

Companhia de Saneamento de Minas Gerais - COPASA MG.

Report on the quarterly information review – ITR

*(A translation of the original report in
Portuguese containing financial
statements prepared in accordance with
accounting practices adopted in Brazil and IFRS)*



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Report on the quarterly information review - ITR

The Board of Directors and Shareholders Companhia de Saneamento de Minas Gerais – COPASA MG Belo Horizonte – Minas Gerais

Introduction

We have reviewed the interim, individual and consolidated financial statements of the company Companhia de Saneamento de Minas Gerais - COPASA MG ("Company"), contained in the Quarterly Information Form - ITR for the quarter ended June 30, 2021, consisting of the statements of financial position as of June 30, 2021 and the related statements of income, the comprehensive statements of income for the three and six-month periods then ended, the statement of changes in equity and statements of cash flows for the six-month periods then ended, in addition to the notes to the financial statements.

Company Management is responsible for the preparation of the individual and consolidated interim financial statements in accordance with CPC 21 (R1) and the international standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board - IASB and for the presentation of this information in due accordance with the standards issued by the Brazilian Securities Commission applicable to the preparation of Quarterly Information - ITR. Our responsibility is to express an opinion on the interim financial statements based on our review.

Review scope

We conducted our review in accordance with Brazilian and international standards on reviews of 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 of making inquiries, primarily to the management responsible for financial and accounting matters and applying analytical and other review procedures. The scope of a review is substantially smaller than an audit conducted in accordance with auditing standards, and consequently, it does not enable us to obtain assurance that we were aware of all the material matters that would have been identified in an audit. We are not therefore expressing an audit opinion.

Conclusion about the interim information

Based on our review we are not aware of any facts that lead us to believe the individual and consolidated interim financial information included in the aforesaid quarterly information has not been prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 issued by IASB applicable to the preparation of Quarterly Information - ITR, presented in a manner consistent with the requirements set forth by the Brazilian Securities Commission - CVM.

Other matters

Statements of added value

The individual and consolidated interim financial information relating to statements of added value for the six-month period ended June 30, 2021, which are the responsibility of Company Management and are presented as supplementary information for the purpose of IAS 34, was subject to review procedures conducted in conjunction with the review of the Company's quarterly Information - ITR. To form our conclusion we evaluated whether these statements have been reconciled against the interim accounting information and accounting records, as applicable, and whether their form and content comply with the criteria set out in CPC Technical Pronouncement 09 - Statements of Added Value. Our review did not detect any facts that lead us to believe these statements of added value were not prepared, in all material respects, in accordance with the individual and consolidated interim financial statements accounting information taken as a whole.

Belo Horizonte, July 29, 2021

KPMG Auditores Independentes
CRC SP-014428/O-6 F-MG
(Original report issued in Portuguese signed by)

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

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

Code of account	Account description	Current quarter 06/30/2021	Prior year 12/31/2020
1	Total assets	11,887,386	11,762,554
1.01	Current assets	2,092,459	1,974,493
1.01.01	Cash and cash equivalents	853,582	786,377
1.01.03	Accounts receivable	1,063,297	1,034,710
1.01.03.01	Clients	1,063,297	1,034,710
1.01.04	Inventories	70,917	62,603
1.01.06	Recoverable taxes	18,381	18,381
1.01.06.01	Current taxes recoverable	18,381	18,381
1.01.08	Other Current assets	86,282	72,422
1.01.08.03	Other	86,282	72,422
1.01.08.03.01	Advances for employees	12,884	13,152
1.01.08.03.02	Sundry	13,930	10,334
1.01.08.03.03	Technical cooperation agreement	37,747	16,152
1.01.08.03.04	Banks and arrangements	13,387	24,452
1.01.08.03.05	Collateral for financing	8,334	8,332
1.02	Non-current assets	9,794,927	9,788,061
1.02.01	Long term assets	2,435,104	2,236,206
1.02.01.03	Interest earning bank deposits measured at amortized cost	75,219	75,715
1.02.01.04	Accounts receivable	125,103	258,404
1.02.01.04.03	Collaterals as guarantees of loans, financing and debentures	63,305	191,642
1.02.01.04.05	Sundry receivables	61,798	66,762
1.02.01.07	Deferred taxes	346,469	293,349
1.02.01.07.01	Deferred income tax and social contribution	346,469	293,349
1.02.01.09	Related party credits	0	2,125
1.02.01.09.02	Receivables from subsidiaries	0	2,125
1.02.01.10	Other non-current assets	1,888,313	1,606,613
1.02.01.10.03	Financial assets - Concession contracts	698,928	685,561
1.02.01.10.04	Financial assets measured at fair value through other comprehensive income	86,940	76,603
1.02.01.10.05	Right-of-use from lease	76,208	61,716
1.02.01.10.06	Contract asset	1,021,579	756,545
1.02.01.10.07	Technical cooperation agreement	4,658	26,188
1.02.02	Investments	186,331	165,392
1.02.02.01	Equity interest	186,331	165,392
1.02.02.01.02	Interest in subsidiaries	186,071	165,132
1.02.02.01.04	Other investments	260	260
1.02.03	Property, plant and equipment	1,511,523	1,518,979
1.02.03.01	Construction in progress	1,511,523	1,518,979
1.02.04	Intangible assets	5,661,969	5,867,484
1.02.04.01	Intangible assets	5,661,969	5,867,484
1.02.04.01.01	Concession contract	5,661,969	5,867,484

Individual Financial Statements - Balance sheet - Liabilities**(In thousands of reais)**

Code of account	Account description	Current quarter 06/30/2021	Prior year 12/31/2020
2	Total liabilities	11,887,386	11,762,554
2.01	Current liabilities	1,560,190	1,378,860
2.01.01	Social and labor obligations	163,336	125,194
2.01.01.02	Labor obligations	163,336	125,194
2.01.02	Suppliers	215,676	206,177
2.01.02.01	Domestic suppliers	215,676	206,177
2.01.03	Tax liabilities	79,288	79,680
2.01.03.01	Federal tax liabilities	77,695	78,101
2.01.03.01.01	Income tax and social contribution payable	8,756	0
2.01.03.01.02	Other federal liabilities	68,939	78,101
2.01.03.03	Municipal tax liabilities	1,593	1,579
2.01.04	Loans and financing	689,941	595,756
2.01.04.01	Loans and financing	184,415	201,851
2.01.04.01.01	In local currency	118,699	129,799
2.01.04.01.02	In foreign currency	65,716	72,052
2.01.04.02	Debentures	505,526	393,905
2.01.04.02.01	Non-convertible	505,526	393,905
2.01.05	Other liabilities	292,760	280,717
2.01.05.02	Other	292,760	280,717
2.01.05.02.01	Dividends and interest on own capital	51,917	72,270
2.01.05.02.04	Obligations with retirement benefits	11,857	21,998
2.01.05.02.06	Technical cooperation agreement	3,638	3,547
2.01.05.02.08	Public-Private Partnership	56,782	47,975
2.01.05.02.09	Sundry liabilities	141,332	102,304
2.01.05.02.11	Rights-of-use - Lease	27,234	32,623
2.01.06	Provisions	119,189	91,336
2.01.06.01	Tax, social security, labor and civil provisions	119,189	91,336
2.01.06.01.07	Employee profit sharing	119,189	91,336
2.02	Non-current liabilities	3,526,863	3,927,082
2.02.01	Loans and financing	2,773,608	3,185,385
2.02.01.01	Loans and financing	913,961	1,072,146
2.02.01.01.01	In local currency	758,764	803,147
2.02.01.01.02	In foreign currency	155,197	268,999
2.02.01.02	Debentures	1,859,647	2,113,239
2.02.01.02.01	Non-convertible	1,859,647	2,113,239
2.02.02	Other liabilities	596,523	607,695
2.02.02.02	Other	596,523	607,695
2.02.02.02.03	Benefit obligations	231,384	223,892
2.02.02.02.05	Deposits for works	59,233	79,851
2.02.02.02.06	Public-Private Partnership	227,106	258,251
2.02.02.02.07	Sundry	27,299	14,189
2.02.02.02.08	Rights-of-use - Lease	51,501	31,512
2.02.04	Provisions	156,732	134,002
2.02.04.01	Tax, social security, labor and civil provisions	156,732	134,002
2.02.04.01.06	Provision for lawsuits	156,732	134,002
2.03	Shareholders' equity	6,800,333	6,456,612

Individual Financial Statements - Balance sheet - Liabilities**(In thousands of reais)**

Code of account	Account description	Current quarter 06/30/2021	Prior year 12/31/2020
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	3,147,591	3,147,591
2.03.04.01	Legal reserve	388,560	388,560
2.03.04.05	Profit retention reserve	2,710,828	2,710,828
2.03.04.07	Tax incentive reserve	48,203	48,203
2.03.05	Retained Earnings/Losses	336,947	0
2.03.06	Equity valuation adjustments	-78,014	-84,788

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

Code of account	Account description	Current quarter 04/01/2021–06/30/2021	Accumulated of the current year 01/01/2021–06/30/2021	Same quarter of the prior year 04/01/2020–06/30/2020	Accumulated of the prior year 01/01/2020–06/30/2020
3.01	Revenue from sales of goods and/or services	1,437,007	2,803,333	1,245,638	2,512,941
3.01.01	Water services	825,426	1,641,587	752,367	1,521,592
3.01.02	Sewage services	477,371	942,788	432,945	872,939
3.01.03	Revenue from construction	133,647	217,785	59,816	117,381
3.01.04	Revenues from solid waste	563	1,173	510	1,029
3.02	Cost of goods and/or services sold	-836,919	-1,593,860	-700,598	-1,393,084
3.02.01	Cost of goods and/or services sold	-703,272	-1,376,075	-640,782	-1,275,703
3.02.02	Construction cost	-133,647	-217,785	-59,816	-117,381
3.03	Gross income (loss)	600,088	1,209,473	545,040	1,119,857
3.04	Operating expenses/revenue	-278,739	-535,830	-326,594	-585,948
3.04.01	Sales expenses	-115,724	-219,092	-192,314	-298,082
3.04.01.01	Sales expenses	-55,068	-109,408	-56,221	-110,397
3.04.01.02	Estimated losses from allowance for doubtful accounts	-60,656	-109,684	-136,093	-187,685
3.04.02	General and administrative expenses	-137,687	-266,509	-113,215	-239,846
3.04.04	Other operating revenue	27,674	53,142	26,408	55,685
3.04.05	Other operating expenses	-50,089	-98,365	-45,431	-92,679
3.04.05.01	Other operating expenses	-50,089	-98,365	-45,431	-92,679
3.04.06	Equity income (loss)	-2,913	-5,006	-2,042	-11,026
3.05	Income (loss) before financial income and taxes	321,349	673,643	218,446	533,909
3.06	Financial income (loss)	3,069	-44,700	-20,051	-112,739
3.06.01	Financial revenues	57,091	94,080	41,011	93,223
3.06.02	Financial expenses	-54,022	-138,780	-61,062	-205,962
3.07	Income (loss) before income tax	324,418	628,943	198,395	421,170
3.08	Income tax and social contribution	-87,289	-172,027	-52,050	-113,990
3.08.01	Current	-105,556	-228,662	-83,185	-173,943
3.08.02	Deferred	18,267	56,635	31,135	59,953
3.09	Net income (loss) from continued operations	237,129	456,916	146,345	307,180
3.11	Income/loss for the period	237,129	456,916	146,345	307,180

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

Code of account	Account description	Current quarter 04/01/2021–06/30/2021	Accumulated of the current year 01/01/2021–06/30/2021	Same quarter of the prior year 04/01/2020–06/30/2020	Accumulated of the prior year 01/01/2020–06/30/2020
3.99	Earnings per share - (R\$ / Share)				

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

Code of account	Account description	Current quarter 04/01/2021–06/30/2021	Accumulated of the current year 01/01/2021–06/30/2021	Same quarter of the prior year 04/01/2020–06/30/2020	Accumulated of the prior year 01/01/2020–06/30/2020
4.01	Net income for the period	237,129	456,916	146,345	307,180
4.02	Other comprehensive income	6,822	6,822	6,761	6,761
4.02.04	Fair value of financial assets available for sale	6,822	6,822	6,761	6,761
4.03	Comprehensive income for the period	243,951	463,738	153,106	313,941

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

Code of account	Account description	Accumulated of the current year	Accumulated of the prior year
		01/01/2021-06/30/2021	01/01/2020-06/30/2020
6.01	Net cash from operational activities	819,020	944,299
6.01.01	Cash generated in operations	973,719	971,824
6.01.01.01	Net income for the period	456,916	307,180
6.01.01.02	Allowance for doubtful accounts	109,684	187,685
6.01.01.04	Charges and net inflation adjustments and exchange-rate changes	26,405	89,803
6.01.01.05	Interest revenues and expenses	56,699	43,623
6.01.01.06	Deferred income tax and social contribution	-56,635	-59,953
6.01.01.07	Equity gain (loss)	5,006	11,026
6.01.01.08	Gain/Loss in the write-off of intangible assets and Property, plant and equipment	6,494	71,893
6.01.01.09	Depreciation and amortization	336,334	318,459
6.01.01.10	Formation of provisions	26,333	-9,775
6.01.01.11	Provision from retirement benefits	32,623	28,989
6.01.01.12	Financial assets	-25,659	-17,942
6.01.01.13	Other	-1,182	0
6.01.01.16	Provision for inventory losses	701	836
6.01.02	Changes in assets and liabilities	166,515	241,168
6.01.02.01	Trade accounts receivable	-114,827	-77,329
6.01.02.02	Inventories	-9,138	-6,243
6.01.02.03	Recoverable taxes	0	5
6.01.02.07	Prepaid tariff pass-through	2,684	-14,960
6.01.02.09	Other	953	-3,257
6.01.02.10	Suppliers	4,566	-11,438
6.01.02.11	Taxes, rates, contributions, and social charges	216,878	310,039
6.01.02.12	Provision for vacation and 13th salary	38,142	45,163
6.01.02.13	Employee profit sharing	27,853	18,716
6.01.02.14	Technical cooperation agreement	26	-11,175
6.01.02.15	Contingencies	-3,603	4,838
6.01.02.16	Obligations with retirement benefits	-31,262	-22,213
6.01.02.17	Electric power and other (Payment of taxes in installments)	36,947	22,477
6.01.02.19	Payment of actuarial liabilities	-2,704	-13,455
6.01.03	Other	-321,214	-268,693
6.01.03.01	Interest paid	-94,329	-94,610
6.01.03.02	Interest paid to Public-Private Partnership	-1,622	-5,380
6.01.03.03	Payment of income tax/social contribution	-225,263	-168,703
6.02	Net cash used in investment activities	-257,151	-278,799
6.02.06	Payment to PPP	-28,025	-23,483
6.02.07	Amount received for sale of property, plant and equipment	2,018	1,451
6.02.08	Capital increase in subsidiaries	-25,945	-21,868
6.02.10	Acquisition of contract assets	-273,210	-186,054
6.02.11	Acquisition of intangible assets	-63,284	-70,588
6.02.12	Acquisition of fixed assets	-14,967	-3,456
6.02.14	Collateral for financing	135,197	22,591
6.02.15	Banks and arrangements	11,065	2,608
6.03	Net cash from financing activities	-494,664	-273,625

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

Code of account	Account description	Accumulated of the current year 01/01/2021–06/30/2021	Accumulated of the prior year 01/01/2020–06/30/2020
6.03.01	Inflows of loans, financing and debentures	96,335	13,692
6.03.02	Amortization of loans, financing and debentures	-441,807	-146,278
6.03.04	Interest on own capital paid	-132,377	-123,566
6.03.12	Funding cost	-192	-3,516
6.03.13	Lease payment	-16,623	-22,353
6.03.14	Capitalized interest	0	8,396
6.05	Increase (decrease) in cash and cash equivalents	67,205	391,875
6.05.01	Opening balance of cash and cash equivalents	786,377	521,304
6.05.02	Closing balance of cash and cash equivalents	853,582	913,179

Individual financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2021–06/30/2021**(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	3,147,591	0	-84,788	6,456,612
5.03	Adjusted opening balances	3,402,385	-8,576	3,147,591	0	-84,788	6,456,612
5.05	Total comprehensive income	0	0	0	456,916	6,822	463,738
5.05.01	Net income for the period	0	0	0	456,916	0	456,916
5.05.02	Other comprehensive income	0	0	0	0	6,822	6,822
5.05.02.11	Financial assets measured at fair value through other comprehensive income	0	0	0	0	6,822	6,822
5.06	Internal changes in shareholders' equity	0	0	0	-119,969	-48	-120,017
5.06.07	Interest on own capital	0	0	0	-120,017	0	-120,017
5.06.09	Amortization of inflation adjustment on restated assets	0	0	0	73	-73	0
5.06.10	Deferred income tax and social contribution on restated assets	0	0	0	-25	25	0
5.07	Closing balances	3,402,385	-8,576	3,147,591	336,947	-78,014	6,800,333

Individual financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2020–06/30/2020**(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	3,378,939	0	-29,035	6,743,713
5.03	Adjusted opening balances	3,402,385	-8,576	3,378,939	0	-29,035	6,743,713
5.05	Total comprehensive income	0	0	0	307,180	6,761	313,941
5.05.01	Net income for the period	0	0	0	307,180	0	307,180
5.05.02	Other comprehensive income	0	0	0	0	6,761	6,761
5.05.02.11	Financial assets measured at fair value through other comprehensive income	0	0	0	0	6,761	6,761
5.06	Internal changes in shareholders' equity	0	0	0	-89,247	-138	-89,385
5.06.07	Interest on own capital	0	0	0	-89,361	0	-89,361
5.06.09	Amortization of inflation adjustment on restated assets	0	0	0	173	-173	0
5.06.10	Deferred income tax and social contribution on restated assets	0	0	0	-59	59	0
5.06.12	Other	0	0	0	0	-24	-24
5.07	Closing balances	3,402,385	-8,576	3,378,939	217,933	-22,412	6,968,269

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

Code of account	Account description	Accumulated of the current year	Accumulated of the prior year
		01/01/2021-06/30/2021	01/01/2020-06/30/2020
7.01	Revenues	3,010,488	2,625,563
7.01.01	Sale of goods, products and services	2,849,245	2,640,182
7.01.02	Other revenues	53,142	55,685
7.01.02.01	Other operating revenue	22,664	34,795
7.01.02.02	Recovery of written-off accounts	30,478	20,890
7.01.03	Revenues from construction of own assets	217,785	117,381
7.01.04	Formation/reversal of allowance for doubtful accounts	-109,684	-187,685
7.02	Inputs acquired from third parties	-980,184	-765,275
7.02.01	Cost of products, goods and services sold	-829,426	-631,155
7.02.02	Materials, Energy, Third-party services and other	-79,339	-65,231
7.02.04	Other	-71,419	-68,889
7.03	Gross added value	2,030,304	1,860,288
7.04	Retentions	-336,334	-318,459
7.04.01	Depreciation, amortization and depletion	-336,334	-318,459
7.05	Net added value produced	1,693,970	1,541,829
7.06	Added value received as transfer	92,452	85,137
7.06.01	Equity income (loss)	-5,006	-11,026
7.06.02	Financial revenues	97,458	96,163
7.07	Total added value payable	1,786,422	1,626,966
7.08	Distribution of added value	1,786,422	1,626,966
7.08.01	Personnel	654,458	617,286
7.08.01.01	Direct remuneration	419,432	404,201
7.08.01.02	Benefits	173,848	162,143
7.08.01.03	Severance Pay Fund (FGTS)	32,319	31,487
7.08.01.04	Other	28,859	19,455
7.08.01.04.04	Employee profit sharing	28,859	19,455
7.08.02	Taxes, duties and contributions	513,025	473,781
7.08.02.01	Federal	486,594	449,573
7.08.02.02	State	24,636	22,617
7.08.02.03	Municipal	1,795	1,591
7.08.03	Third-party capital remuneration	162,023	228,719
7.08.03.01	Interest	154,802	226,384
7.08.03.02	Rentals	7,221	2,335
7.08.04	Remuneration of own capital	456,916	307,180
7.08.04.01	Interest on own capital	120,017	89,361
7.08.04.03	Retained earnings / Loss for the period	336,899	217,819

Consolidated Financial Statements/Balance Sheet - Assets**(In thousands of reais)**

Code of account	Account description	Current quarter 06/30/2021	Prior year 12/31/2020
1	Total assets	11,895,616	11,772,457
1.01	Current assets	2,130,420	2,004,368
1.01.01	Cash and cash equivalents	881,511	805,619
1.01.03	Accounts receivable	1,073,272	1,045,441
1.01.03.01	Clients	1,073,272	1,045,441
1.01.04	Inventories	73,999	64,921
1.01.06	Recoverable taxes	18,478	18,509
1.01.06.01	Current taxes recoverable	18,478	18,509
1.01.06.01.01	Recoverable taxes	18,478	18,509
1.01.08	Other Current assets	83,160	69,878
1.01.08.03	Other	83,160	69,878
1.01.08.03.01	Advances for employees	13,114	13,357
1.01.08.03.02	Sundry	10,512	7,519
1.01.08.03.03	Technical cooperation agreement	37,765	16,170
1.01.08.03.04	Banks and arrangements	13,435	24,500
1.01.08.03.05	Collateral for financing	8,334	8,332
1.02	Non-current assets	9,765,196	9,768,089
1.02.01	Long term assets	2,493,665	2,288,263
1.02.01.03	Interest earning bank deposits measured at amortized cost	75,219	75,715
1.02.01.04	Accounts receivable	125,103	258,404
1.02.01.04.03	Collaterals as guarantees of loans, financing and debentures	63,305	191,642
1.02.01.04.04	Sundry receivables	61,798	66,762
1.02.01.07	Deferred taxes	346,469	293,349
1.02.01.07.01	Deferred income tax and social contribution	346,469	293,349
1.02.01.10	Other non-current assets	1,946,874	1,660,795
1.02.01.10.03	Financial assets - Concession contracts	717,612	709,052
1.02.01.10.04	Financial assets measured at fair value through other comprehensive income	86,940	76,603
1.02.01.10.05	Right-of-use from lease	76,229	61,719
1.02.01.10.06	Contract asset	1,061,435	787,233
1.02.01.10.07	Technical cooperation agreement	4,658	26,188
1.02.02	Investments	260	260
1.02.02.01	Equity interest	260	260
1.02.02.01.04	Joint ownership	260	260
1.02.03	Property, plant and equipment	1,513,420	1,520,652
1.02.03.01	Construction in progress	1,513,420	1,520,652
1.02.04	Intangible assets	5,757,851	5,958,914
1.02.04.01	Intangible assets	5,757,851	5,958,914
1.02.04.01.01	Concession contract	5,757,851	5,958,914

Consolidated Financial Statements / Balance sheet - Liabilities**(In thousands of reais)**

Code of account	Account description	Current quarter 06/30/2021	Prior year 12/31/2020
2	Total liabilities	11,895,616	11,772,457
2.01	Current liabilities	1,567,458	1,388,231
2.01.01	Social and labor obligations	164,987	126,354
2.01.01.02	Labor obligations	164,987	126,354
2.01.02	Suppliers	220,023	213,289
2.01.02.01	Domestic suppliers	220,023	213,289
2.01.03	Tax liabilities	79,741	80,230
2.01.03.01	Federal tax liabilities	78,148	78,651
2.01.03.01.01	Income tax and social contribution payable	8,744	0
2.01.03.01.02	Other federal liabilities	69,404	78,651
2.01.03.03	Municipal tax liabilities	1,593	1,579
2.01.04	Loans and financing	689,941	595,756
2.01.04.01	Loans and financing	184,415	201,851
2.01.04.01.01	In local currency	118,699	129,799
2.01.04.01.02	In foreign currency	65,716	72,052
2.01.04.02	Debentures	505,526	393,905
2.01.04.02.01	Non-convertible	505,526	393,905
2.01.05	Other liabilities	293,577	281,266
2.01.05.02	Other	293,577	281,266
2.01.05.02.01	Dividends and interest on own capital	51,917	72,270
2.01.05.02.04	Obligations with retirement benefits	11,857	21,998
2.01.05.02.06	Technical cooperation agreement	3,638	3,547
2.01.05.02.07	Public-Private Partnership	56,782	47,975
2.01.05.02.08	Sundry liabilities	142,128	102,850
2.01.05.02.09	Rights-of-use - Lease	27,255	32,626
2.01.06	Provisions	119,189	91,336
2.01.06.01	Tax, social security, labor and civil provisions	119,189	91,336
2.01.06.01.07	Employee profit sharing	119,189	91,336
2.02	Non-current liabilities	3,527,825	3,927,614
2.02.01	Loans and financing	2,773,608	3,185,385
2.02.01.01	Loans and financing	913,961	1,072,146
2.02.01.01.01	In local currency	758,764	803,147
2.02.01.01.02	In foreign currency	155,197	268,999
2.02.01.02	Debentures	1,859,647	2,113,239
2.02.01.02.01	Non-convertible	1,859,647	2,113,239
2.02.02	Other liabilities	596,523	607,695
2.02.02.02	Other	596,523	607,695
2.02.02.02.03	Obligations with retirement benefits	231,384	223,892
2.02.02.02.05	Deposits for works	59,233	79,851
2.02.02.02.06	Public-Private Partnership	227,106	258,251
2.02.02.02.07	Sundry	27,299	14,189
2.02.02.02.08	Rights-of-use - Lease	51,501	31,512
2.02.04	Provisions	157,694	134,534
2.02.04.01	Tax, social security, labor and civil provisions	157,694	134,534
2.02.04.01.06	Provision for lawsuits	157,694	134,534
2.03	Consolidated shareholders' equity	6,800,333	6,456,612

Consolidated Financial Statements / Balance sheet - Liabilities**(In thousands of reais)**

Code of account	Account description	Current quarter 06/30/2021	Prior year 12/31/2020
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	3,147,591	3,147,591
2.03.04.01	Legal reserve	388,560	388,560
2.03.04.05	Profit retention reserve	2,710,828	2,710,828
2.03.04.07	Tax incentive reserve	48,203	48,203
2.03.05	Retained Earnings/Losses	336,947	0
2.03.06	Equity valuation adjustments	-78,014	-84,788

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

Code of account	Account description	Current quarter 04/01/2021– 06/30/2021	Accumulated of the current year 01/01/2021–06/30/2021	Same quarter of the prior year 04/01/2020–06/30/2020	Accumulated of the prior year 01/01/2020–06/30/2020
3.01	Revenue from sales of goods and/or services	1,449,038	2,827,747	1,256,976	2,537,309
3.01.01	Water services	832,709	1,656,783	758,774	1,534,675
3.01.02	Sewage services	479,649	947,278	434,684	876,508
3.01.03	Revenue from construction	136,117	222,513	63,008	125,097
3.01.05	Revenues from solid waste	563	1,173	510	1,029
3.02	Cost of goods and/or services sold	-849,966	-1,619,445	-712,678	-1,419,651
3.02.01	Cost of goods and/or services sold	-713,849	-1,396,932	-649,670	-1,294,554
3.02.02	Construction cost	-136,117	-222,513	-63,008	-125,097
3.03	Gross income (loss)	599,072	1,208,302	544,298	1,117,658
3.04	Operating expenses/revenue	-278,209	-535,444	-326,032	-584,155
3.04.01	Sales expenses	-117,224	-221,892	-193,051	-299,417
3.04.01.01	Sales expenses	-55,510	-110,308	-56,265	-110,479
3.04.01.02	Estimated losses from allowance for doubtful accounts	-61,714	-111,584	-136,786	-188,938
3.04.02	General and administrative expenses	-138,773	-268,530	-114,192	-242,735
3.04.04	Other operating revenue	28,323	54,430	26,880	56,558
3.04.05	Other operating expenses	-50,535	-99,452	-45,669	-98,561
3.04.05.01	Other operating expenses	-50,535	-99,452	-45,669	-98,561
3.05	Income (loss) before financial income and taxes	320,863	672,858	218,266	533,503
3.06	Financial income (loss)	3,555	-43,915	-19,871	-112,333
3.06.01	Financial revenues	57,581	94,883	41,270	93,727
3.06.02	Financial expenses	-54,026	-138,798	-61,141	-206,060
3.07	Income (loss) before income tax	324,418	628,943	198,395	421,170
3.08	Income tax and social contribution	-87,289	-172,027	-52,050	-113,990
3.08.01	Current	-105,556	-228,662	-83,185	-173,943
3.08.02	Deferred	18,267	56,635	31,135	59,953
3.09	Net income (loss) from continued operations	237,129	456,916	146,345	307,180
3.11	Income/loss for the period	237,129	456,916	146,345	307,180
3.11.01	Attributed to the Parent company's partners	237,129	456,916	146,345	307,180

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

Code of account	Account description	Current quarter 04/01/2021–06/30/2021	Accumulated of the current year 01/01/2021–06/30/2021	Same quarter of the prior year 04/01/2020–06/30/2020	Accumulated of the prior year 01/01/2020–06/30/2020
3.99	Earnings per share - (R\$ / Share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	0.63000	1.21000	0.39000	0.81000
3.99.02	Diluted earnings per share				
3.99.02.01	Common shares	0.63000	1.21000	0.39000	0.81000

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

Code of account	Account description	Current quarter 04/01/2021–06/30/2021	Accumulated of the current year 01/01/2021–06/30/2021	Same quarter of the prior year 04/01/2020–06/30/2020	Accumulated of the prior year 01/01/2020–06/30/2020
4.01	Consolidated net income for the period	237,129	456,916	146,345	307,180
4.02	Other comprehensive income	6,822	6,822	6,761	6,761
4.02.04	Fair value of financial assets available for sale	6,822	6,822	6,761	6,761
4.03	Consolidated comprehensive income for the period	243,951	463,738	153,106	313,941
4.03.01	Attributed to the Parent company's partners	243,951	463,738	153,106	313,941

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

Code of account	Account description	Accumulated of the current year	Accumulated of the prior year
		01/01/2021-06/30/2021	01/01/2020-06/30/2020
6.01	Net cash from operational activities	813,637	945,060
6.01.01	Cash generated in operations	973,880	971,760
6.01.01.01	Net income for the year	456,916	307,180
6.01.01.02	Allowance for doubtful accounts	111,584	188,938
6.01.01.04	Charges and net inflation adjustments and exchange-rate changes	26,405	89,803
6.01.01.05	Interest revenues and expenses	56,357	43,361
6.01.01.06	Deferred income tax and social contribution	-56,635	-59,953
6.01.01.08	Gain/Loss in the write-off of intangible assets and Property, plant and equipment	6,524	74,670
6.01.01.09	Depreciation and amortization	339,708	319,974
6.01.01.10	Formation of provisions	26,773	-9,839
6.01.01.11	Provision from retirement benefits	32,623	28,989
6.01.01.12	Financial assets	-25,818	-17,997
6.01.01.13	Other	-1,182	5,200
6.01.01.16	Provision for inventory losses	625	1,434
6.01.02	Changes in assets and liabilities	160,971	241,994
6.01.02.01	Trade accounts receivable	-115,629	-78,318
6.01.02.02	Inventories	-10,235	-6,463
6.01.02.03	Recoverable taxes	20	2
6.01.02.07	Prepaid tariff pass-through	2,684	-14,960
6.01.02.09	Other	-594	-637
6.01.02.10	Suppliers	1,769	-13,243
6.01.02.11	Taxes, rates, contributions, and social charges	216,792	310,973
6.01.02.12	Provision for vacation and 13th salary	38,633	45,664
6.01.02.13	Employee profit sharing	27,853	18,716
6.01.02.14	Technical cooperation agreement	27	-11,175
6.01.02.15	Contingencies	-3,614	4,899
6.01.02.16	Obligations with retirement benefits	-31,262	-22,213
6.01.02.17	Electric power and other (Payment of taxes in installments)	37,231	22,204
6.01.02.19	Payment of actuarial liabilities	-2,704	-13,455
6.01.03	Other	-321,214	-268,694
6.01.03.01	Interest paid	-94,329	-94,611
6.01.03.02	Interest paid to Public-Private Partnership	-1,622	-5,380
6.01.03.03	Payment of income tax/social contribution	-225,263	-168,703
6.02	Net cash used in investment activities	-243,064	-269,621
6.02.07	Amount received for sale of property, plant and equipment	2,018	1,451
6.02.08	Payment to PPP	-28,025	-23,483
6.02.10	Acquisition of contract assets	-281,987	-196,765
6.02.11	Acquisition of intangible assets	-65,983	-72,497
6.02.12	Acquisition of fixed assets	-15,348	-3,536
6.02.14	Collateral for financing	135,197	22,591
6.02.15	Banks and arrangements	11,064	2,618
6.03	Net cash from financing activities	-494,681	-273,642
6.03.01	Inflows of loans, financing and debentures	96,335	13,692
6.03.02	Amortization of loans, financing and debentures	-441,807	-146,278

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

Code of account	Account description	Accumulated of the current year 01/01/2021–06/30/2021	Accumulated of the prior year 01/01/2020–06/30/2020
6.03.04	Interest on own capital paid	-132,377	-123,566
6.03.11	Funding cost	-192	-3,516
6.03.12	Lease payment	-16,640	-22,370
6.03.13	Capitalized interest	0	8,396
6.05	Increase (decrease) in cash and cash equivalents	75,892	401,797
6.05.01	Opening balance of cash and cash equivalents	805,619	524,146
6.05.02	Closing balance of cash and cash equivalents	881,511	925,943

Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2021–06/30/2021**(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	Non-controlling interest	Consolidated shareholders' equity
5.01	Opening balances	3,402,385	-8,576	3,147,591	0	-84,788	6,456,612	0	6,456,612
5.03	Adjusted opening balances	3,402,385	-8,576	3,147,591	0	-84,788	6,456,612	0	6,456,612
5.05	Total comprehensive income	0	0	0	456,916	6,822	463,738	0	463,738
5.05.01	Net income for the period	0	0	0	456,916	0	456,916	0	456,916
5.05.02	Other comprehensive income	0	0	0	0	6,822	6,822	0	6,822
5.05.02.11	Financial assets measured at fair value through other comprehensive income	0	0	0	0	6,822	6,822	0	6,822
5.06	Internal changes in shareholders' equity	0	0	0	-119,969	-48	-120,017	0	-120,017
5.06.07	Interest on own capital	0	0	0	-120,017	0	-120,017	0	-120,017
5.06.09	Amortization of inflation adjustment on restated assets	0	0	0	73	-73	0	0	0
5.06.10	Deferred income tax and social contribution on restated assets	0	0	0	-25	25	0	0	0
5.07	Closing balances	3,402,385	-8,576	3,147,591	336,947	-78,014	6,800,333	0	6,800,333

Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2020–06/30/2020**(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	Non-controlling interest	Consolidated shareholders' equity
5.01	Opening balances	3,402,385	-8,576	3,378,939	0	-29,035	6,743,713	0	6,743,713
5.03	Adjusted opening balances	3,402,385	-8,576	3,378,939	0	-29,035	6,743,713	0	6,743,713
5.05	Total comprehensive income	0	0	0	307,180	6,761	313,941	0	313,941
5.05.01	Net income for the period	0	0	0	307,180	0	307,180	0	307,180
5.05.02	Other comprehensive income	0	0	0	0	6,761	6,761	0	6,761
5.05.02.11	Financial assets measured at fair value through other comprehensive income	0	0	0	0	6,761	6,761	0	6,761
5.06	Internal changes in shareholders' equity	0	0	0	-89,247	-138	-89,385	0	-89,385
5.06.07	Interest on own capital	0	0	0	-89,361	0	-89,361	0	-89,361
5.06.09	Amortization of inflation adjustment on restated assets	0	0	0	173	-173	0	0	0
5.06.10	Deferred income tax and social contribution on restated assets	0	0	0	-59	59	0	0	0
5.06.12	Other	0	0	0	0	-24	-24	0	-24
5.07	Closing balances	3,402,385	-8,576	3,378,939	217,933	-22,412	6,968,269	0	6,968,269

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

Code of account	Account description	Accumulated of the current year 01/01/2021–06/30/2021	Accumulated of the prior year 01/01/2020–06/30/2020
7.01	Revenues	3,036,297	2,651,247
7.01.01	Sale of goods, products and services	2,870,938	2,658,530
7.01.02	Other revenues	54,430	56,558
7.01.02.01	Other operating revenue	23,139	35,499
7.01.02.02	Recovery of written-off accounts	31,291	21,059
7.01.03	Revenues from construction of own assets	222,513	125,097
7.01.04	Formation/reversal of allowance for doubtful accounts	-111,584	-188,938
7.02	Inputs acquired from third parties	-996,715	-784,182
7.02.01	Cost of products, goods and services sold	-843,281	-647,522
7.02.02	Materials, Energy, Third-party services and other	-81,062	-66,911
7.02.04	Other	-72,372	-69,749
7.03	Gross added value	2,039,582	1,867,065
7.04	Retentions	-339,708	-319,974
7.04.01	Depreciation, amortization and depletion	-339,708	-319,974
7.05	Net added value produced	1,699,874	1,547,091
7.06	Added value received as transfer	98,300	91,491
7.06.02	Financial revenues	98,300	96,691
7.06.03	Other	0	-5,200
7.07	Total added value payable	1,798,174	1,638,582
7.08	Distribution of added value	1,798,174	1,638,582
7.08.01	Personnel	662,574	625,347
7.08.01.01	Direct remuneration	425,224	409,948
7.08.01.02	Benefits	175,758	164,054
7.08.01.03	Severance Pay Fund (FGTS)	32,733	31,890
7.08.01.04	Other	28,859	19,455
7.08.01.04.01	Employee profit sharing	28,859	19,455
7.08.02	Taxes, duties and contributions	516,602	477,207
7.08.02.01	Federal	489,697	452,591
7.08.02.02	State	25,105	23,024
7.08.02.03	Municipal	1,800	1,592
7.08.03	Third-party capital remuneration	162,082	228,848
7.08.03.01	Interest	154,802	226,440
7.08.03.02	Rentals	7,280	2,408
7.08.04	Remuneration of own capital	456,916	307,180
7.08.04.01	Interest on own capital	120,017	89,361
7.08.04.03	Retained earnings / Loss for the period	336,899	217,819

01. Operations

Companhia de Saneamento de Minas Gerais ("COPASA MG", "COPASA", "Parent Company", or "Company") is a publicly-traded corporation with state and private capital, controlled by the State of Minas Gerais, with registered head office 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.

The Company's Board of Directors authorized the issue of Interim Financial Information as of June 30, 2021 of the Parent Company and Consolidated as of July 29, 2021.

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.

COVID-19 impacts on the Company's financial and equity conditions

Since March 2020, COPASA MG has been carrying out several actions based on the recommendations of the Ministry of Health and the World Health Organization to preserve the integrity and health of its employees. The Company also adopted commercial aid measures and other preventive actions to minimize the impacts of the pandemic on clients.

Overcoming the most critical moment of the pandemic in Minas Gerais, when the State Government decided to place all areas of the "Conscious Minas" plan in the Purple Wave in March 2021, and with the advance of vaccination, employees have been gradually returning to face-to-face work.

The Company continues acting and closely monitoring the situation of the pandemic in the various municipalities where it operates to, whenever necessary, adopt appropriate measures for the safety of its employees, clients and suppliers.

COPASA MG is acting in coordination with municipalities to reduce the circulation of people within the cities. Face-to-face customer service with prior scheduling was adopted in the branches, with clients not being allowed to enter without prior scheduling.

COPASA MG also adopted measures to help clients, especially those in the social category. For these clients, who account for 6% of the Company's revenues, collection actions are suspended. Moreover, the Company offers the possibility of installment payment of overdue invoices without any down payment and without charging interest and fines, which can be divided into up to 36 months, a measure in force until July 2021.

The amounts arising from measures to assist clients due to the impact of the pandemic, duly proven by the company, are reimbursed by ARSAE MG in the tariff adjustment.

No impacts have been identified that would require adjustments to the Individual and Consolidated Interim Financial Information as of June 30, 2021 regarding the recoverability of its assets, fair value of financial instruments, provisions for lawsuits and revenue recognition.

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.

Preparation basis

The individual and consolidated Interim Financial Information, presented herein under the headings “Individual” or “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, 2020, 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).

Considering that there were no relevant changes regarding the breakdown and nature of the balances presented in the Financial Statements as of December 31, 2020, the following Notes are presented concisely for the period ended June 30, 2021:

- 03. Description of significant accounting policies;
- 04. Public service concession agreements
- 05. Cash and cash equivalents;
- 06. Trade accounts receivable and other assets;
- 15. Loans, financing and debentures;
- 17. Income tax and social contribution;
- 19. Obligations with retirement benefits;
- 20. Shareholders' equity and dividends;
- 22. Financial risk management;
- 24. Related party transactions.

03. Description of significant accounting policies

The main accounting policies applied in this Interim Financial Information are consistent with the policies described in Note 03 of the Company’s Financial Statements for the year ended December 31, 2020, filed with the Brazilian Securities and Exchange Commission (CVM).

04. Public service concession contracts

On June 30, 2021, COPASA and COPANOR had 640 concessions for the provision of water supply services and 310 for sanitary sewage.

As at June 30, 2021, the Company presented the amount of R\$698,928 in the Parent Company (R\$685,561 as of December 31, 2020) and R\$717,612 in the Consolidated (R\$709,052 as of December 31, 2020) 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, as described in Note 06(b).

Public service concession contracts

	Parent company	
	06/30/2021	12/31/2020
Opening balance	685,561	648,892
Transfer from (to) intangible assets	(12,293)	263
Capitalization	25,897	37,707
Write-offs	(305)	(858)
Other	68	(443)
Closing balance	698,928	685,561

	Consolidated	
	06/30/2021	12/31/2020
Opening balance	709,052	651,069
Transfer from (to) intangible assets	(17,259)	21,369
Capitalization	26,056	37,915
Write-offs	(305)	(858)
Other	68	(443)
Closing balance	717,612	709,052

05. Cash and cash equivalents

(a) Cash and cash equivalents

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Cash and banks	21,539	26,465	22,644	26,954
Bank deposit certificates short term	832,043	759,912	858,867	778,665
Total	853,582	786,377	881,511	805,619

The Company's own funds arising from its business activity are invested in Bank Deposit Certificates - CDBs, which consist of fixed-income securities, whose yield is substantially based on the variance of the Interbank Deposit Certificate - CDI rate. The interest earning bank deposits were remunerated at the average rate of 104% of CDI in the period ended June 30, 2021 (104.36% of CDI as of December, 31 2020).

06. Trade accounts receivable and other assets

(a) Trade accounts receivable

Amounts of trade accounts receivable are broken down by maturity:

Amounts	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Overdue (days):	647,992	580,626	653,751	587,607
up to 30	202,448	218,124	204,894	220,591
31–60	102,619	98,077	103,802	99,399
61–90	49,144	58,077	49,772	58,910
91–180	108,495	123,590	109,921	125,262
181–360	150,089	60,970	150,146	61,646
>360	35,197	21,788	35,216	21,799
Falling due	319,815	250,694	322,575	252,909
Billed	967,807	831,320	976,326	840,516
To be billed	368,924	399,389	371,795	402,420
Trade accounts receivable⁽¹⁾	1,336,731	1,230,709	1,348,121	1,242,936
(-) Provision for expected losses in trade accounts receivable	(273,434)	(195,999)	(274,849)	(197,495)
Trade accounts receivable, net	1,063,297	1,034,710	1,073,272	1,045,441

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

Breakdown of accounts receivable from the State of Minas Gerais:

Amounts	Parent company	
	06/30/2021	12/31/2020
Billed	19,611	16,127
To be billed	7,628	8,216
Accounts receivable from the State of Minas Gerais	27,239	24,343

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

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Opening balance	195,999	43,720	197,495	43,732
Addition in provision for losses on accounts receivable	109,684	369,880	111,584	374,482
Trade accounts receivable written-off in the period as non-collectible	(32,249)	(217,601)	(34,230)	(220,719)
Closing balance	273,434	195,999	274,849	197,495

The provision for impairment of accounts receivable was recorded in income (loss) for the period 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 its methodology for accounting for the Allowance for doubtful accounts, contemplating a retrospective and prospective evaluation, to verify the need for additional provisions, as provided for in CPC 48.

Considering the need for an annual review of said matrix, the calculation basis was updated to include the last three years, that is, 2018 to 2020, in the second quarter of 2021. Such update generated an increase in the amount of expected losses and will be effective until the first quarter of 2022.

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 made, 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.

(b) Other assets

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Financial assets - Concession contracts (i)	698,928	685,561	717,612	709,052
Sundry receivables	88,612	90,248	85,424	87,638
Total	787,540	775,809	803,036	796,690
Current assets	26,814	23,486	23,626	20,876
Non-current assets	760,726	752,323	779,410	775,814

(i)(iii) Refers to the receivables from the concession grantor under public utility Concession Contracts that are entered into with the municipalities, in accordance with ICPC 01. These amounts were adjusted to the respective amounts present at initial recognition, using a discount rate defined as appropriate by Management, for use in calculating the present value of future flows related to investments made or under analysis by the Company, as per Note 4.

The sundry receivables are as follows:

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Advances to employees	12,884	13,152	13,114	13,357
Sundry	13,930	10,334	10,512	7,519
Current assets	26,814	23,486	23,626	20,876
Prepaid tariff pass-through	54,844	60,683	54,844	60,683
Judicial deposits	6,954	6,079	6,954	6,079
Non-current assets	61,798	66,762	61,798	66,762

The maximum credit risk exposure on this report presentation date is the book value of each class of trade accounts receivable mentioned. The Company maintains tariff revenues as a guarantee for financing (Note 22.1 (c)):

07. Interest earning bank deposits and Collaterals as guarantees of loans, financing and debentures

	Parent company / Consolidated	
	06/30/2021	12/31/2020
Collaterals as guarantees of loans, financing and debentures (i)	71,639	199,974
Pledged interest earning bank deposit (ii)	75,219	75,715

- (i) Consists of money deposited in investment funds owned by the creditors, that the Company makes under its financing, loan and debentures contracts. A statutory lien is also awarded on its revenue by transferring to creditors part of its revenue, as per the table in Note 22.1 (c). Both guarantees occur within the term or grace period of the contracted debts.
- (ii) Refers to ANA's (Agência Nacional de Águas e Saneamento Básico) funds related to the Hydrographic Basins Depollution Program (PRODES). The amount of each agreement is deposited in a specific current account linked to each agreement, called water basin depollution account. The amounts are translated and invested in the "water basin depollution investment fixed-income long-term fund" solely and exclusively intended to the purpose of each agreement. COPASA will withdraw the payments for the wastewater treatment services in 12 quarterly, consecutive installments, starting when the wastewater treatment plant is fully operational and at the beginning of the wastewater treatment plant certification, and withdrawals are contingent to the attainment of the targets agreed when the agreement was executed. Because these targets were only partially attained, the Company also recognizes these funds in noncurrent liabilities, as other obligations.

Funds have already been released for the contracts of the following municipalities: Carmo do Paranaíba, three installments until 2020, totaling R\$ 931, and Patos de Minas, one installment in May 2021, in the amount of R\$ 1,182, with remaining balances of said contracts in the amount of R\$ 2,903 and R\$ 13,084, respectively.

08. Investments

Changes in investments are in the table below:

Investments	12/31/2020	Equity in net income of subsidiaries ⁽ⁱⁱ⁾	Capital increase ⁽ⁱ⁾	06/30/2021
COPANOR	165,132	(5,006)	25,945	186,071
Other	260	-	-	260
Total	165,392	(5,006)	25,945	186,331

Investments	12/31/2019	Equity in net income of subsidiaries ⁽ⁱⁱ⁾	Capital increase ⁽ⁱ⁾	06/30/2020
COPANOR	133,983	(12,587)	43,736	165,132
Other	260	-	-	260
Total	134,243	(12,587)	43,736	165,392

Summarized financial information

COPANOR	Interest (%)	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Shareholders' equity	Net loss
2021	100%	41,391	156,340	10,698	962	186,071	(5,006)
2020	100%	32,691	147,284	12,185	533	167,257	(7,387)

(i) The Parent Company paid in the amount of R\$25,945 in the 1st semester of 2021 (R\$21,868 in the 1st semester of 2020) for COPANOR, whose funds will enable investments in the implementation, expansion and maintenance works in water supply and sewage treatment systems.

(ii) Equity in net income of subsidiaries was negative by R\$5,006 (negative by R\$11,026 as of June 30, 2020).

09. Contract asset

	Parent company				
	Systems			Inventories for works	Total
	Water	Sewage treatment	Common use		
Balances at January 1, 2021	163,154	338,838	164,889	89,664	756,545
Additions	96,933	110,445	56,628	9,327	273,333
Write-offs ⁽¹⁾	(812)	(3,586)	(717)	(1,182)	(6,297)
Capitalized interest	2,645	11,683	1,972	-	16,300
Transfers to intangible assets	(5,371)	(1,493)	(8,980)	-	(15,844)
Transfers to property, plant and equipment	-	-	(2,458)	-	(2,458)
Balances at June 30, 2021	256,549	455,887	211,334	97,809	1,021,579

⁽¹⁾ Refers to the use of inventory for works.

	Consolidated				
	Systems			Inventories for works	Total
	Water	Sewage treatment	Common use		
Balances at January 1, 2021	169,035	354,638	165,662	97,898	787,233
Additions	98,311	113,720	57,274	13,215	282,520
Write-offs ⁽¹⁾	(812)	(3,586)	(717)	(1,182)	(6,297)
Capitalized interest	2,645	11,683	1,972	-	16,300
Transfers to intangible assets	(5,371)	(1,493)	(8,999)	-	(15,863)
Transfers to property, plant and equipment	-	-	(2,458)	-	(2,458)
Balances at June 30, 2021	263,808	474,962	212,734	109,931	1,061,435

⁽¹⁾ Refers to the use of inventory for works.

In the 1st semester of 2021, the additions, in the amount of R\$ 273,333 in the Parent Company (R\$ 455,684 as of December 31, 2020) and R\$ 282,520 in the Consolidated (R\$ 477,107 as of December 31, 2020) refer mainly to the construction works for the implementation of sewage systems in the cities of Divinópolis, Ribeirão das Neves, Ubá, Ipatinga, Ibirité, Sabará, Santana do Paraíso, Inhapim, Diamantina and Itabirinha, and works to implement the water supply systems of the cities of Montes Claros and Nova Serrana.

In the year 2020, the breakdown was as follows:

	Parent company				
	Systems:			Inventories for works	Total
	Water	Sewage treatment	Common use		
Balances at January 1, 2020	208,013	639,509	193,724	91,676	1,132,922
Additions	155,045	180,738	114,244	5,657	455,684
Write-offs ⁽¹⁾	(7,969)	(14,616)	(44,832)	(7,669)	(75,086)
Capitalized interest	6,092	31,604	598	-	38,294
Transfers to intangible assets	(198,027)	(498,397)	(63,777)	-	(760,201)
Transfers to property, plant and equipment	-	-	(35,068)	-	(35,068)
Balances at December 31, 2020	163,154	338,838	164,889	89,664	756,545

⁽¹⁾ Refers to write-off of projects that were reincorporated into works in progress.

	Consolidated				
	Systems:			Inventories for works	Total
	Water	Sewage treatment	Common use		
Balances at January 1, 2020	242,047	677,312	195,222	99,255	1,213,836
Additions	161,901	193,897	114,957	6,352	477,107
Write-offs ⁽¹⁾	(8,892)	(15,091)	(46,270)	(7,709)	(77,962)
Capitalized interest	6,092	31,604	598	-	38,294
Transfers to intangible assets	(231,916)	(533,084)	(63,777)	-	(828,777)
Transfers to property, plant and equipment	(197)	-	(35,068)	-	(35,265)
Balances at December 31, 2020	169,035	354,638	165,662	97,898	787,233

⁽¹⁾ Refers to write-off of projects that were reincorporated into works in progress.

10. Intangible assets

(a) The breakdown of balances is as follows:

	Parent company					
	06/30/2021			12/31/2020		
	Cost	Accumulated amortization	Intangible assets, net	Cost	Accumulated amortization	Intangible assets, net
In operation						
Water systems	4,014,571	(2,449,650)	1,564,921	4,004,651	(2,378,562)	1,626,089
Sewage treatment	6,078,937	(2,542,860)	3,536,077	6,050,820	(2,404,025)	3,646,795
Common use systems	986,571	(823,189)	163,382	961,300	(795,710)	165,590
Rights-of-use	597,076	(272,912)	324,164	584,503	(259,620)	324,883
Other intangible assets	98,049	(24,624)	73,425	130,280	(26,153)	104,127
Total intangible assets	11,775,204	(6,113,235)	5,661,969	11,731,554	(5,864,070)	5,867,484

	Consolidated					
	06/30/2021			12/31/2020		
	Cost	Accumulated amortization	Intangible assets, net	Cost	Accumulated amortization	Intangible assets, net
In operation						
Water systems	4,056,693	(2,452,590)	1,604,103	4,044,544	(2,380,506)	1,664,038
Sewage treatment	6,131,928	(2,546,874)	3,585,054	6,099,461	(2,406,807)	3,692,654
Common use systems	996,924	(826,251)	170,673	970,561	(797,823)	172,738
Rights-of-use	597,226	(273,001)	324,225	584,653	(259,695)	324,958
Other intangible assets	98,451	(24,655)	73,796	130,700	(26,174)	104,526
Total intangible assets	11,881,222	(6,123,371)	5,757,851	11,829,919	(5,871,005)	5,958,914

(b) Changes in intangible assets can be shown as follow:

	Parent company					
	Systems					Total
	Water	Sewage treatment	Common use ⁽¹⁾	Rights-of-use	Other	
Balances at January 1, 2021	1,626,089	3,646,795	165,590	324,883	104,127	5,867,484
Additions	7,807	22,171	20,148	12,552	606	63,284
Write-offs	(1,465)	(309)	(90)	-	(15)	(1,879)
Amortization	(77,719)	(139,090)	(27,680)	(13,292)	(2,936)	(260,717)
Transfers of financial assets ⁽²⁾	7,984	5,213	(254)	18	(841)	12,120
Transfer among intangible asset and property, plant and equipment	(1,729)	(305)	1,038	-	(33,142)	(34,138)
Transfers of contract assets	3,969	1,602	4,630	2	5,641	15,844
Other	(15)	-	-	1	(15)	(29)
Balances at June 30, 2021	1,564,921	3,536,077	163,382	324,164	73,425	5,661,969

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

⁽²⁾ Transfers of financial assets basically refer to incorporation of construction work completed in the period.

Amortization in the Parent Company in the 1st semester of 2021, appropriated to income (loss), was R\$ 260,717, of which R\$ 258,267 as cost of services provided, R\$ 257 as selling expenses and R\$ 2,193 as administrative expenses (R\$ 236,258 in the 1st semester of 2020, of which R\$ 233,796, R\$ 356 and R\$ 2,106, respectively).

	Consolidated					
	Systems					Total
	Water	Sewage treatment	Common use ⁽¹⁾	Rights-of-use	Other	
Balances at January 1, 2021	1,664,038	3,692,654	172,738	324,958	104,526	5,958,914
Additions	8,692	22,687	21,328	12,552	725	65,984
Write-offs	(1,465)	(309)	(121)	-	(15)	(1,910)
Amortization	(78,715)	(140,322)	(28,631)	(13,307)	(2,945)	(263,920)
Transfers of financial assets ⁽²⁾	9,310	9,047	(309)	18	(979)	17,087
Transfer among intangible asset and property, plant and equipment	(1,729)	(305)	1,038	-	(33,142)	(34,138)
Transfers of contract assets	3,988	1,602	4,630	2	5,641	15,863
Other	(16)	-	-	2	(15)	(29)
Balances at June 30, 2021	1,604,103	3,585,054	170,673	324,225	73,796	5,757,851

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

⁽²⁾ Transfers of financial assets basically refer to incorporation of construction work completed in the period.

The amortization in the Consolidated in the 1st half of 2021, appropriated to income, was R\$ 263,920, of which R\$ 261,455 as cost of services rendered, R\$ 256 as selling expenses and R\$ 2,209 as administrative expenses (R\$ 237,686 in the 1st semester of 2020, of which R\$ 235,209, R\$ 356, R\$ 2,121, respectively).

In the year 2020, the breakdown was as follows:

	Parent company					Total
	Systems				Other	
	Water	Sewage treatment	Common use ⁽¹⁾	Rights-of-use		
Balances at January 1, 2020	1,625,932	3,316,269	135,591	327,499	99,083	5,504,374
Additions	36,064	46,697	33,338	21,740	1,546	139,385
Write-offs	(56,095)	(1,176)	(8)	(1)	(153)	(57,433)
Amortization	(141,042)	(255,004)	(51,475)	(25,241)	(5,438)	(478,200)
Transfers of financial assets ⁽²⁾	(23,262)	26,878	(2,030)	248	(2,097)	(263)
Transfer among intangible asset and property, plant and equipment	809	422	461	472	(2,272)	(108)
Transfers of contract assets	183,801	512,804	49,942	166	13,488	760,201
Other	(118)	(95)	(229)	-	(30)	(472)
Balances at December 31, 2020	1,626,089	3,646,795	165,590	324,883	104,127	5,867,484

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

⁽²⁾ Transfers of financial assets basically refer to incorporation of construction work completed in the period and renewal of concession with the municipality of Santa Luzia.

	Consolidated					Total
	Systems				Other	
	Water	Sewage treatment	Common use ⁽¹⁾	Rights-of-use		
Balances at January 1, 2020	1,639,414	3,341,495	140,068	327,603	99,320	5,547,900
Additions	38,084	47,410	35,044	21,740	1,774	144,052
Impairment	(1,773)	(3,345)	-	-	-	(5,118)
Write-offs	(56,100)	(1,178)	(8)	(1)	(153)	(57,440)
Amortization	(142,297)	(256,709)	(52,694)	(25,271)	(5,456)	(482,427)
Transfers of financial assets ⁽²⁾	(30,832)	14,206	(2,846)	248	(2,145)	(21,369)
Transfers to property, plant and equipment	832	447	413	472	(2,272)	(108)
Transfers of contract assets	215,055	547,078	52,990	166	13,488	828,777
Impairment	1,773	3,345	-	-	-	5,118
Other	(118)	(95)	(229)	1	(30)	(471)
Balances at December 31, 2020	1,664,038	3,692,654	172,738	324,958	104,526	5,958,914

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

⁽²⁾ Transfers of financial assets basically refer to incorporation of construction work completed in the period and renewal of concession with the municipality of Santa Luzia.

Average amortization rate calculated for Parent Company and Consolidated:

	Parent company / Consolidated	
	06/30/2021	12/31/2020
Water systems	5.04%	4.21%
Sewage treatment	5.02%	5.31%
Common use systems	19.83%	19.06%
Rights-of-use	5.30%	5.20%
Other intangible assets	4.52%	3.88%

11. Property, plant and equipment

(a) The breakdown of balances is as follows:

	Parent company						
	06/30/2021			12/31/2020			
	Average rate	Cost	Accumulated depreciation	Property, plant and equipment, net	Cost	Accumulated depreciation	Property, plant and equipment, net
In operation							
Machinery and equipment	14.93%	576,189	(505,862)	70,327	563,295	(501,079)	62,216

Vehicles	20.00%	86,596	(78,887)	7,709	87,008	(77,397)	9,611
Other	-	31,378	(221)	31,157	31,464	(278)	31,186
		694,163	(584,970)	109,193	681,767	(578,754)	103,013
Land and buildings	4.59%	3,368,654	(1,966,324)	1,402,330	3,331,467	(1,915,501)	1,415,966
Total under operation		4,062,817	(2,551,294)	1,511,523	4,013,234	(2,494,255)	1,518,979
Total property, plant and equipment		4,062,817	(2,551,294)	1,511,523	4,013,234	(2,494,255)	1,518,979

Consolidated							
06/30/2021				12/31/2020			
Average rate	Cost	Accumulated depreciation	Property, plant and equipment, net	Cost	Accumulated depreciation	Property, plant and equipment, net	
In operation							
Machinery and equipment	14.94%	578,350	(506,322)	72,028	565,076	(501,388)	63,688
Vehicles	20.00%	86,609	(78,894)	7,715	87,022	(77,404)	9,618
Other	-	31,379	(221)	31,158	31,465	(278)	31,187
		696,338	(585,437)	110,901	683,563	(579,070)	104,493
Land and buildings	4.59%	3,368,851	(1,966,332)	1,402,519	3,331,664	(1,915,505)	1,416,159
Total under operation		4,065,189	(2,551,769)	1,513,420	4,015,227	(2,494,575)	1,520,652
Total property, plant and equipment		4,065,189	(2,551,769)	1,513,420	4,015,227	(2,494,575)	1,520,652

(b) Changes in property, plant and equipment can be shown as follow:

	Parent company				
	Machinery and equipment	Vehicles	Other	Land and buildings	Total
Balances at January 1, 2021	62,216	9,611	31,186	1,415,966	1,518,979
Additions	14,968	-	-	-	14,968
Write-offs	(310)	(26)	-	-	(336)
Depreciation	(9,882)	(1,929)	(26)	(47,049)	(58,886)
Transfer of contract assets	2,451	-	-	7	2,458
Transfers among intangible asset and property, plant and equipment	757	44	(11)	33,348	34,138
Transfer to financial assets	127	9	-	36	172
Other	-	-	8	22	30
Balances at June 30, 2021	70,327	7,709	31,157	1,402,330	1,511,523

	Consolidated				
	Machinery and equipment	Vehicles	Other	Land and buildings	Total
Balances at January 1, 2021	63,688	9,618	31,187	1,416,159	1,520,652
Additions	15,348	-	-	-	15,348
Write-offs	(310)	(26)	-	-	(336)
Depreciation	(10,033)	(1,930)	(26)	(47,053)	(59,042)
Transfer of contract assets	2,451	-	-	7	2,458
Transfers among intangible asset and property, plant and equipment	757	44	(11)	33,348	34,138
Transfer to financial assets	127	9	-	36	172
Other	-	-	8	22	30
Balances at June 30, 2021	72,028	7,715	31,158	1,402,519	1,513,420

The Parent Company's depreciation in the semester of 2021, appropriated to income (loss), was R\$ 58,886, of which R\$ 52,270 as cost of services rendered, R\$ 1,670 as selling expenses and R\$ 4,946 as administrative expenses (R\$ 59,103, R\$ 53,056, R\$ 1,614 and R\$ 4,433, respectively, in the 1st semester of 2020).

Consolidated depreciation in the 1st semester of 2021, appropriated to income (loss), was R\$ 59,042, of which R\$ 52,424 as cost of services rendered, R\$ 1,671 as selling expenses and R\$ 4,947 as administrative expenses (R\$ 59,173, of which R\$ 53,125, R\$ 1,615 and R\$ 4,433, respectively, in the 1st semester of 2020).

For the year 2020, changes were as follows:

	Parent company				
	Machinery and equipment	Vehicles	Other	Land and buildings	Total
Balances at January 1, 2020	62,583	13,326	31,841	1,482,553	1,590,303
Additions	12,556	3	-	-	12,559
Write-offs	(5)	(9)	-	-	(14)
Depreciation	(17,441)	(3,758)	-	(98,113)	(119,312)
Transfer of contract assets	4,462	52	4	30,550	35,068
Transfers from intangible assets	(218)	-	(3)	329	108
Other	279	(3)	(656)	647	267
Balances at December 31, 2020	62,216	9,611	31,186	1,415,966	1,518,979

	Consolidated				
	Machinery and equipment	Vehicles	Other	Land and buildings	Total
Balances at January 1, 2020	63,191	13,335	31,842	1,482,553	1,590,921
Additions	13,577	3	-	-	13,580
Impairment adjustment	(82)	-	-	-	(82)
Write-offs	(5)	(9)	-	-	(14)
Depreciation	(17,598)	(3,760)	-	(98,117)	(119,475)
Transfer of contract assets	4,462	52	4	30,747	35,265
Transfers from intangible assets	(218)	-	(3)	329	108
Impairment	82	-	-	-	82
Other	279	(3)	(656)	647	267
Balances at December 31, 2020	63,688	9,618	31,187	1,416,159	1,520,652

12. Right-of-use from lease

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

	Parent company			
	Real estate	Vehicles	Machinery and equipment	Total
Opening balance as of January 1, 2021	7,801	52,971	944	61,716
Additions	3,675	28,080	373	32,128
Remeasurements	(752)	(146)	(8)	(906)
Depreciation	(2,126)	(14,035)	(569)	(16,730)
Balances at June 30, 2021	8,598	66,870	740	76,208

	Consolidated			
	Real estate	Vehicles	Machinery and equipment	Total
Opening balance as of January 1, 2021	7,804	52,971	944	61,719
Additions	3,710	28,080	373	32,163
Remeasurements	(752)	(146)	(8)	(906)
Depreciation	(2,143)	(14,035)	(569)	(16,747)

Balances at June 30, 2021	8,619	66,870	740	76,229
Parent company				
	Real estate	Vehicles	Machinery and equipment	Total
Opening balance as of January 1, 2020	6,908	50,261	-	57,169
Additions	5,209	40,869	1,979	48,057
Remeasurements	(167)	936	-	769
Depreciation	(4,149)	(39,095)	(1,035)	(44,279)
Balances at December 31, 2020	7,801	52,971	944	61,716
Consolidated				
	Real estate	Vehicles	Machinery and equipment	Total
Opening balance as of January 1, 2020	6,910	50,261	-	57,171
Additions	5,245	40,869	1,979	48,093
Remeasurements	(167)	936	-	769
Depreciation	(4,184)	(39,095)	(1,035)	(44,314)
Balances at December 31, 2020	7,804	52,971	944	61,719

(b) Right-of-use from leases (Liabilities)

Parent company				
	Real estate	Vehicles	Machinery and equipment	Total
Opening balance as of January 1, 2021	8,218	54,928	989	64,135
Additions	3,675	28,080	373	32,128
Remeasurements	(752)	(146)	(8)	(906)
Payments	(2,487)	(15,957)	(605)	(19,049)
Interest	215	2,185	27	2,427
Balances at June 30, 2021	8,869	69,090	776	78,735
Current liabilities	4,034	22,505	695	27,234
Non-current liabilities	4,835	46,585	81	51,501
Consolidated				
	Real estate	Vehicles	Machinery and equipment	Total
Opening balance as of January 1, 2021	8,221	54,928	989	64,138
Additions	3,710	28,080	373	32,163
Remeasurements	(752)	(146)	(8)	(906)
Payments	(2,505)	(15,957)	(605)	(19,067)
Interest	216	2,185	27	2,428
Balances at June 30, 2021	8,890	69,090	776	78,756
Current liabilities	4,055	22,505	695	27,255
Non-current liabilities	4,835	46,585	81	51,501

Discount rate used to measure total present value of future lease payments for lease agreements executed in 2021 is 5.5% p.a. (5.5% p.a. as of December 31, 2020). The average rate used is 12.7% p.a. (6.2% p.a. as of December 31, 2020) and the average term is 70 months (38 months as of December 31, 2020).

	Parent company			
	Real estate	Vehicles	Machinery and equipment	Total
Opening balance as of January 1, 2020	7,204	51,068	-	58,272
Additions	5,210	40,869	2,002	48,081
Remeasurements	(167)	936	-	769
Main consideration	(4,029)	(37,945)	(1,013)	(42,987)
Interest consideration	(475)	(2,825)	(94)	(3,394)
Interest	475	2,825	94	3,394
Balances at December 31, 2020	8,218	54,928	989	64,135
Current liabilities	3,960	27,674	989	32,623
Non-current liabilities	4,258	27,254	-	31,512

	Consolidated			
	Real estate	Vehicles	Machinery and equipment	Total
Opening balance as of January 1, 2020	7,207	51,068	-	58,275
Additions	5,245	40,869	2,002	48,116
Remeasurements	(167)	936	-	769
Main consideration	(4,064)	(37,945)	(1,013)	(43,022)
Interest consideration	(476)	(2,825)	(94)	(3,395)
Interest	476	2,825	94	3,395
Balances at December 31, 2020	8,221	54,928	989	64,138
Current liabilities	3,963	27,674	989	32,626
Non-current liabilities	4,258	27,254	-	31,512

(c) Expenses from lease operations

Class of assets	Parent company			Consolidated		
	06/30/2021			06/30/2021		
	Low-value leases	Short-term leases	Total	Low-value leases	Short-term leases	Total
Machinery and equipment	3,782	-	3,782	3,788	-	3,788
Reprography and IT equipment	421	-	421	424	-	424
Real estate	-	54	54	-	70	70
Vehicles	-	3,749	3,749	-	3,749	3,749
Total	4,203	3,803	8,006	4,212	3,819	8,031

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

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

COPASA MG and BRK Ambiental - Manso S.A. (formerly Odebrecht 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 on December 21, 2015.

The consideration for the SPE started to be paid in January 2016. The amortized amount and interest paid in the 1st semester of 2021 was R\$26,403 (R\$28,863 in the 1st semester of 2020) and the expenses arising from the contract were recorded as follows: R\$40,752 (R\$41,179 in 2020) as system maintenance expenses, and R\$10,455 (R\$5,380 in 2020) as financial expense recognized in the income (loss) according to the contractual adjustment period (inflation adjustment).

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 liability can be shown as follows:

	Parent company / Consolidated	
	06/30/2021	12/31/2020
Opening balance	306,226	357,419
Inflation Updating	7,309	14,331
Amortization	(28,025)	(56,665)
Interest paid	(1,622)	(8,859)
Closing balance	283,888	306,226
Current liabilities	56,782	47,975
Non-current liabilities	227,106	258,251

14. Taxes, rates, contributions, social and labor charges and sundry obligations

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Taxes, fees, contributions, and social and labor charges (i)	79,288	79,680	79,741	80,230
Sundry obligations (ii)	227,864	196,344	228,660	196,890
Total	307,152	276,024	308,401	277,120
Current liabilities	220,620	181,984	221,869	183,080
Non-current liabilities	86,532	94,040	86,532	94,040

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Deposits for works (iii)	59,233	79,851	59,233	79,851
Sundry liabilities	27,299	14,189	27,299	14,189
Non-current liabilities	86,532	94,040	86,532	94,040
Tax liabilities	79,288	79,680	79,741	80,230
Sundry liabilities	141,332	102,304	142,128	102,850
Current liabilities	220,620	181,984	221,869	183,080

(i) The taxes, fees, contributions, and social and labor charges include:

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
INSS	24,157	24,494	24,434	24,865
COFINS	25,853	27,046	25,935	27,090
PIS	5,586	5,850	5,603	5,859
IR	14,743	13,745	14,745	13,758
CSLL	2,473	-	2,469	-
FGTS	3,089	5,048	3,146	5,150
Other	3,387	3,497	3,409	3,508
Current liabilities	79,288	79,680	79,741	80,230

(ii) The sundry obligations are as follows:

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Sundry liabilities				
Deposits for works (iii)	59,233	79,851	59,233	79,851
Matching of accounts	8,154	8,165	8,154	8,165

Salaries payable	109,090	73,593	109,595	73,735
Other	51,387	34,735	51,678	35,139
Total	227,864	196,344	228,660	196,890
Current liabilities	141,332	102,304	142,128	102,850
Non-current liabilities	86,532	94,040	86,532	94,040

(iii) Refers to ANA's funds related to the Hydrographic Basins Depollution Program (PRODES).

15. Loans, financing and debentures

Loans, financing, and debentures mature until 2042, and average coupons of 5.96% p.a. for the Parent Company and Consolidated (5.2% p.a. in December 2020 for Parent Company and Consolidated).

(a) Loans and financing

As of June 30, 2021, the book values of the Company's loans in foreign currency total R\$ 220,912 in euros (excluding funding costs) and R\$ 341,051 as of December 31, 2020, of which R\$ 131,568 in US dollars and R\$ 209,483 in Euros.

Changes in loans and financing are as follows:

	Parent company / Consolidated		
	06/30/2021	12/31/2020	06/30/2020
Opening balance	1,273,997	1,281,386	1,281,386
Additions of loans and financing	96,335	34,283	13,692
Capitalized interest	-	7,769	3,851
Provisioned charges	36,305	73,885	37,235
Inflation adjustment and exchange rate change	(10,887)		106,846
		108,356	
Amortization of charges	(37,826)	(73,884)	(37,019)
Amortization of principal	(259,676)	(154,532)	(76,058)
Funding cost	-	(3,516)	(3,516)
Amortization of fundraising costs	128	250	122
Closing balance	1,098,376	1,273,997	1,326,539
Current liabilities	184,415	201,851	178,540
Non-current liabilities	913,961	1,072,146	1,147,999

Parent company / Consolidated						
In domestic currency	Currency	Nominal interest rate p.a.	Inflation adjustment	Year of maturity	Book value	
					06/30/2021	12/31/2020
Caixa Econômica Federal	BRL	7.68%	Ref. rate	08/16/2042	689,258	671,075
BNDES - BNE	BRL	6.14%	TJLP	05/15/2025	161,635	228,137
Finame	BRL	4.06%	-	01/15/2025	26,571	33,734
					877,464	932,946

In foreign currency	Currency	Nominal interest rate p.a.	Inflation adjustment	Year of maturity	Book value	
					06/30/2021	12/31/2020
Banco do Brasil	USD	4.52%	-	04/10/2024	-	131,568
KfW	EURO	2.07%	-	12/20/2023	164,773	212,748
BEI	EURO	0.01%	-	09/20/2033	59,276	-
					224,049	344,316
Funding cost					(3,137)	(3,265)
					220,912	341,051
Loans and financing					1,098,376	1,273,997

(b) Debentures

Changes in debentures are as follows:

	Parent company / Consolidated		
	06/30/2021	12/31/2020	06/30/2020
Opening balance	2,507,144	2,028,851	2,028,851
Inflows of debentures	-	530,489	-
Capitalized interest	-	25,707	4,545
Provisioned charges	57,722	80,219	48,999
Inflation adjustment	35,639	32,924	7,863
Amortization of charges	(54,077)	(93,828)	(55,727)
Amortization of principal	(182,132)	(97,218)	(70,220)
Funding cost	(192)	(1,764)	-
Amortization of fundraising costs	1,069	1,764	876
Closing balance	2,365,173	2,507,144	1,965,187
Current liabilities	505,526	393,905	151,171
Non-current liabilities	1,859,647	2,113,239	1,814,016

	Parent company / Consolidated					
	Currency	Nominal interest rate p.a.	Inflation adjustment	Year of maturity	Book value 06/30/2021	Book value 12/31/2020
Subscription 4 th issue						
1st	URTJLP	TJLP + 1.55%	TJLP	07/15/2022	28,768	54,065
2nd	IPCA	9.05%	IPCA	08/15/2022	106,989	147,224
3rd	URTJLP	TJLP + 1.55%	TJLP	07/15/2022	38,088	71,582
Total 4th issue					173,845	272,871
Subscription 5 th issue						
Single series	BRL	9.00%	Ref. rate	09/01/2031	180,148	188,999
Total 5th issue					180,148	188,999
Subscription 7 th issue						
1st	BRL	-	-	04/15/2019	-	-
2nd	IPCA	7.39%	IPCA	04/15/2021	-	35,736
Total 7th issue					-	35,736
Subscription 8 th issue						
1st	URTJLP	TJLP + 1.87%	TJLP	06/15/2028	57,185	65,275
2nd	BRL	8.18%	IPCA	06/15/2028	30,667	33,409
Total 8th issue					87,852	98,684
Subscription 11 th issue						
1st	URTJLP	TJLP + 2.62%	TJLP	01/15/2031	116,544	128,628
2nd	IPCA	8.85%	IPCA	01/15/2031	59,495	62,667
Total 11st issue					176,039	191,295
Subscription 12 th issue						
1st	IPCA	5.06%	IPCA	01/15/2024	223,102	213,433
2nd	IPCA	5.27%	IPCA	01/15/2026	96,066	91,906
Total 12nd issue					319,168	305,339
Subscription 13 th issue						
1st	BRL	106.9% of CDI	-	07/15/2021	93,782	93,485
2nd	BRL	110.0% of CDI	-	07/15/2023	547,092	545,309
3rd	IPCA	6.50%	IPCA	07/15/2025	78,789	75,391
Total 13rd issue					719,663	714,185
Subscription 14 th issue						

1st	BRL	106.15% of CDI	-	06/15/2024	56,603	56,549
2nd	IPCA	4.30%	IPCA	06/15/2026	157,155	150,226
Total 14th issue					213,758	206,775
Subscription 15 th issue						
Single series	BRL	CDI + 1.75%	-	12/16/2025	501,138	500,575
Total 15th issue					501,138	500,575
Total debentures					2,371,611	2,514,459
Funding cost					(6,438)	(7,315)
Total					2,365,173	2,507,144

The debentures indexed to the TJLP have a spread plus the TJLP itself. Moreover, there is inflation adjustment when the index exceeds 6% p.a.

(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 ratios and different reporting periods, as established in the respective contracts. Some contracts provide that, in the event of non-compliance with these rates, 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 maintains collateral in monetary amounts, as mentioned in Note 07, in addition to the guarantee of lien of its collection, according to Note 22.1 (c). Both guarantees occur within the term or grace period of the contracted debts.

In addition to the financial guarantees provided to creditors, within the scope of their constituted debts, the Company has been complying with specific and particular non-financial obligations for each of the contracts.

16. Provision for lawsuits

(a) Lawsuits provisioned

Following is the breakdown of provisions for legal proceedings:

	Parent company					
	06/30/2021			12/31/2020		
	Contingencies	Judicial deposits	Net balance	Contingencies	Judicial deposits	Net balance
Civil	89,072	(2,380)	86,692	79,938	(1,251)	78,687
Labor	86,340	(12,801)	73,539	68,752	(5,892)	62,860
Tax	1,640	(5,139)	(3,499)	1,734	(9,574)	(7,840)
Environmental	-	-	-	295	-	295
Total	177,052	(20,320)	156,732	150,719	(16,717)	134,002

	Consolidated					
	06/30/2021			12/31/2020		
	Contingencies	Judicial deposits	Net balance	Contingencies	Judicial deposits	Net balance
Civil	89,868	(2,380)	87,488	80,437	(1,251)	79,186
Labor	86,545	(12,840)	73,705	68,815	(5,922)	62,893
Tax	1,640	(5,139)	(3,499)	1,734	(9,574)	(7,840)
Environmental	-	-	-	295	-	295
Total	178,053	(20,359)	157,694	151,281	(16,747)	134,534

Changes in provisions for legal proceedings are as follows:

	Parent company	Consolidated
Balance at December 31, 2020 before offset of judicial deposits	150,719	151,281
Additions	29,837	30,275
Restatements	6,097	6,130
Reversals	(3,241)	(3,262)
Write-offs	(6,360)	(6,370)
Total provisions	177,052	178,054
Offset of judicial deposits	(20,320)	(20,360)
Balance at June 30, 2021	156,732	157,694

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 Contingency Board. Restatements refer to the inflation adjustment of the provision balance.

Changes are summarized as follows:

1. Additions in the amount of R\$ 29,837, referring to the recording of a provision for civil and labor lawsuits in a dispersed manner, highlighting the increase of R\$ 21,013 in labor provisions and R\$ 8,824 due to indemnities in civil provisions.
2. Reversals in the amount of R\$ 3,241, with the reversal of R\$ 1,990 in labor proceedings, R\$ 956 in civil proceedings and R\$ 295 in tax proceedings.
3. Write-offs in the amount of R\$ 6,360, pulverized in labor and civil proceedings.

	Parent company	Consolidated
Balance at December 31, 2019 before offset of judicial deposits	213,576	214,125
Additions	30,414	30,547
Restatements	9,757	9,788
Reversals	(68,472)	(68,513)
Write-offs	(34,556)	(34,666)
Total provisions	150,719	151,281
Offset of judicial deposits	(16,717)	(16,747)
Balance at December 31, 2020	134,002	134,534

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 of which are listed below:

(i) Civil provisions

Civil provisions relate 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. The Minas Gerais State Prosecutor's Office filed a public civil action which had a decision not favorable to the Company, in order to declare the nullity of the increase in the sewage collection tariff carried out by COPASA MG, as of September 2012, and determining the Company, to refund to all consumers in the Municipality of Pará de Minas, in a simplified way, the amount unduly received, resulting from this increase, within 90 days from the date of final decision. Amounts are already being refunded to consumers in the Municipality. As of June 30, 2021, the amount was R\$3,139.

2. 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, and COPASA MG was ordered to pay the indemnity. Currently, lawsuit sentence is being executed, with an appeal from COPASA MG filed before the Court of Justice of the State of Minas Gerais. The sum provisioned on June 30, 2021 is R\$10,321 (R\$9,845 on December 31, 2020).

3. In 2003, the Prosecution Office of the State of Minas Gerais filed a collective civil action for return to users of the amounts related to the March 2003 adjustment on the grounds that the said amounts were charged in the same month in which the adjustment was authorized, and they should have been applied 30 days after the authorized period. The lawsuit had an unfavorable decision for COPASA MG and is in the process of settlement of the sentence, awaiting the completion of a judicial analysis. The Company set up provision in order to propose a legal agreement to settle the claim. The sum provisioned on June 30, 2021 is R\$17,842 (R\$17,018 on December 31, 2020).

(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.

1. There is a collective labor action, case 0102100-74.2008.5.03.0024, in progress at the 24th Labor Court of Belo Horizonte, related to public civil action, by which SINDÁGUA and the Labor Prosecution Office challenges the former termination policy and the motivational program adopted by the Company, claiming the reintegration of employees dismissed under this policy, with the payment of salaries falling due and overdue. In this lawsuit, COPASA MG was successful at 1st level, but the decision was overturned at 2nd level. On February 24, 2017, a decision was handed down by the Superior Labor Court, which dismissed the interlocutory appeal in a review appeal, filed by COPASA MG. As of December 10, 2019, lawsuit was sent to the Regional Labor Court of the 3rd region. It was estimated by the legal advisors as a probable loss, the amount of which was determined based on calculations made under guidelines and legal grounds put forward by the lawyers hired to conduct the process, with the amount provisioned as at June 30, 2021, amounting to R\$34,139 (R\$33,464 as at December 31, 2020).

(b) Lawsuits 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	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Civil (i)	423,588	348,523	431,304	356,691
Labor (ii)	50,337	50,124	50,337	50,267
Tax (iii)	70,047	71,239	71,537	72,304
Total	543,972	469,886	553,178	479,262

(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 proceedings

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

The most significant proceedings are the following:

1. Lawsuit filed by Augusta Silva Seabra and others, claiming that she is a legitimate owner of a property located in the Bairro Nova Suíça, Nova Lima/MG, with a total area of 76,735 m². She alleges that, in 1999, the defendant would have invaded the area in question, without any expropriation decree, having surrounded an area of 28,334 m² to supply the city of Belo Horizonte. Thus, she asks for the repossession of the property, restoring the fenced area "under the same conditions". Otherwise, it seeks indemnity for the market value of the property, valued at R\$ 6,288. It is understood that the ownership of the claimed area is not even proven by the Plaintiff, in the form that the petition demands. On the other hand, the vast documentation attached (transfer of the property to COPASA MG, by means of a Concession Contract with the Municipality of Belo Horizonte, the sketches, descriptive memorials and the sentence letters in favor of the Company) by the Defendant demonstrates the lack of grounds. The amount of the lawsuit as of June 30, 2021, is R\$16,747 (R\$15,973 as of December 31, 2020).
2. Claim filed by Sebastiana Ferreira Guimarães Scarabelli and others, in which the plaintiff claims, in summary, that they were heirs of a property located in Padre Carvalho, where COPANOR's WWTP was installed, a property they discovered after their father's death and the probate procedure. This is currently under technical analysis to check the facts. In principle, the survey made by COPANOR itself indicates that the property referred to in the claim is not the same where ETE is located; moreover, that the one claimed by the plaintiffs would have already been sold to third parties (Florestal company). However, the Company is awaiting the technical report. The amount of the lawsuit as of June 30, 2021, is R\$5,932 (R\$5,659 as of December 31, 2020).
3. Public Civil Action filed by the Municipality of Coronel Fabriciano in 2020 on the grounds that the Company was not complying with all contractual obligations, as there would be no treatment of all sewage produced at the town hall. In addition, failure to treat sewage would have caused environmental damage. As a result of these facts, the Municipality expects COPASA to be convicted not to charge sewage tariff or to charge it at an amount proportionally reduced until entire sewage is treated; to pay a fine in compensation to the Municipality of Coronel Fabriciano for alleged non-compliance with Concession Contract clauses; to return to users amounts charged as sewage tariff; to implement total sewage treatment in the Municipality; to pay indemnity for collective moral damage. Summary judgment was dismissed because appraisal of requests was not urgent and incidence of prevailing jurisprudence on the possibility of charging sanitary sewage treatment tariff for services provided. In defense, COPASA MG filed a challenge adding, within other arguments, that there was no breach of contract as sewage treatment service covers more than 108 thousand inhabitants; construction work of interconnection to Integrated System with the Municipality of Timóteo has already started, and half of the population is already served by this System. The amount of the lawsuit as of June 30, 2021 is R\$5,448.

Collective proceedings

The Company is a party to public civil actions and public lawsuits seeking the annulment, suspension or challenge of 31 of our concession contracts, signed with the municipalities of Andradas, Araçuaí, Barbacena, Betim, Caratinga, Cataguases, Confins, Congonhas, Curvelo, Divinópolis, Fronteira, Esmeraldas, Extrema, Guaxupé, Guidoal, Igaratinga, João Pinheiro, Lagoa Santa, Mirabela, Mirai, Nova Serrana, Paracatu, Patos de Minas, Pirapetinga, Ribeirão das Neves, São Gotardo, Sabará, São Sebastião do Paraíso, Serra da Saudade, Tiros and Vazante. The likelihood of loss of these proceedings were classified as possible or remote, and, consequently, no provisions were set up. It should also be noted the existence of previously adjudged case favorable for the Company, handed down by the Court of Justice of the State of Minas Gerais in a similar case, as well as opinions of renowned jurists on the subject, also favorable to our positioning, that is, the legality of the concession contracts.

(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.

All labor proceedings are initially classified as possible loss and periodically, 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.

(iii) Tax

The Company assessed the timing of the use of PIS and COFINS credits, considering the provisions of Laws 11488/07, 11638/07, and 12973/14. COPASA MG, supported by the opinion of external legal advisors on the interpretation of when these credits are used, believes that the procedure currently adopted is adequate. If the tax treatment is unacceptable, the Company estimates that the additional tax expenses would be approximately R\$57,150 (R\$58,640, Consolidated), and the external legal advisors estimate that it is possible for COPASA MG has a successful outcome in the event of a legal dispute.

17. 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			
	Three-month period ended June 30,		Six-month period ended June 30,	
	2021	2020	2021	2020
Income for the year before taxes and contributions	324,418	198,395	628,943	421,170
Nominal rate	34%	34%	34%	34%
Expected revenue (expense) at nominal rate	(110,302)	(67,454)	(213,841)	(143,198)
IRPJ and CSLL on:				
(Additions) /exclusions				
Equity in net income of subsidiaries	(990)	(694)	(1,702)	(3,750)
Donations and subsidies	402	-	402	-
Other additions / (exclusions)	2,780	(551)	(2,194)	(955)

Other reconciliation items				
Interest on own capital	18,759	14,925	40,806	30,383
Tax incentives	2,062	1,724	4,502	3,530
IRPJ and CSLL	(87,289)	(52,050)	(172,027)	(113,990)
Effective rate	26.91%	26.24%	27.35%	27.07%
Current corporate income tax (IRPJ) and social contribution (CSLL)	(105,557)	(83,185)	(228,662)	(173,943)
Deferred income tax and social contribution	18,268	31,135	56,635	59,953
IRPJ and CSLL	(87,289)	(52,050)	(172,027)	(113,990)

	Consolidated			
	Three-month period ended June 30,		Six-month period ended June 30,	
	2021	2020	2021	2020
Income for the year before taxes and contributions	324,418	198,395	628,943	421,170
Nominal rate	34%	34%	34%	34%
Expected revenue (expense) at nominal rate	(110,302)	(67,454)	(213,841)	(143,198)
IRPJ and CSLL on:				
(Additions) /exclusions				
Donations and subsidies	402	-	402	-
Other additions / (exclusions)	1,790	(1,245)	(3,896)	(4,705)
Other reconciliation items				
Interest on own capital	18,759	14,925	40,806	30,383
Tax incentives	2,062	1,724	4,502	3,530
IRPJ and CSLL	(87,289)	(52,050)	(172,027)	(113,990)
Effective rate	26.91%	26.24%	27.35%	27.07%
Current corporate income tax (IRPJ) and social contribution (CSLL)	(105,557)	(83,185)	(228,662)	(173,943)
Deferred income tax and social contribution	18,268	31,135	56,635	59,953
IRPJ and CSLL	(87,289)	(52,050)	(172,027)	(113,990)

(b) Deferred income tax and social contribution

Offset amounts are as follows:

	Parent company / Consolidated	
Equity balances	06/30/2021	12/31/2020
In the assets		
Temporary differences:		
Impairment losses on accounts receivable	273,434	195,999
Provision for lawsuits	177,052	149,781
Provision for actuarial liability losses - comprehensive income	197,810	197,810
Balance of assigned assets to depreciate	130,317	134,327
Amortization difference by the discount of financial asset	460,297	426,313
Exchange-rate change on loans	49,757	78,649
Other sundry temporary provisions	208,540	134,464
Total assets	1,497,207	1,317,343
Deferred IRPJ	374,302	329,336
Deferred CSLL	134,749	118,561
	509,051	447,897

In the liabilities

Temporary differences:		
Exchange-rate change on loans	2,744	11,711
Deferred construction revenue margin	89,679	92,281
Capitalization of discounted financial asset	296,594	270,652
Funding cost due to issue of debentures	6,438	7,315
Funding cost of loans	3,137	3,266
Provision for CPC adjustments - comprehensive income	79,589	69,326
Total liabilities	478,181	454,551
Deferred IRPJ	119,546	113,638
Deferred CSLL	43,036	40,910
	162,582	154,548
Deferred income tax and social contribution, net	346,469	293,349

The Company did not identify material impacts on its activities related to the COVID-19 pandemic, since it renders essential public services to the population of the State of Minas Gerais. Therefore, the forecast of future taxable income and the recoverability of deferred income tax assets were not affected.

There were no changes in the nature and conditions of income tax and social contribution as of June 30, 2021 in relation to that described in Note 18 of the Company's Financial Statements for the year ended December 31, 2020. Therefore, Management decided not to repeat them in this Interim Financial Information.

18. Technical cooperation agreement

The balance of covenants in assets is as follows:

	Parent company			
	Receivable	Advance	Net	
June 30, 2021				
State funds	4,149	(3,904)	245	
Federal funds	166,443	(124,283)	42,160	
Total	170,592	(128,187)	42,405	
December 31, 2020				
State funds	4,147	(3,904)	243	
Federal funds	163,346	(121,249)	42,097	
Total	167,493	(125,153)	42,340	
	Consolidated			
	Receivable	Advance	Net	
June 30, 2021				
State funds	562,912	(562,649)	263	
Federal funds	166,443	(124,283)	42,160	
Total	729,355	(686,932)	42,423	
December 31, 2020				
State funds	562,910	(562,649)	261	
Federal funds	163,346	(121,249)	42,097	
Total	726,256	(683,898)	42,358	
	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Current assets	37,747	16,152	37,765	16,170
Non-current assets	4,658	26,188	4,658	26,188
	42,405	42,340	42,423	42,358

The balance of agreements in liabilities is as follows:

June 30, 2021	Parent company/ Consolidated		
	Advance	Receivable	Net
State funds	510	-	510
Federal funds	43,092	(39,964)	3,128
Total	43,602	(39,964)	3,638

December 31, 2020	Parent company/ Consolidated		
	Advance	Receivable	Net
State funds	505	-	505
Federal funds	43,006	(39,964)	3,042
Total	43,511	(39,964)	3,547

	Parent company / Consolidated	
	06/30/2021	12/31/2020
Current liabilities	3,638	3,547
Non-current liabilities	-	-
	3,638	3,547

19. Obligations with retirement benefits

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

	Parent company / Consolidated	
	06/30/2021	12/31/2020
Short-term obligations	2,225	4,669
Long-term obligations	231,384	223,892
	233,609	228,561
Normal contributions	9,632	17,329
Total liabilities recorded in the balance sheet	243,241	245,890
Current liabilities	11,857	21,998
Non-current liabilities	231,384	223,892

Changes in net liabilities are as follows:

Parent company / Consolidated	
Net liabilities as of December 31, 2020	245,890
Amounts recognized in the statement of income	7,752
Actuarial losses directly recognized in other comprehensive income	-
Income tax and social contribution on net income on actuarial losses directly recognized in other comprehensive income	-
Amortization of principal	(2,597)
Amortization of debt interest	(107)
Provision for employer contributions	23,566
Provision of contributions from participants	34,627
Amortization of contributions (employer and participants)	(65,890)
Net liabilities at June 30, 2021	243,241
Current liabilities	11,857
Non-current liabilities	231,384

Parent company / Consolidated	
Net liabilities as of December 31, 2019	178,177
Amounts recognized in the statement of income	5,304
Actuarial losses directly recognized in other comprehensive income	-
Income tax and social contribution on net income on actuarial losses directly recognized in other comprehensive income	-
Amortization of principal	(12,726)
Amortization of debt interest	(729)
Provision for employer contributions	23,049
Provision of contributions from participants	34,257
Amortization of contributions (employer and participants)	(56,470)
Net liabilities at June 30, 2020	170,862
Current liabilities	33,041
Non-current liabilities	137,821

Segregated values per benefit plan⁽¹⁾

1) Benefit plan RP1-BD

	06/30/2021	12/31/2020
Present value of the obligations financed	(69,453)	(67,483)
Fair value of the plan assets	75,164	68,031
Asset ceiling effect	(5,711)	(548)
Restriction of the contracted deficit	-	(4,681)
Plan's net liabilities	-	(4,681)

2) COPASA Settled-BD Plan

	06/30/2021	12/31/2020
Present value of the obligations financed	(1,451,945)	(1,426,043)
Fair value of the plan assets	1,213,732	1,202,163
Plan's net liabilities	(238,213)	(223,880)

3) New COPASA-CD Plan

	06/30/2021	12/31/2020
Present value of the obligations financed	(11,627)	(10,424)
Fair value of the plan assets	50,579	46,292
Asset ceiling effect	(38,952)	(35,868)
Plan's assets/liabilities, net	-	-

⁽¹⁾ Projected values for the year 2021 included in the actuarial report prepared on December 31, 2020. The Company performs an actuarial assessment of the Commitments of the three retirement benefit plans annually.

On June 30, 2021, there were no changes in the nature and conditions of the retirement benefit plans in relation to that described in Note 20 of the Company's Financial Statements for the year ended December 31, 2020. Therefore, Management decided not to repeat them in this Interim Financial Information.

20. 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, 2021 and December

31, 2020 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 changes in reserves in relation to what is described in Note 21 (b) of the Company's Financial Statements for the year ended December 31, 2020. 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

• **Dividend policy**

Pursuant to the Bylaws, 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.

On May 7, 2018, the Extraordinary General Meeting approved the review of the Company's Dividend Policy, defining rules for the distribution of dividends, due to the observed leverage, as follows:

• **Regular dividends**

The Board of Directors will define, up to March 31 of each year, the percentage of Adjusted Net Income to be distributed, observing the statutory minimum percentage of 25% and the limit of 50%.

The declaration must occur quarterly and the payment will be made within 60 days as of the date of the declaration, except for the values referring to the fourth quarter, which will be defined at the Annual General Meeting (AGM).

• **Extraordinary dividends**

In conjunction with the disclosure of Annual Financial Statements and Interim Financial Information (ITR) for the second quarter of each year, and in accordance with the Company's Dividend Policy, management will carry out and disclose the Calculation of the Regulatory Framework, already considering the payment of Regular Dividends, aiming to assess whether it is within the Efficient Regulatory Leverage Interval and if it is:

a) Above the range: the Board of Directors sets an Adjusted Net Income for the Year distribution percentage equal to the statutory mandatory minimum dividends.

b) Within the range: remuneration to shareholders will be in the interval between minimum mandatory legal amount and maximum limit of 50%.

c) Below the range: the Board of Directors may, in up to 3 (three) months after disclosure of annual financial statements or of interim financial information of the second quarter each year, declare Extraordinary Dividends that will comprise an additional remuneration that is sufficient to reach lower level of said interval. This declaration will occur after studies have been carried out indicating that any payment of Extraordinary Dividends will not put the Company's financial health, Investment Plan or current liquidity at risk.

The Calculation of the Regulatory Framework means the net debt/EBITDA index (Company's Net Debt divided by the accumulated EBITDA of the 12 months preceding the calculation period), which should reach the value 2.10x, with a 0.10x margin upwards or downwards.

- **Calculation of the Regulatory Framework as of June 30, 2021**

On June 30, 2021, the Net Debt/EBITDA ratio (Regulatory Framework Calculation) was 1.3x. Due to the conclusion of the 2nd Tariff Revision on June 29, 2021, this matter will be analyzed, respecting the deadline established in the Dividend Policy.

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

- **Regular dividends**

In compliance with said Policy, the Board of Directors, at a meeting held on February 25, 2021, decided that the distribution of dividends for the year 2021 will correspond to 25% of the Net Income, adjusted pursuant to art. 202 of Law 6404/76, in the form of interest on own capital and/or dividends.

Based on this decision, the Board of Directors, at a meeting held on March 19, 2021, approved the distribution of interest on own capital for 1Q2021 in the amount of R\$ 64,844, whose payment will be made within 60 days.

Regarding 2Q21, in accordance with articles 80, 81 and 82 of the Company's Bylaws, the Board of Directors approved the proposal for the Interest on Own Capital credit on June 17, 2021, in the amount of R\$ 55,174. The amount of Interest on Own Capital will be considered as the mandatory minimum dividend for the year 2021.

Due to the withholding of income tax on interest on own capital and the shareholder's right to receive a mandatory minimum dividend of 25%, the tax of 15% related to withholding income tax, it is charged when calculating the Interest on Own Capital, totaling a distribution percentage of 29.41 % on adjusted net income of the fiscal year.

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

	Parent company / Consolidated	
	06/30/2021	12/31/2020
Dividends and interest on own capital payable at the end of the period	72,270	80,719
Interest on own capital, proposed	120,017	228,027
Withholding income tax on interest on own capital	(7,993)	(11,494)
Interest on own capital paid in the period	(132,377)	(225,064)
Proposed dividends	-	820,000
Dividends paid	-	(819,918)
Dividends and interest on own capital payable at the end of the period	51,917	72,270

(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 period, less common shares bought by the Company and held as treasury shares (letter "a" of this Note).

	Consolidated	
	06/30/2021	06/30/2020
Earnings attributable to Company's shareholders	456,916	307,180
Weighted average number of common shares issued - thousands	379,181	379,181
Basic earnings per share (in Reais) ⁽¹⁾	1.21	0.81

⁽¹⁾ Basic earnings per share for the 1st semester of 2020 were adjusted due to the split of the Company's common shares, in the proportion of one (1) to 3 three (3), as approved at the General Shareholders' Meeting held on November 19, 2020.

- Diluted

As of June 30, 2021 and 2020, the diluted earnings per share is the same as the basic earnings since there are no dilutive instruments.

21. 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.

(i) Income (loss)

	Consolidated				
	Six-month period ended June 30, 2021				
	Water services	Sewage services	Solid waste	Reconciliation to financial statements	Balances as per financial statements
Gross operating revenue*	1,825,757	1,043,844	1,337	222,513	3,093,451
Deductions from gross revenue	(168,974)	(96,566)	(164)	-	(265,704)
Net operating revenue*	1,656,783	947,278	1,173	222,513	2,827,747
Costs, selling and administrative expenses	(1,200,792)	(686,562)	-	(222,513)	(2,109,867)
Other income before other net operating expenses	455,991	260,716	1,173	-	717,880
Other operating revenues/(expenses), net					(45,022)
Net financial income (loss)					(43,915)
Operating income before taxes					628,943
Amortization and depreciation	113,981	154,669		71,058	339,708

* The Company does not have inter-segment revenues, having only external clients.

Depreciation of fixed assets is allocated as follows: R\$34,579 in Water services, R\$13,928 in Sewage services and R\$10,535 in Other property, plant and equipment, totaling R\$59,042.

	Consolidated				
	Three-month period ended June 30, 2021				
	Water services	Sewage services	Solid waste	Reconciliation to financial statements	Balances as per financial statements
Gross operating revenue*	917,635	528,544	642	136,117	1,582,938
Deductions from gross revenue	(84,926)	(48,895)	(79)	-	(133,900)
Net operating revenue*	832,709	479,649	563	136,117	1,449,038
Costs, selling and administrative expenses	(615,445)	(354,401)	-	(136,117)	(1,105,963)
Other income before other net operating expenses	217,264	125,248	563	-	343,075
Other operating revenues/(expenses), net					(22,212)
Net financial income (loss)					3,555
Operating income before taxes					324,418
Amortization and depreciation	55,350	77,681	-	38,476	171,507

* The Company does not have inter-segment revenues, having only external clients.

Depreciation of property, plant and equipment is allocated in the 2nd quarter of 2021 as follows: R\$17,288 in Water services, R\$6,956 in Sewage services and R\$7,204 in Other property, plant and equipment, totaling R\$31,448.

	Consolidated				
	Six-month period ended June 30, 2020				
	Water services	Sewage services	Solid waste	Reconciliation to financial statements	Balances as per financial statements
Gross operating revenue*	1,691,459	965,899	1,173	125,097	2,783,628
Deductions from gross revenue	(156,784)	(89,391)	(144)	-	(246,319)
Net operating revenue*	1,534,675	876,508	1,029	125,097	2,537,309
Costs, selling and administrative expenses	(1,169,031)	(667,675)	-	(125,097)	(1,961,803)
Other income before other net operating expenses	365,644	208,833	1,029	-	575,506
Other operating revenues/(expenses), net					(42,003)
Net financial income (loss)					(112,333)
Operating income before taxes					421,170
Amortization and depreciation	69,423	125,976		42,287	237,686

* The Company does not have inter-segment revenues, having only external clients.

Depreciation of fixed assets is allocated as follows: R\$32,373 in Water services, R\$13,844 in Sewage services and R\$12,956 in Other property, plant and equipment, totaling R\$59,173.

	Consolidated				
	Three-month period ended June 30, 2020				
	Water services	Sewage services	Solid waste	Reconciliation to financial statements	Balances as per financial statements
Gross operating revenue*	836,219	479,038	581	63,008	1,378,846
Deductions from gross revenue	(77,445)	(44,354)	(71)	-	(121,870)
Net operating revenue*	758,774	434,684	510	63,008	1,256,976
Costs, selling and administrative expenses	(608,451)	(348,462)	-	(63,008)	(1,019,921)
Other income before other net operating expenses	150,323	86,222	510	-	237,055
Other operating revenues/(expenses), net					(18,789)
Net financial income (loss)					(19,871)
Operating income before taxes					198,395
Amortization and depreciation	34,871	63,318	-	21,084	119,273

* The Company does not have inter-segment revenues, having only external clients.

Depreciation of property, plant and equipment is allocated in the 2nd quarter of 2020 as follows: R\$16,239 in Water services, R\$6,955 in Sewage services and R\$6,277 in Other property, plant and equipment, totaling R\$29,471.

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

	06/30/2021	06/30/2020
Gross construction revenue referring to ICPC 1 (R1)	222,513	125,097
Construction cost referring to ICPC 1 (R1)	(222,513)	(125,097)
Construction margin	-	-

(ii) Intangible assets

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

	Consolidated	
	06/30/2021	12/31/2020
Water services	1,604,103	1,664,038
Sewage services	3,585,053	3,692,654
Other intangible assets	568,695	602,222
Total intangible assets	5,757,851	5,958,914

(iii) Property, plant and equipment

The assets corresponding to the reported segments are reconciled with the total fixed assets, being allocated as follows: R\$999,119 in Water services, R\$293,116 in Sewage services and R\$221,138 in other property, plant and equipment, totaling R\$1,513,423 as of June 30, 2021 (R\$1,033,662 in water services, R\$307,078 in sewage services and R\$179,912 in other property, plant and equipment, totaling R\$1,520,652 in the year ended December 31, 2020).

There is no liability allocated to the reported segments.

22. Financial risk management

In the 1st semester of 2021, there were no changes in the policies and management of financial risks in relation to those disclosed in Note 23 of the Company's Financial Statements for the year ended December 31, 2020. Thus, information related to: (a) liabilities linked to exchange-rate changes; 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, 2021.

22.1 Sensitivity analysis

(a) Interest rate sensitivity

The Company prepared a sensitivity analysis on the effects of a possible change in interest rates on loans, financing and debentures. Keeping all the other variables constant in the Company's income (loss) before taxation is affected by the impact of the loans, financing and debentures subject to variable rates, as stated below:

Indicators	Exposure (i)	Scenario I	Scenario II	Scenario III	Scenario IV	Scenario V
		Probable (ii)	+25%	-25%	+50%	-50%
TJLP	401,165	5.5500%	6.9375%	4.1625%	8.3250%	2.7750%
Changes in principal (R\$)	-	22,265	27,831	16,698	33,397	11,132
IPCA	734,664	6.1000%	7.6250%	4.5750%	9.1500%	3.0500%
Changes in principal (R\$)	-	44,814	56,018	33,611	67,222	22,408
CDI	1,189,100	6.5000%	8.1250%	4.8750%	9.7500%	3.2500%
Changes in principal (R\$)	-	-	-	-	-	-
Ref. rate	866,482	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Changes in principal (R\$)	-	-	-	-	-	-
INPC (iii)	2,217	3.3400%	4.1750%	2.5050%	5.0100%	1.6700%
Changes in principal (R\$)	-	74	93	56	111	37

FIXED RATE (iv)	250,472	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Changes in principal (R\$)	-	-	-	-	-	-
Total (R\$)	3,444,100	67,153	83,942	50,365	100,730	33,577

⁽ⁱ⁾ Principal on June 30, 2021.

⁽ⁱⁱ⁾ Sources of indexes: CDI (Selic Target) and IPCA (Focus - BACEN Report of 07/02/2021)

TJLP (Bradesco projection 07/01/2021: <https://www.economiaemdia.com.br/SiteEconomiaEmDia/Projecoes/Longo-Prazo>)

INPC (Bacen Expectation System (last projection available on 02/17/2021:

<https://www3.bcb.gov.br/expectativas/publico/?wicket:interface=:1:::>).

⁽ⁱⁱⁱ⁾ Including balances of contracts for the assumption of actuarial liabilities of Libertas (pension fund).

^(iv) Contracts with no inflation adjustment: KfW, BEI, FINAME.

(b) Foreign exchange rate sensitivity

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 of loans and financing. The operation with Banco do Brasil, in dollars (US\$), was settled in February 2021. Keeping all other variables constant, the result of exchange rate sensitivity before taxation is shown below:

Financial instrument on 06/30/2021	Banco KfW	Banco BEI
Debt balance (in foreign currency)	€ 27,780	€ 10,000
Debit balance	164,669	59,276
Scenarios regarding the debt balance	Gain/(loss)	
	Banco KfW	Banco BEI
Likely (Projection)	(8,678)	(3,124)
25% decrease in € FX	41,167	14,819
50% decrease in € FX	82,334	29,638
25% increase in € FX	(41,167)	(14,819)
50% increase in € FX	(82,334)	(29,638)

Sources of projected indexes: Bradesco Euro Projection 07/01/2021;

(<https://www.economiaemdia.com.br/SiteEconomiaEmDia/Projecoes/Longo-Prazo>)

(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 07).

Restricted revenues as of June 30, 2021				
	Financial Institution/Agreement	Collateral (committed revenue)	Amount	Agreement end date
Caixa Econômica Federal	CAIXA - 2007/2008 financing	Committed revenue amounting to three times the monthly debt service of the 2007 and 2008 agreements.	R\$5,681	Sep 2031
	CAIXA - PAC 2009	Committed revenue amounting to three times the monthly debt service of the agreements.	R\$2,000	Nov 2032
	5 th 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\$8,670	Sep 2031
	CAIXA - 2011 financing (Normative Instructions 33, 25 and 24)	Committed revenue amounting to three times the monthly debt service of the agreements.	R\$4,240	June 2035
	CAIXA - 2012 Financing (Normative Instruction 24)	Committed revenue amounting to three times the monthly debt service of the agreements.	R\$554	May 2036
	CAIXA - 2013 Financing (Normative Instruction 27)	Committed revenue amounting to three times the monthly debt service of the agreements.	R\$3,758	Oct 2037

	CAIXA - 2014 Financing (Normative Instruction 02)	Committed revenue amounting to three times the monthly debt service of the agreements.	R\$2,522	Feb 2038
	CAIXA - 2015 Financing (Normative Instruction 02)	Committed revenue amounting to three times the monthly debt service of the agreements.	R\$1,512	Mar 2039
	CAIXA - 2017 Financing (Normative Instruction 29)	Committed revenue amounting to three times the monthly debt service of the agreements.	R\$686	Aug 2041

Restricted revenues as of June 30, 2021				
	Financial Institution/Agreement	Collateral (committed revenue)	Amount	Agreement end date
BNDES	3rd Issuance of debentures (R\$450 million)*	Committed revenue of R\$ 18 million, annually adjusted by the IPCA since December 2007.	R\$ 36,036	Dec 2019
	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\$ 53,078	June 2023
	BNDES financing (R\$ 181 million)	Committed revenue of R\$ 7.0 million, annually adjusted by the IPCA, since April 2010.	R\$ 12,898	May 2025
	4 th issue of debentures (R\$740 million)	Committed revenue of R\$ 32.0 million, annually adjusted by the IPCA, since July 2010.	R\$ 54,783	Aug 2022
	8 th Issuance of debentures (R\$ 140 million)	Committed revenue of R\$ 16.9 million, annually adjusted by the IPCA, since September 2015.	R\$ 20,863	Aug 2028
	11 th Issuance of Debentures (R\$ 226 million)	Committed revenue of R\$ 5.5 million, annually adjusted by the IPCA, since April 2017.	R\$5,500	Jan 2031
Banco KfW	€ 100 million	Committed revenue amounting to one (1) time the monthly debt service of the agreement.	R\$ 35,390	June 2023
BRK Ambiental	Rio Manso PPP	1/12 of the annual installment of the Consideration payable for each effective year.	R\$ 10,436	Dec 2028
Total committed revenue			R\$258,607	

* 3rd Issue of Debentures (R\$ 450 million) – despite the termination of the financial agreement, there is a need to maintain the guarantee, considering that there are still non-financial proofs to be provided.

22.2 Fair value estimate

(a) 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
	06/30/2021	06/30/2021	12/31/2020	12/31/2020
Loans and financing	1,098,376	902,148	1,273,997	1,245,015
Simple debentures	2,365,173	2,219,275	2,507,144	2,486,913
Total	3,463,549	3,121,423	3,781,141	3,731,928

The market liability values are calculated through the projection of the debt balance, updated by the contractual rate for the number of months remaining for payment. The value found goes back to the current period using the market rates below:

Parent company / Consolidated				
Lines	Contractual rate	Periods (in months)	Market rate	Observations
Caixa/FGTS	7.68%	174	8.50%	CEF rate quotation in June 2021
BNDES Finem	6.14%	36	7.78%	Quotation of BNDES/Emp. Rate in June 2021
FINAME	4.06%	43	12.85%	FINAME rate quote in June 2021
Simple debentures	5.89%	59	9.57%	BNDES Debentures and Market rate quotation in June 2021
KfW	2.07%	30	1.66%	KfW rate quote in June 2021
BEI	0.01%	149	0.55%	EIB rate quote in June 2021

(b) Financial instruments measured at fair value

The following table presents the assets and liabilities of COPASA and its subsidiary, measured at fair value at June 30, 2021 and December 31, 2020:

	Parent company / Consolidated	
	Assets	
	06/30/2021	12/31/2020
Investment GS Inima Industrial Jeceaba S.A.	86,940	76,603
Total balance	86,940	76,603

23. Financial instruments by category

(a) Parent company

	06/30/2021			12/31/2020		
	Financial assets at amortized cost	Fair value in other comprehensive income	Total	Financial assets at amortized cost	Fair value in other comprehensive income	Total
Assets						
Cash and cash equivalents	853,582	-	853,582	786,377	-	786,377
Trade accounts receivable	1,063,297	-	1,063,297	1,034,710	-	1,034,710
Banks and arrangements	13,387	-	13,387	24,452	-	24,452
Restricted interest earning bank deposits	75,219	-	75,219	75,715	-	75,715
Concession financial assets	698,928	-	698,928	685,561	-	685,561
Financial assets measured at fair value through other comprehensive income ⁽¹⁾	-	86,940	86,940	-	76,603	76,603
Credits with Subsidiaries	-	-	-	2,125	-	2,125
Other accounts receivable	153,297	-	153,297	284,143	-	284,143
Total	2,857,710	86,940	2,944,650	2,893,083	76,603	2,969,686

⁽¹⁾ Excluding prepayments.

	06/30/2021		12/31/2020	
	Financial liabilities at amortized cost	Total	Financial liabilities at amortized cost	Total
Liabilities				
Loans, financing and debentures	3,463,549	3,463,549	3,781,141	3,781,141
Suppliers	215,676	215,676	206,177	206,177
Leases	78,735	78,735	64,135	64,135
Public-Private Partnership	283,888	283,888	306,226	306,226
Total	4,041,848	4,041,848	4,357,679	4,357,679

(b) Consolidated

	06/30/2021			12/31/2020		
	Financial assets at amortized cost	Fair value in other comprehensive income	Total	Financial assets at amortized cost	Fair value in other comprehensive income	Total
Assets						
Cash and cash equivalents	881,510	-	881,510	805,619	-	805,619
Trade accounts receivable	1,073,272	-	1,073,272	1,045,441	-	1,045,441
Banks and arrangements	13,435	-	13,435	24,500	-	24,500
Restricted interest earning bank deposits	75,219	-	75,219	75,715	-	75,715
Concession financial assets	717,612	-	717,612	709,052	-	709,052
Financial assets measured at fair value through other comprehensive income ⁽¹⁾	-	86,940	86,940	-	76,603	76,603
Other accounts receivable	150,109	-	150,109	281,533	-	281,533
			2,998,09			
Total	2,911,157	86,940	7	2,941,860	76,603	3,018,463

⁽¹⁾ Excluding prepayments.

	06/30/2021		12/31/2020	
	Financial liabilities at amortized cost	Total	Financial liabilities at amortized cost	Total
Liabilities				
Loans, financing and debentures	3,463,549	3,463,549	3,781,141	3,781,141
Suppliers	220,023	220,023	213,289	213,289
Leases	78,756	78,756	64,138	64,138
Public-Private Partnership	283,888	283,888	306,226	306,226
Total	4,046,216	4,046,216	4,364,794	4,364,794

24. 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:

	Parent company			
	06/30/2021			
	Subsidiary COPANOR	Other		
STATE OF MG		COPASS	LIBERTAS	
Assets				
Current assets				
Trade accounts receivable				
Amounts billed	-	19,611	1	11
Amounts to be billed	-	7,628	1	5
Agreements	-	245	-	-
Sundry receivables				
Credit with subsidiary	3,418	-	-	-
Total assets	3,418	27,484	2	16
Liabilities				
Current liabilities				
Agreements	-	510	-	-
Obligations with retirement benefits	-	-	-	11,857
Health program	-	-	10,725	-
Non-current				
Obligations with retirement benefits	-	-	-	231,384
Total liabilities	-	510	10,725	243,241

Income (loss) for the first semester of 2021 (January to June)

Revenues from water and sewage treatment services	-	57,904	3	86
Security program	-	-	-	(24,872)
Health program	-	-	(50,214)	-

Income (loss) for the second quarter of 2021 (April to June)

Revenues from water and sewage treatment services	-	28,550	2	33
Security program	-	-	-	(12,742)
Health program	-	-	(25,899)	-

	Parent company			
	12/31/2020			
	Subsidiary COPANOR	Other		
STATE OF MG		COPASS	LIBERTAS	
Assets				
Current assets				
Trade accounts receivable				
Amounts billed	-	16,127	1	14
Amounts to be billed	-	8,216	1	7
Agreements	-	243	-	-
Sundry receivables				
Credit with subsidiary	2,815	-	-	-
Total assets	2,815	24,586	2	21
Liabilities				
Current liabilities				
Agreements				
Obligations with retirement benefits	-	505	-	-
Health program	-	-	-	21,998

Non-current	-	-	10,426	-
Obligations with retirement benefits	-	-	-	223,892
Total liabilities	-	505	10,426	245,890

Income (loss) for the first quarter of 2020 (January to June)

Revenues from water and sewage treatment services	-	73,209	4	93
Security program	-	-	-	(23,589)
Health program	-	-	(42,496)	-

Income (loss) for the second quarter of 2020 (April to June)

Revenues from water and sewage treatment services	-	33,961	1	30
Security program	-	-	-	(11,893)
Health program	-	-	(19,470)	-

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

	Three-month period ended June 30,		Six-month period ended June 30,	
	2021	2020	2021	2020
Remuneration	1,029	966	2,106	1,791
Benefits ⁽ⁱ⁾	97	81	207	160
Total	1,126	1,047	2,313	1,951

⁽ⁱ⁾ Refer to meals, health care, and post-employment benefits.

25. 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, 2021 are listed below:

	Amount	Average contract term in months
Contractual obligations - Investments in construction works and organic growth in several concessions, which corresponds to the expected disbursement	424,548	12
Contractual obligations - Lease agreements within the scope of IFRS 16, which corresponds to the expected disbursement	10,585	06

26. Transactions that do not involve cash or cash equivalents

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:

	Parent company / Consolidated	
	06/30/2021	06/30/2020
Capitalized interest (Note 9)	38,294	20,570
Total	38,294	20,570

27. Revenues

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

	Parent company			
	Three-month period ended June 30,		Six-month period ended June 30,	
	2021	2020	2021	2020
	Gross revenue from rendering of water service	909,609	829,159	1,809,013
Gross revenue from rendering of sewage service	526,035	477,122	1,038,896	961,966
Solid waste	641	581	1,336	1,173
Construction revenue	133,647	59,816	217,785	117,381
Total gross revenue	1,569,932	1,366,678	3,067,030	2,757,562
Sales taxes	(132,925)	(121,040)	(263,697)	(244,621)
Net revenue	1,437,007	1,245,638	2,803,333	2,512,941

	Consolidated			
	Three-month period ended June 30,		Six-month period ended June 30,	
	2021	2020	2021	2020
	Gross revenue from rendering of water service	917,636	836,219	1,825,758
Gross revenue from rendering of sewage service	528,544	479,038	1,043,844	965,899
Solid waste	641	581	1,336	1,173
Construction revenue	136,117	63,008	222,513	125,097
Total gross revenue	1,582,938	1,378,846	3,093,451	2,783,628
Sales taxes	(133,900)	(121,870)	(265,704)	(246,319)
Net revenue	1,449,038	1,256,976	2,827,747	2,537,309

(*) Breakdown of Net Revenue:

	Parent company			
	Three-month period ended June 30,		Six-month period ended June 30,	
	2021	2020	2021	2020
	Direct revenue from water	805,285	737,265	1,602,603
Direct revenue from sewage	474,800	431,587	937,745	867,865
Solid waste	563	510	1,173	1,029
Total direct revenue	1,280,648	1,169,362	2,541,521	2,354,314
Indirect revenue from water	20,141	15,102	38,984	36,172
Indirect revenue from sewage	2,571	1,358	5,043	5,074
Total indirect revenue	22,712	16,460	44,027	41,246
Construction revenue	133,647	59,816	217,785	117,381
Total net revenue	1,437,007	1,245,638	2,803,333	2,512,941

	Consolidated			
	Three-month period ended June 30,		Six-month period ended June 30,	
	2021	2020	2021	2020
	Direct revenue from water	812,388	743,534	1,617,398
Direct revenue from sewage	477,078	433,326	942,235	871,434
Solid waste	563	510	1,173	1,029
Total direct revenue	1,290,029	1,177,370	2,560,806	2,370,617
Indirect revenue from water	20,321	15,240	39,385	36,521
Indirect revenue from sewage	2,571	1,358	5,043	5,074
Total indirect revenue	22,892	16,598	44,428	41,595
Construction revenue	136,117	63,008	222,513	125,097
Total net revenue	1,449,038	1,256,976	2,827,747	2,537,309

	Parent company			
	Three-month period ended June 30,		Six-month period ended June 30,	
Social security obligations (Note 29)	62,016	57,446	119,006	114,003
Construction costs (*)	133,647	59,816	217,785	117,381
General material	25,288	21,776	46,625	40,937
Treatment materials	19,130	23,581	40,715	51,424
Outsourced services	141,645	126,853	268,262	245,179
Electric power	124,793	105,227	248,656	214,250
General expenses	47,279	35,964	99,794	82,846
Depreciation and amortization	169,774	159,475	336,334	318,459
(-) Tax credits	(14,041)	(13,748)	(28,422)	(26,546)
Provision for losses of obsolete materials	(472)	125	123	836
Impairment losses on accounts receivable	60,656	136,093	109,684	187,685
Total	1,090,330	1,006,127	2,079,461	1,931,012

	Consolidated			
	Three-month period ended June 30,		Six-month period ended June 30,	
	2021	2020	2021	2020
Operating costs (i)				
Personnel	206,301	190,233	399,736	376,018
Social security obligations	42,777	39,508	82,153	78,559
Construction costs (*)	136,117	63,008	222,513	125,097
General material	24,150	20,624	44,027	38,402
Treatment materials	19,423	23,919	41,426	52,147
Outsourced services	106,027	103,342	203,023	198,700
Electric power	126,086	106,154	251,190	216,418
General expenses	44,558	34,662	89,360	71,731
Depreciation and amortization	158,875	145,165	315,061	289,484
(-) Tax credits	(14,348)	(13,937)	(29,044)	(26,905)
	849,966	712,678	1,619,445	1,419,651

	Consolidated			
	Three-month period ended June 30,		Six-month period ended June 30,	
	2021	2020	2021	2020
Sales expenses (i)				
Personnel	39,496	41,719	78,378	80,546
Social security obligations	7,216	7,709	14,172	14,838
General material	1,169	1,075	2,215	2,102
Treatment materials	27	5	31	7
Outsourced services	5,386	3,547	10,155	7,686
Electric power	528	462	1,099	1,022
General expenses	83	111	1,123	1,261
Depreciation and amortization	1,605	1,637	3,135	3,017
	55,510	56,265	110,308	110,479
Expected losses on trade accounts receivable	61,714	136,786	111,584	188,938

	Consolidated			
	Three-month period ended June 30,		Six-month period ended June 30,	
	2021	2020	2021	2020
Administrative expenses (i)				
Personnel	78,877	65,615	150,901	136,056
Social security obligations	12,861	11,031	24,349	22,198
General material	807	818	1,905	1,815
Treatment materials	18	17	32	35
Outsourced services	31,663	21,063	57,896	41,921

	Consolidated			
	Three-month period ended June 30,		Six-month period ended June 30,	
Electric power	818	765	1,709	1,549
General expenses	2,841	1,333	9,769	10,247
Depreciation and amortization	11,027	13,483	21,513	27,473
Provision for losses of obsolete materials	(139)	67	456	1,441
	138,773	114,192	268,530	242,735

	Consolidated			
	Three-month period ended June 30,		Six-month period ended June 30,	
	2021	2020	2021	2020
Costs and expenses				
Personnel (Note 29)	324,674	297,567	629,015	592,620
Social security obligations (Note 29)	62,854	58,248	120,674	115,595
Construction costs ^(*)	136,117	63,008	222,513	125,097
General material	26,126	22,517	48,147	42,319
Treatment materials	19,468	23,941	41,489	52,189
Outsourced services	143,076	127,952	271,074	248,307
Electric power	127,432	107,381	253,998	218,989
General expenses	47,482	36,106	100,252	83,239
Depreciation and amortization	171,507	160,285	339,709	319,974
(-) Tax credits	(14,348)	(13,937)	(29,044)	(26,905)
Provision for losses of obsolete materials	(139)	67	456	1,441
Impairment losses on accounts receivable	61,714	136,786	111,584	188,938
Total	1,105,963	1,019,921	2,109,867	1,961,803

⁽ⁱ⁾ The Company classified its expenses by function or nature. Thus, the amounts referring to employees' profit sharing were distributed to the appropriate functions. The calculation of the Employees' Profit Sharing in the Company is limited to 25% of the minimum mandatory dividends paid to shareholders, after deducting the legal reserve. Said distribution is made on a straight-line basis to all employees. As of June 30, 2021, the Company has balances not settled yet in the amount of R\$119,189 (R\$64,740 as of June 30, 2020).

^(*) Details of construction costs:

	Parent company			
	Three-month period ended June 30,		Six-month period ended June 30,	
	2021	2020	2021	2020
Salaries and payroll charges	10,045	10,412	20,357	19,526
Material	11,908	5,157	19,402	15,617
Equipment	2,236	2,915	5,705	7,224
Outsourced services	101,880	31,136	157,597	53,833
Financing costs	7,365	10,031	14,313	20,181
Other	213	165	411	1,000
Total construction costs	133,647	59,816	217,785	117,381

	Consolidated			
	Three-month period ended June 30,		Six-month period ended June 30,	
	2021	2020	2021	2020
Salaries and payroll charges	10,045	10,412	20,357	19,526
Material	12,093	5,208	19,908	15,825
Equipment	2,428	2,915	5,897	7,333
Outsourced services	103,973	34,277	161,627	61,232
Financing costs	7,365	10,031	14,313	20,181
Other	213	165	411	1,000
Total construction costs	136,117	63,008	222,513	125,097

29. Personnel expenses

	Parent company			
	Three-month period ended June 30,		Six-month period ended June 30,	
	2021	2020	2021	2020
	2021	2020	2021	2020
Salaries	200,544	190,171	385,873	371,473
Social security costs	62,016	57,446	119,006	114,003
FGTS	16,759	15,876	32,319	31,487
Contribution to pension plan	12,742	11,894	24,872	23,589
Meal program	45,534	43,737	89,059	87,068
Health program	25,898	19,470	50,214	42,496
Employee profit sharing	14,939	9,269	28,859	19,455
Other benefits	4,199	3,102	9,703	8,990
Total (Note 28)	382,631	350,965	739,905	698,561
Personnel (Note 28)	320,615	293,519	620,899	584,558
Social security obligations (Note 28)	62,016	57,446	119,006	114,003

	Consolidated			
	Three-month period ended June 30,		Six-month period ended June 30,	
	2021	2020	2021	2020
	2021	2020	2021	2020
Salaries	203,446	193,107	391,665	377,221
Social security costs	62,854	58,248	120,674	115,595
FGTS	16,966	16,081	32,733	31,890
Contribution to pension plan	12,742	11,893	24,872	23,589
Meal program	46,288	44,441	90,574	88,462
Health program	26,067	19,644	50,558	42,835
Employee profit sharing	14,939	9,269	28,859	19,455
Other benefits	4,226	3,132	9,754	9,168
Total (Note 28)	387,528	355,815	749,689	708,215
Personnel (Note 28)	324,674	297,567	629,015	592,620
Social security obligations (Note 28)	62,854	58,248	120,674	115,595

30. Other operating revenues and expenses

Other operating revenues accrued by the Company as of June 30, 2021 and 2020 are presented as follows:

	Parent company			
	Three-month period ended June 30,		Six-month period ended June 30,	
	2021	2020	2021	2020
	2021	2020	2021	2020
Reversal of non-deductible provision	6,019	16,588	9,487	27,109
Recovery of written-off accounts	11,574	6,212	30,479	20,890
Health program reimbursement	-	267	119	694
Disposal of property, plant and equipment	1,491	160	2,018	1,451
Other revenues	8,590	3,181	11,039	5,541
Total other operating revenues	27,674	26,408	53,142	55,685

	Consolidated			
	Three-month period ended June 30,		Six-month period ended June 30,	
	2021	2020	2021	2020
	2021	2020	2021	2020
Reversal of non-deductible provision	6,386	16,598	9,928	27,243
Recovery of written-off accounts	11,854	6,307	31,291	21,059
Health program reimbursement	-	267	119	694

	Consolidated			
	Three-month period ended		Six-month period ended	
	June 30,		June 30,	
Disposal of property, plant and equipment	1,491	160	2,018	1,451
Other revenues	8,592	3,548	11,074	6,112
Total other operating revenues	28,323	26,880	54,430	56,558

Other operating expenses of the Company as of June 30, 2021 and 2020 are presented as follows:

	Parent company			
	Three-month period		Six-month period ended	
	ended June 30,		June 30,	
	2021	2020	2021	2020
Indemnities and payments of lawsuits	10,488	8,419	18,281	27,544
ARSAE fee	10,737	9,852	21,474	19,704
Provisions for lawsuits	15,916	9,352	35,935	17,334
Expenses with environment preservation	6,461	6,210	9,155	11,307
Donation for measures to combat COVID-19	-	5,000	-	5,000
Taxes and duties	2,456	2,042	5,532	4,889
Actuarial liabilities	3,780	2,381	7,492	4,193
Other	251	2,175	496	2,708
Total other operating expenses	50,089	45,431	98,365	92,679

	Consolidated			
	Three-month period		Six-month period ended	
	ended June 30,		June 30,	
	2021	2020	2021	2020
Indemnities and payments of lawsuits	10,498	8,441	18,370	27,662
ARSAE fee	10,931	10,025	21,862	20,050
Provisions for lawsuits	16,106	9,359	36,406	17,396
Expenses with environment preservation	6,461	6,210	9,155	11,307
Donation for measures to combat COVID-19	-	5,000	-	5,000
Taxes and duties	2,461	2,076	5,620	5,002
Actuarial liabilities	3,780	2,381	7,492	4,193
Other	298	2,177	547	7,951
Total other operating expenses	50,535	45,669	99,452	98,561

31. Financial revenues and expenses

Financial revenues (expenses) can be summarized as follows:

	Parent company			
	Three-month period		Six-month period ended	
	ended June 30,		June 30,	
	2021	2020	2021	2020
Asset interest	11,292	14,176	22,713	23,369
Yields from interest earning bank deposits	7,348	6,217	11,911	12,767
Revenue from inflation adjustment and exchange rate change	18,298		25,952	
Revenues from financial assets/other	22,065	6,396	36,882	34,283
Taxes on financial revenue	(1,912)	15,928	(3,378)	25,744
Total revenue	57,091	41,011	94,080	93,223
Charges on financing ⁽¹⁾	(42,938)	(1,706)	(85,006)	(77,884)
Inflation adjustment and exchange rate change expense ⁽²⁾	(10,986)		(53,496)	
Other expenses	(98)	(25,997)	(278)	(127,930)
Total expense	(54,022)	(61,062)	(138,780)	(205,962)
Financial income (loss)	3,069	(20,051)	(44,700)	(112,739)

	Consolidated			
	Three-month period ended June 30,		Six-month period ended June 30,	
	2021	2020	2021	2020
Asset interest	11,448	14,281	23,041	23,622
Yields from interest earning bank deposits	7,596	6,335	12,233	12,922
Revenue from inflation adjustment and exchange rate change	18,308	6,399	25,967	34,347
Revenues from financial assets/other	22,165	15,974	37,059	25,800
Taxes on financial revenue	(1,936)	(1,719)	(3,417)	(2,964)
Total revenue	57,581	41,270	94,883	93,727
Charges on financing ⁽¹⁾	(42,939)	(35,046)	(85,007)	(77,940)
Inflation adjustment and exchange rate change expense ⁽²⁾	(10,986)	(25,996)	(53,496)	(127,929)
Other expenses	(101)	(99)	(295)	(191)
Total expense	(54,026)	(61,141)	(138,798)	(206,060)
Financial income (loss)	3,555	(19,871)	(43,915)	(112,333)

⁽¹⁾Included charges on Libertas financing in the amount of R\$98 as of June 30, 2021 (R\$672 as of June 30, 2020).

⁽²⁾Including Libertas inflation adjustment and expenses in the amount of R\$162 as of June 30, 2021 (R\$439 as of June 30, 2020).

32. 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 Accounting Information which should be read in conjunction with the Financial Statements as of December 31, 2020.

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 4 - Estimates and critical accounting judgments;

Note 27 – Insurance police;

Note 34 - Operational and Financial Data of Activities Related to Achievement of Collective Interest Purposes.

Note 35 – Tariff adjustment

33. Subsequent events

a) Bill 2508/2021

On July 14, 2021, the Company disclosed a Material Fact, communicating that it received an Official Letter from its controlling shareholder, the State of Minas Gerais, through the State Attorney’s Office (AGE) on that date informing of the approval of the Bill 2508/2021 by the Legislative Assembly of the State of Minas Gerais, referring to the authorization for budget supplementation and capital contribution to this Company to carry out interventions and works that will enhance the water resilience of the Paraopeba and Rio das Velhas Basins, resulting from the Agreement signed in court between the State of Minas Gerais and Vale S.A. These investments, as provided for in the Agreement, total R\$ 2.05 billion. The sanction of the Law by the State Government of Minas Gerais occurred on July 28, 2021 (Law 23830/2021).

b) 16th Issuance of Debentures

On July 20, 2021, an Extraordinary General Meeting was convened for August 19, 2021, with the contracting of a long-term loan operation through the 16th Issue of unsecured Debentures, not convertible into shares, under a firm guarantee regime, based on CVM Instruction 476/2009, for public distribution, in the amount of up to R\$ 750,000.

These funds will be allocated to projects classified as priority for the purpose of issuing debentures with incentives for infrastructure, pursuant to article 2 of Law 12431, of June 24, 2011, and Decree 8874, of October 11, 2016, pursuant to the ordinances of the Ministry of Regional Development (MDR) 581 and 582, of March 30, 2021, as well as the implementation of part of the Company's investment program.