank deposit certificates and debentures subject to repurchase and resale agreements	710,155	1,071,401	735,764	1,102,350
<b>Total</b>	<b>740,563</b>	<b>1,091,080</b>	<b>766,927</b>	<b>1,122,299</b>

The Company's own funds arising from its business activity 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. Such interest earning bank deposits were remunerated at the average rate of 104.01% of CDI in the period ended June 30, 2023 (104.65% of CDI for the year ended December 31, 2022).

## Notes

### 06.Trade accounts receivable

Amounts of trade accounts receivable are broken down by maturity:

	Parent Company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Overdue (days):				
≤30	254,402	204,338	257,687	206,949
31-60	104,044	88,975	105,525	90,340
61-90	56,717	48,403	57,628	49,196
91-180	100,154	87,408	101,299	88,723
181-360	120,981	131,990	121,039	132,032
>360	11,243	11,562	11,255	11,572
Overdue - total	647,541	572,676	654,433	578,812
Falling due	339,380	312,557	343,056	316,015
Billed	986,921	885,233	997,489	894,827
To be billed	479,561	408,253	484,226	411,899
<b>Trade accounts receivable (1)</b>	<b>1,466,482</b>	<b>1,293,486</b>	<b>1,481,715</b>	<b>1,306,726</b>
(-) Provision for expected credit losses on trade accounts receivable	(234,402)	(218,414)	(236,081)	(220,156)
<b>Trade accounts receivable, net</b>	<b>1,232,080</b>	<b>1,075,072</b>	<b>1,245,634</b>	<b>1,086,570</b>
<b>Trade accounts receivable - Current</b>	<b>1,194,348</b>	<b>1,040,394</b>	<b>1,207,498</b>	<b>1,051,607</b>
<b>Trade accounts receivable - Non-current</b>	<b>37,732</b>	<b>34,678</b>	<b>38,136</b>	<b>34,963</b>

(1) This includes accounts receivable from State of Minas Gerais, as detailed below.

Amounts	Parent Company / Consolidated	
	06/30/2023	12/31/2022
Billed	32,446	19,870
To be billed	13,670	11,192
<b>Accounts receivable from the State of Minas Gerais (1)</b>	<b>46,116</b>	<b>31,062</b>

(1) Amounts also presented in Note 23 (a) on Related Parties.

The changes in the provision for expected credit losses on trade accounts receivable of the Company were as follows:

	Parent Company		Consolidated	
	First semester 2023	2022	First semester 2023	2022
<b>Opening balance</b>	<b>218,414</b>	<b>239,177</b>	<b>220,156</b>	<b>241,146</b>
Addition to provision for expected credit losses on trade accounts receivable	102,689	201,935	103,448	206,215
Trade accounts receivable written-off in the period as non-collectible	(86,701)	(222,698)	(87,523)	(227,205)
<b>Closing balance</b>	<b>234,402</b>	<b>218,414</b>	<b>236,081</b>	<b>220,156</b>

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

The Company adopts 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 provision.

The Company does not recognize a provision for losses on debts related to the State of Minas Gerais, the controlling shareholder, in view of the recent history of renegotiations, payments received, the signing of an agreement to settle debt, as well as the terms of compensation with dividends and interest on own capital, in addition to the observed history of default. The Company's management evaluates this matter depending on the facts and circumstances at each reporting date.

## Notes

For credits with the Belo Horizonte Municipal Government, the transfer of the 4% of the net value collected for the Municipal Sanitation Fund, is conditioned to the settlement of the bills by the municipal government, the revenue of which is also allocated to this fund.

### 07.Collaterals as guarantees of loans, financing and debentures and Restricted interest earning bank deposit

	Parent Company / Consolidated	
	06/30/2023	12/31/2022
Collaterals as guarantees of loans, financing and debentures - non-current	62,432	61,033
Restricted interest earning bank deposit - non-current <sup>(i)</sup>	70,753	71,706

<sup>(i)</sup> Refers to ANA's (Agência Nacional de Águas e Saneamento Básico) funds related to the Hydrographic Basins Depollution Program (PRODES), as described in the Note 8 to the individual and consolidated financial statements as of December 31, 2022. In the first semester of 2023, funds related to the contract with the municipality of Ibirité were released in the amount of R\$ 846, with the remaining balance of R\$ 8,634.

### 08.Investments

The following table shows the changes in investments in the subsidiary:

	Opening balances	Profit sharing in the subsidiary	Capital increase <sup>(i)</sup>	Closing balances
<b>Semester ended June 30, 2023</b>				
COPANOR	245,197	(15,992)	23,795	253,000
Other	260	-	-	260
<b>Total</b>	<b>245,457</b>	<b>(15,992)</b>	<b>23,795</b>	<b>253,260</b>
<b>Semester ended June 30, 2022</b>				
COPANOR	202,151	(6,734)	27,090	222,537
Other	260	-	-	260
<b>Total</b>	<b>202,441</b>	<b>(6,734)</b>	<b>27,090</b>	<b>222,797</b>

<sup>(i)</sup> The Parent Company paid in the amount of R\$ 23,795 in the 1<sup>st</sup> semester of 2023 (R\$ 27,090 in the 1<sup>st</sup> semester of 2022) for COPANOR, whose funds will enable investments in the implementation, expansion and maintenance works in water supply and sewage treatment systems.

### Summarized financial information

COPANOR	Interest (%)	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Shareholders' equity	Net loss for the semester/year
06/30/2023	100%	46,281	223,647	16,521	407	253,000	(15,992)
12/31/2022	100%	47,723	216,393	18,476	443	245,197	(11,163)

### 09.Contract asset

Changes for 1S23 can be shown as follows:

	Systems of			Inventories for works	Total
	Water	Sewage treatment	Common use		
<b>Parent Company:</b>					
Balances at December 31, 2022	701,177	778,910	410,116	167,232	2,057,435
Additions	107,748	205,233	136,087	-	449,068
Reversal of provision for construction material	-	-	-	7,979	7,979
Write-offs	-	(10,325)	-	-	(10,325)
Compound interest	22,529	18,714	20,508	-	61,751
Transfers to intangible assets	(57,426)	(90,819)	(21,897)	-	(170,142)
Transfers to property, plant and equipment	-	-	(2,499)	-	(2,499)
<b>Balances at June 30, 2023</b>	<b>774,028</b>	<b>901,713</b>	<b>542,315</b>	<b>175,211</b>	<b>2,393,267</b>

## Notes

	Systems of			Inventories for works	Total
	Water	Sewage treatment	Common use		
<b>Consolidated:</b>					
<b>Balances at December 31, 2022</b>	<b>716,824</b>	<b>802,395</b>	<b>422,146</b>	<b>182,456</b>	<b>2,123,821</b>
Additions	108,071	209,933	138,083	860	456,947
Reversal of provision for construction material	-	-	-	8,229	8,229
Write-offs	-	(10,328)	-	-	(10,328)
Compound interest	22,529	18,714	20,508	-	61,751
Transfers to intangible assets	(58,283)	(75,609)	(22,160)	-	(156,052)
Transfers to property, plant and equipment	-	-	(2,640)	-	(2,640)
<b>Balances at June 30, 2023</b>	<b>789,141</b>	<b>945,105</b>	<b>555,937</b>	<b>191,545</b>	<b>2,481,728</b>

For the year 2022, changes were as follows:

	Systems of			Inventories for works	Total
	Water	Sewage treatment	Common use		
<b>Parent Company:</b>					
<b>Balances at December 31, 2021</b>	<b>505,033</b>	<b>518,097</b>	<b>282,748</b>	<b>118,992</b>	<b>1,424,870</b>
Additions	319,996	381,534	199,946	47,860	949,336
Reversal of provision for construction material	-	-	-	380	380
Write-offs	(4,820)	(8,910)	(5)	-	(13,735)
Compound interest	28,582	26,610	22,435	-	77,627
Transfers to intangible assets	(147,614)	(138,421)	(46,537)	-	(332,572)
Transfers to property, plant and equipment	-	-	(48,471)	-	(48,471)
<b>Balances at December 31, 2022</b>	<b>701,177</b>	<b>778,910</b>	<b>410,116</b>	<b>167,232</b>	<b>2,057,435</b>
<b>Consolidated:</b>					
<b>Balances at December 31, 2021</b>	<b>521,446</b>	<b>549,058</b>	<b>288,427</b>	<b>130,064</b>	<b>1,488,995</b>
Additions	324,801	392,818	207,300	52,001	976,920
Reversal of provision for construction material	-	-	-	391	391
Write-offs	(4,820)	(8,910)	(40)	-	(13,770)
Compound interest	28,582	26,610	22,435	-	77,627
Transfers to intangible assets	(153,185)	(157,181)	(47,415)	-	(357,781)
Transfers to property, plant and equipment	-	-	(48,561)	-	(48,561)
<b>Balances at December 31, 2022</b>	<b>716,824</b>	<b>802,395</b>	<b>422,146</b>	<b>182,456</b>	<b>2,123,821</b>

In the 1st semester of 2023, the additions, in the amount of R\$ 449,068 in the parent company (R\$ 949,336 in 2022) and R\$ 456,947 in the consolidated (R\$ 976,920 in 2022) refer mainly to works to implement the water supply systems in the cities of Fronteira, Montes Claros and Ribeirão das Neves, as well as the implementation of sewage systems in the cities of Belo Horizonte, Guaxupé, Juatuba, Sabará, Santana do Paraíso, São João Nepomuceno, São Joaquim de Bicas, Sarzedo, Ubá and Vespasiano.

## 10. Intangible assets

The breakdown of balances is as follows:

	06/30/2023			12/31/2022		
	Cost	Accumulated amortization	Intangible assets, net	Cost	Accumulated amortization	Intangible assets, net
<b>Parent Company:</b>						
<b>In operation</b>						
Water systems	4,235,564	(2,723,010)	1,512,554	4,142,742	(2,661,099)	1,481,643
Sewage treatment	6,491,378	(3,130,082)	3,361,296	6,347,712	(2,977,932)	3,369,780
Common use systems	1,173,523	(953,251)	220,272	1,126,596	(917,516)	209,080
Rights-of-use	664,718	(333,826)	330,892	649,105	(317,097)	332,008
Other intangible assets	136,116	(31,900)	104,216	136,580	(31,773)	104,807
<b>Total intangible assets</b>	<b>12,701,299</b>	<b>(7,172,069)</b>	<b>5,529,230</b>	<b>12,402,735</b>	<b>(6,905,417)</b>	<b>5,497,318</b>

## Notes

	06/30/2023			12/31/2022		
	Cost	Accumulated amortization	Intangible assets, net	Cost	Accumulated amortization	Intangible assets, net
<b>Consolidated:</b>						
<b>In operation</b>						
Water systems	4,290,878	(2,730,565)	1,560,313	4,196,048	(2,667,334)	1,528,714
Sewage treatment	6,554,006	(3,139,769)	3,414,237	6,423,565	(2.986.0S9)	3,437,476
Common use systems	1,191,753	(962,151)	229,602	1,144,469	(924,699)	219,770
Rights-of-use	664,879	(333,977)	330,902	649,266	(317,232)	332,034
Other intangible assets	137,074	(32,014)	105,060	137,497	(31,864)	105,633
<b>Total intangible assets</b>	<b>12,838,590</b>	<b>(7,198,476)</b>	<b>5,640,114</b>	<b>12,550,845</b>	<b>(6,927,218)</b>	<b>5,623,627</b>

Changes for 1S23 can be shown as follows:

	Systems of					Total
	Water	Sewage treatment	Common use <sup>(1)</sup>	Rights-of-use	Other	
<b>Parent Company:</b>						
<b>Balances at December 31, 2022</b>	<b>1,481,643</b>	<b>3,369,780</b>	<b>209,080</b>	<b>332,008</b>	<b>104,807</b>	<b>5,497,318</b>
Additions	29,823	57,975	40,399	15,613	165	143,975
Write-offs	(1,279)	-	(8)	-	-	(1,287)
Amortization	(78,350)	(164,097)	(36,921)	(16,729)	(3,584)	(299,651)
Transfers of (to) financial asset	16,163	6,798	(75)	-	6,836	29,722
Transfer among intangible asset and property, plant and equipment	2	(503)	(185)	-	(10,272)	(10,958)
Transfers of contract assets	64,552	91,343	7,983	-	6,264	170,142
Other	-	-	(1)	-	-	(1)
<b>Balances at June 30, 2023</b>	<b>1,512,554</b>	<b>3,361,296</b>	<b>220,272</b>	<b>330,892</b>	<b>104,216</b>	<b>5,529,230</b>

	Systems of					Total
	Water	Sewage treatment	Common use <sup>(1)</sup>	Rights-of-use	Other	
<b>Consolidated:</b>						
<b>Balances at December 31, 2022</b>	<b>1,528,714</b>	<b>3,437,476</b>	<b>219,770</b>	<b>332,034</b>	<b>105,633</b>	<b>5,623,627</b>
Additions	31,225	58,658	40,839	15,613	231	146,566
Write-offs	(1,279)	-	(8)	-	-	(1,287)
Amortization	(79,670)	(165,628)	(38,638)	(16,745)	(3,607)	(304,288)
Transfers of (to) financial asset	15,895	7,766	(75)	-	6,816	30,402
Transfers among intangible asset and property, plant and equipment	2	(503)	(185)	-	(10,272)	(10,958)
Transfer of contract assets	65,426	76,466	7,899	-	6,261	156,052
Other	-	2	-	-	(2)	-
<b>Balances at June 30, 2023</b>	<b>1,560,313</b>	<b>3,414,237</b>	<b>229,602</b>	<b>330,902</b>	<b>105,060</b>	<b>5,640,114</b>

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

Amortization was allocated to income (loss) as follows:

	Parent company		Consolidated	
	First semester		First semester	
	2023	2022	2023	2022
Cost of services rendered	296,269	266,346	300,860	270,199
Sales expenses	126	265	127	265
Administrative expenses	3,256	1,934	3,301	1,950
<b>Total</b>	<b>299,681</b>	<b>268,545</b>	<b>304,288</b>	<b>272,414</b>

## Notes

Changes in the year 2022 were as follows:

	Systems of					Total
	Water	Sewage treatment	Common use <sup>(1)</sup>	Rights-of-use	Other	
<b>Parent Company:</b>						
<b>Balances at December 31, 2021</b>	<b>1,529,115</b>	<b>3,490,649</b>	<b>175,271</b>	<b>322,437</b>	<b>75,290</b>	<b>5,592,762</b>
Additions	35,088	60,798	68,666	37,571	933	203,056
Write-offs	(2,588)	-	(45)	-	-	(2,633)
Amortization	(151,191)	(290,808)	(65,092)	(29,337)	(5,747)	(542,175)
Transfers of (to) financial asset	(39,803)	(28,201)	(13,925)	65	(1,921)	(83,785)
Transfer among intangible asset and property, plant and equipment	(1,363)	(473)	353	11	(932)	(2,404)
Transfers of contract assets	112,383	137,817	43,921	1,261	37,190	332,572
Other	2	(2)	(69)	-	(6)	(75)
<b>Balances at December 31, 2022</b>	<b>1,481,643</b>	<b>3,369,780</b>	<b>209,080</b>	<b>332,008</b>	<b>104,807</b>	<b>5,497,318</b>
<b>Consolidated:</b>						
<b>Balances at December 31, 2021</b>	<b>1,568,591</b>	<b>3,539,354</b>	<b>185,018</b>	<b>322,481</b>	<b>75,823</b>	<b>5,691,267</b>
Additions	38,360	62,739	71,335	37,583	1,376	211,393
Write-offs	(2,588)	-	(45)	-	-	(2,633)
Amortization	(153,422)	(293,606)	(68,071)	(29,367)	(5,793)	(550,259)
Transfers of (to) financial asset	(38,820)	(27,112)	(13,530)	65	(2,028)	(81,425)
Transfers among intangible asset and property, plant and equipment	(1,363)	(473)	337	11	(932)	(2,420)
Transfer of contract assets	117,954	156,577	44,796	1,261	37,193	357,781
Other	2	(3)	(70)	-	(6)	(77)
<b>Balances at December 31, 2022</b>	<b>1,528,714</b>	<b>3,437,476</b>	<b>219,770</b>	<b>332,034</b>	<b>105,633</b>	<b>5,623,627</b>

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

Average amortization rate calculated for Parent Company and Consolidated:

	Parent Company		Consolidated	
	First semester 2023	2022	First semester 2023	2022
Water systems	5.05%	4.97%	5.03%	5.17%
Sewage treatment	6.09%	5.08%	6.07%	5.21%
Common use systems	19.50%	19.39%	19.46%	21.62%
Rights-of-use	6.09%	5.79%	6.09%	5.82%
Other intangible assets	4.82%	4.98%	4.80%	5.09%

## Notes

### 11. Property, plant and equipment

(a) The breakdown of balances is as follows:

	06/30/2023			12/31/2022			
	Average rate	Cost	Accumulated depreciation	Property, plant and equipment, net	Cost	Accumulated depreciation	Property, plant and equipment, net
<b>Parent Company:</b>							
<b>In operation</b>							
Machinery and equipment	15.06%	708,448	(558,325)	150,123	684,904	(541,141)	143,763
Vehicles	25.88%	82,038	(80,972)	1,066	82,553	(80,223)	2,330
Other	-	41,761	(231)	41,530	31,490	(231)	31,259
		<b>832,247</b>	<b>(639,528)</b>	<b>192,719</b>	<b>798,947</b>	<b>(621,595)</b>	<b>177,352</b>
Land and buildings	4.57%	3,419,515	(2,178,293)	1,241,225	3,417,153	(2,127,109)	1,290,044
<b>Total property, plant and equipment - in operation</b>		<b>4,251,765</b>	<b>(2,817,821)</b>	<b>1,433,944</b>	<b>4,216,100</b>	<b>(2,748,704)</b>	<b>1,467,396</b>
<b>Consolidated:</b>							
<b>In operation</b>							
Machinery and equipment	15.05%	714,119	(560,028)	154,091	689,775	(542,450)	147,325
Vehicles	23.84%	85,832	(81,569)	4,263	85,648	(80,453)	5,195
Other	-	41,761	(231)	41,530	31,490	(231)	31,259
		<b>841,712</b>	<b>(641,828)</b>	<b>199,884</b>	<b>806,913</b>	<b>(623,134)</b>	<b>183,779</b>
Land and buildings	4.57%	3,419,659	(2,178,295)	1,241,364	3,417,153	(2,127,109)	1,290,044
<b>Total property, plant and equipment - in operation</b>		<b>4,261,371</b>	<b>(2,820,123)</b>	<b>1,441,248</b>	<b>4,224,066</b>	<b>(2,750,243)</b>	<b>1,473,823</b>

(b) Changes for 1S23 can be shown as follows:

	Machinery and equipment	Vehicles	Other	Land and buildings	Total
<b>Parent Company:</b>					
<b>Balances at December 31, 2022</b>	<b>143,763</b>	<b>2,330</b>	<b>31,259</b>	<b>1,290,044</b>	<b>1,467,396</b>
Additions	21,699	-	-	-	21,699
Write-offs	(7)	-	-	-	(7)
Depreciation	(15,380)	(1,264)	-	(51,184)	(67,828)
Transfer of contract assets	134	-	-	2,365	2,499
Transfers among intangible asset and property, plant and equipment	687	-	10,271	-	10,958
Transfers to financial assets	12	-	-	-	12
Other	(785)	-	-	-	(785)
<b>Balances at June 30, 2023</b>	<b>150,123</b>	<b>1,066</b>	<b>41,530</b>	<b>1,241,225</b>	<b>1,433,944</b>
<b>Consolidated:</b>					
<b>Balances at December 31, 2022</b>	<b>147,325</b>	<b>5,195</b>	<b>31,259</b>	<b>1,290,044</b>	<b>1,473,823</b>
Additions	22,498	700	-	-	23,198
Write-offs	(7)	-	-	-	(7)
Depreciation	(15,773)	(1,632)	-	(51,186)	(68,591)
Transfer of contract assets	134	-	-	2,506	2,640
Transfers among intangible asset and property, plant and equipment	687	-	10,271	-	10,958
Transfers to financial assets	12	-	-	-	12
Other	(785)	-	-	-	(785)
<b>Balances at June 30, 2023</b>	<b>154,091</b>	<b>4,263</b>	<b>41,530</b>	<b>1,241,364</b>	<b>1,441,248</b>

Depreciation was allocated to income (loss) as follows:

	Parent company		Consolidated	
	2023	2022	2023	2022
Cost of services rendered	57,688	56,941	58,390	57,241
Sales expenses	2,124	2,071	2,178	2,072
Administrative expenses	8,016	4,641	8,023	4,643
<b>Total</b>	<b>67,828</b>	<b>63,653</b>	<b>68,591</b>	<b>63,956</b>

## Notes

For the year 2022, changes were as follows:

	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Other</b>	<b>Land and buildings</b>	<b>Total</b>
<b>Parent Company:</b>					
<b>Balances at December 31, 2021</b>	<b>77,921</b>	<b>6,076</b>	<b>31,275</b>	<b>1,354,852</b>	<b>1,470,124</b>
Additions	75,086	45	-	-	75,131
Write-offs	(315)	(8)	-	-	(323)
Depreciation	(23,534)	(3,793)	-	(101,256)	(128,583)
Transfer of contract assets	12,107	8	5	36,351	48,471
Transfers among intangible asset and property, plant and equipment	2,346	-	-	58	2,404
Transfers to financial assets	82	-	-	42	124
Other	70	2	(21)	(3)	48
<b>Balances at December 31, 2022</b>	<b>143,763</b>	<b>2,330</b>	<b>31,259</b>	<b>1,290,044</b>	<b>1,467,396</b>
<b>Consolidated:</b>					
<b>Balances at December 31, 2021</b>	<b>81,246</b>	<b>6,161</b>	<b>31,274</b>	<b>1,354,852</b>	<b>1,473,533</b>
Additions	75,838	3,044	-	-	78,882
Write-offs	(315)	(8)	-	-	(323)
Depreciation	(24,155)	(4,012)	-	(101,256)	(129,423)
Transfer of contract assets	12,197	8	5	36,351	48,561
Transfers among intangible asset and property, plant and equipment	2,362	-	-	58	2,420
Transfers to financial assets	82	-	-	42	124
Other	70	2	(20)	(3)	49
<b>Balances at December 31, 2022</b>	<b>147,325</b>	<b>5,195</b>	<b>31,259</b>	<b>1,290,044</b>	<b>1,473,823</b>

## 12. 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 agreement related to the maintenance of systems for the 1S23 were R\$ 44,158 (R\$ 96,779 in the year ended December 31, 2022).

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. Changes in liabilities can be shown as follows:

	<b>Parent Company / Consolidated</b>	
	<b>First semester 2023</b>	<b>2022</b>
<b>Opening balance</b>	<b>243,603</b>	<b>260,985</b>
Restatement	10,006	23,737
Amortization	(15,094)	(25,464)
Interest paid	(7,189)	(15,655)
<b>Closing balance</b>	<b>231,326</b>	<b>243,603</b>
<b>Current liabilities</b>	<b>50,733</b>	<b>36,792</b>
<b>Non-current liabilities</b>	<b>180,593</b>	<b>206,811</b>

## Notes

### 13. Taxes, rates, contributions, social and labor charges and sundry obligations

(a) Current assets:

The recoverable taxes are shown as follows:

	Parent company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
IRPF recoverable	6,866	2,463	7,548	3,109
IRPJ to be offset/negative balance	60,041	61,041	60,044	61,044
CSLL to be offset/negative balance	20,973	20,973	20,973	20,973
Recovery of PIS/COFINS credits	236	5,707	236	5,707
Prepayment of IRPJ	111,673	-	111,818	-
Prepayment of CSLL	45,551	-	45,608	-
Other taxes recoverable	873	141	888	156
<b>Total</b>	<b>246,213</b>	<b>90,325</b>	<b>247,115</b>	<b>90,989</b>

Recoverable taxes mainly refer to the negative balance of Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) for 2022, which are offset in 2023; and the increase in the IRPJ and CSLL prepayment balance caused by the distribution of Interest on Own Capital (JCP) in the percentage of 50%. In the 1st semester of 2023, the distribution of interest on own capital was 50%.

(b) Current liabilities:

The taxes, fees, contributions, and social and labor charges include:

	Parent company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
INSS	26,831	27,267	27,299	27,772
COFINS	31,495	25,548	31,698	25,634
PIS	6,790	5,505	6,833	5,522
IRPJ	123,476	28,437	123,485	28,470
CSLL	44,725	5,513	44,725	5,634
FGTS	3,569	-	3,648	-
Other	5,803	5,855	5,870	5,944
<b>Current liabilities</b>	<b>242,689</b>	<b>98,125</b>	<b>243,558</b>	<b>98,976</b>

The sundry obligations are as follows:

	Parent Company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
<b>Sundry liabilities</b>				
Deposit for works (i)	53,582	55,429	53,582	55,429
Salaries payable	1,736	1,629	1,741	1,639
PDVI (ii)	115,067	-	115,067	-
Return of Tariffs – ARSAE (iii)	33,357	51,567	33,357	51,567
Other	53,190	54,890	53,489	55,227
<b>Total</b>	<b>256,932</b>	<b>163,515</b>	<b>257,236</b>	<b>163,862</b>
<b>Current liabilities</b>	<b>152,703</b>	<b>84,001</b>	<b>153,007</b>	<b>84,348</b>
<b>Non-current liabilities</b>	<b>104,229</b>	<b>79,514</b>	<b>104,229</b>	<b>79,514</b>

(i) Refers to ANA's funds related to the Hydrographic Basins Depollution Program (PRODES) (See Note 7).

(ii) The Company instituted the Voluntary Dismissal Incentive Program – PDVI in May 2023, duly regulated and widely publicized to its employees. 736 employees joined the program, with scheduled dismissals scheduled to occur within six months at the discretion of COPASA MG, starting in July 2023. The estimated amounts with indemnities total R\$ 115,067, fully accounted for in the second quarter of 2023.

## Notes

- (iii) Minas Gerais State Regulatory Agency for Water Supply and Sewage Services – ARSAE-MG determined the return of amounts to clients through the following administrative proceedings, assessed by Management as having a probable likelihood of loss, and, thus, provisioned.

The Company identified all customers involved in the aforementioned proceedings and recorded the exact amount to be returned to each one, through a credit (discount) on invoices, and, in the 1S23, returns amounted to R\$ 18,210. Changes in the amounts involved in the proceedings were as follows:

Proceedings	Parent Company / Consolidated					
	Opening balance to be reimbursed	Increase in provision	Returns made			Closing balance to be reimbursed
			Principal value	Interest and inflation adjustment	Total returned	
<b>Period ended June 30, 2023</b>						
005/2019	43,814	-	4,896	11,739	16,635	27,179
028/2021	3,432	-	68	-	68	3,364
041/2021	4,321	-	1,493	14	1,507	2,814
	<u>51,567</u>	<u>-</u>	<u>6,457</u>	<u>11,753</u>	<u>18,210</u>	<u>33,357</u>
						<b>Current liabilities</b>
						<b>22,405</b>
						<b>Non-current liabilities</b>
						<b>10,952</b>
<b>Year ended December 31, 2022</b>						
005/2019	94,073	7,886	34,380	23,765	58,145	43,814
028/2021	5,485	-	1,417	636	2,053	3,432
041/2021	-	6,153	1,758	74	1,832	4,321
	<u>99,558</u>	<u>14,039</u>	<u>37,555</u>	<u>24,475</u>	<u>62,030</u>	<u>51,567</u>
						<b>Current liabilities</b>
						<b>50,266</b>
						<b>Non-current liabilities</b>
						<b>1,301</b>

## 14. Loans, financing and debentures

Loans, financing, and debentures, totaling R\$ 3,989,858 as of June 30, 2023 (R\$ 4,139,920 as of December 31, 2022), mature until 2043, and average coupons of 10.39% p.a. for the Parent Company and Consolidated (10.85% p.a. as of December 31, 2022 for the Parent Company and Consolidated).

- (a) Loans and financing

Changes in loans and financing are as follows:

	Parent Company / Consolidated		
	First semester 2023	2022	First semester 2022
<b>Opening balance</b>	<b>976,937</b>	<b>1,068,394</b>	<b>1,068,394</b>
Additions of loans and financing	256,790	103,456	24,062
Provisioned charges	36,311	66,353	33,873
Inflation adjustment and exchange rate change	(9,887)	(15,706)	(28,065)
Amortization of charges	(33,071)	(66,565)	(33,932)
Amortization of principal	(87,452)	(179,252)	(88,242)
Amortization of fund raising costs	128	257	188
<b>Closing balance</b>	<b>1,139,756</b>	<b>976,937</b>	<b>976,218</b>
<b>Current liabilities</b>	<b>116,462</b>	<b>150,328</b>	<b>179,285</b>
<b>Non-current liabilities</b>	<b>1,023,294</b>	<b>826,609</b>	<b>796,933</b>

## Notes

	Parent Company / Consolidated			
	Index + Interest (p.a.)	Year of maturity	Book value	
			06/30/2023	12/31/2022
<b>In domestic currency:</b>				
	Ref.rate + 7.3%, Ref. rate +			
Financing - FGTS	8.5%	01/16/2043	722,726	714,755
Loan	TJLP + 1.55–1.73%	05/15/2025	23,162	58,009
Finame	2.5–8.7%	01/15/2025	5,189	7,513
			<b>751,077</b>	<b>780,277</b>
<b>In foreign currency (euro):</b>				
Financing	Euro + 2.07%	12/20/2023	29,256	-
Financing	Euro + 1.41%	05/15/2034	123,708	143,695
Financing	Euro + Euribor + 0.55%	09/20/2033	238,339	55,717
			<b>391,303</b>	<b>199,412</b>
Funding cost			(2,624)	(2,752)
			<b>388,679</b>	<b>196,660</b>
<b>Loans and financing</b>			<b>1,139,756</b>	<b>976,937</b>

### (b) Debentures

The breakdown of debentures is presented below:

	Parent Company / Consolidated			
	Index + Interest (p.a.)	Year of maturity	Book value	
			06/30/2023	12/31/2022
<b>Subscription 5<sup>th</sup> issue</b>				
Single series	Ref.Rate+9.00%	09/01/2031	145,192	154,146
Total 5 <sup>th</sup> issue			<b>145,192</b>	<b>154,146</b>
<b>Subscription 8<sup>th</sup> issue</b>				
1 <sup>st</sup> series	TJLP + 1.87%	06/15/2028	41,429	45,298
2 <sup>nd</sup> series	IPCA + 8.18%	06/15/2028	25,435	27,008
Total 8 <sup>th</sup> issue			<b>66,864</b>	<b>72,306</b>
<b>Subscription 11<sup>th</sup> issue</b>				
1 <sup>st</sup> series	TJLP + 2.62%	01/15/2031	107,868	114,292
2 <sup>nd</sup> series	IPCA + 8.85%	01/15/2031	61,660	63,446
Total 11 <sup>th</sup> issue			<b>169,528</b>	<b>177,738</b>
<b>Subscription 12<sup>th</sup> issue</b>				
1 <sup>st</sup> series	IPCA + 5.06%	01/15/2024	86,362	125,126
2 <sup>nd</sup> series	IPCA + 5.27%	01/15/2026	83,671	94,289
Total 12 <sup>th</sup> issue			<b>170,033</b>	<b>219,415</b>
<b>Subscription 13<sup>th</sup> issue</b>				
2 <sup>nd</sup> series	110% of CDI	07/15/2023	143,794	287,994
3 <sup>rd</sup> series	IPCA + 6.50%	07/15/2025	76,245	88,392
Total 13 <sup>th</sup> issue			<b>220,039</b>	<b>376,386</b>
<b>Subscription 14<sup>th</sup> issue</b>				
1 <sup>st</sup> series	106.15% CDI	06/15/2024	19,097	28,532
2 <sup>nd</sup> series	IPCA + 4.30%	06/15/2026	136,876	154,153
Total 14 <sup>th</sup> issue			<b>155,973</b>	<b>182,685</b>
<b>Subscription 15<sup>th</sup> issue</b>				
Single series	CDI + 1.75%	12/16/2025	386,840	464,207
Total 15 <sup>th</sup> issue			<b>386,840</b>	<b>464,207</b>
<b>Subscription 16<sup>th</sup> issue</b>				
1 <sup>st</sup> series	IPCA + 5.23%	09/15/2031	286,222	269,454
2 <sup>nd</sup> series	CDI + 1.30%	09/15/2026	509,315	509,315
Total 16 <sup>th</sup> issue			<b>795,537</b>	<b>778,769</b>
<b>Subscription - 17<sup>th</sup> issue</b>				
1 <sup>st</sup> series	CDI + 1.30%	12/16/2029	754,204	753,362
Total 17 <sup>th</sup> issue			<b>754,204</b>	<b>753,362</b>
<b>Total debentures</b>			<b>2,864,210</b>	<b>3,179,014</b>
Funding cost			(14,108)	(16,031)
<b>Total</b>			<b>2,850,102</b>	<b>3,162,983</b>

## Notes

Changes in debentures are as follows:

	Parent Company / Consolidated		
	First semester 2023	2022	First semester 2022
<b>Opening balance</b>	<b>3,162,983</b>	<b>2,916,950</b>	<b>2,916,950</b>
Inflows of debentures	-	772,546	-
Provisioned charges	167,497	267,756	129,975
Inflation adjustment	27,930	54,182	50,073
Amortization of charges	(171,085)	(265,542)	(115,799)
Amortization of principal	(339,145)	(583,268)	(238,588)
Funding cost	(301)	(3,443)	-
Amortization of fund raising costs	2,223	3,802	1,985
<b>Closing balance</b>	<b>2,850,102</b>	<b>3,162,983</b>	<b>2,744,596</b>
<b>Current liabilities</b>	<b>737,606</b>	<b>790,543</b>	<b>729,125</b>
<b>Non-current liabilities</b>	<b>2,112,496</b>	<b>2,372,440</b>	<b>2,015,471</b>

The Company maintains collateral in monetary amounts, as mentioned in Note 7, in addition to the guarantee of lien of its collection, according to Note 21.1 (c). Both guarantees occur within the term or grace period of the contracted debts.

### (c) Covenants and guarantees

The Company has loans and 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 been complying with all covenants established, or obtaining from the creditors the necessary authorization to waive compliance with the restrictive clauses provided for in the contractual instruments.

## 15.Provision for legal disputes

### (a) Legal disputes provisioned

Following is the breakdown of provision for legal disputes:

	06/30/2023			12/31/2022		
	Contingencies	Judicial deposits	Net balance	Contingencies	Judicial deposits	Net balance
<b>Parent Company:</b>						
Labor	297,835	(13,661)	284,174	297,104	(13,225)	283,879
Civil	106,834	(6,314)	100,520	120,546	(6,065)	114,481
Tax	1,956	(3,746)	(1,790)	1,848	(3,460)	(1,612)
<b>Total</b>	<b>406,625</b>	<b>(23,721)</b>	<b>382,904</b>	<b>419,498</b>	<b>(22,750)</b>	<b>396,748</b>
<b>Consolidated:</b>						
Labor	298,025	(13,661)	284,364	297,219	(13,301)	283,918
Civil	107,204	(6,415)	100,789	120,999	(6,065)	114,934
Tax	1,956	(3,746)	(1,790)	1,848	(3,460)	(1,612)
<b>Total</b>	<b>407,185</b>	<b>(23,822)</b>	<b>383,363</b>	<b>420,066</b>	<b>(22,826)</b>	<b>397,240</b>

## Notes

Changes for the first semester of 2023 are stated as follows:

	<b>Parent company</b>	<b>Consolidated</b>
<b>Balance at December 31, 2022 before offset of judicial deposits</b>	<b>419,498</b>	<b>420,066</b>
Additions <sup>(i)</sup>	16,922	17,056
Restatements	13,797	13,822
Reversals	(5,398)	(5,550)
Write-offs	(38,194)	(38,209)
<b>Total provision</b>	<b>406,625</b>	<b>407,185</b>
Offset of judicial deposits	(23,721)	(23,822)
<b>Balance at June 30, 2023</b>	<b>382,904</b>	<b>383,363</b>

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

Changes are summarized as follows:

1. Additions in the amount of R\$ 16,922, referring to the recording of a provision for labor, civil and tax claims, with an increase in labor provision of R\$ 8,513, civil provision of R\$ 8,366 and tax provision of R\$ 43, detailing the main proceedings in items (i) Civil Provision and (ii) Labor Provision below.
2. Updates of proceedings in the amount of R\$ 13,797, of which R\$ 9,079 refers to labor claims, R\$ 4,653 refers to civil claims and R\$ 65 refers to tax claims.
3. Write-offs in the amount of R\$ 38,194, of which R\$ 8,791 refers to labor claims, R\$ 28,341 refers to civil claims and R\$ 1,062 refers to tax claims.

Changes for the year 2022 are demonstrated as follows:

	<b>Parent Company</b>	<b>Consolidated</b>
<b>Balance at December 31, 2021 before offset of judicial deposits</b>	<b>402,258</b>	<b>403,052</b>
Additions <sup>(i)</sup>	55,927	56,532
Restatements	44,740	44,843
Reversals	(37,420)	(38,103)
Write-offs	(46,007)	(46,258)
<b>Total provision</b>	<b>419,498</b>	<b>420,066</b>
Offset of judicial deposits	(22,750)	(22,826)
<b>Balance at December 31, 2022</b>	<b>396,748</b>	<b>397,240</b>

<sup>(i)</sup> Interest and inflation adjustment on legal provision are included, in the amount of R\$ 44,397 recorded in financial expenses.

The Company is a party to several lawsuits that arise in the ordinary course of its operations, with a different number and value of lawsuits. The main ones are listed in the following items (since there were no relevant changes in the nature and conditions of the main proceedings, see explanations in Note 16 (a) to the Individual and Consolidated Financial Statements as of December 31, 2022).

### (i) 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. COPASA MG estimates the provision based on the amounts billed, subject to inquiry and recent judicial decisions.

1. In 2005, the Prosecution Office of the State of Minas Gerais filed an indemnity claim for environmental damage caused to Lagoa Central in the municipality of Lagoa Santa. The sum provisioned on June 30, 2023 is R\$ 7,535 (R\$ 18,837 on December 31, 2022).

## Notes

2. 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 on June 30, 2023 is R\$ 20,712 (R\$ 20,012 on December 31, 2022).

### (ii) Labor provisions

Most of the suits in which the Company has direct responsibility are related to moral and material damages due to occupational illness or accident at work, overtime, unhealthy and hazardous hours, warning, salary differences arising from the equality of function and questions of dismissal for just cause. The Company 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 stages of the proceeding.

There is a collective labor action, 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.

Considering a court decision unfavorable to the Company in December 2021, COPASA MG decided to review the amount of the provision at the time, in compliance with the best accounting practices, even though the amount of the conviction in such lawsuit had not been settled. Such review was carried out based on preliminary calculations, under the guidelines and legal grounds laid down by the lawyers hired to conduct the process.

Subsequently, the Company filed a Rescissory Action aiming to revert the decision.

In the second quarter of 2023, some agreements were reached in individual executions. Moreover, on July 12, 2023, an agreement was formalized with Sindágua-MG and MPT in the class action records, with payments expected from August 2023. Therefore, the Company is currently in the process of reviewing the calculations and estimates of the amounts to be settled, indicating the sufficiency of the provisioned funds.

### (b) Legal disputes not provisioned

COPASA MG is challenging other lawsuits for which the likelihood of loss is considered possible. For these suits, no provision was set up for losses considered possible, considering that the Company believes that it has a solid legal basis that justifies the procedures adopted for defense in the judicial sphere. The proceedings in progress at administrative and judicial levels, with different courts, in which the Company is figures as defendant, are as follows:

Nature	Parent Company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Civil (i)	529,130	483,090	536,435	491,494
Labor (ii)	62,216	58,462	62,624	58,896
Tax (iii)	98,017	91,371	98,043	91,395
Environmental	44,411	2,490	44,411	2,490
<b>Total</b>	<b>733,774</b>	<b>635,413</b>	<b>741,513</b>	<b>644,275</b>

### (i) Civil

They 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 and can be divided into individual and collective lawsuits, whose explanations, as relevant changes did not take place in their type and conditions are in Note 16 (b) to the individual and consolidated financial statements as of December 31, 2022.

### (ii) Labor

The lawsuits where the Company is directly liable are mostly related to pain and suffering and damages due to occupational illnesses or accidents, overtime, risk and health exposure premiums, stand-by periods, salary differences deriving from alleged job equality, and challenges of terminations with cause, as well as subsidiary responsibility in the lawsuits related to contractors, service providers and suppliers.

## Notes

### (iii) Tax

These are proceedings in which the Company is 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 loan) and for collection of non-tax credits (such as those arising from the imposition of administrative fines).

## 16. Deferred income tax and social contribution

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

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

	Parent company			
	Second quarter		First semester	
	2023	2022	2023	2022
Income for the year before taxes and contributions	304,759	235,825	741,286	475,109
Nominal rate	34%	34%	34%	34%
<b>Expected expense at nominal rate</b>	<b>(103,618)</b>	<b>(80,181)</b>	<b>(252,037)</b>	<b>(161,537)</b>
IRPJ and CSLL on:				
(Additions) /exclusions				
Equity in net income of subsidiaries	(936)	(1,491)	(5,437)	(2,290)
Donations and subsidies	288	118	288	539
Other (additions) / exclusions	(1,263)	(810)	(1,957)	(2,355)
Other reconciliation items				
Interest on own capital	43,694	18,066	88,432	29,583
Tax incentives	6,352	8,863	16,407	8,863
<b>IRPJ and CSLL</b>	<b>(55,483)</b>	<b>(55,435)</b>	<b>(154,304)</b>	<b>(127,197)</b>
Current IRPJ and CSLL	(50,389)	(58,065)	(152,908)	(58,065)
Deferred income tax and social contribution	(5,094)	2,630	(1,396)	(69,132)
<b>IRPJ and CSLL</b>	<b>(55,483)</b>	<b>(55,435)</b>	<b>(154,304)</b>	<b>(127,197)</b>
Effective rate	<b>18.21%</b>	<b>23.51%</b>	<b>20.82%</b>	<b>26.77%</b>
	<b>Consolidated</b>			
	Second quarter		First semester	
	2023	2022	2023	2022
Income for the year before taxes and contributions	304,759	235,825	741,286	475,109
Nominal rate	34%	34%	34%	34%
<b>Expected revenue (expense) at nominal rate</b>	<b>(103,618)</b>	<b>(80,181)</b>	<b>(252,037)</b>	<b>(161,537)</b>
IRPJ and CSLL on:				
(Additions) /exclusions				
Donations and subsidies	288	118	288	539
Other (additions) / exclusions	(2,199)	(2,301)	(7,394)	(4,645)
Other reconciliation items				
Interest on own capital	43,694	18,066	88,432	29,583
Tax incentives	6,352	8,863	16,407	8,863
<b>IRPJ and CSLL</b>	<b>(55,483)</b>	<b>(55,435)</b>	<b>(154,304)</b>	<b>(127,197)</b>
Current IRPJ and CSLL	(50,389)	(58,065)	(152,908)	(58,065)
Deferred income tax and social contribution	(5,094)	2,630	(1,396)	(69,132)
<b>IRPJ and CSLL</b>	<b>(55,483)</b>	<b>(55,435)</b>	<b>(154,304)</b>	<b>(127,197)</b>
Effective rate	<b>18.21%</b>	<b>23.51%</b>	<b>20.82%</b>	<b>26.77%</b>

## Notes

### (a) Deferred income tax and social contribution

Offset amounts are as follows:

	Parent Company / Consolidated			
	Opening balance	Comprehensive income	Recognized in income (loss)	Closing balance
<b>IRPJ and CSLL Assets (Liabilities) on:</b>				
<b>Semester ended June 30, 2023</b>				
Allowance for doubtful accounts	74,261	-	5,436	79,697
Provision for legal disputes	142,629	-	(4,377)	138,252
Provision for actuarial liability gains (losses) - comprehensive income	2,753	-	-	2,753
CPC adjustment - Balance of assigned assets to depreciate	40,216	-	(1,363)	38,853
Amortization difference by the discount of financial asset	212,179	-	-	212,179
Exchange-rate change on loans	(652)	-	(8,446)	(9,098)
Other temporary provision	26,241	-	7,555	33,796
Deferred construction revenue margin	(27,781)	-	899	(26,882)
Capitalization of discounted financial asset	(146,105)	-	(14,749)	(160,854)
Funding cost due to issue of debentures	(5,451)	-	654	(4,797)
Funding cost of loans	(937)	-	44	(893)
Provision for CPC adjustments - comprehensive income	(4,870)	8	-	(4,862)
<b>Total net assets</b>	<b>312,483</b>	<b>8</b>	<b>(1,404)</b>	<b>311,087</b>
<b>Year ended December 31, 2022</b>				
Allowance for doubtful accounts	81,320	-	(7,059)	74,261
Provision for legal disputes	136,767	-	5,862	142,629
Provision for actuarial liability gains (losses) - comprehensive income	25,150	(22,397)	-	2,753
CPC adjustment - Balance of assigned assets to depreciate	42,943	-	(2,727)	40,216
Amortization difference by the discount of financial asset	187,373	-	24,806	212,179
Exchange-rate change on loans	15,354	-	(16,006)	(652)
Other temporary provision	89,518	-	(63,277)	26,241
Income tax and social contribution	-	-	-	-
Deferred construction revenue margin	(29,583)	-	1,802	(27,781)
Capitalization of discounted financial asset	(126,834)	-	(19,271)	(146,105)
Funding cost due to issue of debentures	(5,573)	-	122	(5,451)
Funding cost of loans	(1,023)	-	86	(937)
Provision for CPC adjustments - comprehensive income	(6,373)	1,503	-	(4,870)
<b>Total net assets</b>	<b>409,039</b>	<b>(20,894)</b>	<b>(75,662)</b>	<b>312,483</b>

There were no changes in the nature and conditions of income tax and social contribution as of June 30, 2023 in relation to that described in Note 17 of the Company's Financial Statements for the year ended December 31, 2022. Therefore, Management decided not to repeat them in this Interim Financial Information.

## 17. Technical cooperation agreement

The balance of covenants in assets is as follows:

	Parent company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
<b>Current assets</b>	41,023	30,170	41,034	30,185
<b>Non-current assets</b>	-	2,629	-	2,629
	<b>41,023</b>	<b>32,799</b>	<b>41,034</b>	<b>32,814</b>

	Parent Company			Consolidated		
	Receivable	Advance	Net	Receivable	Advance	Net
<b>June 30, 2023</b>						
State funds	4,653	(4,287)	366	555,579	(555,202)	377
Federal funds	219,378	(178,721)	40,657	219,378	(178,721)	40,657
<b>Total</b>	<b>224,031</b>	<b>(183,008)</b>	<b>41,023</b>	<b>774,957</b>	<b>(733,923)</b>	<b>41,034</b>

## Notes

	Parent Company			Consolidated		
	Receivable	Advance	Net	Receivable	Advance	Net
<b>December 31, 2022</b>						
State funds	4,653	(4,287)	366	563,417	(563,035)	381
Federal funds	174,148	(141,715)	32,433	174,148	(141,715)	32,433
<b>Total</b>	<b>178,801</b>	<b>(146,002)</b>	<b>32,799</b>	<b>737,565</b>	<b>(704,750)</b>	<b>32,814</b>

The balance of agreements in liabilities is as follows:

	Parent Company / Consolidated	
	06/30/2023	12/31/2022
<b>Current liabilities</b>	5,295	7,978
<b>Non-current liabilities</b>	1,868	-
	<b>7,163</b>	<b>7,978</b>

	Parent Company / Consolidated		
	Advance	Receivable	Net
<b>June 30, 2023</b>			
State funds		5,295	-
Federal funds		6,354	(4,486)
<b>Total</b>	<b>11,649</b>	<b>(4,486)</b>	<b>7,163</b>
<b>December 31, 2022</b>			
State funds		5,122	-
Federal funds		42,519	(39,663)
<b>Total</b>	<b>47,641</b>	<b>(39,663)</b>	<b>7,978</b>

## 18.Obligations with retirement benefits

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

	Parent Company / Consolidated	
	06/30/2023	12/31/2022
Normal contributions - current	9,697	9,627
Long-term obligations - non-current	32,714	44,296
<b>Total liabilities recorded in the balance sheet</b>	<b>42,411</b>	<b>53,923</b>

Changes in net liabilities are as follows:

	Parent Company / Consolidated	
	First semester	
	2023	2022
<b>Opening balance</b>	<b>53,923</b>	<b>129,378</b>
Amounts recognized in the statement of income	1,801	9,374
Provision for employer contributions	25,255	29,978
Provision of contributions from participants	32,860	39,804
Amortization of contributions (employer and participants)	(71,428)	(90,495)
<b>Closing balance</b>	<b>42,411</b>	<b>118,039</b>
<b>Current liabilities</b>	<b>9,697</b>	<b>9,300</b>
<b>Non-current liabilities</b>	<b>32,714</b>	<b>108,739</b>

a) Segregated values per benefit plan<sup>(1)</sup>

1) Benefit plan RP1-BD

	12/31/2022
Present value of the obligations financed	(56,881)
Fair value of the plan assets	69,823
Asset ceiling effect	(12,942)
<b>Plan's net liabilities</b>	<b>-</b>

## Notes

### 2) COPASA Settled-BD Plan

	<u>12/31/2022</u>
Present value of the obligations financed	(1,167,165)
Fair value of the plan assets	<u>1,123,827</u>
<b>Plan's net liabilities</b>	<b><u>(43,338)</u></b>

### 3) COPASA New Plan-DC

	<u>12/31/2022</u>
Present value of the obligations financed	(9,563)
Fair value of the plan assets	57,598
Asset ceiling effect	<u>(48,035)</u>
<b>Plan's assets/liabilities, net</b>	<b><u>-</u></b>

<sup>(1)</sup>The Company performs an actuarial assessment of the Commitments of the three retirement benefit plans annually.

On June 30, 2023, there were no changes in the nature and conditions of the retirement benefit plans in relation to that described in Note 19 of the Company's Financial Statements for the year ended December 31, 2022. Therefore, Management decided not to repeat them in this Interim Financial Information.

## 19.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. Subscribed and paid-up capital, on June 30, 2023 and December 31, 2022 totals R\$ 3,402,385, represented by 380,253,069 common shares, all nominative and with no par value.

### (b) Profit reserves

There were no relevant changes in reserves in relation to what is described in Note 20 (b) of the Company's Financial Statements for the year ended December 31, 2022. Therefore, Management decided not to repeat them in this Interim Financial Information.

### (c) Equity valuation adjustments

There were no relevant changes in the balances of equity valuation adjustments in this quarter.

### (d) Remuneration to shareholders

#### By-laws

Shareholders are entitled to receive a mandatory minimum dividend of 25% of net income 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.

#### Dividend Policy

The Company's Dividend Policy, implemented in April 2009, was revised in April 2023 by the Extraordinary General Meeting.

The main points of the current Policy are as follows:

- Regular Dividends will be in the form of Dividends or Interest on Own Capital.
- Declared Interest on Own Capital will be considered as mandatory legal minimum dividend.

## Notes

- The percentage of Adjusted Net Income (net income after decreasing or increasing the amounts specified in items I, II and III of Article 202 of Federal Law 6404/1976) to be distributed in the form of Regular Dividends will be defined upon approval, by the Board of Directors, of the business budget for the year, always observing the following parameters:
  - the mandatory legal minimum;
  - the maximum limit of 50%.
- The declaration of Regular Dividends, for which the Board of Directors is responsible, must occur quarterly, and the payment will be made within sixty (60) days, counting as of the date of declaration, except for the amounts referring to the fourth quarter, which will be defined at the Annual General Meeting (AGM) that approves the Financial Statements for the year.

For Extraordinary Dividends, there may be distributions according to the analysis of the Board of Directors, and observing the following:

- The general guidelines comprising (i) compliance with the public interest that justified the creation of COPASA MG; and (ii) the guarantee of resources, in its Investment Plan, to comply with the provisions of Federal Law 11445/2007 and Federal Law 14026/2020, concerning the universalization of basic sanitation services and the other established qualitative and quantitative targets.
- Legal, regulatory, statutory, financial restrictions, as well as covenants.

### Declaration of dividends/Interest on own capital (JCP) for the period.

- Regular dividends

The remuneration to shareholders for the 1S23, as approved by the Board of Directors, is detailed below:

Reference	Corporate event	Date of right	Amounts	Payment date
JCP 1Q23	RCA 03/17/2023	03/22/2023	131,582	05/16/2023
JCP 2Q23	RCA 06/16/2023	06/21/2023	128,511	08/14/2023
<b>January–June 2023</b>			<b><u>260,093</u></b>	

Changes in balance of “dividends and interest on own capital payable” account are as follows:

	<u>Parent Company / Consolidated</u>	
	<u>First semester 2023</u>	<u>2022</u>
<b>Dividends and interest on own capital payable at the end of the period / year</b>	<b>231,653</b>	<b>265</b>
Interest on own capital, proposed	260,093	391,105
Withholding income tax on interest on own capital	(18,694)	(23,576)
Interest on own capital paid in the year	(352,402)	(136,141)
<b>Dividends and interest on own capital payable at the end of the period / year</b>	<b><u>120,650</u></b>	<b><u>231,653</u></b>

### (e) 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 bought by the Company and held as treasury shares (letter “a” of this Note).

## Notes

	Parent Company / Consolidated			
	Second quarter		First semester	
	2023	2022	2023	2022
Earnings attributable to Company's shareholders	249,276	180,390	586,982	347,912
Weighted average number of common shares issued - thousands	379,181	379,181	379,181	379,181
<b>Basic earnings per share (in R\$)</b>	<b>0.66</b>	<b>0.48</b>	<b>1.55</b>	<b>0.92</b>

- Diluted

As of June 30, 2023 and 2022, the diluted earnings per share is the same as the basic earnings since there are no dilutive instruments.

## 20. Information per business segment

The Company's management defined the operating segments used to make strategic decisions, such as water services, sewage services and solid waste services. The Company does not have inter-segment revenues, having only external clients.

- (i) Income (loss)

	Consolidated				
	Water services	Sewage services	Solid waste	Reconciliation to financial statements	Balances as per financial statements
<b>Second quarter 2023</b>					
Gross operating revenue	1,174,490	603,201	1,757	211,871	1,991,319
Deductions from gross revenue	(127,617)	(63,699)	(203)	-	(191,519)
Net operating revenue	1,046,873	539,502	1,554	211,871	1,799,800
Costs, sales and administrative expenses	(815,060)	(419,623)	-	(211,871)	(1,446,554)
Other income before other net operating expenses	231,813	119,879	1,554	-	353,246
Other net operating revenues (expenses)		7,544	-	(35,490)	(27,946)
Net financial income (loss)					(20,541)
<b>Operating income before taxes</b>					<b>304,759</b>

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

	Consolidated		
	Amortization	Depreciation	Total
<b>Second quarter 2023</b>			
Water services	39,989	17,333	57,322
Sewage services	90,964	6,961	97,925
Other fixed assets	42,041	10,151	52,192
<b>Total</b>	<b>172,994</b>	<b>34,445</b>	<b>207,439</b>

	Consolidated				
	Water services	Sewage services	Solid waste	Reconciliation to financial statements	Balances as per financial statements
<b>First semester 2023</b>					
Gross operating revenue	2,353,856	1,200,511	2,794	352,842	3,910,003
Deductions from gross revenue	(252,655)	(125,583)	(330)	-	(378,568)
Net operating revenue	2,101,201	1,074,928	2,464	352,842	3,531,435
Costs, sales and administrative expenses	(1,524,867)	(780,088)	-	(352,842)	(2,657,797)
Other income before other net operating expenses	576,334	294,840	2,464		873,638
Other net operating revenues (expenses)		18,211		(75,826)	(57,615)
Net financial income (loss)					(74,737)
<b>Operating income before taxes</b>					<b>741,286</b>

## Notes

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

First semester 2023	Consolidated		
	Amortization	Depreciation	Total
Water services	79,345	34,666	114,011
Sewage services	164,167	13,921	178,088
Other fixed assets	82,131	20,004	102,135
<b>Total</b>	<b>325,643</b>	<b>68,591</b>	<b>394,234</b>

	Consolidated				
	Water services	Sewage services	Solid waste	Reconciliation to financial statements	Balances as per financial statements
<b>Second quarter 2022</b>					
Gross operating revenue	1,004,598	506,684	406	184,196	1,695,884
Deductions from gross revenue	(108,667)	(53,508)	(62)	-	(162,237)
Net operating revenue	895,931	453,176	344	184,196	1,533,647
Costs, sales and administrative expenses	(677,371)	(342,511)		(184,196)	(1,204,078)
Other income before other net operating expenses	218,560	110,665	344		329,569
Other operating revenues (expenses), net	-	16,164	-	(31,229)	(15,065)
Net financial income (loss)					(78,679)
<b>Operating income before taxes</b>					<b>235,825</b>

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

Second quarter 2022	Consolidated		
	Amortization	Depreciation	Total
Water services	38,180	17,198	55,378
Sewage services	71,632	6,957	78,589
Other fixed assets	36,035	7,734	43,769
<b>Total</b>	<b>145,847</b>	<b>31,889</b>	<b>177,736</b>

	Consolidated				
	Water services	Sewage services	Solid waste	Reconciliation to financial statements	Balances as per financial statements
<b>First semester 2022</b>					
Gross operating revenue	1,954,853	990,719	1,082	337,666	3,284,320
Deductions from gross revenue	(212,595)	(104,655)	(145)	-	(317,395)
Net operating revenue	1,742,258	886,064	937	337,666	2,966,925
Costs, sales and administrative expenses	(1,356,194)	(689,723)	-	(337,666)	(2,383,583)
Other income before other net operating expenses	386,064	196,341	937	-	583,342
Other operating revenues/(expenses), net	-	35,460	-	(43,411)	(7,951)
Net financial income (loss)					(100,282)
<b>Operating income before taxes</b>					<b>475,109</b>

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

First semester 2022	Consolidated		
	Amortization	Depreciation	Total
Water services	76,794	35,605	112,399
Sewage services	145,567	13,914	159,481
Other fixed assets	75,806	14,437	90,243
<b>Total</b>	<b>298,167</b>	<b>63,956</b>	<b>362,123</b>

## Notes

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

	<b>First semester</b>	
	<b>2023</b>	<b>2022</b>
Gross construction revenue referring to ICPC 1 (R1)	352,842	337,666
Construction cost referring to ICPC 1 (R1)	(352,842)	(337,666)
<b>Construction margin</b>	<b>-</b>	<b>-</b>

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

	<b>Consolidated</b>	
	<b>06/30/2023</b>	<b>06/30/2022</b>
<b>Intangible assets:</b>		
Water services	1,560,313	1,522,709
Sewage services	3,414,237	3,458,909
Other intangible assets	665,564	585,546
<b>Total intangible assets</b>	<b>5,640,114</b>	<b>5,567,164</b>
<b>Property, plant and equipment:</b>		
Water services	893,515	932,779
Sewage services	237,859	265,402
Other fixed assets	309,874	230,279
<b>Total Property, plant and equipment</b>	<b>1,441,248</b>	<b>1,428,460</b>

There is no liability allocated to the reported segments.

## 21. Financial risk management

In the 1S23, there were no changes in the management of financial risks in relation to those disclosed in Note 22 of the Company's Financial Statements for the year ended December 31, 2022. Thus, information related to: (a) liabilities linked to exchange-rate changes; (b) financial assets credit quality; (c) cash flow from financial instruments also did not undergo material changes in relation to that disclosed in the aforementioned Note. Thus, Management decided not to repeat them in the Interim Financial Information as of June 30, 2023.

### 21.1. Sensitivity analysis

#### (a) Interest rate sensitivity

The Company prepared a sensitivity analysis of the effects of a possible change in market variables on its loans, financing, and debentures. In such analysis, keeping all other variables constant, the Company's income (loss) before taxation would be affected according to the scenarios presented below:

## Notes

Indicators	Exposure (i)	Scenario I	Scenario II	Scenario III	Scenario IV	Scenario V
		Probable (ii)	+25%	-25%	+50%	-50%
TJLP	171,888	7.00%	8.75%	5.25%	10.50%	3.50%
Changes in principal (R\$)	-	12,032	15,040	9,024	18,048	6,016
IPCA	738,800	5.06%	6.33%	3.80%	7.59%	2.53%
Changes in principal (R\$)	-	37,383	46,729	28,037	56,075	18,692
CDI	1,794,793	12.25%	15.31%	9.19%	18.38%	6.13%
Changes in principal (R\$)	-	219,862	274,828	164,897	329,793	109,931
Ref. rate	864,567	2.08%	2.60%	1.56%	3.12%	1.04%
Changes in principal (R\$)	-	17,968	22,459	13,476	26,951	8,984
Fixed spread - Euribor	235,605	3.90%	4.88%	2.93%	5.85%	1.95%
Changes in principal (R\$)	-	9,189	11,486	6,891	13,783	4,594
Fixed spread	157,835	0.00%	0.00%	0.00%	0.00%	0.00%
No impact	-	-	-	-	-	-
<b>Total (R\$)</b>	<b>3,963,488</b>	<b>296,434</b>	<b>370,542</b>	<b>222,325</b>	<b>444,650</b>	<b>148,217</b>

(i) Principal on June 30, 2023.

(ii) Sources of indexes:

Long-Term Interest Rate (TJLP) projected according to BNDES release - June 2023.

IPCA and CDI projected according to the Focus Bulletin of the Central Bank of Brazil – June 30, 2023.

Accumulated TR of the last 12 months according to the Central Bank of Brazil.

For exchange rate change, see item “Exchange rate sensitivity” below.

### (b) Sensitivity to foreign exchange rate

The sensitivity analysis, prepared by the Company, is determined by the estimated changes in the € exchange rates, of  $\pm 25\%$  and  $\pm 50\%$ , in the debt balance in foreign currency of loans and financing. Keeping all other variables constant, the result of exchange rate sensitivity before taxation is shown below:

#### Financial instrument on 06/30/2023

Principal Balance (€ thousand)

Principal Balance

#### Financing

€ 73,778

388,264

#### Gain/(loss)

#### Scenarios regarding the debt balance

Likely (Projection)

25% decrease in € FX

50% decrease in € FX

25% increase in € FX

50% increase in € FX

(18,253)

97,066

194,132

(97,066)

(194,132)

Source of projected indexes: Santander Euro Forecast of June 23, 2023 (<https://www.santander.com.br/analise-economica>).

### (c) Liquidity risk

The table below shows the collateral for the receivables provided by the Company in loans, 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 7).

Restricted revenues as of June 30, 2023				
	Contract	Collateral (committed revenue)	Amount	Agreement end date
Financing and Debentures	2007/2008 financing	Committed revenue amounting to three times the monthly debt service of the 2007 and 2008 agreements.	R\$ 5,679	Sep 2031
	PAC 2009	Committed revenue amounting to three times the monthly debt service of the agreements.	R\$ 2,024	Nov 2032
	5 <sup>th</sup> Issue of Debentures (R\$ 288 million)	Committed revenue amounting to at least 4.5% of the debentures' outstanding balance in the last business day of each year.	R\$ 6,612	Sep 2031
	2011 financing (Normative Instructions 33, 25 and 24)	Committed revenue amounting to three times the monthly debt service of the agreements.	R\$ 4,300	June 2035
	2012 Financing (Normative Instruction 24)	Committed revenue amounting to three times the monthly debt service of the agreements.	R\$ 563	May 2036
	2013 Financing (Normative Instruction 27)	Committed revenue amounting to three times the monthly debt service of the agreements.	R\$ 3,862	Oct 2037
	2014 Financing (Normative Instruction 02)	Committed revenue amounting to three times the monthly debt service of the agreements.	R\$ 2,711	Feb 2038
	2015 Financing (Normative Instruction 02)	Committed revenue amounting to three times the monthly debt service of the agreements.	R\$ 1,604	Mar 2039

## Notes

Restricted revenues as of June 30, 2023				
	Contract	Collateral (committed revenue)	Amount	Agreement end date
	CAIXA - 2017/2018 financing (Normative Instruction 29/22)	Committed revenue amounting to three times the monthly debt service of the agreements.	R\$ 3,833	Jan 2043
	Financing (PAC 2007 - R\$ 48 million)/(PAC 2008 - R\$ 578 million)	Committed revenue of R\$ 26 million, annually adjusted by the IPCA since May 2008.	R\$ 65,825	June 2023
	Financing (R\$ 181 million)	Committed revenue of R\$ 7.0 million, annually adjusted by the IPCA, since April 2010.	R\$ 18,027	May 2025
	8 <sup>th</sup> Issue of debentures (R\$ 140 million)	Committed revenue of R\$ 16.9 million, annually adjusted by the IPCA, since September 2015.	R\$ 24,939	June 2028
	11 <sup>th</sup> Issue of Debentures (R\$ 226 million)	Pledging of revenue of R\$ 5.5 million, annually restated by the IPCA excess change above 12%, since April 2017.	R\$ 11,696	Jan 2031
Financings	€ 100 million	Committed revenue amounting to one (1) time the monthly debt service of the agreement.	R\$ 29,530	Dec 2023
Public-Private Partnership	Rio Manso PPP	1/12 of the annual installment of the Consideration payable for each effective year.	R\$ 11,100	Dec 2028
Financings	Finame	Binding of 130% of the PMT of the contracts.	R\$ 438	Jan 2025
<b>Total committed revenue</b>			<b>R\$ 192,743</b>	

### 21.2. Fair value estimate

#### Fair value of loans, financing and debentures

The book values compared to their respective estimated fair values are as follows:

	Parent Company / Consolidated			
	Book	Fair	Book	Fair
	06/30/2023	06/30/2023	12/31/2022	12/31/2022
Loans and financing	1,139,756	1,093,458	976,937	953,664
Simple debentures	2,850,102	2,827,340	3,162,983	3,159,675
<b>Total</b>	<b>3,989,858</b>	<b>3,920,798</b>	<b>4,139,920</b>	<b>4,113,339</b>

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:

Lines	Parent Company / Consolidated				Observations
	Contractual rate	Periods		Market rate	
		(in months)			
Financing	7.76%	135	9.00%	Rate quote in June 2023	
Financing	7.55%	23	11.15%	Rate quote in June 2023	
FINAME	5.80%	14	11.43%	FINAME rate quote in June 2023	
Simple debentures	12.15%	54	12.99%	Rate quote of debentures in June 2023	
Financing	1.54%	69	1.41%	Rate quote in June 2023	
Financing	3.54%	125	4.45%	Rate quote in June 2023	

## Notes

### 22. Financial instruments by category

#### (a) Assets

	06/30/2023			12/31/2022		
	Financial assets at amortized cost	Fair value in other comprehensive income	Total	Financial assets at amortized cost	Fair value in other comprehensive income	Total
<b>Parent Company:</b>						
Cash and cash equivalents	740,563	-	740,563	1,091,080	-	1,091,080
Trade accounts receivable	1,232,080	-	1,232,080	1,075,072	-	1,075,072
Banks and arrangements	2,429	-	2,429	11,791	-	11,791
Restricted interest earning bank deposits	70,753	-	70,753	71,706	-	71,706
Concession financial assets	886,329	-	886,329	872,921	-	872,921
Financial assets at fair value through other comprehensive income	-	620	620	-	620	620
Other accounts receivable	133,073	-	133,073	136,153	-	136,153
<b>Total</b>	<b>3,065,227</b>	<b>620</b>	<b>3,065,847</b>	<b>3,258,723</b>	<b>620</b>	<b>3,259,343</b>
<b>Consolidated:</b>						
Cash and cash equivalents	766,927	-	766,927	1,122,299	-	1,122,299
Trade accounts receivable	1,245,634	-	1,245,634	1,086,570	-	1,086,570
Banks and arrangements	2,547	-	2,547	11,842	-	11,842
Restricted interest earning bank deposits	70,753	-	70,753	71,706	-	71,706
Concession financial assets	902,888	-	902,888	889,897	-	889,897
Financial assets at fair value through other comprehensive income	-	620	620	-	620	620
Other accounts receivable	127,332	-	127,332	131,096	-	131,096
<b>Total</b>	<b>3,116,081</b>	<b>620</b>	<b>3,116,701</b>	<b>3,313,410</b>	<b>620</b>	<b>3,314,030</b>

#### (b) Liabilities

	Financial liabilities at amortized cost and total	
	06/30/2023	12/31/2022
<b>Parent Company:</b>		
Loans, financing and debentures	3,989,858	4,139,920
Suppliers	306,347	289,620
Leases	106,801	105,909
Public-Private Partnership	231,326	243,603
<b>Total</b>	<b>4,634,332</b>	<b>4,779,052</b>
<b>Consolidated:</b>		
Loans, financing and debentures	3,989,858	4,139,920
Suppliers	311,822	298,595
Lease (1)	106,825	105,916
Public-Private Partnership	231,326	243,603
<b>Total</b>	<b>4,639,831</b>	<b>4,788,034</b>

(1) Regarding the consolidated lease, in the 1st semester of 2023, amortization and interest totaled R\$ 21,468 and R\$ 3,419 (R\$ 25,788 and R\$ 5,027, respectively, in the 1st semester of 2022).

## Notes

### 23.Related party transactions

#### (a) Assets, liabilities and income (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.

Balances and transactions with related parties are as follows:

	<b>Parent company</b>			
	<b>06/30/2023</b>			
	<b>Subsidiary COPANOR</b>	<b>Other</b>		
<b>STATE OF MG</b>		<b>COPASS</b>	<b>LIBERTAS</b>	
<b>Assets</b>				
<b>Current assets</b>				
Trade accounts receivable:				
Amounts billed	-	32,446	1	20
Amounts to be billed	-	13,670	1	11
Agreements	-	366	-	-
Advance and other:				
Credit with subsidiary	6,038	-	-	-
<b>Total assets</b>	<b>6,038</b>	<b>46,482</b>	<b>2</b>	<b>31</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Agreements	-	5,295	-	-
Obligations with retirement benefits	-	-	-	9,697
Health program	-	-	11,473	-
<b>Non-current liabilities</b>				
Obligations with retirement benefits	-	-	-	32,714
<b>Total liabilities</b>	<b>-</b>	<b>5,295</b>	<b>11,473</b>	<b>41,411</b>
<b>Income for the second quarter 2023</b>				
<b>Income (loss)</b>				
Revenues from water and sewage treatment services	-	47,839	2	49
Security program	-	-	-	(12,689)
Health program	-	-	(25,222)	-
<b>Income (loss) – first semester 2023</b>				
<b>Income (loss)</b>				
Revenues from water and sewage treatment services	-	87,408	4	83
Security program	-	-	-	(25,256)
Health program	-	-	(51,514)	-
	<b>Parent Company</b>			
	<b>12/31/2022</b>			
	<b>Subsidiary COPANOR</b>	<b>Other</b>		
<b>STATE OF MG</b>		<b>COPASS</b>	<b>LIBERTAS</b>	
<b>Assets</b>				
<b>Current assets</b>				
Trade accounts receivable:				
Amounts billed	-	19,870	1	12
Amounts to be billed	-	11,192	1	6
Agreements	-	366	-	-
Advance and other:				
Credit with subsidiary	5,342	-	-	-
<b>Total assets</b>	<b>5,342</b>	<b>31,428</b>	<b>2</b>	<b>18</b>

## Notes

	<b>Parent Company</b>			
	<b>12/31/2022</b>			
	<b>Subsidiary COPANOR</b>	<b>STATE OF MG</b>	<b>COPASS</b>	<b>Other LIBERTAS</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Agreements	-	5,122	-	-
Obligations with retirement benefits	-	-	-	9,627
Health program	-	-	11,049	-
<b>Non-current liabilities</b>				
Obligations with retirement benefits	-	-	-	44,296
<b>Total liabilities</b>	<b>-</b>	<b>5,122</b>	<b>11,049</b>	<b>53,923</b>
<b>Income for the second quarter 2022</b>				
<b>Income (loss)</b>				
Revenues from water and sewage treatment services	-	38,376	2	50
Security program	-	-	-	(11,705)
Health program	-	-	(25,913)	-
<b>Income (loss) – first semester 2022</b>				
<b>Income (loss)</b>				
Revenues from water and sewage treatment services	-	74,035	4	125
Security program	-	-	-	(23,069)
Health program	-	-	(50,611)	-

Balances and transactions with related parties are conducted at prices and under terms and conditions agreed by the parties.

### (b) Remuneration of key management personnel

	<b>Second quarter</b>		<b>First semester</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Remuneration	2,529	2,573	3,489	3,765
Benefits:				
Food	23	19	44	51
Health	27	27	51	49
Post-employment benefit	84	67	149	160
<b>Total</b>	<b>2,663</b>	<b>2,686</b>	<b>3,733</b>	<b>4,025</b>

### (c) Onlending of value for execution of works - water resilience

On February 28, 2023, pursuant to the Material Fact disclosed, and in continuity with the Material Fact disclosed on July 14, 2021, the Company communicated that it received on said date, from its controlling shareholder, the State of Minas Gerais, through the Secretary of State of Economic Development, a letter informing that, regarding the works planned for carrying out interventions and works that will enhance the water resilience of the Paraopeba and Rio das Velhas Basins, contained in State Law 23.830 of July 28, 2021, the controlling shareholder decided that the transfer of the amounts intended for the execution of the works will be carried out in a non-onerous way and, consequently, no capital contribution will be made to the Company.

## 24. Commitments

The Company is a party to 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 at June 30, 2023 are listed below:

	<b>Amount</b>	<b>Average contract term in months</b>
Obligations of the major 10 contracts – Investments in construction works and organic growth in several concessions, which corresponds to the expected disbursement	412,335	14
Contractual obligations – Lease agreements within the scope of IFRS 16, which corresponds to the expected disbursement	9,356	10

## Notes

### 25. Transactions that do not involve cash or cash equivalents

In the 1S23 and 1S22, the Company and its subsidiary carried out the following investment and financing activities not involving cash, so these are not reflected in the statement of cash flows:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>First semester</u>		<u>First semester</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Capitalized interest (Note 9)	61,751	38,146	61,751	38,146
Leases additions	23,655	40,249	25,255	40,343

### 26. Revenues

The reconciliation of gross revenue to net revenue is as follows:

	<u>Second quarter</u>		<u>First semester</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Parent company:</b>				
Revenue from rendering of water services	1,141,482	977,383	2,289,850	1,901,065
Revenue from rendering of sewage services	590,668	496,309	1,176,364	970,470
Solid waste	1,757	406	2,794	1,082
Construction revenue	209,551	182,989	347,500	334,487
<b>Total gross revenue</b>	<b>1,943,458</b>	<b>1,657,087</b>	<b>3,816,508</b>	<b>3,207,104</b>
Sales taxes	(160,473)	(136,424)	(321,037)	(266,090)
<b>Net revenue</b>	<b>1,782,985</b>	<b>1,520,663</b>	<b>3,495,471</b>	<b>2,941,014</b>
<b>Consolidated:</b>				
Revenue from rendering of water services	1,153,623	987,250	2,315,451	1,920,069
Revenue from rendering of sewage services	594,499	499,420	1,184,506	976,515
Solid waste	1,757	406	2,794	1,082
Construction revenue	211,871	184,196	352,842	337,666
<b>Total gross revenue</b>	<b>1,961,750</b>	<b>1,671,272</b>	<b>3,855,593</b>	<b>3,235,332</b>
Sales taxes	(161,950)	(137,625)	(324,158)	(268,407)
<b>Net revenue</b>	<b>1,799,800</b>	<b>1,533,647</b>	<b>3,531,435</b>	<b>2,966,925</b>

Breakdown of Net Revenue:

	<u>Second quarter</u>		<u>First semester</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Parent Company:</b>				
Direct revenue from water	1,013,758	864,874	2,028,937	1,682,153
Direct revenue from sewage	532,473	448,207	1,062,153	876,521
Solid waste	1,554	344	2,464	937
<b>Total direct revenue</b>	<b>1,547,785</b>	<b>1,313,425</b>	<b>3,093,554</b>	<b>2,559,611</b>
Indirect revenue from water	22,097	22,102	49,031	42,858
Indirect revenue from sewage	3,552	2,147	5,386	4,058
<b>Total indirect revenue</b>	<b>25,649</b>	<b>24,249</b>	<b>54,417</b>	<b>46,916</b>
Construction revenue	209,551	182,989	347,500	334,487
<b>Total net revenue</b>	<b>1,782,985</b>	<b>1,520,663</b>	<b>3,495,471</b>	<b>2,941,014</b>
<b>Consolidated:</b>				
Direct revenue from water	1,024,501	873,591	2,051,605	1,698,924
Direct revenue from sewage	535,950	451,028	1,069,541	882,005
Solid waste	1,554	344	2,464	937
<b>Total direct revenue</b>	<b>1,562,005</b>	<b>1,324,963</b>	<b>3,123,610</b>	<b>2,581,866</b>
Indirect revenue from water	22,372	22,340	49,596	43,334
Indirect revenue from sewage	3,552	2,148	5,387	4,059
<b>Total indirect revenue</b>	<b>25,924</b>	<b>24,488</b>	<b>54,983</b>	<b>47,393</b>
Construction revenue	211,871	184,196	352,842	337,666
<b>Total net revenue</b>	<b>1,799,800</b>	<b>1,533,647</b>	<b>3,531,435</b>	<b>2,966,925</b>

## Notes

### 27.Costs and expenses by nature

	<u>Second quarter</u>		<u>First semester</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Parent Company:</b>				
<b>Operating costs</b>				
Personnel	279,159	191,750	484,705	384,244
Social security costs	45,609	40,787	88,824	83,460
Construction costs	209,551	182,989	347,500	334,487
General material	28,561	29,126	52,727	53,029
Treatment materials	31,471	23,878	70,709	52,648
Outsourced services	153,476	141,315	294,846	258,956
Electric power	134,152	133,209	260,251	280,807
General expenses	70,637	54,411	129,984	103,563
Depreciation and amortization	186,972	161,310	355,311	324,522
(-) Tax credits	(17,458)	(17,212)	(31,277)	(33,660)
	<b>1,122,130</b>	<b>941,563</b>	<b>2,053,580</b>	<b>1,842,056</b>
<b>Sales expenses</b>				
Personnel	66,078	39,709	108,907	98,863
Social security costs	8,230	7,475	15,940	18,587
General material	1,028	1,365	1,971	2,564
Treatment materials	8	4	25	13
Outsourced services	6,522	6,662	21,685	12,520
Electric power	622	616	1,181	1,295
General expenses	245	145	422	317
Depreciation and amortization	1,778	1,692	3,475	3,405
	<b>84,511</b>	<b>57,668</b>	<b>153,606</b>	<b>137,564</b>
Provision for expected credit losses on trade accounts receivable	<b>51,220</b>	<b>38,286</b>	<b>102,689</b>	<b>96,842</b>
<b>Administrative expenses</b>				
Personnel	103,320	77,065	179,412	137,424
Social security costs	12,475	12,025	23,524	20,634
General material	1,055	1,568	1,677	2,818
Treatment materials	2	5	3	23
Outsourced services	32,225	37,427	66,894	69,725
Electric power	759	828	1,491	1,787
General expenses	4,293	5,080	6,840	7,689
Depreciation and amortization	15,896	12,579	30,051	30,000
Provision for losses of obsolete materials	(175)	1,059	(74)	1,328
	<b>169,850</b>	<b>147,636</b>	<b>309,818</b>	<b>271,428</b>
<b>Costs and expenses</b>				
Personnel (Note 28)	448,557	308,524	773,024	620,531
Social security costs (Note 28)	66,314	60,287	128,288	122,681
Construction costs	209,551	182,989	347,500	334,487
General material	30,644	32,059	56,375	58,411
Treatment materials	31,481	23,887	70,737	52,684
Outsourced services	192,223	185,404	383,425	341,201
Electric power	135,533	134,653	262,923	283,889
General expenses	75,175	59,636	137,246	111,569
Depreciation and amortization	204,646	175,581	388,837	357,927
(-) Tax credits	(17,458)	(17,212)	(31,277)	(33,660)
Provision for losses of obsolete materials	(175)	1,059	(74)	1,328
Provision for expected credit losses on trade accounts receivable	51,220	38,286	102,689	96,842
<b>Total</b>	<b>1,427,711</b>	<b>1,185,153</b>	<b>2,619,693</b>	<b>2,347,890</b>

## Notes

	Second quarter		First semester	
	2023	2022	2023	2022
<b>Consolidated:</b>				
<b>Operating costs</b>				
Personnel	283,991	195,511	494,220	391,263
Social security obligations	46,587	41,645	90,728	85,169
Construction costs	211,871	184,196	352,842	337,666
General material	29,931	30,537	54,895	55,366
Treatment materials	32,232	25,018	72,423	54,279
Outsourced services	154,589	142,207	296,810	260,534
Electric power	137,235	136,038	265,945	286,550
General expenses	71,184	54,775	130,941	104,276
Depreciation and amortization	189,715	163,455	360,631	328,698
(-) Tax credits	(17,637)	(17,414)	(31,664)	(34,052)
Losses of obsolete materials	(219)	1,542	(201)	1,542
	<b>1,139,479</b>	<b>957,510</b>	<b>2,087,570</b>	<b>1,871,291</b>
<b>Sales expenses</b>				
Personnel	66,176	39,799	109,103	99,039
Social security obligations	8,248	7,493	15,975	18,621
General material	1,031	1,368	1,974	2,568
Treatment materials	8	4	25	13
Outsourced services	7,004	7,037	22,594	13,272
Electric power	622	616	1,181	1,295
General expenses	250	152	428	328
Depreciation and amortization	1,817	1,694	3,530	3,407
	<b>85,156</b>	<b>58,163</b>	<b>154,810</b>	<b>138,543</b>
Impairment loss on accounts receivable	<b>50,979</b>	<b>39,419</b>	<b>103,448</b>	<b>99,127</b>
<b>Administrative expenses</b>				
Personnel	103,760	77,762	180,217	139,295
Social security obligations	12,559	12,068	23,675	20,724
General material	1,121	1,643	1,807	2,942
Treatment materials	2	5	3	23
Outsourced services	32,617	37,822	67,703	70,542
Electric power	816	894	1,598	1,910
General expenses	4,333	5,153	6,967	7,840
Depreciation and amortization	15,907	12,587	30,073	30,018
Provision for losses of obsolete materials	(175)	1,052	(74)	1,328
	<b>170,940</b>	<b>148,986</b>	<b>311,969</b>	<b>274,622</b>
<b>Costs and expenses</b>				
Personnel (Note 28)	453,927	313,072	783,540	629,597
Social security obligations (Note 28)	67,394	61,206	130,378	124,514
Construction costs	211,871	184,196	352,842	337,666
General material	32,083	33,548	58,676	60,876
Treatment materials	32,242	25,027	72,451	54,315
Outsourced services	194,210	187,066	387,107	344,348
Electric power	138,673	137,548	268,724	289,755
General expenses	75,767	60,080	138,336	112,444
Depreciation and amortization	207,439	177,736	394,234	362,123
(-) Tax credits	(17,637)	(17,414)	(31,664)	(34,052)
Provision for losses of obsolete materials	(394)	2,594	(275)	2,870
Impairment loss on accounts receivable	50,979	39,419	103,448	99,127
<b>Total</b>	<b>1,446,554</b>	<b>1,204,078</b>	<b>2,657,797</b>	<b>2,383,583</b>

## Notes

Details of construction costs:

	Second quarter		First semester	
	2023	2022	2023	2022
<b>Parent Company:</b>				
Salaries and payroll charges	10,782	8,257	20,921	22,906
Material	16,447	11,032	23,217	22,914
Equipment	7,241	6,844	13,864	9,996
Outsourced services	151,098	142,096	248,036	249,914
Financing costs	23,879	14,006	41,240	27,679
Other	104	754	222	1,078
<b>Total construction costs</b>	<b>209,551</b>	<b>182,989</b>	<b>347,500</b>	<b>334,487</b>
<b>Consolidated:</b>				
Salaries and payroll charges	10,782	8,257	20,921	22,906
Material	16,628	11,043	23,722	23,047
Equipment	7,578	6,844	14,299	10,429
Outsourced services	152,900	143,292	252,438	252,527
Financing costs	23,879	14,006	41,240	27,679
Other	104	754	222	1,078
<b>Total construction costs</b>	<b>211,871</b>	<b>184,196</b>	<b>352,842</b>	<b>337,666</b>

## 28. Personnel expenditures

	Second quarter		First semester	
	2023	2022	2023	2022
<b>Parent Company:</b>				
Salaries	206,519	192,785	400,017	391,883
Indemnities, mainly PDVI	115,492	1,177	116,129	5,900
Social security costs	66,314	60,287	128,287	122,681
FGTS	17,799	16,298	34,510	33,157
Contribution to pension plan	12,689	11,705	25,256	23,069
Meal program	50,146	44,257	98,508	90,950
Health program	25,222	25,913	51,514	50,611
Employee profit sharing	15,387	10,916	36,253	13,488
Other benefits	5,303	5,473	10,838	11,473
<b>Total</b>	<b>514,871</b>	<b>368,811</b>	<b>901,312</b>	<b>743,212</b>
<b>Personnel (Note 27)</b>	<b>448,557</b>	<b>308,524</b>	<b>773,024</b>	<b>620,531</b>
<b>Social security obligations (Note 27)</b>	<b>66,314</b>	<b>60,287</b>	<b>128,288</b>	<b>122,681</b>
<b>Consolidated:</b>				
Salaries	210,272	195,982	407,331	398,268
Indemnities, mainly PDVI	115,492	1,209	116,129	5,961
Social security costs	67,395	61,205	130,378	124,513
FGTS	18,063	16,527	35,025	33,614
Contribution to pension plan	12,689	11,705	25,256	23,069
Meal program	51,180	45,116	100,545	92,636
Health program	25,448	26,114	51,978	51,026
Employee profit sharing	15,387	10,916	36,253	13,488
Other benefits	5,395	5,504	11,023	11,536
<b>Total</b>	<b>521,321</b>	<b>374,278</b>	<b>913,918</b>	<b>754,111</b>
<b>Personnel (Note 27)</b>	<b>453,927</b>	<b>313,072</b>	<b>783,540</b>	<b>629,597</b>
<b>Social security obligations (Note 27)</b>	<b>67,394</b>	<b>61,206</b>	<b>130,378</b>	<b>124,514</b>

## Notes

### 29. Other operating revenues and expenses

Other operating revenues accrued by the Company are presented as follows:

	Second quarter		First semester	
	2023	2022	2023	2022
<b>Parent Company:</b>				
Reversal of non-deductible provision	7,544	16,440	18,211	36,272
Recovery of written-off accounts	-	11,862	-	21,467
Disposal of property, plant and equipment	1,212	1,714	2,121	2,749
Other revenues	6,740	3,716	11,603	9,181
<b>Total other operating revenues</b>	<b>15,496</b>	<b>33,732</b>	<b>31,935</b>	<b>69,669</b>
<b>Consolidated:</b>				
Reversal of non-deductible provision	7,544	16,440	18,211	36,890
Recovery of written-off accounts	(461)	12,396	-	22,461
Disposal of property, plant and equipment	1,212	1,714	2,121	2,749
Other revenues	6,732	3,728	11,675	9,210
<b>Total other operating revenues</b>	<b>15,027</b>	<b>34,278</b>	<b>32,007</b>	<b>71,310</b>

The Company's other operating expenses are presented below:

	Second quarter		First semester	
	2023	2022	2023	2022
<b>Parent Company:</b>				
Reversal of (provision for) lawsuits, net	(3,691)	(9,177)	(11,523)	(5,393)
ARSAE fee	(14,204)	(13,265)	(28,407)	(26,530)
Expenses with environment preservation	(11,350)	(5,069)	(16,706)	(8,028)
Taxes and duties	(3,707)	(3,587)	(7,147)	(6,710)
Actuarial liability	(1,655)	(4,687)	(3,311)	(9,374)
Other	(6,910)	(13,219)	(12,532)	(22,534)
<b>Total</b>	<b>(41,517)</b>	<b>(49,004)</b>	<b>(79,626)</b>	<b>(78,569)</b>
<b>Consolidated:</b>				
Reversal of (provision for) lawsuits, net	(3,987)	(9,200)	(11,816)	(5,309)
ARSAE fee	(14,461)	(13,505)	(28,922)	(27,010)
Expenses with environment preservation	(11,350)	(5,069)	(16,706)	(8,028)
Taxes and duties	(3,736)	(3,595)	(7,366)	(6,804)
Actuarial liability	(1,655)	(4,687)	(3,311)	(9,374)
Other	(7,784)	(13,287)	(21,501)	(22,736)
<b>Total</b>	<b>(42,973)</b>	<b>(49,343)</b>	<b>(89,622)</b>	<b>(79,261)</b>

### 30. Financial revenues and expenses

Financial revenues (expenses) can be summarized as follows:

	Second quarter		First semester	
	2023	2022	2023	2022
<b>Parent Company:</b>				
Asset interest	11,641	12,365	23,090	23,722
Yields from interest earning bank deposits	34,078	24,156	70,187	50,472
Revenue from inflation adjustment and exchange rate change	21,410	9,106	25,815	51,145
Revenues from financial assets/other	21,684	15,156	50,787	29,282
Taxes on financial revenue	(2,560)	(1,872)	(4,939)	(3,757)
<b>Total revenue</b>	<b>86,253</b>	<b>58,911</b>	<b>164,940</b>	<b>150,864</b>
Charges on financing and legal provision	(81,965)	(72,769)	(169,196)	(153,962)
Inflation adjustment and exchange rate change expense	(25,550)	(66,140)	(65,550)	(99,099)
Other expenses	(478)	(28)	(1,003)	(184)
<b>Total expense</b>	<b>(107,993)</b>	<b>(138,937)</b>	<b>(235,749)</b>	<b>(253,245)</b>
<b>Financial income (loss)</b>	<b>(21,740)</b>	<b>(80,026)</b>	<b>(70,809)</b>	<b>(102,381)</b>

## Notes

	Second quarter		First semester	
	2023	2022	2023	2022
<b>Consolidated:</b>				
Asset interest	11,749	12,577	23,311	24,137
Yields from interest earning bank deposits	35,009	25,231	71,993	52,028
Revenue from inflation adjustment and exchange rate change	21,430	9,120	25,866	51,168
Revenues from financial assets/other	21,899	15,265	51,147	29,484
Taxes on financial revenue	(2,613)	(1,933)	(5,040)	(3,850)
<b>Total revenue</b>	<b>87,474</b>	<b>60,260</b>	<b>167,277</b>	<b>152,967</b>
Charges on financing and legal provision	(81,986)	(72,771)	(169,242)	(153,965)
Inflation adjustment and exchange rate change expense	(25,550)	(66,139)	(71,757)	(99,098)
Other expenses	(479)	(29)	(1,015)	(186)
<b>Total expense</b>	<b>(108,015)</b>	<b>(138,939)</b>	<b>(242,014)</b>	<b>(253,249)</b>
<b>Financial income (loss)</b>	<b>(20,541)</b>	<b>(78,679)</b>	<b>(74,737)</b>	<b>(100,282)</b>

### 31. Notes presented in the Annual Financial Statements that are not presented in this Interim Accounting Information

Pursuant to CVM/SNC/SEP Circular Letter 003/2011, the Company opened the Notes considered relevant in the context of the “Basic Conceptual Pronouncement - Conceptual Framework for the Preparation and Presentation of Financial Statements”. All information whose omission or misstatement could influence the economic decisions of users were duly disclosed in this Interim Financial Information which should be read in conjunction with the Financial Statements as of December 31, 2022.

We indicate below the exact location of the Notes whose information has not been repeated in this Interim Financial Information, either due to redundancy or relevance:

Note 04 - Estimates and Critical Accounting Judgments;

Note 26 - Insurance;

Note 33 - Operational and Financial Data of Activities Related to Achievement of Collective Interest Purposes.

### 32. Subsequent events

#### a) Approval of the Tax Reform in the Chamber of Deputies

On July 7, 2023, the Chamber of Deputies approved the Constitutional Amendment Proposal (PEC) 45/19, which, in short, aims to simplify consumption taxes, creating the Tax on Goods and Services (IBS), to replace ICMS and ISS, and the Contribution on Goods and Services (CBS), to replace IPI, PIS and COFINS; establishing transition rules until its full implementation in the year 2033. The proposal was approved in two rounds and will go to the Federal Senate. The Company continues monitoring the legislative procedures and legal definitions related to the matter.

#### b) Issue of new decrees by the federal executive branch

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, in short, (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 stresses that the legislative changes do not interfere with the current legal status of its concession and program contracts 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.

## Comments on the Behavior of the Business Projections

### Comments on the Behavior of the Business Projections

#### 1. Projections

Aiming to monitor the dynamics of the sanitation sector and the performance of the Brazilian economy, the Company periodically reviews its planning and goals, including investment plans.

#### 1.1. Investment Program

##### 1.1.1.2023 Investment Program

For 2023, the investments foreseen by COPASA in water, sewage and business and operational development total R\$ 1,597 million. Also, there are also plans to capitalize R\$ 160 million. Referring to the subsidiary COPANOR, in the estimated amount of R\$ 49.3 million for the year.

In the period from January to June 2023 (1S23), R\$ 676.5 million were invested within the Parent Company and R\$ 12.0 million within the scope of COPANOR, as presented in the table below:

Investments (R\$ million)	1S23
Water	260.5
Sewage	293.0
Business and operational development	28.0
Capitalization	95.0
<b>Total - Parent company</b>	<b>676.5</b>
COPANOR	12.0
<b>Total – COPASA MG and COPANOR</b>	<b>688.5</b>

##### 1.1.2. Investment Program, 2024–2027

The values of the Multiannual Investment Program projected by COPASA MG for the period from 2024 to 2027 are as follows:

Projected value (R\$ million)	2024	2025	2026	2027
Water, Sewage, and Corporate Development	1,650	1,628	1,628	1,628
Capitalizations	185	294	371	382
<b>Total</b>	<b>1,835</b>	<b>1,922</b>	<b>1,999</b>	<b>2,010</b>

# Opinions and Statements / Special Review Report - Unqualified

Report on the review of quarterly information - ITR

To the Board Members and Shareholders of  
Companhia de Saneamento de Minas Gerais – COPASA MG  
Belo Horizonte – Minas Gerais

## Introduction

We have reviewed the individual and consolidated interim financial information of Companhia de Saneamento de Minas Gerais -COPASA MG (“Company”), contained in the Quarterly Information (ITR) Form for the quarter ended June 30, 2023, comprising the balance sheet as of June 30, 2023 and related statements of income, comprehensive income for the three and six-month period then ended, changes in shareholders’ equity and of cash flows for the six-month period then ended, including the explanatory notes.

Company’s Management is responsible for the preparation of the individual interim financial information in accordance with CPC 21(R1) and the consolidated interim financial information in accordance with CPC 21 (R1) and with international standard IAS 34- Interim Financial Reporting, issued by the International Accounting Standards Board - (IASB), as well as for the presentation of this information in a manner consistent with the standards issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on these interim financial information based on our review.

## Scope of the review

Our review was carried out in accordance with the Brazilian and international review standards for interim information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists in asking questions, chiefly to the persons in charge of financial and accounting affairs, and in applying analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion on the individual and consolidated interim financial information

Based on our review, we are not aware of any facts that would lead us to believe that the individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, applicable to the preparation of Quarterly Information - ITR, and presented in a manner consistent with the standards issued by the Securities Commission.

## Other matters

### Statements of added value

The aforementioned interim quarterly information includes the individual and consolidated statements of added value for the six-month period ended June 30, 2023, prepared under responsibility of Company’s Management and presented as supplementary information for IAS 34 purposes. These statements have been subject to review procedures performed in conjunction with the review of the quarterly information, in order to determine whether they are reconciled with the interim financial information and book records, as applicable, and whether their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 – Statement of Added Value. Based on our review, we are not aware of any facts that may lead us to believe that those statements of added value have not been prepared, in all material respects, in accordance with the criteria set forth in this Standard and consistently with respect to the individual and consolidated interim financial information taken as a whole.

Belo Horizonte, July 27, 2023

KPMG Auditores Independentes Ltda.  
CRC SP-014428/O-6 F-MG

Original report in Portuguese signed by

Anderson Luiz de Menezes  
Accountant CRC MG-070240/O-3

## **Opinions and Statements / Statement of the Executive Officers on the Financial Statements**

### **DECLARATION OF REVIEW OF THE FINANCIAL STATEMENTS AND THE INDEPENDENT AUDIT OPINION BY THE OFFICERS**

In compliance with items V and VI, article 27, §1 of CVM Instruction 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- 03, hereby declare that:

1. They have reviewed, discussed and agreed with the opinions expressed in the opinion of KPMG Auditores Independentes related to the Interim Financial Information of the Parent Company and Consolidated, in compliance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) for the period ended June 30, 2023; and
2. They have reviewed, discussed and agreed with the Interim Financial Information of the Parent Company and Consolidated, in compliance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) for the period ended June 30, 2023.

Belo Horizonte-MG, July 27, 2023.

## **Opinions and Statements / Statement of the Executive Officers on Independent Auditor's Report**

### **DECLARATION OF REVIEW OF THE FINANCIAL STATEMENTS AND THE INDEPENDENT AUDIT OPINION BY THE OFFICERS**

In compliance with items V and VI, article 27, §1 of CVM Instruction 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- 03, hereby declare that:

1. They have reviewed, discussed and agreed with the opinions expressed in the opinion of KPMG Auditores Independentes related to the Interim Financial Information of the Parent Company and Consolidated, in compliance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) for the period ended June 30, 2023; and
2. They have reviewed, discussed and agreed with the Interim Financial Information of the Parent Company and Consolidated, in compliance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) for the period ended June 30, 2023.

Belo Horizonte-MG, July 27, 2023.