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Company information / Breakdown of capital

Quantity of shares (Thousand)	Current quarter 06/30/2022
Paid-in capital	
Common	380,253
Preferred	0
Total	380,253
Treasury	
Common	1,072
Preferred	0
Total	1,072

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

Code of account	Account description	Current quarter 06/30/2022	Prior year 12/31/2021
1	Total assets	12,475,918	12,696,792
1.01	Current assets	2,098,458	2,520,951
1.01.01	Cash and cash equivalents	756,351	1,279,469
1.01.03	Accounts receivable	1,008,616	989,272
1.01.03.01	Clients	1,008,616	989,272
1.01.04	Inventories	108,124	83,322
1.01.06	Recoverable taxes	156,054	100,568
1.01.06.01	Current taxes recoverable	156,054	100,568
1.01.06.01.01	Recoverable taxes	156,054	100,568
1.01.08	Other Current assets	69,313	68,320
1.01.08.03	Other	69,313	68,320
1.01.08.03.01	Advances for employees	11,615	13,615
1.01.08.03.02	Sundry	15,013	13,161
1.01.08.03.03	Technical cooperation agreement	39,382	38,271
1.01.08.03.04	Banks and arrangements	3,303	3,273
1.02	Non-current assets	10,377,460	10,175,841
1.02.01	Long term assets	3,261,995	2,910,514
1.02.01.03	Interest earning bank deposits measured at amortized cost	80,338	77,228
1.02.01.04	Accounts receivable	148,293	162,032
1.02.01.04.01	Clients	33,265	37,092
1.02.01.04.03	Collaterals as guarantees of loans, financing and debentures	60,501	65,853
1.02.01.04.05	Advances and other	54,527	59,087
1.02.01.07	Deferred taxes	339,907	409,039
1.02.01.07.01	Deferred income tax and social contribution	339,907	409,039
1.02.01.10	Other non-current assets	2,693,457	2,262,215
1.02.01.10.03	Financial assets - Concession contracts	779,608	733,328
1.02.01.10.04	Financial assets measured at fair value through other comprehensive income	26,153	26,153
1.02.01.10.05	Right-of-use from lease	87,219	72,699
1.02.01.10.06	Contract asset	1,797,333	1,424,870
1.02.01.10.07	Technical cooperation agreement	3,144	5,165
1.02.02	Investments	222,797	202,441
1.02.02.01	Equity interest	222,797	202,441
1.02.02.01.02	Interest in subsidiaries	222,537	202,181
1.02.02.01.04	Other investments	260	260
1.02.03	Property, plant and equipment	1,425,088	1,470,124
1.02.03.01	Construction in progress	1,425,088	1,470,124
1.02.04	Intangible assets	5,467,580	5,592,762
1.02.04.01	Intangible assets	5,467,580	5,592,762
1.02.04.01.01	Concession contract	5,467,580	5,592,762

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

Code of account	Account description	Current quarter 06/30/2022	Prior year 12/31/2021
2	Total liabilities	12,475,918	12,696,792
2.01	Current liabilities	1,753,688	1,886,439
2.01.01	Social and labor obligations	168,096	119,302
2.01.01.02	Labor obligations	168,096	119,302
2.01.02	Suppliers	278,565	287,977
2.01.02.01	Domestic suppliers	278,565	287,977
2.01.03	Tax liabilities	129,613	75,100
2.01.03.01	Federal tax liabilities	127,045	72,130
2.01.03.01.01	Income tax and social contribution payable	58,065	0
2.01.03.01.02	Other federal liabilities	68,980	72,130
2.01.03.03	Municipal tax liabilities	2,568	2,970
2.01.04	Loans and financing	908,410	800,137
2.01.04.01	Loans and financing	179,285	190,315
2.01.04.01.01	In domestic currency	118,468	120,221
2.01.04.01.02	In foreign currency	60,817	70,094
2.01.04.02	Debentures	729,125	609,822
2.01.04.02.01	Non-convertible	729,125	609,822
2.01.05	Other liabilities	214,575	472,122
2.01.05.02	Other	214,575	472,122
2.01.05.02.01	Dividends and interest on own capital	49,950	265
2.01.05.02.04	Obligations with retirement benefits	9,300	16,614
2.01.05.02.06	Technical cooperation agreement	7,957	1,214
2.01.05.02.07	Public-Private Partnership	37,038	52,331
2.01.05.02.08	Sundry liabilities	79,998	375,390
2.01.05.02.09	Rights-of-use - Lease	30,332	26,308
2.01.06	Provisions	54,429	131,801
2.01.06.01	Tax, social security, labor and civil provisions	54,429	131,801
2.01.06.01.05	Other tax obligations	6,623	6,623
2.01.06.01.07	Employee profit sharing	47,806	125,178
2.02	Non-current liabilities	3,701,368	4,050,395
2.02.01	Loans and financing	2,812,404	3,185,207
2.02.01.01	Loans and financing	796,933	878,079
2.02.01.01.01	In domestic currency	685,119	713,812
2.02.01.01.02	In foreign currency	111,814	164,267
2.02.01.02	Debentures	2,015,471	2,307,128
2.02.01.02.01	Non-convertible	2,015,471	2,307,128
2.02.02	Other liabilities	519,633	487,825
2.02.02.02	Other	519,633	487,825
2.02.02.02.03	Obligations with retirement benefits	108,739	112,764
2.02.02.02.05	Deposits for works	63,631	60,814
2.02.02.02.06	Public-Private Partnership	211,940	208,654
2.02.02.02.07	Sundry	67,708	54,285
2.02.02.02.08	Rights-of-use - Lease	67,615	49,331
2.02.02.02.09	Technical cooperation agreement	0	1,977
2.02.04	Provisions	369,331	377,363
2.02.04.01	Tax, social security, labor and civil provisions	369,331	377,363

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

Code of account	Account description	Current quarter 06/30/2022	Prior year 12/31/2021
2.02.04.01.06	Provision for lawsuits	369,331	377,363
2.03	Shareholders' equity	7,020,862	6,759,958
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	3,402,583	3,402,583
2.03.04.01	Legal reserve	415,440	415,440
2.03.04.05	Profit retention reserve	2,926,101	2,926,101
2.03.04.07	Tax incentive reserve	61,042	61,042
2.03.05	Retained Earnings/Losses	260,928	0
2.03.06	Equity valuation adjustments	-36,458	-36,434

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

Code of account	Account description	Current quarter 04/01/2022–06/30/2022	Accumulated of the current year 01/01/2022–06/30/2022	Same quarter of the prior year 04/01/2021–06/30/2021	Accumulated of the prior year 01/01/2021–06/30/2021
3.01	Revenue from sales of goods and/or services	1,520,663	2,941,014	1,437,007	2,803,333
3.01.01	Water services	886,976	1,725,011	825,426	1,641,587
3.01.02	Sewage services	450,354	880,579	477,371	942,788
3.01.03	Revenue from construction	182,989	334,487	133,647	217,785
3.01.04	Revenues from solid waste	344	937	563	1,173
3.02	Cost of goods and/or services sold	-941,563	-1,842,056	-836,919	-1,593,860
3.02.01	Cost of goods and/or services sold	-758,574	-1,507,569	-703,272	-1,376,075
3.02.02	Construction cost	-182,989	-334,487	-133,647	-217,785
3.03	Gross income	579,100	1,098,958	600,088	1,209,473
3.04	Operating expenses/revenue	-263,249	-521,468	-278,739	-535,830
3.04.01	Sales expenses	-95,954	-234,406	-115,724	-219,092
3.04.01.01	Sales expenses	-57,668	-137,564	-55,068	-109,408
3.04.01.02	Estimated losses from allowance for doubtful accounts	-38,286	-96,842	-60,656	-109,684
3.04.02	General and administrative expenses	-147,636	-271,428	-137,687	-266,509
3.04.04	Other operating revenue	33,732	69,669	27,674	53,142
3.04.05	Other operating expenses	-49,004	-78,569	-50,089	-98,365
3.04.05.01	Other operating expenses	-49,004	-78,569	-50,089	-98,365
3.04.06	Equity in net income of subsidiaries	-4,387	-6,734	-2,913	-5,006
3.05	Income (loss) before financial income and taxes	315,851	577,490	321,349	673,643
3.06	Financial income (loss)	-80,026	-102,381	3,069	-44,700
3.06.01	Financial revenues	58,911	150,864	57,091	94,080
3.06.02	Financial expenses	-138,937	-253,245	-54,022	-138,780
3.07	Income (loss) before income tax	235,825	475,109	324,418	628,943
3.08	Income tax and social contribution	-55,435	-127,197	-87,289	-172,027
3.08.01	Current	-58,065	-58,065	-105,556	-228,662
3.08.02	Deferred	2,630	-69,132	18,267	56,635
3.09	Net income (loss) from continued operations	180,390	347,912	237,129	456,916
3.11	Income/loss for the period	180,390	347,912	237,129	456,916

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

Code of account	Account description	Current quarter 04/01/2022–06/30/2022	Accumulated of the current year 01/01/2022–06/30/2022	Same quarter of the prior year 04/01/2021–06/30/2021	Accumulated of the prior year 01/01/2021–06/30/2021
4.01	Net income for the period	180,390	347,912	237,129	456,916
4.02	Other comprehensive income	0	0	6,822	6,822
4.02.04	Fair value of financial assets available for sale	0	0	6,822	6,822
4.03	Comprehensive income for the period	180,390	347,912	243,951	463,738

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

Code of account	Account description	Accumulated of the current year 01/01/2022–06/30/2022	Accumulated of the prior year 01/01/2021–06/30/2021
6.01	Net cash from operational activities	392,903	819,020
6.01.01	Cash generated in operations	1,039,285	973,719
6.01.01.01	Net income for the year	347,912	456,916
6.01.01.02	Allowance for doubtful accounts	96,842	109,684
6.01.01.04	Charges and net inflation adjustments and exchange-rate changes	31,914	26,405
6.01.01.05	Interest revenues and expenses, net	134,865	56,699
6.01.01.06	Deferred income tax and social contribution	69,132	-56,635
6.01.01.07	Equity in net income of subsidiaries	6,734	5,006
6.01.01.08	Gain / Loss in the write-off of assets	12,349	6,494
6.01.01.09	Depreciation and amortization	357,927	336,334
6.01.01.10	Formation (reversal) of provisions	-22,669	26,333
6.01.01.11	Provision from retirement benefits	32,443	32,623
6.01.01.12	Financial assets	-27,085	-25,659
6.01.01.13	Other	-1,595	-1,182
6.01.01.16	Provision for inventory losses	516	701
6.01.02	Changes in assets and liabilities	-432,497	166,515
6.01.02.01	Trade accounts receivable	-87,767	-114,827
6.01.02.02	Inventories	-25,326	-9,138
6.01.02.03	Recoverable taxes	-55,486	0
6.01.02.06	Investment in Securities / Restricted Interest Earning Bank Deposit	-1,134	0
6.01.02.07	Advance of tariff on lending	3,652	2,684
6.01.02.08	Other financial assets	270	0
6.01.02.09	Other	-4,299	953
6.01.02.10	Suppliers	-9,412	4,566
6.01.02.11	Taxes, rates, contributions, and social charges	101,969	216,878
6.01.02.12	Provision for vacation and 13th salary	48,794	38,142
6.01.02.13	Employee profit sharing	-77,372	27,853
6.01.02.14	Technical cooperation agreement	5,676	26
6.01.02.15	Contingencies	852	-3,603
6.01.02.16	Obligations with retirement benefits	-23,475	-31,262
6.01.02.17	Other liabilities	-43,503	36,947
6.01.02.18	Collective Bargaining Agreement 2019/2022	-175,807	0
6.01.02.19	Payment of actuarial liabilities	-13,399	-2,704
6.01.02.20	Voluntary Dismissal Incentive Program - PDVI	-76,730	0
6.01.03	Other	-213,885	-321,214
6.01.03.01	Interest paid	-154,755	-94,329
6.01.03.02	Interest paid to Public-Private Partnership	-5,909	-1,622
6.01.03.03	Payment of income tax/social contribution	-53,221	-225,263
6.02	Net cash used in investment activities	-563,762	-257,151
6.02.08	Payment to PPP	-16,568	-28,025
6.02.09	Capital increase in subsidiaries	-27,090	-25,945
6.02.10	Acquisition of contract assets	-440,074	-273,210
6.02.11	Acquisition of intangible assets	-79,172	-63,284
6.02.12	Acquisition of property, plant and equipment	-11,605	-14,967

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

6.02.13	Amount received for sale of property, plant and equipment	2,749	2,018
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Individual financial statements / Statement of cash flows (Indirect method)**(In thousands of reais)**

Code of account	Account description	Accumulated of the current year 01/01/2022–06/30/2022	Accumulated of the prior year 01/01/2021–06/30/2021
6.02.14	Collateral for financing	8,028	135,197
6.02.15	Banks and arrangements	-30	11,065
6.03	Net cash from financing activities	-352,259	-494,664
6.03.01	Inflows of loans, financing and debentures	24,062	96,335
6.03.02	Amortization of loans, financing and debentures	-326,830	-441,807
6.03.04	Interest on own capital paid	-31,558	-132,377
6.03.12	Funding cost	0	-192
6.03.13	Lease payment	-17,933	-16,623
6.05	Increase (decrease) in cash and cash equivalents	-523,118	67,205
6.05.01	Opening balance of cash and cash equivalents	1,279,469	786,377
6.05.02	Closing balance of cash and cash equivalents	756,351	853,582

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

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

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

Code of account	Account description	Accumulated of the current year 01/01/2022–06/30/2022	Accumulated of the prior year 01/01/2021–06/30/2021
7.01	Revenues	3,179,931	3,010,488
7.01.01	Sale of goods, products and services	2,872,617	2,849,245
7.01.02	Other revenues	69,669	53,142
7.01.02.01	Other operating revenue	48,202	22,664
7.01.02.02	Recovery of written-off accounts	21,467	30,478
7.01.03	Revenues from construction of own assets	334,487	217,785
7.01.04	Formation/reversal of allowance for doubtful accounts	-96,842	-109,684
7.02	Inputs acquired from third parties	-1,201,302	-980,184
7.02.01	Cost of products, goods and services sold	-1,059,345	-829,426
7.02.02	Materials, Energy, Third-party services and other	-95,559	-79,339
7.02.04	Other	-46,398	-71,419
7.03	Gross added value	1,978,629	2,030,304
7.04	Retentions	-357,927	-336,334
7.04.01	Depreciation, amortization and depletion	-357,927	-336,334
7.05	Net added value produced	1,620,702	1,693,970
7.06	Added value received as transfer	147,886	92,452
7.06.01	Equity in net income of subsidiaries	-6,734	-5,006
7.06.02	Financial revenues	154,620	97,458
7.07	Total added value payable	1,768,588	1,786,422
7.08	Distribution of added value	1,768,588	1,786,422
7.08.01	Personnel	662,481	654,458
7.08.01.01	Direct remuneration	439,733	419,432
7.08.01.02	Benefits	176,103	173,848
7.08.01.03	Severance Pay Fund (FGTS)	33,157	32,319
7.08.01.04	Other	13,488	28,859
7.08.01.04.01	Employee profit sharing	13,488	28,859
7.08.02	Taxes, duties and contributions	461,184	513,025
7.08.02.01	Federal	428,583	486,594
7.08.02.02	State	30,439	24,636
7.08.02.03	Municipal	2,162	1,795
7.08.03	Third-party capital remuneration	297,011	162,023
7.08.03.01	Interest	291,206	154,802
7.08.03.02	Rentals	5,805	7,221
7.08.04	Remuneration of own capital	347,912	456,916
7.08.04.01	Interest on own capital	87,008	120,017
7.08.04.03	Retained earnings / Loss for the period	260,904	336,899

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

Code of account	Account description	Current quarter 06/30/2022	Prior year 12/31/2021
1	Total assets	12,486,939	12,721,650
1.01	Current assets	2,142,979	2,563,011
1.01.01	Cash and cash equivalents	789,335	1,309,721
1.01.03	Accounts receivable	1,019,552	1,000,456
1.01.03.01	Clients	1,019,552	1,000,456
1.01.04	Inventories	112,580	87,349
1.01.06	Recoverable taxes	156,545	100,882
1.01.06.01	Current taxes recoverable	156,545	100,882
1.01.06.01.01	Recoverable taxes	156,545	100,882
1.01.08	Other Current assets	64,967	64,603
1.01.08.03	Other	64,967	64,603
1.01.08.03.01	Advances for employees	11,888	13,900
1.01.08.03.02	Sundry	10,327	9,094
1.01.08.03.03	Technical cooperation agreement	39,399	38,289
1.01.08.03.04	Banks and arrangements	3,353	3,320
1.02	Non-current assets	10,343,960	10,158,639
1.02.01	Long term assets	3,348,076	2,993,579
1.02.01.03	Interest earning bank deposits measured at amortized cost	80,338	77,228
1.02.01.04	Accounts receivable	148,587	162,043
1.02.01.04.01	Clients	33,545	37,092
1.02.01.04.03	Collaterals as guarantees of loans, financing and debentures	60,501	65,853
1.02.01.04.05	Advances and other	54,541	59,098
1.02.01.07	Deferred taxes	339,907	409,039
1.02.01.07.01	Deferred income tax and social contribution	339,907	409,039
1.02.01.10	Other non-current assets	2,779,244	2,345,269
1.02.01.10.03	Financial assets - Concession contracts	796,998	752,253
1.02.01.10.04	Financial assets measured at fair value through other comprehensive income	26,153	26,153
1.02.01.10.05	Right-of-use from lease	87,259	72,703
1.02.01.10.06	Contract asset	1,865,690	1,488,995
1.02.01.10.07	Technical cooperation agreement	3,144	5,165
1.02.02	Investments	260	260
1.02.02.01	Equity interest	260	260
1.02.02.01.05	Other investments	260	260
1.02.03	Property, plant and equipment	1,428,460	1,473,533
1.02.03.01	Construction in progress	1,428,460	1,473,533
1.02.04	Intangible assets	5,567,164	5,691,267
1.02.04.01	Intangible assets	5,567,164	5,691,267
1.02.04.01.01	Concession contract	5,567,164	5,691,267

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

Code of account	Account description	Current quarter 06/30/2022	Prior year 12/31/2021
2	Total liabilities	12,486,939	12,721,650
2.01	Current liabilities	1,764,202	1,910,539
2.01.01	Social and labor obligations	169,767	120,472
2.01.01.02	Labor obligations	169,767	120,472
2.01.02	Suppliers	283,926	307,967
2.01.02.01	Domestic suppliers	283,926	307,967
2.01.03	Tax liabilities	131,307	77,078
2.01.03.01	Federal tax liabilities	128,739	74,107
2.01.03.01.01	Income tax and social contribution payable	58,065	0
2.01.03.01.02	Other federal liabilities	70,674	74,107
2.01.03.03	Municipal tax liabilities	2,568	2,971
2.01.04	Loans and financing	908,410	800,137
2.01.04.01	Loans and financing	179,285	190,315
2.01.04.01.01	In domestic currency	118,468	120,221
2.01.04.01.02	In foreign currency	60,817	70,094
2.01.04.02	Debentures	729,125	609,822
2.01.04.02.01	Non-convertible	729,125	609,822
2.01.05	Other liabilities	216,363	473,084
2.01.05.02	Other	216,363	473,084
2.01.05.02.01	Dividends and interest on own capital	49,950	265
2.01.05.02.04	Obligations with retirement benefits	9,300	16,614
2.01.05.02.06	Technical cooperation agreement	7,957	1,214
2.01.05.02.07	Public-Private Partnership	37,038	52,331
2.01.05.02.08	Sundry liabilities	81,745	376,349
2.01.05.02.09	Rights-of-use - Lease	30,373	26,311
2.01.06	Provisions	54,429	131,801
2.01.06.01	Tax, social security, labor and civil provisions	54,429	131,801
2.01.06.01.05	Other tax obligations	6,623	6,623
2.01.06.01.07	Employee profit sharing	47,806	125,178
2.02	Non-current liabilities	3,701,875	4,051,153
2.02.01	Loans and financing	2,812,404	3,185,207
2.02.01.01	Loans and financing	796,933	878,079
2.02.01.01.01	In domestic currency	685,119	713,812
2.02.01.01.02	In foreign currency	111,814	164,267
2.02.01.02	Debentures	2,015,471	2,307,128
2.02.01.02.01	Non-convertible	2,015,471	2,307,128
2.02.02	Other liabilities	519,633	487,825
2.02.02.02	Other	519,633	487,825
2.02.02.02.03	Obligations with retirement benefits	108,739	112,764
2.02.02.02.05	Deposits for works	63,631	60,814
2.02.02.02.06	Public-Private Partnership	211,940	208,654
2.02.02.02.07	Sundry	67,708	54,285
2.02.02.02.08	Rights-of-use - Lease	67,615	49,331
2.02.02.02.09	Technical cooperation agreement	0	1,977
2.02.04	Provisions	369,838	378,121
2.02.04.01	Tax, social security, labor and civil provisions	369,838	378,121

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

Code of account	Account description	Current quarter 06/30/2022	Prior year 12/31/2021
2.02.04.01.06	Provision for lawsuits	369,838	378,121
2.03	Consolidated shareholders' equity	7,020,862	6,759,958
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	3,402,583	3,402,583
2.03.04.01	Legal reserve	415,440	415,440
2.03.04.05	Profit retention reserve	2,926,101	2,926,101
2.03.04.07	Tax incentive reserve	61,042	61,042
2.03.05	Retained Earnings/Losses	260,928	0
2.03.06	Equity valuation adjustments	-36,458	-36,434

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

Code of account	Account description	Current quarter 04/01/2022–06/30/2022	Accumulated of the current year 01/01/2022–06/30/2022	Same quarter of the prior year 04/01/2021–06/30/2021	Accumulated of the prior year 01/01/2021–06/30/2021
3.01	Revenue from sales of goods and/or services	1,533,647	2,966,925	1,449,038	2,827,747
3.01.01	Water services	895,931	1,742,258	832,709	1,656,783
3.01.02	Sewage services	453,176	886,064	479,649	947,278
3.01.03	Revenue from construction	184,196	337,666	136,117	222,513
3.01.04	Revenues from solid waste	344	937	563	1,173
3.02	Cost of goods and/or services sold	-957,510	-1,871,291	-849,966	-1,619,445
3.02.01	Cost of goods and/or services sold	-773,314	-1,533,625	-713,849	-1,396,932
3.02.02	Construction cost	-184,196	-337,666	-136,117	-222,513
3.03	Gross income	576,137	1,095,634	599,072	1,208,302
3.04	Operating expenses/revenue	-261,633	-520,243	-278,209	-535,444
3.04.01	Sales expenses	-97,582	-237,670	-117,224	-221,892
3.04.01.01	Sales expenses	-58,163	-138,543	-55,510	-110,308
3.04.01.02	Estimated losses from allowance for doubtful accounts	-39,419	-99,127	-61,714	-111,584
3.04.02	General and administrative expenses	-148,986	-274,622	-138,773	-268,530
3.04.04	Other operating revenue	34,278	71,310	28,323	54,430
3.04.05	Other operating expenses	-49,343	-79,261	-50,535	-99,452
3.04.05.01	Other operating expenses	-49,343	-79,261	-50,535	-99,452
3.05	Income (loss) before financial income and taxes	314,504	575,391	320,863	672,858
3.06	Financial income (loss)	-78,679	-100,282	3,555	-43,915
3.06.01	Financial revenues	60,260	152,967	57,581	94,883
3.06.02	Financial expenses	-138,939	-253,249	-54,026	-138,798
3.07	Income (loss) before income tax	235,825	475,109	324,418	628,943
3.08	Income tax and social contribution	-55,435	-127,197	-87,289	-172,027
3.08.01	Current	-58,065	-58,065	-105,556	-228,662
3.08.02	Deferred	2,630	-69,132	18,267	56,635
3.09	Net income (loss) from continued operations	180,390	347,912	237,129	456,916
3.11	Income/loss for the period	180,390	347,912	237,129	456,916
3.11.01	Attributed to the Parent company's partners	180,390	347,912	237,129	456,916

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

Code of account	Account description	Current quarter 04/01/2022–06/30/2022	Accumulated of the current year 01/01/2022–06/30/2022	Same quarter of the prior year 04/01/2021–06/30/2021	Accumulated of the prior year 01/01/2021–06/30/2021
3.99	Earnings per share - (Reais R\$ / Shares)				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	0.48	0.92	0.63	1.21
3.99.02	Diluted earnings per share				
3.99.02.01	Common shares	0.48	0.92	0.63	1.21

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

Code of account	Account description	Current quarter 04/01/2022–06/30/2022	Accumulated of the current year 01/01/2022–06/30/2022	Same quarter of the prior year 04/01/2021–06/30/2021	Accumulated of the prior year 01/01/2021–06/30/2021
4.01	Consolidated net income for the period	180,390	347,912	237,129	456,916
4.02	Other comprehensive income	0	0	6,822	6,822
4.02.04	Fair value of financial assets available for sale	0	0	6,822	6,822
4.03	Consolidated comprehensive income for the period	180,390	347,912	243,951	463,738
4.03.01	Attributed to the Parent company's partners	180,390	347,912	243,951	463,738

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

Code of account	Account description	Accumulated of the current year 01/01/2022–06/30/2022	Accumulated of the prior year 01/01/2021–06/30/2021
6.01	Net cash from operational activities	377,306	813,637
6.01.01	Cash generated in operations	1,039,496	973,880
6.01.01.01	Net income for the year	347,912	456,916
6.01.01.02	Allowance for doubtful accounts	99,127	111,584
6.01.01.04	Charges and net inflation adjustments and exchange-rate changes	31,914	26,405
6.01.01.05	Interest revenues and expenses, net	134,429	56,357
6.01.01.06	Deferred income tax and social contribution	69,132	-56,635
6.01.01.08	Gain / Loss in the write-off of assets	12,733	6,524
6.01.01.09	Depreciation and amortization	362,123	339,708
6.01.01.10	Formation (reversal) of provisions	-22,885	26,773
6.01.01.11	Provision from retirement benefits	32,443	32,623
6.01.01.12	Financial assets	-27,279	-25,818
6.01.01.13	Other	-1,593	-1,182
6.01.01.16	Provision for inventory losses	1,440	625
6.01.02	Changes in assets and liabilities	-448,304	160,971
6.01.02.01	Trade accounts receivable	-89,647	-115,629
6.01.02.02	Inventories	-26,047	-10,235
6.01.02.03	Recoverable taxes	-55,663	20
6.01.02.06	Investments of securities/ Restricted Interest Earning Bank Deposit	-1,134	0
6.01.02.07	Prepaid tariff pass-through	3,652	2,684
6.01.02.08	Other financial assets	270	0
6.01.02.09	Other	-3,667	-594
6.01.02.10	Suppliers	-24,041	1,769
6.01.02.11	Taxes, rates, contributions, and social charges	101,685	216,792
6.01.02.12	Provision for vacation and 13th salary	49,295	38,633
6.01.02.13	Employee profit sharing	-77,372	27,853
6.01.02.14	Technical cooperation agreement	5,677	27
6.01.02.15	Contingencies	814	-3,614
6.01.02.16	Obligations with retirement benefits	-23,475	-31,262
6.01.02.17	Other liabilities	-42,715	37,231
6.01.02.18	Collective Bargaining Agreement 2019/2022	-175,807	0
6.01.02.19	Payment of actuarial liabilities	-13,399	-2,704
6.01.02.20	Voluntary Dismissal Incentive Program - PDVI	-76,730	0
6.01.03	Other	-213,886	-321,214
6.01.03.01	Interest paid	-154,756	-94,329
6.01.03.02	Interest paid to Public-Private Partnership	-5,909	-1,622
6.01.03.03	Payment of income tax/social contribution	-53,221	-225,263
6.02	Net cash used in investment activities	-545,410	-243,064
6.02.08	Payment to PPP	-16,568	-28,025
6.02.10	Acquisition of contract assets	-445,337	-281,987
6.02.11	Acquisition of intangible assets	-82,379	-65,983
6.02.12	Acquisition of property, plant and equipment	-11,870	-15,348
6.02.13	Amount received for sale of property, plant and equipment	2,749	2,018

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

6.02.14	Collateral for financing	8,028	135,197
6.02.15	Banks and arrangements	-33	11,064

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

Code of account	Account description	Accumulated of the current year 01/01/2022–06/30/2022	Accumulated of the prior year 01/01/2021–06/30/2021
6.03	Net cash from financing activities	-352,282	-494,681
6.03.01	Inflows of loans, financing and debentures	24,062	96,335
6.03.02	Amortization of loans, financing and debentures	-326,830	-441,807
6.03.04	Interest on own capital paid	-31,558	-132,377
6.03.12	Funding cost	0	-192
6.03.13	Lease payment	-17,956	-16,640
6.05	Increase (decrease) in cash and cash equivalents	-520,386	75,892
6.05.01	Opening balance of cash and cash equivalents	1,309,721	805,619
6.05.02	Closing balance of cash and cash equivalents	789,335	881,511

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

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

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

Code of account	Account description	Accumulated of the current year 01/01/2022–06/30/2022	Accumulated of the prior year 01/01/2021–06/30/2021
7.01	Revenues	3,207,515	3,036,297
7.01.01	Sale of goods, products and services	2,897,666	2,870,938
7.01.02	Other revenues	71,310	54,430
7.01.02.01	Other operating revenue	48,849	23,139
7.01.02.02	Recovery of written-off accounts	22,461	31,291
7.01.03	Revenues from construction of own assets	337,666	222,513
7.01.04	Formation/reversal of allowance for doubtful accounts	-99,127	-111,584
7.02	Inputs acquired from third parties	-1,220,075	-996,715
7.02.01	Cost of products, goods and services sold	-1,074,492	-843,281
7.02.02	Materials, Energy, Third-party services and other	-97,541	-81,062
7.02.04	Other	-48,042	-72,372
7.03	Gross added value	1,987,440	2,039,582
7.04	Retentions	-362,123	-339,708
7.04.01	Depreciation, amortization and depletion	-362,123	-339,708
7.05	Net added value produced	1,625,317	1,699,874
7.06	Added value received as transfer	156,817	98,300
7.06.02	Financial revenues	156,817	98,300
7.07	Total added value payable	1,782,134	1,798,174
7.08	Distribution of added value	1,782,134	1,798,174
7.08.01	Personnel	671,547	662,574
7.08.01.01	Direct remuneration	446,178	425,224
7.08.01.02	Benefits	178,267	175,758
7.08.01.03	Severance Pay Fund (FGTS)	33,614	32,733
7.08.01.04	Other	13,488	28,859
7.08.01.04.01	Employee profit sharing	13,488	28,859
7.08.02	Taxes, duties and contributions	465,626	516,602
7.08.02.01	Federal	432,440	489,697
7.08.02.02	State	31,020	25,105
7.08.02.03	Municipal	2,166	1,800
7.08.03	Third-party capital remuneration	297,049	162,082
7.08.03.01	Interest	291,209	154,802
7.08.03.02	Rentals	5,840	7,280
7.08.04	Remuneration of own capital	347,912	456,916
7.08.04.01	Interest on own capital	87,008	120,017
7.08.04.03	Retained earnings / Loss for the period	260,904	336,899

Performance comment

Performance Comment

The Company presents a Performance Comment on the operating and financial results for the second quarter of 2022 (2Q22) compared to the second quarter of 2021 (2Q21), as follows:

1. Operating Performance

Concessions

In June 2022, the Company had 640 concessions for the provision of water supply services and 310 concessions for the provision of sanitary sewage services, as presented in the following table:

Concessões ¹	30/06/22			06/30/2021		
	Total	Parent company	Coponor	Total	Parent company	Coponor
Water						
Concessions	640	591	49	640	591	49
In operation	632	584	48	631	583	48
Sewage						
Concessions	310	254	56	310	254	56
In operation	268	227	41	265	224	41

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

The ten (10) main current concessions on June 30, 2022, which jointly accounted for approximately 50% of the Company's net water and sewage revenue, as well as their respective maturities, are listed below:

Municipality with Concession in force	Maturity
Belo Horizonte	11/2032
Contagem	02/2073
Betim	12/2042
Montes Claros	07/2048
Ribeirão das Neves	05/2034
Divinópolis	06/2041
Santa Luzia	02/2050
Pouso Alegre	08/2046
Varginha	06/2047
Patos de Minas	12/2038

As of June 30, 2022, concessions relating to 17 municipalities were expired and the contracts of two (2) municipalities, which together account for approximately 3.7% of water and sewage revenues, were legally considered null and void.

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

Operating Data

Below are the main operating data and the evolution in the comparative periods. Considering COPASA MG and COPANOR jointly in the last 12 months, the number of consumer units for the provision of water supply and sanitary sewage services increased 1.2% and 3.1%, respectively.

Performance comment

Specification – CONSOLIDATED (COPASA+COPANOR)	2Q22	2Q21	Change (Amount)	Change (%)
Water				
Connections (x 1,000 units)	4,606	4,554	53	1.2%
Households (x 1,000 units)	5,552	5,488	65	1.2%
Population Served (x 1,000 inhabitants)	11,819	11,799	20	0.2%
Distributed volume (1,000 m ³)	269,570	267,116	2,454	0.9%
Measured volume (1,000 m ³)	158,565	156,806	1,760	1.1%
Network Extension (km)	64,185	62,136	2,048	3.3%
Sewage				
Connections (x 1,000 units)	3,093	3,030	63	2.1%
Households (x 1,000 units)	3,926	3,808	118	3.1%
Population Served (x 1,000 inhabitants)	8,488	8,381	106	1.3%
Measured volume (1,000 m ³)	109,450	106,691	2,760	2.6%
Network Extension (km)	32,546	31,898	648	2.0%

Number of employees

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

Specification	2Q22	2Q21	Change (Amount)	Change (%)
COPASA	10,125	11,276	(1,151)	-10.2%
COPANOR	447	476	(29)	-6.1%
Total	10,572	11,752	(1,180)	-10.0%

2. Financial performance

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

Net revenue

Net revenue from water, sewage and solid waste reached R\$ 1.34 billion in 2Q22, as presented in the following table:

Net revenue (R\$'000)	2Q22	2Q21	Change (Amount)	Change (%)
Net Revenue - Water	886,976	825,426	61,550	7.5%
Net Revenue - Sewage	450,354	477,371	(27,017)	-5.7%
Net Revenue - Solid Waste	344	563	(219)	-38.9%
Net Revenue - Water, Sewage and Solid Waste	1,337,674	1,303,360	34,314	2.6%

Below, the Company presents its comments on the main factors that influenced the net revenue from water and sewage in the comparative periods:

- application of new tariffs by the Company, corresponding to a negative percentage of 1.52%, as authorized by Arsae-MG as of August 2021, based on the result of the 2nd Tariff Review; and

Performance comment

- increase in the measured volume of water and sewage of 1.7% in the second quarter of 2022 compared to the same period in 2021.

Costs and expenses

Costs of sales and services rendered, selling and administrative expenses totaled R\$ 1.01 billion in 2Q22, compared to R\$ 956.7 million in 2Q21, which represents an increase of 4.8%, as presented in the following table:

Costs and expenses (R\$'000)	2Q22	2Q21	Change (Amount)	Change (%)
Manageable costs	666,590	645,222	21,368	3.3%
Personnel	368,811	382,631	(13,820)	-3.6%
Outsourced services	154,208	118,170	36,038	30.5%
Rio Manso PPP	25,856	20,773	5,083	24.5%
Material	19,796	16,600	3,196	19.3%
Impairment loss on accounts receivable	38,286	60,656	(22,370)	-36.9%
Tariff Transfer to Municipalities	48,329	39,584	8,745	22.1%
Sundry operating costs	11,304	6,808	4,496	66.0%
Non-manageable costs	158,931	141,272	17,659	12.5%
Electric power	134,653	124,793	9,860	7.9%
Telecom	5,340	2,702	2,638	97.6%
Treatment material	25,381	20,400	4,981	24.4%
Fuels and lubricants	10,769	7,418	3,351	45.2%
Tax credits	(17,212)	(14,041)	(3,171)	22.6%
Depreciation and amortization	175,581	169,774	5,807	3.4%
Charging for the Use of Water Resources	1,062	415	647	155.9%
Total costs and expenses	1,002,164	956,683	45,481	4.8%

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

Personnel: it showed a reduction of 3.6%, mainly due to the reduction of 1,151 employees as a result, mainly, of dismissals resulting from the Voluntary Dismissal Incentive Program - PDVI. In February 2022, a Collective Bargaining Agreement (2019/2022) was signed, with salary and benefit adjustments whose percentages were already being provisioned, except for the change in the “base date” from May to November 2021, which corresponded to 5%.

Outsourced services: this account increased 30.5%, mainly due to the increase in expenses with information technology, professional technical services, as well as services for the conservation and maintenance of system assets due to new engagements and inflation adjustments in contracts in force. Additionally, there was a one-off increase in spending on water trucks in the Metropolitan Region of Belo Horizonte.

Rio Manso PPP: the increase recorded was mainly due to the application of the readjustments provided for in the contract and increase in electricity expenditures.

Material: this item increased 19.3% due to the increase in spending on materials for the conservation and maintenance of goods and systems.

Performance comment

Impairment loss on accounts receivable: there was a 36.9% reduction in this caption, mainly because of the revision, in June 2022, of the risk matrix that indicates the probability of default of the receivable, resulting in the determination of lower levels of default risk compared to the previous period.

Tariff onlending to Municipalities: the 22.1% increase in this item, comparing the amounts recorded in 2Q22 with the amounts recorded in 2Q21, occurred because of the onlending to 85 new municipal sanitation funds, as of August 2021, as foreseen and authorized by the Regulatory agency. As a result, in the period from August 2021 to July 2022, the number of municipalities qualified to receive this onlending increased to 219.

Electricity: comparing 2Q22 with 2Q21, the 7.9% growth was mainly due to the increase in expenditures with tariff flags.

Treatment material: the increase observed was mainly due to the increase in the prices of chemicals used in the water treatment process.

Fuels and lubricants: comparing 2Q22 with 2Q21, the 45.2% growth was mainly due to the increase in fuel prices.

Tax credits: the evolution observed in this caption was due to the inclusion of new inputs with the right to credit, based on tax studies carried out by an advisory company engaged by the Company.

Other operating revenues (expenses)

As shown in the table below, Other Operating Revenues (Expenses) recorded a negative result of R\$ 15.3 million in 2Q22, *versus* a negative result of R\$ 22.4 million in 2Q21, as shown in the following table:

Other operating revenues (expenses) (R\$'000)	2Q22	2Q21	Change (Amount)	Change (%)
Other operating revenues	33,732	27,674	6,058	21.9%
Revenue from technical services	74	18	56	n.m.
Reversal of non-deductible provision	16,440	6,019	10,421	n.m.
Recovery of written-off accounts	11,862	11,574	288	2.5%
Other revenues	5,356	10,063	(4,707)	-46.8%
Other operating expenses	(49,004)	(50,089)	1,085	-2.2%
Reversal of (Provision for) lawsuits, net	(9,177)	(21,889)	12,712	-58.1%
ARSAE fee	(13,265)	(10,737)	(2,528)	23.5%
Expenses with environment preservation	(5,069)	(6,461)	1,392	-21.5%
Taxes and duties	(3,587)	(2,456)	(1,131)	46.1%
Actuarial liability	(4,687)	(3,780)	(907)	24.0%
Other	(13,219)	(4,766)	(8,453)	n.m.
Total	(15,272)	(22,415)	7,143	-31.9%

Performance comment

Equity in net income of subsidiaries

The equity in net income of subsidiaries in 2Q22 refers to the subsidiary COPANOR and was negative by R\$ 4.4 million, while in 2Q21 the result was negative by R\$ 2.9 million, as the table below:

Copanor result (R\$'000)	2Q22	2Q21	Change (Amount)	Change (%)
Net income (loss)	(4,387)	(2,913)	(1,474)	50.6%

Financial income (loss)

As shown in the table below, the net financial income (loss) was negative by R\$ 80 million in 2Q22, against a positive R\$ 3.1 million in 2Q21, and this variation can be explained mainly by the increase in interest rates and economic indexes, in addition to the effect of the exchange-rate change on financing (devaluation of the Real currency):

Financial Revenues (Expenses) (R\$'000)	2Q22	2Q21	Change (Amount)	Change (%)
Financial revenues	58,911	57,091	1,820	3.2%
Inflation adjustments (Revenues)	2,327	929	1,398	150.5%
Exchange-rate changes (Revenues)	6,779	17,369	(10,590)	-61.0%
Interest	12,365	11,292	1,073	9.5%
Actual gain in interest earning bank deposits	24,156	7,348	16,808	228.7%
Capitalization of financial assets/other	13,284	20,153	(6,869)	-34.1%
Financial expenses	(138,937)	(54,022)	(84,915)	157.2%
Inflation adjustments (Expenses)	(51,581)	(21,440)	(30,141)	140.6%
Exchange-rate changes (Expenses)	(14,559)	10,454	(25,013)	-239.3%
Interest on financing	(72,769)	(42,938)	(29,831)	69.5%
Sundry	(28)	(98)	70	-71.4%
Financial income (loss)	(80,026)	3,069	(83,095)	-2707.6%

EBITDA and Net Income (Consolidated)

EBITDA is a non-accounting measurement adopted by COPASA MG, calculated in accordance with CVM Instruction 527/2012, consisting of COPASA's and COPANOR's net income plus income taxes, financial income (loss), depreciation/amortization.

EBITDA reached R\$ 492.2 million in 2Q22, with a margin of 35.6%. On the other hand, the net income recorded was R\$ 180.4 million in 2Q22. The table below presents the values in the comparative periods:

Net Income and EBITDA (R\$'000)	2Q22	2Q21	Change (Amount)	Change (%)
Net income for the period	180,390	237,129	(56,739)	-23.9%
(+) Income taxes	55,435	87,289	(31,854)	-36.5%
(+) Net financial result	78,679	(3,555)	82,234	-2313.2%
(+) Depreciation and amortization	177,736	171,507	6,229	3.6%
(=) EBITDA	492,240	492,370	(130)	0.0%
EBITDA margin	35.6%	36.7%		

Performance comment

3. Cash and cash equivalents

Cash and cash equivalents	06/30/2022	12/31/2021	Change (Amount)	Change
Amount (R\$'000)	756,351	1,279,469	(523,118)	-40.9%

The decrease in cash and cash equivalents, comparing June 2022 with December 2021, was mainly due to payments to employees dismissed in the Voluntary Dismissal Incentive Program (PDVI), to the retroactive amounts of salaries, social charges and benefits due to the signature of the Collective Bargaining Agreement (2019/2022) in February 2022, as well as the amortization and payment of interest related to loans, financing and debentures.

Notes to the financial statements

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, 2022 of the Parent Company and Consolidated as of July 28, 2022.

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 the beginning of the pandemic, 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 has been adopting commercial measures and other preventive actions to minimize the impacts of the pandemic on clients.

No impacts have been identified that would require adjustments to the Individual and Consolidated Interim Financial Information as of June 30, 2022 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 "Parent Company" and "Consolidated", respectively, was prepared and is being presented in accordance with CPC 21(R1) / IAS 34 - Interim Financial Reporting, in line with the rules established by the Brazilian Securities and Exchange Commission (CVM).

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

This interim financial information should be read together with the Company's Financial Statements for the year ended December 31, 2021, 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) except for the non-application of item 74 of Technical Pronouncement CPC 26 – "Presentation of Financial Statements" (CPC 26), as explained as follows:

Notes to the financial statements

As of December 31, 2021, due to the non-compliance with covenants based on certain non-financial indicators (See Note 14.c), in compliance with item 74 of CPC 26, should reclassify its debts from non-current liabilities to current liabilities. However, considering the obtaining of the waiver from the creditors in March 2022 (see Note 14.c) and that such Company's debts do not constitute a short term liability, said reclassification, according to item 74 of CPC 26, would constitute a serious misstatement of the Company's Balance Sheet.

Item 19 of CPC 26 also mentions that if Management comes to the conclusion that compliance with a requirement of a technical pronouncement, interpretation or guidance of the CPC would lead to a presentation so misleading that it would conflict with the objective of the financial statements provided for in the CPC 00 – “Conceptual Framework for Financial Reporting” (CPC 00), the Company shall not apply this requirement. Management understood that said reclassification as of December 31, 2021 would be misleading information for users of the Financial Statements, harming the purpose of fair presentation of these financial statements, as provided for in CPC 00 and, therefore, did not carry out said reclassification. In compliance with item 20 of said CPC 26, the Company informs that if the requirement of item 74 of CPC 26 had been fulfilled in the Financial Statements for the year ended December 31, 2021, carrying out said reclassification, current liabilities would be increased and non-current liabilities reduced by R\$ 1,933,212 on such date.

Considering that there were no relevant changes regarding the breakdown and nature of the balances presented in the Financial Statements as of December 31, 2021, the following Notes are presented concisely for the period ended June 30, 2022:

- 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 significant accounting policies applied in this Interim Financial Information are consistent with the policies described in Note 3 of the Company's Financial Statements for the year ended December 31, 2021, filed with the Brazilian Securities and Exchange Commission (CVM).

04. Public service concession contracts

As of June 30, 2022, the Company and its subsidiary COPANOR were parties to 640 Concession Contracts or Program Agreements for the provision of water supply utility services and 310 Concession Contracts or Program Agreements for the provision of sewage treatment utility services (640 and 310 as at December 31, 2021, respectively).

As at December 30, 2022, the Company presented the amount of R\$ 779,608 in the parent company (R\$ 733,328 as of December 31, 2021) and R\$ 796,998 in the Consolidated (R\$ 752,253 as of December 31, 2021) 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.

Notes to the financial statements

Financial assets - Public service concession contracts

	Parent company		Consolidated	
	1 st semester		1 st semester	
	2022	2021	2022	2021
Opening balance	733,328	685,561	752,253	709,052
Transfer from (to) intangible assets	19,465	(54,069)	17,736	(58,986)
Capitalization	27,085	102,298	27,279	102,649
Write-offs	(265)	(509)	(265)	(509)
Other	(5)	47	(5)	47
Closing balance	779,608	733,328	796,998	752,253

05. Cash and cash equivalents

(a) Cash and cash equivalents

	Parent company		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Cash and banks	20,126	29,789	20,395	30,056
Short-term bank deposit certificates	736,225	1,249,680	768,940	1,279,665
Total	756,351	1,279,469	789,335	1,309,721

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 103.77% of CDI in the period ended June 30, 2022 (103.35% of CDI for the year ended December 31, 2021). The change presented is mainly due to payments related to the Voluntary Dismissal Incentive Program (PDVI); the retroactive amounts of salaries, charges and benefits due to the signing of the Collective Bargaining Agreement (2019–2022) in February 2022, as well as the amortization and payment of interest related to loans, financing and debentures.

06. Trade accounts receivable

Amounts of trade accounts receivable are broken down by maturity:

	Parent company		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Overdue (days):				
up to 30	193,059	213,006	195,434	215,626
31–60	94,503	92,251	95,816	93,549
61–90	51,369	55,783	52,151	56,952
91–180	94,054	97,620	95,577	99,337
181–360	135,615	136,266	135,699	136,315
>360	9,294	8,464	9,301	8,469
Overdue - total	577,894	603,390	583,978	610,248
Falling due	283,464	274,905	286,496	277,820
Billed	861,358	878,295	870,474	888,068
To be billed	406,974	387,246	410,773	390,626
Trade accounts receivable ⁽¹⁾	1,268,332	1,265,541	1,281,247	1,278,694
(-) Provision for expected credit losses on trade accounts receivable:	(226,451)	(239,177)	(228,150)	(241,146)
Trade accounts receivable, net	1,041,881	1,026,364	1,053,097	1,037,548
Trade accounts receivable - Current	1,008,616	989,272	1,019,552	1,000,456
Trade accounts receivable - Non-current	33,265	37,092	33,545	37,092

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

Notes to the financial statements

Details of the amounts of Accounts receivable with the State of Minas Gerais:

Amounts	Parent company/Consolidated	
	06/30/2022	12/31/2021
Billed	26,658	20,232
To be billed	11,900	10,248
Accounts receivable from the State of Minas Gerais ⁽¹⁾	38,558	30,480

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

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

	Parent company		Consolidated	
	1 st semester 2022	2021	1 st semester 2022	2021
Opening balance	239,177	195,999	241,146	197,495
Addition to provision for expected credit losses on accounts receivable	96,842	221,416	99,127	226,153
Trade accounts receivable written-off in the period as non-collectible	(109,568)	(178,238)	(112,123)	(182,502)
Closing balance	226,451	239,177	228,150	241,146

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 a methodology for recording the Provision for Expected Credit Losses - PCE, annually reviewed, considering a retrospective and prospective evaluation, aiming to verify the need for additional provisions.

Considering the need for an annual review of said matrix, the calculation basis was updated to include the last three years, that is, 2019 to 2021, in the second quarter of 2022. Such update generated a decrease in the amount of expected losses and will be effective until the first quarter of 2023.

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

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

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

	Parent company / Consolidated	
	06/30/2022	12/31/2021
Collaterals as guarantees of loans, financing and debentures (i)	60,501	65,853
Pledged interest earning bank deposit (ii)	80,338	77,228

- (i) (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 21.1 (c). Both guarantees occur within the term or grace period of the contracted debts. As of June 30, 2022, the balance of R\$ 60,501 is classified in non-current assets (R\$ 65,853 in non-current assets as of December 31, 2021).

Notes to the financial statements

- (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, and the amounts are translated and invested in the "water basin depollution investment fixed-income long-term fund" solely and exclusively intended to the purpose of each agreement. COPASA will withdraw the payments for the wastewater treatment services in 12 quarterly, consecutive installments, starting when the wastewater treatment plant is fully operational and at the beginning of the wastewater treatment plant certification, and withdrawals are contingent to the attainment of the targets agreed when the agreement was executed. Because these targets were only partially attained, the Company also maintains these funds in non-current liabilities in deposit account for works (see Note 13).

Funds have already been released for the contracts of the following municipalities: Carmo do Paranaíba, three (03) installments up to 2020, totaling R\$ 931, and 01 (one) installment in June 2022 in the amount of R\$ 347; Patos de Minas, two (2) installments in May 2021, in the amount of R\$ 1,182 and in February 2022 in the amount of R\$ 1,238 with remaining balances of said contracts in the amount of R\$ 2,769 and R\$ 12,771, respectively.

08. Investments

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

	Opening balances	Profit sharing in the subsidiary	Capital increase ⁽ⁱ⁾	Closing balances
Semester ended June 30, 2022				
COPANOR	202,181	(6,734)	27,090	222,537
Other	260	-	-	260
Total	202,441	(6,734)	27,090	222,797
Semester ended June 30, 2021				
COPANOR	165,132	(5,006)	25,945	186,071
Other	260	-	-	260
Total	165,392	(5,006)	25,945	186,331

- (i) The Parent Company paid in the amount of R\$ 27,090 in the 1st semester of 2022 (R\$ 25,945 in the 1st semester of 2021) for COPANOR, whose funds will enable investments in the implementation, expansion and maintenance works in water supply and sewage treatment systems.

Summarized financial information

COPANOR	Interest (%)	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Shareholders' equity	Net loss
2022	100%	49,207	189,024	15,200	493	222,537	(6,734)
2021	100%	46,127	184,968	28,168	746	202,181	(12,691)

09. Contract asset

Changes for 1S22 can be demonstrated as follows:

	Systems			Inventories for works	Total
	Water	Sewage treatment	Common use		
Parent company:					
Balances at January 1, 2022	505,033	518,097	282,748	118,992	1,424,870
Additions	170,455	152,433	84,788	32,406	440,082
Write-offs	(4,820)	(8,874)	-	-	(13,694)
Compound interest	14,097	13,621	10,428	-	38,146
Transfers to intangible assets	(27,498)	(50,535)	(8,525)	-	(86,558)
Transfers to property, plant and equipment	-	-	(5,513)	-	(5,513)
Balances at June 30, 2022	657,267	624,742	363,926	151,398	1,797,333

Notes to the financial statements

	Systems			Inventories for works	Total
	Water	Sewage treatment	Common use		
Consolidated:					
Balances at January 1, 2022	521,446	549,058	288,427	130,064	1,488,995
Additions	171,571	154,268	86,468	32,406	444,713
Write-offs	(4,820)	(8,874)	(31)	(353)	(14,078)
Compound interest	14,097	13,621	10,428	-	38,146
Transfers to intangible assets	(27,498)	(50,535)	(8,540)	-	(86,573)
Transfers to property, plant and equipment	-	-	(5,513)	-	(5,513)
Balances at June 30, 2022	674,796	657,538	371,239	162,117	1,865,690

For the year 2021, changes were as follows:

Parent company:					
Balances at January 1, 2021	163,154	338,838	164,889	89,664	756,545
Additions	363,513	249,519	151,150	30,510	794,692
Write-offs	(2,168)	(7,723)	(1,672)	(1,182)	(12,745)
Compound interest	10,690	27,510	5,713	-	43,913
Transfers to intangible assets	(30,156)	(90,047)	(27,961)	-	(148,164)
Transfers to property, plant and equipment	-	-	(9,371)	-	(9,371)
Balances at December 31, 2021	505,033	518,097	282,748	118,992	1,424,870
Consolidated:					
Balances at January 1, 2021	169,035	354,638	165,662	97,898	787,233
Additions	374,284	264,680	156,422	34,398	829,784
Write-offs	(2,168)	(7,723)	(1,672)	(2,232)	(13,795)
Compound interest	10,690	27,510	5,713	-	43,913
Transfers to intangible assets	(30,395)	(90,047)	(28,303)	-	(148,745)
Transfers to property, plant and equipment	-	-	(9,395)	-	(9,395)
Balances at December 31, 2021	521,446	549,058	288,427	130,064	1,488,995

In the 1Q22, the additions, in the amount of R\$ 440,082 in the parent company (R\$ 794,692 as of December 31, 2021) and of R\$ 444,713 in the consolidated (R\$ 829,784 as of December 31, 2021) refer mainly to the implementation of water supply systems in the cities of Divinópolis, Montes Claros and Paracatu, and implementation of sewage systems in the cities of Coronel Fabriciano, Conselheiro Lafaiete, Contagem, Ibité, Januária, Ribeirão das Neves, Três Marias and Ubá.

10. Intangible assets

(a) The breakdown of balances is as follows:

	06/30/2022			12/31/2021		
	Cost	Accumulated amortization	Intangible assets, net	Cost	Accumulated amortization	Intangible assets, net
Parent company:						
In operation						
Water systems	4,073,043	(2,589,837)	1,483,206	4,052,841	(2,523,726)	1,529,115
Sewage treatment	6,240,919	(2,831,890)	3,409,029	6,178,869	(2,688,220)	3,490,649
Common use systems	1,064,382	(884,045)	180,337	1,028,145	(852,874)	175,271
Usage rights	622,206	(301,996)	320,210	610,228	(287,791)	322,437
Other intangible assets	104,074	(29,276)	74,798	101,996	(26,706)	75,290
Total intangible assets	12,104,624	(6,637,044)	5,467,580	11,972,079	(6,379,317)	5,592,762

Notes to the financial statements

	06/30/2022			12/31/2021		
	Cost	Accumulated amortization	Intangible assets, net	Cost	Accumulated amortization	Intangible assets, net
Consolidated:						
In operation						
Water systems	4,117,628	(2,594,919)	1,522,709	4,096,321	(2,527,730)	1,568,591
Sewage treatment	6,297,514	(2,838,605)	3,458,909	6,232,932	(2,693,578)	3,539,354
Common use systems	1,079,484	(889,655)	189,829	1,042,101	(857,083)	185,018
Usage rights	622,358	(302,116)	320,242	610,377	(287,896)	322,481
Other intangible assets	104,813	(29,338)	75,475	102,573	(26,750)	75,823
Total intangible assets	12,221,797	(6,654,633)	5,567,164	12,084,304	(6,393,037)	5,691,267

(b) Changes for 1S22 can be demonstrated as follows:

	Systems					Total
	Water	Sewage treatment	Common use ⁽¹⁾	Rights-of-use	Other	
Parent company:						
Balances at December 31, 2021	1,529,115	3,490,649	175,271	322,437	75,290	5,592,762
Additions	11,788	26,856	27,912	11,966	650	79,172
Write-offs	(1,230)	-	(1)	-	-	(1,231)
Amortization	(75,452)	(144,735)	(31,443)	(14,206)	(2,709)	(268,545)
Transfers to financial assets ⁽²⁾	(4,857)	(10,725)	(3,028)	2	(985)	(19,593)
Transfer among intangible asset and property, plant and equipment	(913)	(473)	788	11	(927)	(1,514)
Transfers of contract assets	24,756	47,457	10,866	-	3,479	86,558
Other	(1)	-	(28)	-	-	(29)
Balances at June 30, 2022	1,483,206	3,409,029	180,337	320,210	74,798	5,467,580
Consolidated:						
Balances at December 31, 2021	1,568,591	3,539,354	185,018	322,481	75,823	5,691,267
Additions	12,937	27,828	28,769	11,968	877	82,379
Write-offs	(1,230)	-	(1)	-	-	(1,231)
Amortization	(76,530)	(146,092)	(32,844)	(14,221)	(2,727)	(272,414)
Transfers to financial assets ⁽²⁾	(4,900)	(9,164)	(2,754)	2	(1,049)	(17,865)
Transfers among intangible asset and property, plant and equipment	(913)	(473)	788	11	(927)	(1,514)
Transfer of contract assets	24,756	47,457	10,881	-	3,479	86,573
Other	(2)	(1)	(28)	1	(1)	(31)
Balances at June 30, 2022	1,522,709	3,458,909	189,829	320,242	75,475	5,567,164

⁽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 was allocated to income as follows:

	Parent company		Consolidated	
	2 nd semester		2 nd semester	
	2022	2021	2022	2021
Cost of services rendered	266,346	258,267	270,199	261,455
Sales expenses	265	257	265	256
Administrative expenses	1,934	2,193	1,950	2,209
Total	268,545	260,717	272,414	263,920

Notes to the financial statements

Changes in the year 2021 were as follows:

	Systems			Rights-of-use	Other	Total
	Water	Sewage treatment	Common use ⁽¹⁾			
Parent company:						
Balances at December 31, 2020	1,626,089	3,646,795	165,590	324,883	104,127	5,867,484
Additions	26,652	49,338	45,353	25,613	1,000	147,956
Write-offs	(2,742)	(471)	(117)	-	(15)	(3,345)
Amortization	(181,987)	(309,726)	(57,715)	(28,172)	(8,685)	(586,285)
Transfers of financial assets ⁽²⁾	34,024	15,873	3,225	40	590	53,752
Transfer among intangible asset and property, plant and equipment	(3,732)	(176)	2,394	68	(33,461)	(34,907)
Transfers of contract assets	30,830	89,018	16,578	2	11,736	148,164
Other	(19)	(2)	(37)	3	(2)	(57)
Balances at December 31, 2021	1,529,115	3,490,649	175,271	322,437	75,290	5,592,762
Consolidated:						
Balances at December 31, 2020	1,664,038	3,692,654	172,738	124,958	104,526	5,958,914
Additions	28,488	50,577	50,115	25,613	1,358	1566.151
Write-offs	(2,742)	(471)	(147)	-	(15)	(3,375)
Amortization	(184,038)	(312,302)	(59,812)	(28,201)	(8,708)	(593,061)
Transfers of financial assets ⁽²⁾	35,029	20,056	3,157	40	387	58,669
Transfers among intangible asset and property, plant and equipment	(3,544)	(176)	2,394	68	(33,461)	(34,719)
Transfer of contract assets	31,380	89,018	16,609	2	11,736	148,745
Other	(20)	(2)	(36)	1	-	(57)
Balances at December 31, 2021	1,568,591	3,539,354	185,018	322,481	75,823	5,691,267

⁽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 year.

Average amortization rate calculated for Parent Company and Consolidated:

	Parent company		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Water systems	4.95%	5.14%	4.94%	5.13%
Sewage treatment	4.97%	5.28%	5.02%	5.27%
Common use systems	19.27%	19.32%	20.16%	19.23%
Usage rights	5.56%	6.36%	5.40%	6.36%
Other intangible assets	5.02%	3.80%	5.00%	3.80%

11. Property, plant and equipment

(a) The breakdown of balances is as follows:

	06/30/2022				12/31/2021		
	Average rate	Cost	Accumulated depreciation	Property, plant and equipment, net	Cost	Accumulated depreciation	Property, plant and equipment, net
Parent company:							
In operation							
Machinery and equipment	15.74%	610,722	(527,783)	82,939	594,208	(516,287)	77,921
Vehicles	24.07%	83,565	(79,449)	4,116	85,009	(78,933)	6,076
Other	-	31,485	(211)	31,274	31,485	(210)	31,275
		725,772	(607,443)	118,329	710,702	(595,430)	115,272
Land and buildings	4.58%	3,382,081	(2,075,322)	1,306,759	3,371,917	(2,017,065)	1,354,852
Total under operation		4,107,853	(2,682,765)	1,425,088	4,082,619	(2,612,495)	1,470,124
Total Property, plant and equipment		4,107,853	(2,682,765)	1,425,088	4,082,619	(2,612,495)	1,470,124

Notes to the financial statements

	06/30/2022			12/31/2021			
	Average rate	Cost	Accumulated depreciation	Property, plant and equipment, net	Cost	Accumulated depreciation	Property, plant and equipment, net
Consolidated: In operation							
Machinery and equipment	16.17%	614,997	(528,761)	86,236	598,218	(516,972)	81,246
Vehicles	24.05%	83,660	(79,469)	4,191	85,104	(78,943)	6,161
Other	-	31,485	(211)	31,274	31,485	(211)	31,274
		730,142	(608,441)	121,701	714,807	(596,126)	118,681
Land and buildings	4.58%	3,382,081	(2,075,322)	1,306,759	3,371,917	(2,017,065)	1,354,852
Total under operation		4,112,223	(2,683,763)	1,428,460	4,086,724	(2,613,191)	1,473,533
Total Property, plant and equipment		4,112,223	(2,683,763)	1,428,460	4,086,724	(2,613,191)	1,473,533

(b) Changes for 1S22 can be demonstrated as follows:

	Machinery and equipment	Vehicles	Other	Land and buildings	Total
Parent company:					
Balances at December 31, 2021	77,921	6,076	31,275	1,354,852	1,470,124
Additions	11,605	-	-	-	11,605
Write-offs	(166)	(7)	-	-	(173)
Depreciation	(10,994)	(1,953)	-	(50,706)	(63,653)
Transfer of contract assets	3,808	-	-	1,705	5,513
Transfers among intangible asset and property, plant and equipment	648	-	-	866	1,514
Transfer to property, plant and equipment	87	-	-	42	129
Other	30	-	(1)	-	29
Balances at June 30, 2022	82,939	4,116	31,274	1,306,759	1,425,088
Consolidated:					
Balances at December 31, 2021	81,246	6,161	31,274	1,354,852	1,473,533
Additions	11,870	-	-	-	11,870
Write-offs	(166)	(7)	-	-	(173)
Depreciation	(11,287)	(1,963)	-	(50,706)	(63,956)
Transfer of contract assets	3,808	-	-	1,705	5,513
Transfers among intangible asset and property, plant and equipment	648	-	-	866	1,514
Transfer to property, plant and equipment	87	-	-	42	129
Other	30	-	-	-	30
Balances at June 30, 2022	86,236	4,191	31,274	1,306,759	1,428,460

Depreciation was allocated to income as follows:

	Parent company		Consolidated	
	2022	2 nd semester 2021	2022	2 nd semester 2021
Cost of services rendered	56,941	52,270	57,241	52,424
Sales expenses	2,071	1,670	2,072	1,671
Administrative expenses	4,641	4,946	4,643	4,947
Total	63,653	58,886	63,956	59,042

For the year 2021, changes were as follows:

	Machinery and equipment	Vehicles	Other	Land and buildings	Total
Parent company:					
Balances at December 31, 2020	62,216	9,611	31,186	1,415,966	1,518,979
Additions	28,876	21	-	-	28,897
Write-offs	(395)	(26)	-	-	(421)
Depreciation	(20,367)	(3,798)	(18)	(97,804)	(121,987)
Transfer of contract assets	6,015	215	107	3,034	9,371
Transfers among intangible asset and property, plant and equipment	1,331	44	-	33,532	34,907
Transfer to property, plant and equipment	243	9	-	65	317
Other	2	-	-	59	61
Balances at December 31, 2021	77,921	6,076	31,275	1,354,852	1,470,124

Notes to the financial statements

Consolidated:	Machinery and equipment	Vehicles	Other	Land and buildings	Total
Balances at December 31, 2020	63,688	9,618	31,187	1,416,159	1,520,652
Additions	31,080	103	-	-	31,183
Write-offs	(395)	(26)	-	-	(421)
Depreciation	(20,742)	(3,802)	(18)	(97,809)	(122,371)
Transfer of contract assets	6,038	215	107	3,035	9,395
Transfers among intangible asset and property, plant and equipment	1,331	44	-	33,344	34,719
Transfer to property, plant and equipment	243	9	-	65	317
Other	3	-	(2)	58	59
Balances at December 31, 2021	81,246	6,161	31,274	1,354,852	1,473,533

12. Public-Private Partnership – PPP - Rio Manso Producing System

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

During the construction phase, the Company recognized the intangible asset according to the construction progress, matched against a related liability, under the PPP contract. Inflation adjustment expenses were capitalized in intangible assets until the beginning of its operation on December 21, 2015.

The expenses arising from this agreement related to the maintenance of systems for the 1S22 were R\$ 49,137 (R\$ 86,058 in the year ended December 31, 2021).

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

	Parent company / Consolidated	
	1st semester 2022	2021
Opening balance	260,985	306,226
Restatement	10,470	14,981
Amortization	(16,568)	(54,028)
Interest paid	(5,909)	(6,194)
Closing balance	248,978	260,985
Current liabilities	37,038	52,331
Non-current liabilities	211,940	208,654

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

(a) Current assets:

The recoverable taxes are shown as follows:

Notes to the financial statements

	Parent company		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
IRPF recoverable	3,759	3,759	4,138	3,943
IRPJ to be offset/negative balance	33,536	33,536	33,538	33,538
CSLL to be offset/negative balance	5,505	5,505	5,505	5,505
Recovery of PIS/COFINS credits	57,206	57,206	57,302	57,302
Advance of income and	39,253	-	39,253	-
Prepayment of CSLL	16,233	-	16,233	-
Other taxes recoverable	562	562	576	594
Total	156,054	100,568	156,545	100,882

Recoverable taxes refer mainly to PIS/COFINS credits, recovery of tax credits and the negative balance of IRPJ/CSLL for 2021, which will be offset in 2022.

(b) Current liabilities:

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

	Parent company		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
INSS	25,022	24,236	25,369	24,879
COFINS	23,142	25,241	24,151	26,168
PIS	4,992	5,360	5,210	5,561
IR	50,591	10,454	50,600	10,482
CSLL	17,716	-	17,716	-
FGTS	3,163	4,680	3,224	4,809
Other	4,987	5,129	5,037	5,179
Current liabilities	129,613	75,100	131,307	77,078

The sundry obligations are as follows:

Sundry liabilities				
Deposit for works (i)	63,631	60,814	63,631	60,814
Salaries payable (ii)	4,753	180,170	6,147	180,655
PDVI (iii)	4,627	86,705	4,627	86,705
Return of Tariffs – ARSAE (iv)	78,138	99,558	78,138	99,558
Other	60,188	63,242	60,541	63,716
Total	211,337	490,489	213,084	491,448
Current liabilities	79,998	375,390	81,745	376,349
Non-current liabilities	131,339	115,099	131,339	115,099

- (i) Refers to ANA's funds related to the Hydrographic Basins Depollution Program (PRODES) (See Note 7).
- (ii) The change in salaries payable was due to the Collective Bargaining Agreement 2019/2022, of R\$ 4,753 in the parent company as of June 30, 2022 (R\$ 180,170 as of December 31, 2021).
- (iii) The Company instituted the Voluntary Dismissal Incentive Program – PDVI in June 2021, duly regulated and widely publicized to its employees.

A total of 1,098 employees joined the program, and dismissals took place as of October 2021, as follows:

Notes to the financial statements

Parent company / Consolidated					
PDVI	Provision in September 2021	Payments up to 12/31/2021	Balance at 12/31/2021	Payments / reversals until 06/30/2022	Balance at 06/30/2022
Amount	152,171	65,466	86,705	82,078 (1)	4,627
Number of employees	1,098	492	606	594	9 (2)
Current liabilities			86,705		4,627

(1) R\$ 76,730 were paid, and R\$ 5,348 were reversed.

(2) Three (3) entries were cancelled.

(iv) Minas Gerais State Regulatory Agency for Water Supply and Sewage Services – ARSAE-MG determined the return of amounts to customers through the following administrative proceedings:

- Proceeding 005/2019

In September 2019, ARSAE MG initiated Administrative Proceeding 005/2019 to investigate evidence of amounts improperly charged in the Municipality of Belo Horizonte, referring to Dynamic Sewage with Collection and Treatment - EDT. COPASA MG filed an appeal in the proceeding, but without success. In July 2021, Decision ARSAE 066/21 was issued, determining the return of amounts to customers, according to the Material Fact released on July 26, 2021.

In August 2021, the Company's Management authorized the beginning of returns, in a simple and corrected manner, pursuant to the Notice to the Market released on September 8, 2021. After identifying the users with the right to return, the Company found that the total value of returns is R\$ 125,817. Returns started in September 2021.

- Proceeding 028/2021

In 2021, ARSAE MG started Administrative Proceeding 028/21 to investigate possible adjustments regarding the system adopted by COPASA to calculate the invoiced amount, in a month after the average billing, in the period from January to July 2020. COPASA MG filed an appeal in the proceeding, but without success. ARSAE MG decided to return amounts to customers. The Company's Management authorized the return of the amounts indicated, simply and inflation adjusted, in the total amount of R\$ 12,028, whose reimbursement started in October 2021.

- Proceeding 041/2021

In 2021, ARSAE MG initiated Administrative Proceeding 041/2021 to investigate evidence of amounts improperly charged for sanitary sewer system services in the Onça Basin and surrounding areas, in the municipalities of Belo Horizonte and Contagem. COPASA MG filed an appeal in the proceedings regarding the double return, plus interest.

In May 2021, the Company's Management authorized the beginning of returns, in a simple and corrected manner. After identifying the users with the right to return, the Company found that the total value of returns is R\$ 6,153 (plus adjustment).

In the 1S22, the amount to be returned was adjusted by R\$ 7,886 due to the identification of certain groups of clients, referring to proceeding 005/2019, not covered upon initial recognition. R\$ 3,946 was recorded as principal under "Other Operating Expenses" and R\$ 3,940 as interest and inflation adjustment under "Financial Expenses".

The Company identified all customers involved in the aforementioned proceedings and recorded the exact amount to be returned to each one, through a credit (discount) on invoices, and, in the 1S22, returns amounted to R\$ 35,460. Changes in the amounts involved in the proceedings were as follows:

Notes to the financial statements

Parent company / Consolidated						
Processes	Balance to be reimbursed	Increase in provision	Returns made in the 1 st semester of 2022			Balance to be reimbursed
	12/31/2021	1 st semester 2021	Principal value	Interest and adjustments	Total Returned	06/30/2022
005/2019	94,073	7,886	18,748	14,839	33,588	68,372
028/2021	5,485	-	1,243	629	1,872	3,613
041/2021	-	-	-	-	-	6,153
	<u>99,558</u>	<u>7,886</u>	<u>19,991</u>	<u>15,468</u>	<u>35,460</u>	<u>78,138</u>
						Current liabilities
						35,724
						Non-current liabilities
						42,414

14. Loans, financing and debentures

Loans, financing, and debentures, totaling R\$ 3,720,814 as of June 30, 2022 (R\$ 3,985,344 as of December 31, 2021), mature until 2043, and average coupons of 9.81% p.a. for the Parent Company and Consolidated (8.0% p.a. as of December 31, 2021 for the Parent Company and Consolidated).

(a) Loans and financing

Changes in loans and financing are as follows:

Parent company / Consolidated				
	1 st semester 2022	2021	1 st semester 2021	
Opening balance	1,068,394	1,273,997	1,273,997	
Additions of loans and financing	24,062	145,164	96,335	
Provisioned charges	33,873	71,470	36,305	
Inflation adjustment and exchange rate change	(28,065)	3,837	(10,887)	
Amortization of charges	(33,932)	(73,001)	(37,826)	
Amortization of principal	(88,242)	(353,330)	(259,676)	
Amortization of fund raising costs	128	257	128	
Closing balance	976,218	1,068,394	1,098,376	
Current liabilities	179,285	190,315	184,415	
Non-current liabilities	796,933	878,079	913,961	
	Index + Interest (p.a.)	Year of maturity	Book value 06/30/2022	Book value 12/31/2021
In local currency:				
Financing	Ref.Rate+8.50%	01/16/2043	697,467	687,043
Financing	TJLP + 1.55-1.73%	05/15/2025	92,480	126,994
Finame	2.5% - 8.7%	01/15/2025	13,639	19,996
			803,586	834,033
In foreign currency:				
Financing	Euro + 2.07%	12/20/2023	91,468	140,567
Financing	Euro + 1.41%	05/15/2034	29,179	33,588
Financing	Euribor + 0.55%	09/20/2033	54,865	63,214
			175,512	237,369
Funding cost			(2,880)	(3,008)
			172,632	234,361
Loans and financing			976,218	1,068,394

(b) Debentures

The breakdown of debentures is presented below:

Notes to the financial statements

	Index + Interest (p.a.)	Year of maturity	Book value 06/30/2022	Book value 12/31/2021
subscription 4 th issue				
1 st	TJLP + 1.55%	07/15/2022	2,219	15,497
2 nd	IPCA + 9.05%	08/15/2022	59,640	54,147
3 rd	TJLP + 1.55%	07/15/2022	2,938	20,519
Total 4 th issue			64,797	90,163
Subscription 5 th issue				
Single series	Ref.Rate+9.00%	09/01/2031	162,805	171,559
Total 5 th issue			162,805	171,559
Subscription 8 th issue				
1 st	TJLP + 1.87%	06/15/2028	49,145	53,125
2 nd	IPCA + 8.18%	06/15/2028	29,361	30,154
Total 8 th issue			78,506	83,279
Subscription 11 th issue				
1 st	TJLP + 2.62%	01/15/2031	104,659	110,517
2 nd	IPCA + 8.85%	01/15/2031	59,518	59,714
Total 11 th issue			164,177	170,231
Subscription 12 th issue				
1 st	IPCA + 5.0642%	01/15/2024	166,183	196,961
2 nd	IPCA + 5.2737%	01/15/2026	107,336	101,775
Total 12 th issue			273,519	298,736
Subscription 13 th issue				
2 nd	110% of CDI	07/15/2023	427,327	557,276
3 rd	IPCA + 6.50%	07/15/2025	88,033	83,487
Total 13 th issue			515,360	640,763
Subscription 14 th issue				
1 st	106.15% CDI	06/15/2024	37,938	47,330
2 nd	IPCA + 4.30%	06/15/2026	175,562	166,386
Total 14 th issue			213,500	213,716
Subscription 15 th issue				
Single series	CDI + 1.75%	12/16/2025	502,522	502,295
Total 15 th issue			502,522	502,295
Subscription 16 th issue				
1 st	IPCA + 5.2306%	09/15/2031	274,883	253,977
2 nd	CDI + 1.30%	09/15/2026	508,933	508,621
Total 16 th issue			783,816	762,598
Total debentures			2,759,002	2,933,340
Funding cost			(14,406)	(16,390)
Total			2,744,596	2,916,950

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.

Changes in debentures are presented below:

	Parent company / Consolidated		
	1 st semester	1 st semester	
	2022	2021	2021
Opening balance	2,916,950	2,507,144	2,507,144
Inflows of debentures	-	750,000	-
Provisioned charges	129,975	148,461	57,722
Inflation adjustment	50,073	81,314	35,639
Amortization of charges	(115,799)	(134,631)	(54,077)
Amortization of principal	(238,588)	(426,264)	(182,132)
Funding cost	-	(11,659)	(192)
Amortization of fund raising costs	1,985	2,585	1,069
Closing balance	2,744,596	2,916,950	2,365,173
Current liabilities	729,125	609,822	505,526
Non-current liabilities	2,015,471	2,307,128	1,859,647

Notes to the financial statements

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

(c) Covenants and guarantees

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

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

Non-financial covenants of the 12th, 13th, 14th, 15th and 16th issues of debentures (public):

Debenture deeds provide for that an Event of Default may lead to the early maturity of the obligations arising from the unfavorable decision in the appellate court in lawsuits whose value exceeds R\$ 50 million (12nd, 13th, 14th and 15th issues) and R\$ 75 million (16th issue) - non-financial covenants.

As reported in a Material Fact dated December 27, 2021, due to decisions in relation to Labor Lawsuit 102100-74.2008.5.03.0024, filed in 2008 by the main Union of the Company's employees, regarding the termination of employment contracts due to the application of the extinct termination policy, COPASA MG decided to review the amount of the provision, and increased the provision for this lawsuit by approximately R\$ 217,356 as of December 31, 2021 (see Note 15.a.ii).

Aiming to obtain the waiver of creditors from their contractual rights, in December 2021, the process of requesting a waiver was initiated with the financial agents, presenting proposals for equalization, so that the Company could continue implementing its investment, business development and operational plan, as well as full compliance with the commitments for the coming years.

Thus, the Company, at the General Debentureholders' Meetings held on March 10, 2022 for the 13th, 14th, 15th and issues and on March 21, 2022 for the 12th issue, obtained a waiver of compliance with the contractual default, assuming the payment of a waiver fee to debentureholders of 0.10% per annum, on the outstanding balance, calculated on the payment date. Considering the actions taken by the Company, which resulted in the effective obtaining of waivers, the debts are not enforceable in the short term, so that said debts remain classified as non-current liabilities.

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

Notes to the financial statements

15. Provision for lawsuits

(a) Lawsuits provisioned

Following is the breakdown of provisions for legal proceedings:

	06/30/2022			12/31/2021		
	Contingencies	Judicial deposits	Net balance	Contingencies	Judicial deposits	Net balance
Parent company:						
Civil	96,621	(5,826)	90,795	96,435	(5,710)	90,725
Labor	294,909	(12,896)	282,013	304,087	(14,045)	290,042
Tax	1,844	(5,321)	(3,477)	1,736	(5,140)	(3,404)
Total	393,374	(24,043)	369,331	402,258	(24,895)	377,363
Consolidated:						
Civil	97,086	(5,899)	91,187	97,164	(5,710)	91,454
Labor	295,023	(12,896)	282,127	304,152	(14,081)	290,071
Tax	1,844	(5,321)	(3,477)	1,736	(5,140)	(3,404)
Total	393,953	(24,116)	369,837	403,052	(24,931)	378,121

Changes in the 1st semester of 2022 are as follows:

	Parent company	Consolidated
Balance at December 31, 2021 before offset of judicial deposits	402,258	403,052
Additions ⁽¹⁾	20,737	21,156
Restatements	17,780	17,807
Reversals	(24,688)	(25,218)
Write-offs	(22,713)	(22,844)
Total provisions	393,374	393,953
Offset of judicial deposits	(24,043)	(24,116)
Balance at June 30, 2022	369,331	369,837

⁽¹⁾ Interest and inflation adjustment on legal provisions are included, in the amount of R\$ 8,437, recorded in financial expenses.

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

Changes are summarized as follows:

1. Additions in the amount of R\$ 20,737, referring to the recording of a provision for civil and labor claims on a dispersed basis, with an increase of R\$ 4,936 in labor provisions, R\$ 15,793 in civil provisions and R\$ 8 in tax provisions.
2. Reversals in the amount of R\$ 24,688, with R\$ 18,580 referring to labor claims and R\$ 6,108 referring to civil claims.
3. Write-offs in the amount of R\$ 22,713 in labor, civil and tax lawsuits, of which R\$ 7,982 in labor lawsuits, R\$ 14,729 in civil lawsuits, and R\$ 2 in tax lawsuits.

Changes for the year 2021 are as follows:

	Parent company	Consolidated
Balance at December 31, 2020 before offset of judicial deposits	150,719	151,281
Additions	265,535	266,028
Restatements	13,600	13,680
Reversals	(14,532)	(14,862)
Write-offs	(13,064)	(13,075)
Total provisions	402,258	403,052
Offset of judicial deposits	(24,895)	(24,931)
Balance at December 31, 2021	377,363	378,121

Notes to the financial statements

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. The sum provisioned on June 30, 2022 is R\$ 2,018 (R\$ 2,573 on December 31, 2021).

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, 2022 is R\$ 11,549 (R\$ 10,923 on December 31, 2021).

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, 2022 is R\$ 19,965 (R\$ 18,883 on December 31, 2021).

(ii) Labor provisions

Most of the suits in which the Company has direct responsibility are related to moral and material damages due to occupational illness or accident at work, overtime, unhealthy and hazardous hours, warning, salary differences arising from the equality of function and questions of dismissal for just cause. The Company form a provision for labor lawsuits classified as risk of probable loss. The classification of the risk of loss, the amount of contingency and the amount of the accounting provision are reviewed and changed, according to the decisions made, in each of the stages of the proceeding.

There is a collective labor action, filed in 2008 by Sindágua, No. 01021-2008-024-03-00-1/0102100-74.2008.5.03.0024, questioning the legality of the dismissal policy adopted at that time for using the age of employees as a criterion for terminating the employment contract. The Public Ministry of Labor (MPT) of the state of Minas Gerais filed the lawsuit 01215-2008-024-03-00-7, questioning the legality of the aforementioned program.

As of December 19, 2008, the lawsuit filed by Sindágua was dismissed in the lower courts. The MPT-MG filed a motion for clarification against this decision. In the judgment of the motions for clarification, the combination of the two lawsuits for joint judgment and processing was determined, and the motions for clarification were rejected. Sindágua and MPT-MG appealed against this decision. The Regional Labor Court of Minas Gerais (TRT-MG) partially accepted the appeals to condemn the Company regarding the obligation to reinstate all employees dismissed based on the aforementioned policy, as well as to pay overdue and falling due salaries, under penalty of paying a daily fine of R\$ 500.00. COPASA MG filed an appeal against said decision, which was rejected by the Superior Labor Court (TST). The Company filed an extraordinary appeal with the TST against this decision. In a decision handed down on April 12, 2019, the TST denied the continuation of the extraordinary appeal, determining that the case be referred back to the lower courts if there is no appeal. The Company filed an extraordinary appeal, which was denied by the TST. To proceed with the extraordinary appeal, it filed an Internal Appeal.

Notes to the financial statements

On June 18, 2019, the Company presented a Constitutional Claim to the Federal Supreme Court (STF) (Proceeding 35342), and a favorable decision was handed down to COPASA MG on November 21, 2019. The Federal Supreme Court (STF) revised its decision, in which the judgment of the Regional Labor Court of Minas Gerais - TRT-MG, due to the merits of the lawsuit, would prevail again. The Company filed an Interlocutory Appeal in the Complaint, but it was rejected, with a decision published on December 01, 2021.

On December 7, 2021, the Company filed a Motion for Clarification on the decision, as it understood it to be omissive with a trial for February 11, 2022. Considering the recent court decisions, the Company decided to review the amount of the provision, even though there is no amount of conviction in the aforementioned action. To this end, it carried out preliminary calculations, under the guidelines and legal grounds laid down by the lawyers hired to conduct the process, and in compliance with the best accounting practices, it increased the provision for this lawsuit by R\$ 217,356, on December 31, 2021.

The Regional Labor Court of Minas Gerais (TRT-MG) determined the return of the labor lawsuit to the 24th Labor Court of Belo Horizonte to start the execution phase, on December 10, 2021.

On February 21, 2022, with the return of the main lawsuit No. 0102100-74.2008.5.03.0024, the Court of the 24th Labor Court of Belo Horizonte started the liquidation procedure, determining the collection of documents. The appeal was dismissed on March 3, 2022, by 2nd Panel of the Federal Supreme Court (STF) and, on the same date, the Company added the pre-execution exception to the main proceedings and is awaiting judgment. On February 25, 2022, the Company filed the motion for new trial 0010179-18.2022.5.03.0000, aiming to invalidate the judgment of the 5th Panel of the TRT-3rd Region, with a request for an injunction to suspend the processing of the main proceedings, until the judgment on the merits of the motion for a new trial.

On March 3, 2022, the Company added the pre-execution exception to the main proceedings. On May 3, 2022, the 2nd Section of Individual Agreements of the TRT-3rd Region granted the motion for an injunction for the motion for a new trial, and determined the suspension of the main proceedings. The execution of the main proceedings was suspended on May 4, 2022. Motion for new trial.

(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	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Civil (i)	421,064	379,276	428,591	386,444
Labor (ii)	51,962	54,255	52,260	54,503
Tax	35,301	13,612	35,301	13,611
Environmental	1,087	1,029	1,087	1,029
Total	509,414	448,172	517,239	455,587

(i) Civil

They refer to lawsuits filed by customers, 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:

Notes to the financial statements

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. Indemnity lawsuit filed by Mecnorte Construções e Empreendimentos Ltda. in 2021, claiming economic and financial imbalance in works contracts signed with COPASA MG, which had as their object the expansion of the Water Supply System and the Sanitary Sewage System of Teófilo Otoni. The lawsuit was preceded by a technical expert assessment that determined the value assigned to the case. However, as COPASA MG pointed out several technical errors in the report that supported the lawsuit, the judge has already accepted the request for a new expert report. The lawsuit awaits the appointment of the judicial expert. The value of lawsuit as of June 30, 2022 is R\$ 44,908 and its current likelihood of loss is classified as “possible”.
2. 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 its 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 and interconnection works to the Integrated System with the Municipality of Timóteo are already underway, with half of the population already served by this System. The amount of the lawsuit as of June 30, 2022, is R\$ 6,096 (R\$ 5,766 as of December 31, 2021).

Collective proceedings

The Company is a party to public civil actions and public lawsuits seeking the annulment, suspension or challenge of 32 of our concession contracts, signed with the municipalities of Andradas, Araçuaí, Barbacena, Betim, Bom Despacho, Campina Verde, Carmo, Cataguases, Congonhas, Curvelo, Delfinópolis, Divinópolis, Extrema, Ferros, Fronteira, Guaxupé, Guidoal, João Pinheiro, Lagoa Santa, Mirabela, Mirai, Montes Claros, Nova Serrana, Paracatu, Patos de Minas, Pirapetinga, Ribeirão das Neves, Sabará, São Sebastião do Paraíso, Três Marias, Vazante and Visconde do Rio Branco. 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.

Notes to the financial statements

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.

16. Deferred income tax and social contribution

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

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

	2 nd quarter		1 st semester	
	2022	2021	2022	2021
Parent company:				
Income for the year before taxes and contributions	235,825	324,418	475,109	628,943
Nominal rate	34%	34%	34%	34%
Expected revenue (expense) at nominal rate	(80,181)	(110,302)	(161,537)	(213,841)
IRPJ and CSLL on:				
Equity in net income of subsidiaries	(1,491)	(990)	(2,290)	(1,702)
Donations and subsidies	118	402	539	402
Other additions / (exclusions)	(810)	2,780	(2,355)	(2,194)
Other reconciliation items:				
Interest on own capital	18,066	18,759	29,583	40,806
Tax incentives	8,863	2,062	8,863	4,502
IRPJ and CSLL	(55,435)	(87,289)	(127,197)	(172,027)
Effective rate	23.51%	26.91%	26.77%	27.35%
Current IRPJ and CSLL	(58,065)	(105,557)	(58,065)	(228,662)
Deferred income tax and social contribution	2,630	18,268	(69,132)	56,635
IRPJ and CSLL	(55,435)	(87,289)	(127,197)	(172,027)
Consolidated:				
Income for the year before taxes and contributions	235,825	324,418	475,109	628,943
Nominal rate	34%	34%	34%	34%
Expected revenue (expense) at nominal rate	(80,181)	(110,302)	(161,537)	(213,841)
IRPJ and CSLL on:				
Donations and subsidies	118	402	539	402
Other additions / (exclusions)	(2,301)	1,790	(4,645)	(3,896)
Other reconciliation items:				
Interest on own capital	18,066	18,759	29,583	40,806
Tax incentives	8,863	2,062	8,863	4,502
IRPJ and CSLL	(55,435)	(87,289)	(127,197)	(172,027)
Effective rate	23.51%	26.91%	26.77%	27.35%
Current IRPJ and CSLL	(58,065)	(105,557)	(58,065)	(228,662)
Deferred income tax and social contribution	2,630	18,268	(69,132)	56,635
IRPJ and CSLL	(55,435)	(87,289)	(127,197)	(172,027)

Notes to the financial statements

(b) Deferred income tax and social contribution

Offset amounts are as follows:

Parent company / Consolidated

Equity balances	06/30/2022	12/31/2021
In the assets		
Temporary differences:		
Impairment losses on accounts receivable	226,451	239,177
Provision for lawsuits	393,374	402,258
Provision for actuarial liability losses - comprehensive income	73,969	73,969
Balance of assigned assets to depreciate	122,298	126,307
Amortization difference by the discount of financial asset	587,545	551,100
Exchange-rate change on loans	11,497	45,157
Other sundry temporary provisions	112,249	263,283
Total assets	1,527,383	1,701,251
Deferred IRPJ	381,846	425,312
Deferred CSLL	137,464	153,113
	519,310	578,425
In the liabilities		
Temporary differences:		
Exchange-rate change on loans	7,178	-
Deferred construction revenue margin	84,357	87,008
Capitalization of discounted financial asset	400,124	373,040
Funding cost due to issue of debentures	14,406	16,390
Funding cost of loans	2,880	3,009
Change in financial asset at fair value through other comprehensive income	18,711	18,747
Total liabilities	527,656	498,194
Deferred IRPJ	131,914	124,549
Deferred CSLL	47,489	44,837
	179,403	169,386
Deferred income tax and social contribution, net	339,907	409,039

There were no changes in the nature and conditions of income tax and social contribution as of June 30, 2022 in relation to that described in Note 18 of the Company's Financial Statements for the year ended December 31, 2021. Therefore, Management decided not to repeat them in this Interim Financial Information.

17. Technical cooperation agreement

The balance of covenants in assets is as follows:

	Parent company		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Current assets	39,382	38,271	39,399	38,289
Non-current assets	3,144	5,165	3,144	5,165
	42,526	43,436	42,543	43,454

Notes to the financial statements

	Parent company			Consolidated		
	Receivable	Advance	Net	Receivable	Advance	Net
June 30, 2022						
State funds	4,202	(3,904)	298	562,966	(562,651)	315
Federal funds	171,763	(129,535)	42,228	171,763	(129,535)	42,228
Total	175,965	(133,439)	42,526	734,729	(692,186)	42,543
December 31, 2021						
State funds	4,154	(3,905)	249	562,918	(562,651)	267
Federal funds	170,527	(127,340)	43,187	170,527	(127,340)	43,187
Total	174,681	(131,245)	43,436	733,445	(689,991)	43,454

The balance of agreements in liabilities is as follows:

	Parent company / Consolidated	
	06/30/2022	12/31/2021
Current liabilities	7,957	1,214
Non-current liabilities	-	1,977
Total	7,957	3,191

	Parent company / Consolidated		
	Advance	Receivable	Net
June 30, 2022			
State funds	5,467	(290)	5,177
Federal funds	42,432	(39,652)	2,780
Total	47,899	(39,942)	7,957
December 31, 2021			
State funds	521	-	521
Federal funds	42,333	(39,663)	2,670
Total	42,854	(39,663)	3,191

18. Obligations with retirement benefits

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

	Parent company / Consolidated	
	06/30/2022	12/31/2021
Long-term obligations	108,739	112,764
Normal contributions	9,300	16,614
Total liabilities recorded in the balance sheet	118,039	129,378
Current liabilities	9,300	16,614
Non-current liabilities	108,739	112,764

Changes in net liabilities are as follows:

	Parent company / Consolidated
Net liabilities as of December 31, 2021	129,378
Amounts recognized in the statement of income	9,374
Provision for employer contributions	29,978
Provision of contributions from participants	39,804
Amortization of contributions (employer and participants)	(90,495)
Net liabilities at June 30, 2022	118,039
Current liabilities	9,300
Non-current liabilities	108,739

Notes to the financial statements

	Parent company / Consolidated
Net liabilities as of December 31, 2020	245,890
Amounts recognized in the statement of income	7,752
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
Segregated values per benefit plan ⁽¹⁾	
1) Benefit plan RP1-BD	
	12/31/2021
Present value of the obligations financed	(57,120)
Fair value of the plan assets	70,149
Asset ceiling effect	(13,029)
Plan's net liabilities	-
2) COPASA Settled-BD Plan	
	12/31/2021
Present value of the obligations financed	(1,229,434)
Fair value of the plan assets	1,116,670
Plan's net liabilities	(112,764)
3) New COPASA-CD Plan	
	12/31/2021
Present value of the obligations financed	(6,411)
Fair value of the plan assets	48,384
Asset ceiling effect	(41,973)
Plan's assets/liabilities, net	-

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

On June 30, 2022, 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, 2021. Therefore, Management decided not to repeat them in this Interim Financial Information.

19. Shareholders' equity and dividends

(a) Capital

The Company is part of B3 – Brasil, Bolsa, Balcão's New Market of Corporate Governance, and its capital is exclusively comprised of common shares. Subscribed and paid-up capital, on June 30, 2022 and December 31, 2021 totals R\$ 3,402,385, represented by 380,253,069 common shares, all nominative and with no par value.

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

Notes to the financial statements

(Law 23830/2021). Recognition in the Financial Statements will occur after the effective allocation of funds, in compliance with corporate law.

(b) Profit reserves

There were no relevant 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, 2021. 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.

- 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

Said Dividend Policy includes rules and conditions for the distribution of Extraordinary Dividends.

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

- Regular dividends

The remuneration to shareholders for the 1S22, as approved by the Board of Directors, is detailed below:

Reference	Corporate event	Date of right	Amounts	Payment date
JCP 1Q22	RCA - 03/17/2022	03/22/2022	33,871	05/16/2022
JCP 2Q22	RCA 06/15/2022	06/21/2022	53,137	08/12/2022
January–June 2022			87,008	

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

Notes to the financial statements

	Parent company / Consolidated	
	1st semester	
	2022	2021
Dividends and interest on own capital payable at the end of the semester/ year	265	72,270
Interest on own capital, proposed	87,008	225,300
Withholding income tax on interest on own capital	(5,765)	(14,565)
Interest on own capital paid in the year	(31,558)	(282,747)
Proposed dividends	-	57,380
Dividends paid	-	(57,373)
Dividends and interest on own capital payable at the end of the semester / year	49,950	265

(e) Earnings per share

- Basic

Basic earnings per share are calculated by dividing the income attributable to Company's shareholders by the weighted average number of common shares issued by the Company throughout the year, less common shares bought by the Company and held as treasury shares (letter "a" of this Note).

	Parent company/Consolidated	
	1st semester	
	2022	2021
Earnings attributable to Company's shareholders	347,912	456,916
Weighted average number of common shares issued - thousands	379,181	379,181
Basic earnings per share (in reais - R\$)	0.92	1.21

- Diluted

As of June 30, 2022 and 2021, the diluted earnings per share is the same as the basic earnings since there are no dilutive instruments.

20. Information per business segment

The Company's management defined the operating segments used to make strategic decisions, such as water services, sewage services and solid waste services.

(i) Income (loss)

	Consolidated				
	Water services	Sewage services	Solid waste	Reconciliation to financial statements	Balances as per financial statements
1st semester of 2022:					
Gross operating revenue*	1,954,853	990,719	1,082	337,666	3,284,320
Deductions from gross revenue	(212,595)	(104,655)	(145)	-	(317,395)
Net operating revenue*	1,742,258	886,064	937	337,666	2,966,925
Costs, selling and administrative expenses	(1,356,194)	(689,723)	-	(337,666)	(2,383,583)
Other income before other net operating expenses	386,064	196,341	937	-	583,342
Other operating revenues (expenses), net		35,460	-	(43,411)	(7,951)
Net financial income (loss)					(100,282)
Operating income before taxes					475,109
Amortization and depreciation	112,399	159,481	-	90,243	362,123

Notes to the financial statements

Depreciation of property, plant and equipment is allocated as follows:

	Consolidated	
	1 st semester	
	2022	2021
Water services	35,605	34,579
Sewage services	13,914	13,928
Other fixed assets	14,437	10,535
Total	63,956	59,042

	Consolidated				
	Water services	Sewage services	Solid waste	Reconciliation to financial statements	Balances as per financial statements
1st quarter 2022					
Gross operating revenue ⁽ⁱ⁾	1,004,598	506,684	406	184,196	1,695,884
Deductions from gross revenue	(108,667)	(53,508)	(62)	-	(162,237)
Net operating revenue ⁽ⁱ⁾	895,931	453,176	344	184,196	1,533,647
Costs, selling and administrative expenses	(677,371)	(342,511)	-	(184,196)	(1,204,078)
Other income before other net operating expenses	218,560	110,665	344	-	329,569
Other operating revenues (expenses), net	-	16,164	-	(31,229)	(15,065)
Net financial income (loss)					(78,679)
Operating income before taxes					235,825
Amortization and depreciation	55,378	78,589	-	43,769	177,736

⁽ⁱ⁾ The Company does not have inter-segment revenues, having only external clients.

Depreciation of property, plant and equipment is allocated as follows:

	Consolidated	
	2 nd quarter	
	2022	2021
Water services	17,198	17,288
Sewage services	6,957	6,956
Other fixed assets	7,734	7,204
Total	31,889	31,448

	Consolidated				
	Water services	Sewage services	Solid waste	Reconciliation to financial statements	Balances as per financial statements
1st semester 2021					
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

Notes to the financial statements

Depreciation of property, plant and equipment is allocated as follows:

	<u>Consolidated</u> <u>1st semester 2021</u>
Water services	34,579
Sewage services	13,928
Other fixed assets	10,535
Total	<u>59,042</u>

	<u>Consolidated</u>				
	<u>Water services</u>	<u>Sewage services</u>	<u>Solid waste</u>	<u>Reconciliation to financial statements</u>	<u>Balances as per financial statements</u>
1st quarter 2021					
Gross operating revenue ⁽ⁱ⁾	917,635	528,544	642	136,117	1,582,938
Deductions from gross revenue	(84,926)	(48,895)	(79)	-	(133,900)
Net operating revenue ⁽ⁱ⁾	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					<u>324,418</u>
Amortization and depreciation	55,350	77,681	-	38,476	171,507

(i) The Company does not have inter-segment revenues, having only external clients.

Depreciation of property, plant and equipment is allocated as follows:

	<u>Consolidated</u> <u>1st quarter 2021</u>
Water services	17,288
Sewage services	6,956
Other fixed assets	7,204
Total	<u>31,448</u>

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

	<u>1st semester</u>	
	<u>2022</u>	<u>2021</u>
Gross construction revenue referring to ICPC 1 (R1)	337,666	222,513
Construction cost referring to ICPC 1 (R1)	(337,666)	(222,513)
Construction margin	<u>-</u>	<u>-</u>

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

Notes to the financial statements

	Consolidated	
	06/30/2022	06/30/2021
Intangible assets:		
Water services	1,522,709	1,604,103
Sewage services	3,458,909	3,585,053
Other intangible assets	585,546	568,695
Total intangible assets	5,567,164	5,757,851
Property, plant and equipment:		
Water services	932,779	999,119
Sewage services	265,402	293,116
Other fixed assets	230,279	221,138
Total Property, plant and equipment	1,428,460	1,513,423

There is no liability allocated to the reported segments.

21. Financial risk management

In the 1S22, 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, 2021. 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, 2022.

21.1. 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	250,631	6.55%	8.19%	4.91%	9.83%	3.28%
Changes in principal (R\$)		16,416	20,520	12,312	24,624	8,208
IPCA	936,811	9.04%	11.30%	6.78%	13.56%	4.52%
Changes in principal (R\$)	-	84,688	105,860	63,516	127,032	42,344
CDI	1,448,935	13.25%	16.56%	9.94%	19.88%	6.63%
Changes in principal (R\$)	-	-	-	-	-	-
Ref. rate	857,195	0.43%	0.54%	0.32%	0.64%	0.21%
Changes in principal (R\$)		3,676	4,596	2,757	5,515	1,838
FIXED RATE (iii)	188,993	0.00%	0.00%	0.00%	0.00%	0.00%
Changes in principal (R\$)		-	-	-	-	-
Total (R\$)	3,682,565	104,780	130,976	78,585	157,171	52,390

(i) Principal on June 30, 2022. Sources of indexes:

(ii) CDI (Meta Selic), IPCA and TJLP (Bradesco projection June 7, 2022:

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

TR, as in the accumulated for last 12 months:

<https://www3.bcb.gov.br/CALCIDADAOPublico/corrigirPelaTR.do?method=corrigirPelaTR>

(iii) Contracts with fixed spread and without inflation adjustment: KfW, BEI, FINAME.

Notes to the financial statements

(b) Sensitivity to foreign exchange rate

The sensitivity analysis, prepared by the Company, is determined by the estimated changes in the € exchange rates, of $\pm 25\%$ and $\pm 50\%$, in the debt balance of loans and financing. The loan 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 06/30/2022	Gain/(loss)	
	Financing	Financing
Debt balance (in foreign currency)	€ 21,979	€ 10,000
Debit balance	120,537	54,842
Scenarios regarding the debt balance	Gain/(loss)	
	Financing	Financing
Likely (Projection)	752	342
25% decrease in € FX	30,134	13,711
50% decrease in € FX	60,268	27,421
25% increase in € FX	(30,134)	(13,711)
50% increase in € FX	(60,268)	(27,421)

Source of projected indexes: Euro, Bradesco's projection on June 07, 2022:

<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 7).

Restricted revenues as of June 30, 2022				
	Contract	Collateral (committed revenue)	Amount	Agreement end date
Financing and debentures	2007/2008 financing	Committed revenue amounting to three times the monthly debt service of the 2007 and 2008 agreements.	R\$ 5,635	September 2031
	PAC 2009	Committed revenue amounting to three times the monthly debt service of the agreements.	R\$ 1,996	November 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\$ 7,823	September 2031
	2011 Financing (INs 33, 25, 24)	Committed revenue amounting to three times the monthly debt service of the agreements.	R\$ 4,236	June 2035
	2012 Financing (IN 24)	Committed revenue amounting to three times the monthly debt service of the agreements.	R\$ 554	May 2036
	2013 Financing (IN 27)	Committed revenue amounting to three times the monthly debt service of the agreements.	R\$ 3,805	October 2037
	2014 Financing (IN 02)	Committed revenue amounting to three times the monthly debt service of the agreements.	R\$ 2,602	February 2038
	2015 Financing (IN 02)	Committed revenue amounting to three times the monthly debt service of the agreements.	R\$ 1,556	March 2039
	2017 Financing (IN 29)	Committed revenue amounting to three times the monthly debt service of the agreements.	R\$ 1,746	August 41
	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\$ 63,181	June 2023
	Financings (R\$ 181 million)	Committed revenue of R\$ 7.0 million, annually adjusted by the IPCA, since April 2010.	R\$ 17,226	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\$ 71,227	August 2022

Notes to the financial statements

	8 th Issue of debentures (R\$ 140 million)	Committed revenue of R\$ 16.9 million, annually adjusted by the IPCA, since September 2015.	R\$ 28,387	June 2028
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Notes to the financial statements

Restricted revenues as of June 30, 2022				
	Contract	Collateral (committed revenue)	Amount	Agreement end date
Financing and debentures	11 th Issue of Debentures (R\$ 226 million)	Committed revenue of R\$ 5.5 million, annually adjusted by the IPCA, since April 2017.	R\$ 5,500	January 2031
Financings	€ 100 million	Committed revenue amounting to one (1) time the monthly debt service of the agreement.	R\$ 30,883	December 2023
BRK Ambiental	Rio Manso PPP	1/12 of the annual installment of the Consideration payable for each effective year.	R\$ 10,399	December 2028
Financings	Finame	Binding of 130% of the PMT of the contracts.	R\$ 1,435	January 2025
Total committed revenue			R\$ 258,191	

21.2. 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
	06/30/2022	06/30/2022	12/31/2021	12/31/2021
Loans and financing	976,218	950,386	1,068,394	1,040,412
Simple debentures	2,744,596	2,737,211	2,916,950	2,900,441
Total	3,720,814	3,687,597	3,985,344	3,940,853

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

Lines	Parent company / Consolidated				Observations
	Contractual rate	Periods (in months)		Market rate	
Financing	7.71%	163	8.50%	Rate quote in June 2022	
Financing	7.53%	23	8.70%	Rate quote in June 2022	
FINAME	4.58%	31	18.54%	FINAME rate quote in June 2022	
Simple debentures	11.01%	57	11.50%	Rate quote of debentures in June 2022	
Financing	1.91%	145	1.41%	Rate quote in June 2022	
Financing	0.15%	137	0.55%	Rate quote in June 2022	

(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, 2022 and December 31, 2021:

	Parent company / Consolidated	
	Assets	
	06/30/2022	12/31/2021
Investment GS Inima Industrial Jeceaba S.A.	26,153	26,153
Total balance	26,153	26,153

Notes to the financial statements

22. Financial instruments by category

(a) Assets

	06/30/2022			12/31/2021		
	Financial assets at amortized cost	Fair value in other comprehensive income	Total	Financial assets at amortized cost	Fair value in other comprehensive income	Total
Parent company:						
Cash and cash equivalents	756,351	-	756,351	1,279,469	-	1,279,469
Trade accounts receivable	1,041,881	-	1,041,881	1,026,364	-	1,026,364
Banks and arrangements	3,303	-	3,303	3,273	-	3,273
Pledged financial investments	80,338	-	80,338	77,228	-	77,228
Concession financial assets	779,608	-	779,608	733,328	-	733,328
Financial assets measured at fair value through other comprehensive income ⁽¹⁾		26,153	26,153		26,153	26,153
Other accounts receivable	134,593	-	134,593	144,679	-	144,679
Total	2,796,074	26,153	2,822,227	3,264,341	26,153	3,290,494
Consolidated:						
Cash and cash equivalents	789,335	-	789,335	1,309,721	-	1,309,721
Trade accounts receivable	1,053,097	-	1,053,097	1,037,548	-	1,037,548
Banks and arrangements	3,353	-	3,353	3,320	-	3,320
Pledged financial investments	80,338	-	80,338	77,228	-	77,228
Concession financial assets	796,998	-	796,998	752,253	-	752,253
Financial assets measured at fair value through other comprehensive income ⁽¹⁾		26,153	26,153		26,153	26,153
Other accounts receivable	130,180	-	130,180	140,897	-	140,897
Total	2,853,301	26,153	2,879,454	3,320,967	26,153	3,347,120

⁽¹⁾ Excluding prepayments.

(b) Liabilities

	Financial liabilities at amortized cost	
	06/30/2022	12/31/2021
Parent company:		
Loans, financing and debentures	3,720,814	3,985,344
Suppliers	278,565	287,977
Leases	97,947	75,639
Public-Private Partnership	248,978	260,985
Total	4,346,304	4,609,945
Consolidated:		
Loans, financing and debentures	3,720,814	3,985,344
Suppliers	283,926	307,967
Lease ⁽¹⁾	97,988	75,642
Public-Private Partnership	248,978	260,985
Total	4,351,706	4,629,938

⁽¹⁾ In the 2nd quarter of 2022, referring to the consolidated lease, amortization was R\$ 9,070 (R\$ 8,340 in the 2nd quarter of 2021) and interest was R\$ 1,773 (R\$ 1,160 in the 2nd quarter of 2021).

Notes to the financial statements

23. Related party transactions

(a) Assets, liabilities and income (loss)

The Company recognizes as a related party, in addition to the business relationships maintained with its wholly-owned subsidiary COPANOR, Copass Saúde and Fundação Libertas de Seguridade Social, as well as the financial transactions maintained with key management personnel, with its Majority Shareholder and with the Companies or Bodies directly or indirectly related to it, provided that there are formalized contractual relations with these Companies or Bodies that generate financial transactions.

Balances and transactions with related parties are as follows:

	Parent company			
	06/30/2022			
	Subsidiary	Other		
	COPANOR	STATE OF MG	COPASS	LIBERTAS
Assets				
Current assets				
Trade accounts receivable:				
Amounts billed	-	26,658	1	31
Amounts to be billed	-	11,900	1	15
Agreements	-	298	-	-
Advance and other:				
Credit with subsidiary	4,686	-	-	-
Total assets	4,686	38,856	2	46
Liabilities				
Current liabilities				
Agreements	-	5,177	-	-
Obligations with retirement benefits	-	-	-	9,300
Health program	-	-	10,943	-
Non-current liabilities				
Agreements	-	-	-	-
Obligations with retirement benefits	-	-	-	108,739
Total liabilities	-	5,177	10,943	118,039
Income (loss) – 1st semester 2022				
Income (loss)				
Revenues from water and sewage treatment services	-	74,035	4	125
Security program	-	-	-	(23,069)
Health program	-	-	(50,611)	-
Result of 2nd quarter of 2022				
Income (loss)				
Revenues from water and sewage treatment services	-	38,376	2	50
Security program	-	-	-	(11,705)
Health program	-	-	(25,913)	-
Parent company				
12/31/2021				
	Subsidiary	Other		
	COPANOR	STATE OF MG	COPASS	LIBERTAS
Assets				
Current assets				
Trade accounts receivable:				
Amounts billed	-	20,232	1	14
Amounts to be billed	-	10,248	1	7
Agreements	-	(272)	-	-
Advance and other:				
Credit with subsidiary	4,067	-	-	-
Total assets	4,067	30,208	2	21

Notes to the financial statements

	Parent company			
	12/31/2021			
	Subsidiary	Other		
COPANOR	STATE OF MG	COPASS	LIBERTAS	
Liabilities				
Current liabilities				
Agreements	-	521	-	-
Obligations with retirement benefits	-	-	-	16,614
Health program	-	-	10,479	-
Non-current liabilities				
Obligations with retirement benefits	-	-	-	112,764
Total liabilities	-	521	10,479	129,378
Income (loss) – 1st semester 2021				
Income (loss)				
Revenues from water and sewage treatment services	-	57,904	3	86
Security program	-	-	-	(24,872)
Health program	-	-	(50,214)	-
Result of 2nd quarter of 2021				
Income (loss)				
Revenues from water and sewage treatment services	-	28,550	2	33
Security program	-	-	-	(12,742)
Health program	-	-	(25,899)	-

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

	2 nd quarter		1 st semester	
	2022	2021	2022	2021
Remuneration	2,573	1,029	3,765	2,106
Benefits:				
Food	19	19	51	38
Health	27	16	49	44
Post-employment benefit	67	62	160	125
Total	2,686	1,126	4,025	2,313

24. Commitments

The Company is a party to contracts for the construction of new projects, under which obligations are recognized as the services are performed. The main amounts payable to contractors and suppliers outstanding as at June 30, 2022 are listed below:

	Amount	Average contract term in months
Obligations of the major 10 contracts – Investments in construction works and organic growth in several concessions, which corresponds to the expected disbursement	370,603	17
Contractual obligations – Lease agreements within the scope of IFRS 16, which corresponds to the expected disbursement	10,878	13

Notes to the financial statements

25. Transactions that do not involve cash or cash equivalents

In the 1S22 and 1S21, 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	
	2 nd semester	
	2022	2021
Capitalized interest (Note 9)	38,146	38,294

26. Revenues

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

	2 nd quarter		1 st semester	
	2022	2021	2022	2021
Parent company:				
Gross revenue from rendering of water service	977,383	909,609	1,901,065	1,809,013
Gross revenue from rendering of sewage service	496,309	526,035	970,470	1,038,896
Solid waste	406	641	1,082	1,336
Construction revenue	182,989	133,647	334,487	217,785
Total gross revenue	1,657,087	1,569,932	3,207,104	3,067,030
Sales taxes	(136,424)	(132,925)	(266,090)	(263,697)
Net revenue	1,520,663	1,437,007	2,941,014	2,803,333
Consolidated:				
Gross revenue from rendering of water service	987,250	917,636	1,920,069	1,825,758
Gross revenue from rendering of sewage service	499,420	528,544	976,515	1,043,844
Solid waste	406	641	1,082	1,336
Construction revenue	184,196	136,117	337,666	222,513
Total gross revenue	1,671,272	1,582,938	3,235,332	3,093,451
Sales taxes	(137,625)	(133,900)	(268,407)	(265,704)
Net revenue	1,533,647	1,449,038	2,966,925	2,827,747

Breakdown of Net Revenue:

Parent company:				
Direct revenue from water	864,874	805,285	1,682,153	1,602,603
Direct revenue from sewage	448,207	474,800	876,521	937,745
Solid waste	344	563	937	1,173
Total direct revenue	1,313,425	1,280,648	2,559,611	2,541,521
Indirect revenue from water	22,102	20,141	42,858	38,984
Indirect revenue from sewage	2,147	2,571	4,058	5,043
Total indirect revenue	24,249	22,712	46,916	44,027
Construction revenue	182,989	133,647	334,487	217,785
Total net revenue	1,520,663	1,437,007	2,941,014	2,803,333
Consolidated:				
Direct revenue from water	873,591	812,388	1,698,924	1,617,398
Direct revenue from sewage	451,028	477,078	882,005	942,235
Solid waste	344	563	937	1,173
Total direct revenue	1,324,963	1,290,029	2,581,866	2,560,806
Indirect revenue from water	22,340	20,321	43,334	39,385
Indirect revenue from sewage	2,148	2,571	4,059	5,043
Total indirect revenue	24,488	22,892	47,393	44,428
Construction revenue	184,196	136,117	337,666	222,513
Total net revenue	1,533,647	1,449,038	2,966,925	2,827,747

Notes to the financial statements

27. Costs and expenses by nature

	2 nd quarter		1 st semester	
	2022	2021	2022	2021
Parent company:				
Operating costs				
Personnel	191,750	202,579	384,244	392,314
Social security obligations	40,787	42,017	83,460	80,640
Construction costs	182,989	133,647	334,487	217,785
General material	29,126	23,321	53,029	42,521
Treatment materials	23,878	19,086	52,648	40,652
Outsourced services	141,315	105,287	258,956	201,720
Electric power	133,209	123,496	280,807	245,943
General expenses	54,411	44,378	103,563	89,005
Depreciation and amortization	161,310	157,149	324,522	311,702
(-) Tax credits	(17,212)	(14,041)	(33,660)	(28,422)
	941,563	836,919	1,842,056	1,593,860
Sales expenses				
Personnel	39,709	39,423	98,863	78,232
Social security obligations	7,475	7,201	18,587	14,144
General material	1,365	1,164	2,564	2,210
Treatment materials	4	27	13	31
Outsourced services	6,662	5,038	12,520	9,437
Electric power	616	527	1,295	1,098
General expenses	145	82	317	1,121
Depreciation and amortization	1,692	1,606	3,405	3,135
	57,668	55,068	137,564	109,408
Impairment losses on accounts receivable	38,286	60,656	96,842	109,684
Administrative expenses				
Personnel	77,065	78,613	137,424	150,353
Social security obligations	12,025	12,798	20,634	24,222
General material	1,568	803	2,818	1,894
Treatment materials	5	17	23	32
Outsourced services	37,427	31,320	69,725	57,105
Electric power	828	770	1,787	1,615
General expenses	5,080	2,819	7,689	9,668
Depreciation and amortization	12,579	11,019	30,000	21,497
Provision for losses of obsolete materials	1,059	(472)	1,328	123
	147,636	137,687	271,428	266,509
Costs and expenses				
Personnel (Note 28)	308,524	320,615	620,531	620,899
Social security obligations (Note 28)	60,287	62,016	122,681	119,006
Construction costs	182,989	133,647	334,487	217,785
General material	32,059	25,288	58,411	46,625
Treatment materials	23,887	19,130	52,684	40,715
Outsourced services	185,404	141,645	341,201	268,262
Electric power	134,653	124,793	283,889	248,656
General expenses	59,636	47,279	111,569	99,794
Depreciation and amortization	175,581	169,774	357,927	336,334
(-) Tax credits	(17,212)	(14,041)	(33,660)	(28,422)
Provision for losses of obsolete materials	1,059	(472)	1,328	123
Impairment losses on accounts receivable	38,286	60,656	96,842	109,684
Total	1,185,153	1,090,330	2,347,890	2,079,461

Notes to the financial statements

	2nd quarter		1st semester	
	2022	2021	2022	2021
Consolidated:				
Operating costs				
Personnel	195,511	206,301	391,263	399,736
Social security obligations	41,645	42,777	85,169	82,153
Construction costs	184,196	136,117	337,666	222,513
General material	30,537	24,150	55,366	44,027
Treatment materials	25,018	19,423	54,279	41,426
Outsourced services	142,207	106,027	260,534	203,023
Electric power	136,038	126,086	286,550	251,190
General expenses	54,775	44,558	104,276	89,360
Depreciation and amortization	163,455	158,875	328,698	315,061
(-) Tax credits	(17,414)	(14,348)	(34,052)	(29,044)
Losses of obsolete materials	1,542	-	1,542	-
	957,510	849,966	1,871,291	1,619,445
Sales expenses				
Personnel	39,799	39,496	99,039	78,378
Social security obligations	7,493	7,216	18,621	14,172
General material	1,368	1,169	2,568	2,215
Treatment materials	4	27	13	31
Outsourced services	7,037	5,386	13,272	10,155
Electric power	616	528	1,295	1,099
General expenses	152	83	328	1,123
Depreciation and amortization	1,694	1,605	3,407	3,135
	58,163	55,510	138,543	110,308
Impairment losses on accounts receivable	39,419	61,714	99,127	111,584
Administrative expenses				
Personnel	77,762	78,877	139,295	150,901
Social security obligations	12,068	12,861	20,724	24,349
General material	1,643	807	2,942	1,905
Treatment materials	5	18	23	32
Outsourced services	37,822	31,663	70,542	57,896
Electric power	894	818	1,910	1,709
General expenses	5,153	2,841	7,840	9,769
Depreciation and amortization	12,587	11,027	30,018	21,513
Provision for losses of obsolete materials	1,052	(139)	1,328	456
	148,986	138,773	274,622	268,530
Costs and expenses				
Personnel (Note 28)	313,072	324,674	629,597	629,015
Social security obligations (Note 28)	61,206	62,854	124,514	120,674
Construction costs	184,196	136,117	337,666	222,513
General material	33,548	26,126	60,876	48,147
Treatment materials	25,027	19,468	54,315	41,489
Outsourced services	187,066	143,076	344,348	271,074
Electric power	137,548	127,432	289,755	253,998
General expenses	60,080	47,482	112,444	100,252
Depreciation and amortization	177,736	171,507	362,123	339,709
(-) Tax credits	(17,414)	(14,348)	(34,052)	(29,044)
Provision for losses of obsolete materials	2,594	(139)	2,870	456
Impairment losses on accounts receivable	39,419	61,714	99,127	111,584
Total	1,204,078	1,105,963	2,383,583	2,109,867

Notes to the financial statements

Details of construction costs:

	2 nd quarter		1 st semester	
	2022	2021	2022	2021
Parent company:				
Salaries and payroll charges	8,257	10,045	22,906	20,357
Material	11,032	11,908	22,914	19,402
Equipment	6,844	2,236	9,996	5,705
Outsourced services	142,096	101,880	249,914	157,597
Financing costs	14,006	7,365	27,679	14,313
Other	754	213	1,078	411
Total construction costs	182,989	133,647	334,487	217,785
Consolidated:				
Salaries and payroll charges	8,257	10,045	22,906	20,357
Material	11,043	12,093	23,047	19,908
Equipment	6,844	2,428	10,429	5,897
Outsourced services	143,292	103,973	252,527	161,627
Financing costs	14,006	7,365	27,679	14,313
Other	754	213	1,078	411
Total construction costs	184,196	136,117	337,666	222,513

28. Personnel expenses

	2 nd quarter		1 st semester	
	2022	2021	2022	2021
Parent company:				
Salaries	193,962	200,544	397,783	385,873
Social security costs	60,287	62,016	122,681	119,006
FGTS	16,298	16,759	33,157	32,319
Contribution to pension plan	11,705	12,742	23,069	24,872
Meal program	44,257	45,534	90,950	89,059
Health program	25,913	25,898	50,611	50,214
Employee profit sharing	10,916	14,939	13,488	28,859
Other benefits	5,473	4,199	11,473	9,703
Total	368,811	382,631	743,212	739,905
Personnel (Note 27)	308,524	320,615	620,531	620,899
Social security obligations (Note 27)	60,287	62,016	122,681	119,006
Consolidated:				
Salaries	197,191	203,446	404,229	391,665
Social security costs	61,205	62,854	124,513	120,674
FGTS	16,527	16,966	33,614	32,733
Contribution to pension plan	11,705	12,742	23,069	24,872
Meal program	45,116	46,288	92,636	90,574
Health program	26,114	26,067	51,026	50,558
Employee profit sharing	10,916	14,939	13,488	28,859
Other benefits	5,504	4,226	11,536	9,754
Total	374,278	387,528	754,111	749,689
Personnel (Note 27)	313,072	324,674	629,597	629,015
Social security obligations (Note 27)	61,206	62,854	124,514	120,674

Notes to the financial statements

29. Other operating revenues and expenses

Other operating revenues accrued by the Company as of June 30, 2022 and 2021 are presented as follows:

	2 nd quarter		1 st semester	
	2022	2021	2022	2021
Parent company:				
Reversal of non-deductible provision	16,440	6,019	36,272	9,487
Recovery of written-off accounts	11,862	11,574	21,467	30,479
Health program reimbursement	-	-	-	119
Disposal of property, plant and equipment	1,714	1,491	2,749	2,018
Other revenues	3,716	8,590	9,181	11,039
Total other operating revenues	33,732	27,674	69,669	53,142
Consolidated:				
Reversal of non-deductible provision	16,440	6,386	36,890	9,928
Recovery of written-off accounts	12,396	11,854	22,461	31,291
Health program reimbursement	-	-	-	119
Disposal of property, plant and equipment	1,714	1,491	2,749	2,018
Other revenues	3,728	8,592	9,210	11,074
Total other operating revenues	34,278	28,323	71,310	54,430

Other operating expenses of the Company as of June 30, 2022 and 2021 are presented as follows:

Parent company:				
Reversal of (provision for) lawsuits, net ARSAE fee	(9,177)	(21,889)	(5,393)	(49,701)
Expenses with environment preservation	(13,265)	(10,737)	(26,530)	(21,474)
Taxes and duties	(5,069)	(6,461)	(8,028)	(9,155)
Actuarial liability	(3,587)	(2,456)	(6,710)	(5,532)
Other	(4,687)	(3,780)	(9,374)	(7,492)
Total	(13,219)	(4,766)	(22,534)	(5,011)
Consolidated:				
Reversal of (provision for) lawsuits, net ARSAE fee	(9,200)	(22,089)	(5,309)	(50,261)
Expenses with environment preservation	(13,505)	(10,931)	(27,010)	(21,862)
Taxes and duties	(5,069)	(6,461)	(8,028)	(9,155)
Actuarial liability	(3,595)	(2,461)	(6,804)	(5,620)
Other	(4,687)	(3,780)	(9,374)	(7,492)
Total	(13,287)	(4,813)	(22,736)	(5,062)

Notes to the financial statements

30. Financial revenues and expenses

Financial revenues (expenses) can be summarized as follows:

	2 nd quarter		1 st semester	
	2022	2021	2022	2021
Parent company:				
Asset interest	12,365	11,292	23,722	22,713
Yields from interest earning bank deposits	24,156	7,348	50,472	11,911
Revenue from inflation adjustment and exchange rate change	9,106	18,298	51,145	25,952
Revenues from financial assets/other	15,156	22,065	29,282	36,882
Taxes on financial revenue	(1,872)	(1,912)	(3,757)	(3,378)
Total revenue	58,911	57,091	150,864	94,080
Charges on financing and legal provisions	(72,769)	(42,938)	(153,962)	(85,006)
Inflation adjustment and exchange rate change expense	(66,140)	(10,986)	(99,099)	(53,496)
Other expenses	(28)	(98)	(184)	(278)
Total expense	(138,937)	(54,022)	(253,245)	(138,780)
Financial income (loss)	(80,026)	3,069	(102,381)	(44,700)
Consolidated:				
Asset interest	12,577	11,448	24,137	23,041
Yields from interest earning bank deposits	25,231	7,596	52,028	12,233
Revenue from inflation adjustment and exchange rate change	9,120	18,308	51,168	25,967
Revenues from financial assets/other	15,265	22,165	29,484	37,059
Taxes on financial revenue	(1,933)	(1,936)	(3,850)	(3,417)
Total revenue	60,260	57,581	152,967	94,883
Charges on financing and legal provisions	(72,771)	(42,939)	(153,965)	(85,007)
Inflation adjustment and exchange rate change expense	(66,139)	(10,986)	(99,098)	(53,496)
Other expenses	(29)	(101)	(186)	(295)
Total expense	(138,939)	(54,026)	(253,249)	(138,798)
Financial income (loss)	(78,679)	3,555	(100,282)	(43,915)

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

Pursuant to CVM/SNC/SEP Circular Letter 003/2011, the Company opened the Notes considered relevant in the context of the “Basic Conceptual Pronouncement - Conceptual Framework for the Preparation and Presentation of Financial Statements”. All information whose omission or misstatement could influence the economic decisions of users were duly disclosed in this Interim Accounting Information which should be read in conjunction with the Financial Statements as of December 31, 2021.

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

- Note 04 - Estimates and Critical Accounting Judgments;
- Note 27 - Insurance;
- Note 34 - Operational and Financial Data of Activities Related to Achievement of Collective Interest Purposes;
- Note 35 - Tariff Review.

Comments on the Behavior of the Business Projections

Comments on the Behavior of the Business Projections

1. Projections

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

1.1. Investment Program

1.1.1. 2022 Investment Program

Parent Company's Investment Program (COPASA MG) for 2022, which amounts to R\$ 1,395 million, was approved at the Annual General Meeting held on 04/29/2022. Regarding the subsidiary COPANOR, the amount approved was R\$ 47.5 million.

The amounts invested in the 1S22 are presented below:

Investments (R\$ million)	1S22
Water	277.8
Sewage	175.6
Business and Operational Development	20.9
Parent company (COPASA MG)	474.4
COPANOR	7.3
Total	481.7

1.1.2. Investment Program - 2023 to 2026

The values of the Multiannual Investment Program projected by COPASA MG for the period from 2023 to 2026 are as follows:

Year	2023	2024	2025	2026
Projected value (R\$ million)	1,410	1,600	1,600	1,410

Opinions and Statements / Special Review Report - Qualified

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

Introduction

We have reviewed the individual and consolidated interim financial information of Companhia de Saneamento de Minas Gerais - COPASA MG ("Company"), contained in the Quarterly Information (ITR) Form for the quarter ended June 30, 2022, which comprises the balance sheet as of June 30, 2022 and related statements of income, comprehensive income for the 3 and 6-month period then ended, changes in shareholders' equity and of cash flows for the quarter then ended, including the explanatory notes.

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

Scope of the review

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

Basis for qualified conclusion on individual and consolidated interim financial information

As mentioned in Notes 2 and 14(c) to the interim financial information, the individual and consolidated balance sheets, the Company did not comply with the covenants of its debenture contracts for the year ended December 31, 2021, making the overdue liability payable at the order of the creditor. On March 20 and 21, 2022, the creditors agreed not to require the prepayment; however, pursuant to paragraph 74 of CPC 26 (IAS 1), when the entity does not comply with a covenant of a long-term loan contract at the end of the period or before, at the end of the reporting date, liabilities becoming due and payable at the creditor's order, liabilities are classified as current, even if the creditor has agreed, after balance sheet date and prior to the date of authorization for the issue of financial statements, not to require the accelerated payment due to the breach of the covenant because, at balance sheet date, the entity does not have the unconditional right to defer its dissolution for at least 12 months as December 31, 2021. The Company did not comply with the aforementioned item and kept the liability classified as non-current. Therefore, as of December 31, 2021, current liabilities, individual and consolidated, are understated and non-current liabilities, individual and consolidated, are overstated by R\$ 1,933,212 thousand. Due to the non-reclassification of said balance to the short term as of December 31, 2021, the comparability of the balance sheet as of June 30, 2022 is affected.

Qualified conclusion on individual and consolidated interim financial information

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

Other matters

Statements of added value

The aforementioned interim quarterly information includes the individual and consolidated statements of added value for the six-month period ended June 30, 2022, prepared under responsibility of Company's Management, and presented as supplementary information for IAS 34 purposes. These statements have been subject to review procedures performed in conjunction with the review of the quarterly information, in order to determine whether they are reconciled with the interim financial information and book records, as applicable, and whether their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 – Statement of Added Value. Based on our review, we are not aware of any facts that may lead us to believe that those statements of added value have not been prepared, in all material respects, in accordance with the criteria set forth in this Standard and consistently with respect to the individual and consolidated interim financial information taken as a whole.

Belo Horizonte, July 29, 2022

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

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

In compliance with items V and VI, article 25 of CVM Instruction 480, dated December 7, 2009, the Chief Executive Officer and the other Officers of Companhia de Saneamento de Minas Gerais - COPASA MG (hereinafter referred to as "Executive Board"), a publicly held mixed capital company headquartered at Rua Mar de Espanha, 525, Belo Horizonte - MG, EIN 17.281.106/0001- 03, hereby declare that:

1. They have reviewed, discussed and agreed with the Interim Financial Information of the Parent Company and Consolidated, in compliance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) for the period ended June 30, 2022.
2. They also state that they have reviewed and discussed the opinions expressed in the report on the review of Quarterly information - ITR of KPMG Auditores Independentes on the interim financial information of the Parent Company and Consolidated, in compliance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) for the period ended June 30, 2022.

The Executive Board hereby declares its disagreement with the position of the independent auditors, expressed in the form of a qualification contained in its Basis for Conclusion with Qualifications on the Individual and Consolidated Interim Financial Information, in relation to the need to reclassify the Company's debts in the amount of R\$ 1,933,212 thousand in the balance sheet as of December 31, 2021, from Non-Current Liabilities to Current Liabilities, not carried out by the company and which would be affecting, according to the text contained in the qualification, the comparability of the balance sheet as of June 30, 2022

This matter is disclosed by the Company in Notes 2 and 14(c) of the aforementioned interim financial statements, clarifying the facts and justifying our position.

On December 27, 2021, the Company released a Material Fact describing the unfolding of labor lawsuit 102100-74.2008.5.03.0024, which was filed in 2008 by the main Union of the Company's employees, questioning the legality of the termination policy adopted at that time, for using the age of the employees as a criterion for terminating the employment contract. Therefore, the Company decided to review the provisioning amount and increased the provision for this lawsuit by approximately R\$ 217.5 million, which was accounted for on December 31, 2021.

As a result of this situation, some covenants of certain series of issued debentures were affected, which could result in immediate enforceability for liabilities whose enforceability was originally expected to be in the long-term.

During March 2022, after the due procedures with the creditors involved, several debentureholders' meetings, whose series had their covenants affected, were held, through which the necessary waivers were obtained to maintain the original long-term maturity terms (non-current liabilities); that is, re-establishing the conditions provided for upon issue of debentures.

Despite the fact that the waivers were granted by the creditors involved, KPMG Auditores Independentes expressed its understanding that the non-current liabilities corresponding to the amount of said debentures should be reclassified as current liabilities in the balance sheet for the year ended December 31, 2021, alleging that there is an express provision in the Pronouncement CPC 26 of Accounting Pronouncement Committee (CPC), in its article 74, that this would be the treatment to be adopted in such circumstances.

Regarding the proposed reclassification, it is worth highlighting that the position of the technicians and the Company's Management is that the presentation of the debt as due in the short term would not correspond to the reality of the debt payment schedule and would constitute a serious misstatement in the Balance Sheet. Considering that we obtained all waivers before the issue and approval of the balance sheet as of December 31, 2021 (and, consequently, before the issue date of such auditors' report), Management understands that the aforementioned reclassification would result in misleading information in those financial statements, notably in the Balance Sheet, leading the reader to an incorrect interpretation of the financial position of COPASA MG, mainly regarding its solvency and cash generation capacity and, therefore, it did not carry out said reclassification.

The CPC 26 Pronouncement itself, in its items 19 and 20 (exert below), indicates how Management should treat the application of a certain accounting rule when, in its judgment, such application leads to a misleading presentation – in which case it conflicts with Pronouncement CPC 00:

"19. In extremely rare circumstances, in which Management comes to the conclusion that compliance with a requirement of a technical pronouncement, interpretation or guidance of the CPC would lead to a presentation so misleading that it would conflict with the objective of the financial statements provided for in the CPC 00, the entity must not apply this requirement and shall follow the provisions of item 20, unless this procedure is strictly prohibited from a legal and regulatory perspective.

20. When an entity does not apply a requirement of a technical pronouncement, interpretation or guidance from the CPC or in accordance with paragraph 19, it must disclose:

- (a) that the Management concluded that the financial statements adequately present the Entity's financial position, performance and cash flows;
- (b) that it has adopted the applicable CPC technical pronouncements, interpretations and guidance, except for not applying a specific requirement for the purpose of obtaining fair representation;
- (c) the title of the CPC technical pronouncement, interpretation or guidance that the entity did not apply, the nature of that exception, including the treatment that the CPC Technical Pronouncement, Interpretation or Guidance would require; the reason why this treatment would be so misleading that it would conflict with the objective of the financial statements, established in CPC 00; and the treatment actually adopted; and
- (d) for each period presented, the financial impact of the non-application of the technical pronouncement, interpretation or guidance of the CPC in force in each item in the financial statements that would have been reported, had the non-applied requirement been adopted."

Such Management's understanding is fully in line with the opinion of Prof. Jorge Andrade Costa, independent opinion issuer with a clear knowledge of the matter, contained in its Technical Opinion issued on March 23, 2022.

Belo Horizonte, July 29, 2022.

Guilherme Augusto Duarte de Faria
CEO

Carlos Augusto Botrel Berto
Chief Financial and Investor Relations Officer

Cristiane Schwanka
Chief Relationship and Market Officer

Guilherme Frasson Neto
Chief Operating Officer
Chief Technological Development, Environment and Project Officer (interim)

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

In compliance with items V and VI, article 25 of CVM Instruction 480, dated December 7, 2009, the Chief Executive Officer and the other Officers of Companhia de Saneamento de Minas Gerais - COPASA MG (hereinafter referred to as "Executive Board"), a publicly held mixed capital company headquartered at Rua Mar de Espanha, 525, Belo Horizonte - MG, EIN 17.281.106/0001- 03, hereby declare that:

1. They have reviewed, discussed and agreed with the Interim Financial Information of the Parent Company and Consolidated, in compliance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) for the period ended June 30, 2022.
2. They also state that they have reviewed and discussed the opinions expressed in the report on the review of Quarterly information - ITR of KPMG Auditores Independentes on the interim financial information of the Parent Company and Consolidated, in compliance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) for the period ended June 30, 2022.

The Executive Board hereby declares its disagreement with the position of the independent auditors, expressed in the form of a qualification contained in its Basis for Conclusion with Qualifications on the Individual and Consolidated Interim Financial Information, in relation to the need to reclassify the Company's debts in the amount of R\$ 1,933,212 thousand in the balance sheet as of December 31, 2021, from Non-Current Liabilities to Current Liabilities, not carried out by the company and which would be affecting, according to the text contained in the qualification, the comparability of the balance sheet as of June 30, 2022

This matter is disclosed by the Company in Notes 2 and 14(c) of the aforementioned interim financial statements, clarifying the facts and justifying our position.

On December 27, 2021, the Company released a Material Fact describing the unfolding of labor lawsuit 102100-74.2008.5.03.0024, which was filed in 2008 by the main Union of the Company's employees, questioning the legality of the termination policy adopted at that time, for using the age of the employees as a criterion for terminating the employment contract. Therefore, the Company decided to review the provisioning amount and increased the provision for this lawsuit by approximately R\$ 217.5 million, which was accounted for on December 31, 2021.

As a result of this situation, some covenants of certain series of issued debentures were affected, which could result in immediate enforceability for liabilities whose enforceability was originally expected to be in the long-term.

During March 2022, after the due procedures with the creditors involved, several debentureholders' meetings, whose series had their covenants affected, were held, through which the necessary waivers were obtained to maintain the original long-term maturity terms (non-current liabilities); that is, re-establishing the conditions provided for upon issue of debentures.

Despite the fact that the waivers were granted by the creditors involved, KPMG Auditores Independentes expressed its understanding that the non-current liabilities corresponding to the amount of said debentures should be reclassified as current liabilities in the balance sheet for the year ended December 31, 2021, alleging that there is an express provision in the Pronouncement CPC 26 of Accounting Pronouncement Committee (CPC), in its article 74, that this would be the treatment to be adopted in such circumstances.

Regarding the proposed reclassification, it is worth highlighting that the position of the technicians and the Company's Management is that the presentation of the debt as due in the short term would not correspond to the reality of the debt payment schedule and would constitute a serious misstatement in the Balance Sheet. Considering that we obtained all waivers before the issue and approval of the balance sheet as of December 31, 2021 (and, consequently, before the issue date of such auditors' report), Management understands that the aforementioned reclassification would result in misleading information in those financial statements, notably in the Balance Sheet, leading the reader to an incorrect interpretation of the financial position of COPASA MG, mainly regarding its solvency and cash generation capacity and, therefore, it did not carry out said reclassification.

The CPC 26 Pronouncement itself, in its items 19 and 20 (exert below), indicates how Management should treat the application of a certain accounting rule when, in its judgment, such application leads to a misleading presentation – in which case it conflicts with Pronouncement CPC 00:

"19. In extremely rare circumstances, in which Management comes to the conclusion that compliance with a requirement of a technical pronouncement, interpretation or guidance of the CPC would lead to a presentation so misleading that it would conflict with the objective of the financial statements provided for in the CPC 00, the entity must not apply this requirement and shall follow the provisions of item 20, unless this procedure is strictly prohibited from a legal and regulatory perspective.

20. When an entity does not apply a requirement of a technical pronouncement, interpretation or guidance from the CPC or in accordance with paragraph 19, it must disclose:

- (a) that the Management concluded that the financial statements adequately present the Entity's financial position, performance and cash flows;
- (b) that it has adopted the applicable CPC technical pronouncements, interpretations and guidance, except for not applying a specific requirement for the purpose of obtaining fair representation;
- (c) the title of the CPC technical pronouncement, interpretation or guidance that the entity did not apply, the nature of that exception, including the treatment that the CPC Technical Pronouncement, Interpretation or Guidance would require; the reason why this treatment would be so misleading that it would conflict with the objective of the financial statements, established in CPC 00; and the treatment actually adopted; and
- (d) for each period presented, the financial impact of the non-application of the technical pronouncement, interpretation or guidance of the CPC in force in each item in the financial statements that would have been reported, had the non-applied requirement been adopted."

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

Such Management's understanding is fully in line with the opinion of Prof. Jorge Andrade Costa, independent opinion issuer with a clear knowledge of the matter, contained in its Technical Opinion issued on March 23, 2022.

Belo Horizonte, July 29, 2022.

Guilherme Augusto Duarte de Faria
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