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Company information / Breakdown of capital

Quantity of shares (Thousand)	Current quarter 03/31/2022
Paid-in capital	
Common	379,181,430
Preferred	0
Total	379,181,430
Treasury	
Common	1,071,639
Preferred	0
Total	1,071,639

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

Code of account	Account description	Current quarter 03/31/2022	Prior year 12/31/2021
1	Total assets	12,304,427	12,696,792
1.01	Current assets	2,086,618	2,520,951
1.01.01	Cash and cash equivalents	783,005	1,279,469
1.01.03	Accounts receivable	1,005,736	989,272
1.01.03.01	Clients	1,005,736	989,272
1.01.04	Inventories	94,395	83,322
1.01.06	Recoverable taxes	138,076	100,568
1.01.06.01	Current taxes recoverable	138,076	100,568
1.01.06.01.01	Recoverable taxes	138,076	100,568
1.01.08	Other Current assets	65,406	68,320
1.01.08.03	Other	65,406	68,320
1.01.08.03.01	Advances for employees	8,788	13,615
1.01.08.03.02	Sundry	13,957	13,161
1.01.08.03.03	Technical cooperation agreement	37,816	38,271
1.01.08.03.04	Banks and arrangements	4,845	3,273
1.02	Non-current assets	10,217,809	10,175,841
1.02.01	Long term assets	3,033,364	2,910,514
1.02.01.03	Interest earning bank deposits measured at amortized cost	77,916	77,228
1.02.01.04	Accounts receivable	150,962	162,032
1.02.01.04.01	Clients	34,164	37,092
1.02.01.04.03	Collaterals as guarantees of loans, financing and debentures	59,719	65,853
1.02.01.04.05	Advance and other	57,079	59,087
1.02.01.07	Deferred taxes	337,278	409,039
1.02.01.07.01	Deferred income tax and social contribution	337,278	409,039
1.02.01.10	Other non-current assets	2,467,208	2,262,215
1.02.01.10.03	Financial assets - Concession contracts	748,093	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	89,998	72,699
1.02.01.10.06	Contract asset	1,596,868	1,424,870
1.02.01.10.07	Technical cooperation agreement	6,096	5,165
1.02.02	Investments	227,184	202,441
1.02.02.01	Equity interest	227,184	202,441
1.02.02.01.02	Interest in subsidiaries	226,924	202,181
1.02.02.01.04	Other investments	260	260
1.02.03	Property, plant and equipment	1,444,608	1,470,124
1.02.03.01	Construction in progress	1,444,608	1,470,124
1.02.04	Intangible assets	5,512,653	5,592,762
1.02.04.01	Intangible assets	5,512,653	5,592,762
1.02.04.01.01	Concession contract	5,512,653	5,592,762

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

Code of account	Account description	Current quarter 03/31/2022	Prior year 12/31/2021
2	Total liabilities	12,304,427	12,696,792
2.01	Current liabilities	1,605,760	1,886,439
2.01.01	Social and labor obligations	137,993	119,302
2.01.01.02	Labor obligations	137,993	119,302
2.01.02	Suppliers	239,585	287,977
2.01.02.01	Domestic suppliers	239,585	287,977
2.01.03	Tax liabilities	116,132	75,100
2.01.03.01	Federal tax liabilities	113,855	72,130
2.01.03.01.02	Other federal liabilities	113,855	72,130
2.01.03.03	Municipal tax liabilities	2,277	2,970
2.01.04	Loans and financing	835,143	800,137
2.01.04.01	Loans and financing	178,133	190,315
2.01.04.01.01	In domestic currency	119,190	120,221
2.01.04.01.02	In foreign currency	58,943	70,094
2.01.04.02	Debentures	657,010	609,822
2.01.04.02.01	Non-convertible	657,010	609,822
2.01.05	Other liabilities	223,926	472,122
2.01.05.02	Other	223,926	472,122
2.01.05.02.01	Dividends and interest on own capital	31,820	265
2.01.05.02.04	Obligations with retirement benefits	22,358	16,614
2.01.05.02.06	Technical cooperation agreement	3,242	1,214
2.01.05.02.07	Public-Private Partnership	50,281	52,331
2.01.05.02.08	Sundry liabilities	85,556	375,390
2.01.05.02.09	Rights-of-use - Lease	30,669	26,308
2.01.06	Provisions	52,981	131,801
2.01.06.01	Tax, social security, labor and civil provisions	52,981	131,801
2.01.06.01.05	Other tax obligations	6,623	6,623
2.01.06.01.07	Employee profit sharing	46,358	125,178
2.02	Non-current liabilities	3,805,058	4,050,395
2.02.01	Loans and financing	2,906,861	3,185,207
2.02.01.01	Loans and financing	837,666	878,079
2.02.01.01.01	In domestic currency	701,472	713,812
2.02.01.01.02	In foreign currency	136,194	164,267
2.02.01.02	Debentures	2,069,195	2,307,128
2.02.01.02.01	Non-convertible	2,069,195	2,307,128
2.02.02	Other liabilities	532,458	487,825
2.02.02.02	Other	532,458	487,825
2.02.02.02.03	Obligations with retirement benefits	104,051	112,764
2.02.02.02.05	Deposits for works	62,347	60,814
2.02.02.02.06	Public-Private Partnership	201,384	208,654
2.02.02.02.07	Sundry	91,222	54,285
2.02.02.02.08	Rights-of-use - Lease	68,593	49,331
2.02.02.02.09	Technical cooperation agreement	4,861	1,977
2.02.04	Provisions	365,739	377,363
2.02.04.01	Tax, social security, labor and civil provisions	365,739	377,363
2.02.04.01.06	Provision for lawsuits	365,739	377,363

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

Code of account	Account description	Current quarter 03/31/2022	Prior year 12/31/2021
2.03	Shareholders' equity	6,893,609	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	133,663	0
2.03.06	Equity valuation adjustments	-36,446	-36,434

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

Code of account	Account description	Accumulated of the current year 01/01/2022–03/31/2022	Accumulated of the prior year 01/01/2021–03/31/2021
3.01	Revenue from sales of goods and/or services	1,420,351	1,366,326
3.01.01	Water services	838,035	816,161
3.01.02	Sewage services	430,225	465,417
3.01.03	Revenue from construction	151,498	84,138
3.01.04	Revenues from solid waste	593	610
3.02	Cost of goods and/or services sold	-900,493	-756,941
3.02.01	Cost of goods and/or services sold	-748,995	-672,803
3.02.02	Construction cost	-151,498	-84,138
3.03	Gross income	519,858	609,385
3.04	Operating expenses/revenue	-258,219	-257,091
3.04.01	Sales expenses	-138,452	-103,368
3.04.01.01	Sales expenses	-79,896	-54,340
3.04.01.02	Estimated losses from allowance for doubtful accounts	-58,556	-49,028
3.04.02	General and administrative expenses	-123,792	-128,822
3.04.04	Other operating revenue	35,937	25,468
3.04.05	Other operating expenses	-29,565	-48,276
3.04.05.01	Other operating expenses	-29,565	-48,276
3.04.06	Equity in net income of subsidiaries	-2,347	-2,093
3.05	Income (loss) before financial income and taxes	261,639	352,294
3.06	Financial income (loss)	-22,355	-47,769
3.06.01	Financial revenues	91,953	36,989
3.06.02	Financial expenses	-114,308	-84,758
3.07	Income (loss) before income tax	239,284	304,525
3.08	Income tax and social contribution	-71,762	-84,738
3.08.01	Current	0	-123,105
3.08.02	Deferred	-71,762	38,367
3.09	Net income (loss) from continued operations	167,522	219,787
3.11	Income/loss for the period	167,522	219,787

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

Code of account	Account description	Accumulated of the current year 01/01/2022–03/31/2022	Accumulated of the prior year 01/01/2021–03/31/2021
4.01	Net income for the period	167,522	219,787
4.03	Comprehensive income for the period	167,522	219,787

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

Code of account	Account description	Accumulated of the current year	Accumulated of the prior year
		01/01/2022–03/31/2022	01/01/2021–03/31/2021
6.01	Net cash from operating activities	-17,456	368,797
6.01.01	Cash generated in operations	514,273	484,244
6.01.01.01	Net income for the period	167,522	219,787
6.01.01.02	Allowance for doubtful accounts	58,556	49,028
6.01.01.04	Charges and net inflation adjustments and exchange-rate changes	-14,971	34,204
6.01.01.05	Interest revenues and expenses	67,245	30,069
6.01.01.06	Deferred income tax and social contribution	71,762	-38,367
6.01.01.07	Equity in net income of subsidiaries	2,347	2,093
6.01.01.08	Gain/Loss in the write-off of intangible assets and Property, plant and equipment	-399	2,554
6.01.01.09	Depreciation and amortization	182,346	166,560
6.01.01.10	Formation (reversal) of provisions	-21,369	16,826
6.01.01.11	Provision from retirement benefits	16,050	16,006
6.01.01.12	Financial assets	-13,306	-14,196
6.01.01.13	Other	-1,245	0
6.01.01.16	Provision for inventory losses	-265	-320
6.01.02	Changes in assets and liabilities	-407,902	42,432
6.01.02.01	Trade accounts receivable	-60,362	-46,023
6.01.02.02	Inventories	-10,539	-3,024
6.01.02.03	Recoverable taxes	-37,508	0
6.01.02.07	Advance of tariff onlending	1,739	808
6.01.02.09	Other	-1,132	2,577
6.01.02.10	Suppliers	-48,392	-33,604
6.01.02.11	Taxes, rates, contributions, and social charges	74,050	112,551
6.01.02.12	Provision for vacation and 13th salary	18,691	11,082
6.01.02.13	Employee profit sharing	-78,820	13,920
6.01.02.14	Technical cooperation agreement	4,436	-122
6.01.02.15	Contingencies	774	-2,985
6.01.02.16	Obligations with retirement benefits	1,047	-19,454
6.01.02.17	Electric power and other (Payment of taxes in installments)	-15,269	8,051
6.01.02.18	Collective Bargaining Agreement 2019/2022	-171,116	0
6.01.02.19	Payment of actuarial liabilities	-13,399	-1,345
6.01.02.20	Voluntary Dismissal Incentive Program - PDVI	-72,102	0
6.01.03	Other	-123,827	-157,879
6.01.03.01	Interest paid	-87,459	-52,441
6.01.03.02	Interest paid to Public-Private Partnership	-1,037	-1,622
6.01.03.03	Payment of income tax/social contribution	-35,331	-103,816
6.02	Net cash used in investment activities	-249,866	-45,544
6.02.08	Payment to PPP	-12,119	-12,737
6.02.09	Capital increase in subsidiaries	-27,090	-25,945
6.02.10	Acquisition of contract assets	-181,588	-103,802
6.02.11	Acquisition of intangible assets	-33,761	-30,484
6.02.12	Acquisition of property, plant and equipment	-2,369	-10,869
6.02.13	Amount received for sale of property, plant and equipment	1,035	527
6.02.14	Collateral for financing	7,598	129,432

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

6.02.15	Banks and arrangements	-1,572	8,334
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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	Accumulated of the prior year
		01/01/2022–03/31/2022	01/01/2021–03/31/2021
6.03	Net cash from financing activities	-229,142	-203,732
6.03.01	Inflows of loans, financing and debentures	15,066	5,524
6.03.02	Amortization of loans, financing and debentures	-235,322	-200,773
6.03.04	Interest on own capital paid	-3	0
6.03.12	Funding cost	0	-192
6.03.13	Lease payment	-8,883	-8,291
6.05	Increase (decrease) in cash and cash equivalents	-496,464	119,521
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	783,005	905,898

Individual financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2022–03/31/2022**(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	167,522	0	167,522
5.05.01	Net income for the period	0	0	0	167,522	0	167,522
5.06	Internal changes in shareholders' equity	0	0	0	-33,859	-12	-33,871
5.06.04	Interest on own capital	0	0	0	-33,871	0	-33,871
5.06.05	Amortization of inflation adjustment on restated assets	0	0	0	18	-18	0
5.06.06	Deferred income tax and social contribution on restated assets	0	0	0	-6	6	0
5.07	Closing balances	3,402,385	-8,576	3,402,583	133,663	-36,446	6,893,609

Individual financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2021–03/31/2021**(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	219,787	0	219,787
5.05.01	Net income for the period	0	0	0	219,787	0	219,787
5.06	Internal changes in shareholders' equity	0	0	0	-64,818	-26	-64,844
5.06.07	Interest on own capital	0	0	0	-64,844	0	-64,844
5.06.09	Amortization of inflation adjustment on restated assets	0	0	0	39	-39	0
5.06.10	Deferred income tax and social contribution on restated assets	0	0	0	-13	13	0
5.07	Closing balances	3,402,385	-8,576	3,147,591	154,969	-84,814	6,611,555

Individual Financial Statements / Statement of Added Value

(In thousands of reais)

Code of account	Account description	Accumulated of the current year	Accumulated of the prior year
		01/01/2022–03/31/2022	01/01/2021–03/31/2021
7.01	Revenues	1,527,398	1,473,538
7.01.01	Sale of goods, products and services	1,398,519	1,412,960
7.01.02	Other revenues	35,937	25,468
7.01.02.01	Other operating revenue	26,332	6,563
7.01.02.02	Recovery of written-off accounts	9,605	18,905
7.01.03	Revenues from construction of own assets	151,498	84,138
7.01.04	Formation/reversal of allowance for doubtful accounts	-58,556	-49,028
7.02	Inputs acquired from third parties	-559,893	-458,570
7.02.01	Cost of products, goods and services sold	-502,395	-384,114
7.02.02	Materials, energy, outsourced services and other	-44,276	-39,410
7.02.04	Other	-13,222	-35,046
7.03	Gross added value	967,505	1,014,968
7.04	Retentions	-182,346	-166,560
7.04.01	Depreciation, amortization and depletion	-182,346	-166,560
7.05	Net added value produced	785,159	848,408
7.06	Added value received as transfer	91,491	36,361
7.06.01	Equity in net income of subsidiaries	-2,347	-2,093
7.06.02	Financial revenues	93,838	38,454
7.07	Total added value payable	876,650	884,769
7.08	Distribution of added value	876,650	884,769
7.08.01	Personnel	336,888	316,676
7.08.01.01	Direct remuneration	228,702	201,721
7.08.01.02	Benefits	88,755	85,475
7.08.01.03	Severance Pay Fund (FGTS)	16,859	15,560
7.08.01.04	Other	2,572	13,920
7.08.01.04.04	Employee profit sharing	2,572	13,920
7.08.02	Taxes, duties and contributions	237,835	252,506
7.08.02.01	Federal	221,713	239,039
7.08.02.02	State	14,616	12,305
7.08.02.03	Municipal	1,506	1,162
7.08.03	Third-party capital remuneration	134,405	95,800
7.08.03.01	Interest	132,299	92,423
7.08.03.02	Rentals	2,106	3,377
7.08.04	Remuneration of own capital	167,522	219,787
7.08.04.01	Interest on own capital	33,871	64,844
7.08.04.03	Retained earnings / Loss for the period	133,651	154,943

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

Code of account	Account description	Current quarter 03/31/2022	Prior year 12/31/2021
1	Total assets	12,314,640	12,721,650
1.01	Current assets	2,135,480	2,563,011
1.01.01	Cash and cash equivalents	820,111	1,309,721
1.01.03	Accounts receivable	1,016,447	1,000,456
1.01.03.01	Clients	1,016,447	1,000,456
1.01.04	Inventories	99,049	87,349
1.01.06	Recoverable taxes	138,550	100,882
1.01.06.01	Current taxes recoverable	138,550	100,882
1.01.06.01.01	Recoverable tax	138,550	100,882
1.01.08	Other Current assets	61,323	64,603
1.01.08.03	Other	61,323	64,603
1.01.08.03.01	Advances for employees	9,019	13,900
1.01.08.03.02	Sundry	9,578	9,094
1.01.08.03.03	Technical cooperation agreement	37,833	38,289
1.01.08.03.04	Banks and arrangements	4,893	3,320
1.02	Non-current assets	10,179,160	10,158,639
1.02.01	Long term assets	3,118,495	2,993,579
1.02.01.03	Interest earning bank deposits measured at amortized cost	77,916	77,228
1.02.01.04	Accounts receivable	151,183	162,043
1.02.01.04.01	Clients	34,373	37,092
1.02.01.04.03	Collaterals as guarantees of loans, financing and debentures	59,719	65,853
1.02.01.04.05	Advances and other	57,091	59,098
1.02.01.07	Deferred taxes	337,278	409,039
1.02.01.07.01	Deferred income tax and social contribution	337,278	409,039
1.02.01.10	Other non-current assets	2,552,118	2,345,269
1.02.01.10.03	Financial assets - Concession contracts	765,261	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	89,998	72,703
1.02.01.10.06	Contract asset	1,664,610	1,488,995
1.02.01.10.07	Technical cooperation agreement	6,096	5,165
1.02.02	Investments	260	260
1.02.02.01	Equity interest	260	260
1.02.02.01.04	Joint ownership	260	260
1.02.03	Property, plant and equipment	1,448,066	1,473,533
1.02.03.01	Construction in progress	1,448,066	1,473,533
1.02.04	Intangible assets	5,612,339	5,691,267
1.02.04.01	Intangible assets	5,612,339	5,691,267
1.02.04.01.01	Concession contract	5,612,339	5,691,267

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

Code of account	Account description	Current quarter 03/31/2022	Prior year 12/31/2021
2	Total liabilities	12,314,640	12,721,650
2.01	Current liabilities	1,615,374	1,910,539
2.01.01	Social and labor obligations	139,330	120,472
2.01.01.02	Labor obligations	139,330	120,472
2.01.02	Suppliers	244,845	307,967
2.01.02.01	Domestic suppliers	244,845	307,967
2.01.03	Tax liabilities	117,887	77,078
2.01.03.01	Federal tax liabilities	115,610	74,107
2.01.03.01.02	Other federal liabilities	115,610	74,107
2.01.03.03	Municipal tax liabilities	2,277	2,971
2.01.04	Loans and financing	835,143	800,137
2.01.04.01	Loans and financing	178,133	190,315
2.01.04.01.01	In domestic currency	119,190	120,221
2.01.04.01.02	In foreign currency	58,943	70,094
2.01.04.02	Debentures	657,010	609,822
2.01.04.02.01	Non-convertible	657,010	609,822
2.01.05	Other liabilities	225,188	473,084
2.01.05.02	Other	225,188	473,084
2.01.05.02.01	Dividends and interest on own capital	31,820	265
2.01.05.02.04	Obligations with retirement benefits	22,358	16,614
2.01.05.02.06	Technical cooperation agreement	3,242	1,214
2.01.05.02.07	Public-Private Partnership	50,281	52,331
2.01.05.02.08	Sundry liabilities	86,818	376,349
2.01.05.02.09	Rights-of-use - Lease	30,669	26,311
2.01.06	Provisions	52,981	131,801
2.01.06.01	Tax, social security, labor and civil provisions	52,981	131,801
2.01.06.01.05	Other tax obligations	6,623	6,623
2.01.06.01.07	Employee profit sharing	46,358	125,178
2.02	Non-current liabilities	3,805,657	4,051,153
2.02.01	Loans and financing	2,906,861	3,185,207
2.02.01.01	Loans and financing	837,666	878,079
2.02.01.01.01	In domestic currency	701,472	713,812
2.02.01.01.02	In foreign currency	136,194	164,267
2.02.01.02	Debentures	2,069,195	2,307,128
2.02.01.02.01	Non-convertible	2,069,195	2,307,128
2.02.02	Other liabilities	532,458	487,825
2.02.02.02	Other	532,458	487,825
2.02.02.02.03	Obligations with retirement benefits	104,051	112,764
2.02.02.02.05	Deposits for works	62,347	60,814
2.02.02.02.06	Public-Private Partnership	201,384	208,654
2.02.02.02.07	Sundry	91,222	54,285
2.02.02.02.08	Rights-of-use - Lease	68,593	49,331
2.02.02.02.09	Technical cooperation agreement	4,861	1,977
2.02.04	Provisions	366,338	378,121
2.02.04.01	Tax, social security, labor and civil provisions	366,338	378,121
2.02.04.01.06	Provision for lawsuits	366,338	378,121

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

Code of account	Account description	Current quarter 03/31/2022	Prior year 12/31/2021
2.03	Consolidated shareholders' equity	6,893,609	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	133,663	0
2.03.06	Equity valuation adjustments	-36,446	-36,434

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

Code of account	Account description	Accumulated of the current year 01/01/2022–03/31/2022	Accumulated of the prior year 01/01/2021–03/31/2021
3.01	Revenue from sales of goods and/or services	1,433,278	1,378,709
3.01.01	Water services	846,327	824,074
3.01.02	Sewage services	432,888	467,629
3.01.03	Revenue from construction	153,470	86,396
3.01.04	Revenues from solid waste	593	610
3.02	Cost of goods and/or services sold	-913,781	-769,479
3.02.01	Cost of goods and/or services sold	-760,311	-683,083
3.02.02	Construction cost	-153,470	-86,396
3.03	Gross income	519,497	609,230
3.04	Operating expenses/revenue	-258,610	-257,235
3.04.01	Sales expenses	-140,088	-104,668
3.04.01.01	Sales expenses	-80,380	-54,798
3.04.01.02	Estimated losses from allowance for doubtful accounts	-59,708	-49,870
3.04.02	General and administrative expenses	-125,636	-129,757
3.04.04	Other operating revenue	37,032	26,107
3.04.05	Other operating expenses	-29,918	-48,917
3.04.05.01	Other operating expenses	-29,918	-48,917
3.05	Income (loss) before financial income and taxes	260,887	351,995
3.06	Financial income (loss)	-21,603	-47,470
3.06.01	Financial revenues	92,707	37,302
3.06.02	Financial expenses	-114,310	-84,772
3.07	Income (loss) before income tax	239,284	304,525
3.08	Income tax and social contribution	-71,762	-84,738
3.08.01	Current	0	-123,105
3.08.02	Deferred	-71,762	38,367
3.09	Net income (loss) from continued operations	167,522	219,787
3.11	Income/loss for the period	167,522	219,787
3.11.01	Attributed to the Parent company's partners	167,522	219,787
3.99	Earnings per share - (Reais R\$ / Shares)		
3.99.01	Basic earnings per share		
3.99.01.01	Common shares	0.44	0.58
3.99.02	Diluted earnings per share		
3.99.02.01	Common shares	0.44	0.58

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

Code of account	Account description	Accumulated of the current year 01/01/2022–03/31/2022	Accumulated of the prior year 01/01/2021–03/31/2021
4.01	Consolidated net income for the period	167,522	219,787
4.03	Consolidated comprehensive income for the period	167,522	219,787
4.03.01	Attributed to the Parent company's partners	167,522	219,787

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

Code of account	Account description	Accumulated of the current year 01/01/2022–03/31/2022	Accumulated of the prior year 01/01/2021–03/31/2021
6.01	Net cash from operating activities	-33,204	365,310
6.01.01	Cash generated in operations	514,125	484,590
6.01.01.01	Net income for the period	167,522	219,787
6.01.01.02	Allowance for doubtful accounts	59,708	49,870
6.01.01.04	Charges and net inflation adjustments and exchange-rate changes	-14,971	34,204
6.01.01.05	Interest revenues and expenses	67,032	29,891
6.01.01.06	Deferred income tax and social contribution	71,762	-38,367
6.01.01.08	Gain/Loss in the write-off of intangible assets and Property, plant and equipment	-368	2,554
6.01.01.09	Depreciation and amortization	184,387	168,202
6.01.01.10	Formation (reversal) of provisions	-21,514	17,097
6.01.01.11	Provision from retirement benefits	16,050	16,006
6.01.01.12	Financial assets	-13,397	-14,270
6.01.01.13	Other	-1,210	-1
6.01.01.16	Provision for inventory losses	-876	-383
6.01.02	Changes in assets and liabilities	-423,501	38,599
6.01.02.01	Trade accounts receivable	-61,038	-46,585
6.01.02.02	Inventories	-11,173	-3,720
6.01.02.03	Recoverable taxes	-37,668	42
6.01.02.07	Advance of tariff on lending	1,739	808
6.01.02.09	Other	-764	731
6.01.02.10	Suppliers	-63,122	-34,482
6.01.02.11	Taxes, rates, contributions, and social charges	73,827	112,434
6.01.02.12	Provision for vacation and 13th salary	18,858	11,220
6.01.02.13	Employee profit sharing	-78,820	13,920
6.01.02.14	Technical cooperation agreement	4,437	-122
6.01.02.15	Contingencies	759	-2,985
6.01.02.16	Obligations with retirement benefits	1,047	-19,454
6.01.02.17	Electric power and other (Payment of taxes in installments)	-14,966	8,137
6.01.02.18	Collective Bargaining Agreement 2019/2022	-171,116	0
6.01.02.19	Payment of actuarial liabilities	-13,399	-1,345
6.01.02.20	Voluntary Dismissal Incentive Program - PDVI	-72,102	0
6.01.03	Other	-123,828	-157,879
6.01.03.01	Interest paid	-87,460	-52,441
6.01.03.02	Interest paid to Public-Private Partnership	-1,037	-1,622
6.01.03.03	Payment of income tax/social contribution	-35,331	-103,816
6.02	Net cash used in investment activities	-227,230	-25,948
6.02.08	Payment to PPP	-12,119	-12,737
6.02.10	Acquisition of contract assets	-184,618	-108,487
6.02.11	Acquisition of intangible assets	-34,985	-31,899
6.02.12	Acquisition of property, plant and equipment	-2,568	-11,118
6.02.13	Amount received for sale of property, plant and equipment	1,035	527
6.02.14	Collateral for financing	7,598	129,432
6.02.15	Banks and arrangements	-1,573	8,334
6.03	Net cash from financing activities	-229,177	-203,741

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

6.03.01	Inflows of loans, financing and debentures	15,066	5,524
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Consolidated financial statements / Statement of cash flows (Indirect method)**(In thousands of reais)**

Code of account	Account description	Accumulated of the current year 01/01/2022–03/31/2022	Accumulated of the prior year 01/01/2021–03/31/2021
6.03.02	Amortization of loans, financing and debentures	-235,322	-200,773
6.03.04	Interest on own capital paid	-3	0
6.03.12	Funding cost	0	-192
6.03.13	Lease payment	-8,918	-8,300
6.05	Increase (decrease) in cash and cash equivalents	-489,611	135,621
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	820,110	941,240

Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2022–03/31/2022**(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	167,522	0	167,522	0	167,522
5.05.01	Net income for the period	0	0	0	167,522	0	167,522	0	167,522
5.06	Internal changes in shareholders' equity	0	0	0	-33,859	-12	-33,871	0	-33,871
5.06.04	Interest on own capital	0	0	0	-33,871	0	-33,871	0	-33,871
5.06.05	Amortization of inflation adjustment on restated assets	0	0	0	18	-18	0	0	0
5.06.06	Deferred income tax and social contribution on restated assets	0	0	0	-6	6	0	0	0
5.07	Closing balances	3,402,385	-8,576	3,402,583	133,663	-36,446	6,893,609	0	6,893,609

Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2021–03/31/2021**(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	219,787	0	219,787	0	219,787
5.05.01	Net income for the period	0	0	0	219,787	0	219,787	0	219,787
5.06	Internal changes in shareholders' equity	0	0	0	-64,818	-26	-64,844	0	-64,844
5.06.07	Interest on own capital	0	0	0	-64,844	0	-64,844	0	-64,844
5.06.09	Amortization of inflation adjustment on restated assets	0	0	0	39	-39	0	0	0
5.06.10	Deferred income tax and social contribution on restated assets	0	0	0	-13	13	0	0	0
5.07	Closing balances	3,402,385	-8,576	3,147,591	154,969	-84,814	6,611,555	0	6,611,555

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

Code of account	Account description	Accumulated of the current year 01/01/2022–03/31/2022	Accumulated of the prior year 01/01/2021–03/31/2021
7.01	Revenues	1,541,384	1,486,749
7.01.01	Sale of goods, products and services	1,410,590	1,424,116
7.01.02	Other revenues	37,032	26,107
7.01.02.01	Other operating revenue	26,967	6,670
7.01.02.02	Recovery of written-off accounts	10,065	19,437
7.01.03	Revenues from construction of own assets	153,470	86,396
7.01.04	Formation/reversal of allowance for doubtful accounts	-59,708	-49,870
7.02	Inputs acquired from third parties	-568,221	-466,624
7.02.01	Cost of products, goods and services sold	-509,709	-390,845
7.02.02	Materials, energy, outsourced services and other	-45,264	-40,361
7.02.04	Other	-13,248	-35,418
7.03	Gross added value	973,163	1,020,125
7.04	Retentions	-184,387	-168,202
7.04.01	Depreciation, amortization and depletion	-184,387	-168,202
7.05	Net added value produced	788,776	851,923
7.06	Added value received as transfer	94,624	38,783
7.06.02	Financial revenues	94,624	38,783
7.07	Total added value payable	883,400	890,706
7.08	Distribution of added value	883,400	890,706
7.08.01	Personnel	341,407	320,733
7.08.01.01	Direct remuneration	231,920	204,611
7.08.01.02	Benefits	89,828	86,435
7.08.01.03	Severance Pay Fund (FGTS)	17,087	15,767
7.08.01.04	Other	2,572	13,920
7.08.01.04.01	Employee profit sharing	2,572	13,920
7.08.02	Taxes, duties and contributions	240,042	254,349
7.08.02.01	Federal	223,591	240,610
7.08.02.02	State	14,945	12,577
7.08.02.03	Municipal	1,506	1,162
7.08.03	Third-party capital remuneration	134,429	95,837
7.08.03.01	Interest	132,301	92,423
7.08.03.02	Rentals	2,128	3,414
7.08.04	Remuneration of own capital	167,522	219,787
7.08.04.01	Interest on own capital	33,871	64,844
7.08.04.03	Retained earnings / Loss for the period	133,651	154,943

Performance comment

Performance Comment

The Company presents a Performance Comment on the operating and financial results for the first quarter of 2022 (1Q22) compared to the first quarter of 2021 (1Q21), as follows:

1. Operating Performance

Concessions

In March 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				03/31/2021		
	Total	Parent company	Coponor	Total	Parent company	Coponor
Water						
Concessions	640	591	49	640	591	49
In operation	631	583	48	631	583	48
Sewage						
Concessions	310	254	56	310	254	56
In operation	267	226	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 March 31, 2022, which jointly accounted for approximately 50% of the Company's net water and sewage revenue as of December 31, 2021, as well as their respective maturities, are listed below:

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

As of March 31, 2022, concessions relating to 14 municipalities were expired and the contracts of two (2) municipalities, which together account for approximately 3.6% 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 3.2%, respectively.

Performance comment

Specification-CONSOLIDATED (COPASA+COPANOR)	1Q22	1Q21	Change (Amount)	Change (%)
Water				
Connections (x 1,000 units)	4,601	4,545	56	1.2%
Households (x 1,000 units)	5,544	5,478	66	1.2%
Population Served (x 1,000 inhabitants)	11,828	11,807	21	0.2%
Distributed volume (1,000 m ³)	260,636	260,321	315	0.1%
Measured volume (1,000 m ³)	153,299	158,202	(4,904)	-3.1%
Network Extension (km)	64,357	61,663	2,694	4.4%
Sewage				
Connections (x 1,000 units)	3,077	3,012	65	2.2%
Households (x 1,000 units)	3,908	3,786	122	3.2%
Population Served (x 1,000 inhabitants)	8,468	8,353	115	1.4%
Measured volume (1,000 m ³)	105,604	107,193	(1,589)	-1.5%
Network Extension (km)	32,499	30,338	2,161	7.1%

Number of employees

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

Specification	1Q22	1Q21	Change (Amount)	Change (%)
COPASA	10,095	11,320	(1,225)	-10.8%
COPANOR	455	470	(15)	-3.2%
Total	10,550	11,790	(1,240)	-10.5%

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\$ 1.27 billion in 1Q22, as presented in the following table:

Net revenue (In thousands of reais)	1Q22	1Q21	Change (Amount)	Change (%)
Net Revenue - Water	838,035	816,161	21,874	2.7%
Net Revenue - Sewage	430,225	465,417	(35,192)	-7.6%
Net Revenue - Solid Waste	593	610	(17)	-2.8%
Net Revenue - Water, Sewage and Solid Waste	1,268,853	1,282,188	(13,335)	-1.0%

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;
- growth in the number of water households (consumer units) of 1.2% and sewage households of 3.2% in the Parent Company;

Performance comment

- volume decrease due to savings of 4.2% (water) and 4.5% (sewage), partially affected by the reduction in the number of days of consumption by 1.5%, with 90.5 days in 1Q22, compared to 91.9 days in 1Q21; and
- benefits granted, in the amount of R\$ 4 million, to victims affected by the rains registered in a large part of the state of Minas Gerais from December 2021 to February 2022. It is worth highlighting that said measure was preceded by authorization from the Regulatory Agency, with subsequent tariff compensation.

Costs and expenses

Costs of sales and services rendered, selling and administrative expenses totaled R\$ 1.01 billion in 1Q22, compared to R\$ 905.0 million in 1Q21, which represents an increase of 11.7%, as presented in the following table:

Costs and expenses (in thousands of Reais)	1Q22	1Q21	Change (Amount)	Change (%)
Manageable costs	654,472	593,385	61,087	10.3%
Personnel	374,401	357,274	17,127	4.8%
Outsourced services	129,508	103,605	25,903	25.0%
Rio Manso PPP	23,281	19,979	3,302	16.5%
Material	16,524	14,455	2,069	14.3%
Impairment loss on accounts receivable	58,556	49,028	9,528	19.4%
Tariff Transfer to Municipalities	43,594	40,992	2,602	6.3%
Sundry operating costs	8,608	8,052	556	6.9%
Non-manageable costs	174,421	140,982	33,439	23.7%
Electric power	149,236	123,863	25,373	20.5%
Telecom	3,008	3,033	(25)	-0.8%
Treatment material	30,088	22,697	7,391	32.6%
Fuels and lubricants	8,537	5,770	2,767	48.0%
Tax credits	(16,448)	(14,381)	(2,067)	14.4%
Depreciation and amortization	182,346	166,560	15,786	9.5%
Charging for the Use of Water Resources	-	4,066	(4,066)	
Total costs and expenses	1,011,239	904,993	106,246	11.7%

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: increased 4.8%, and the growth recorded as a result of the Collective Bargaining Agreement (2019/2022) was partially offset by the drop in the number of employees resulting from the implementation of the Voluntary Dismissal Incentive Program – PDVI.

Outsourced services: this account increased 25.0%, 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.

Rio Manso PPP: the increase recorded was mainly due to the application of the readjustment provided for in the contract.

Material: this item increased 14.3% due to the increase in spending on materials for the conservation and maintenance of goods and systems.

Performance comment

Impairment loss on accounts receivable: the amounts recorded in 1Q22 are in line with the amounts recorded in recent quarters. It is worth highlighting that the amount recorded in this account in 1Q21 was impacted by the review of the methodology, as disclosed in the ITR of 2Q20.

Electricity: comparing 1Q22 with 1Q21, the 20.5% increase was mainly due to the increase in expenses with tariff flags.

Treatment material: the increase recorded was due to the readjustment in product prices, coupled with the increase in consumption of the main chemical products used in water treatment, due to the higher rainfall level recorded in 1Q22.

Fuels and lubricants: comparing 1Q22 with 1Q21, the 48.0% growth was mainly due to the increase in fuel prices.

Other operating revenues (expenses)

As presented in the table below, Other Operating Revenues (Expenses) totaled R\$ 6.4 million in 1Q22, compared to a negative result of R\$ 22.8 million in 1Q21.

Other Operating Revenues (Expenses) (R\$ thousand)	1Q22	1Q21	Change (Amount)	Change (%)
Other operating revenues	35,937	25,468	10,469	41.1%
Revenue from technical services	72	11	61	n.m.
Reversal of non-deductible provision	19,832	3,468	16,364	n.m.
Recovery of written-off accounts	9,605	18,905	(9,300)	-49.2%
Other revenues	6,428	3,084	3,344	108.4%
Other operating expenses	(29,565)	(48,276)	18,711	-38.8%
Reversal of (Provision for) lawsuits, net	3,784	(27,812)	31,596	-113.6%
ARSAE fee	(13,265)	(10,737)	(2,528)	23.5%
Expenses with environment preservation	(2,959)	(2,694)	(265)	9.8%
Taxes and duties	(3,123)	(3,076)	(47)	1.5%
Actuarial liability	(4,687)	(3,712)	(975)	26.3%
Other	(9,315)	(245)	(9,070)	n.m.
Total	6,372	(22,808)	29,180	-127.9%

The Company presents its comments on Other Operating Revenues (Expenses) below:

Other operating revenues: as informed in the 3Q21 quarterly information, the Company provisioned the full amount of the refunds of fees determined by Arsac-MG in that quarter. The amount of R\$ 19.3 million returned to clients in 1Q22, an integral part of the amount provisioned in 3Q21 (R\$ 126.8 million), was billed by reducing revenues, being adjusted by reversing the same amount under Other Operating Revenues (Reversal of Non-Deductible Provision). It is worth highlighting that the final effect on the 2022 result is null.

Other operating expenses: the decrease recorded in Other Operating Expenses was due to the reversal of amounts referring to lawsuits in a scattered manner, highlighting the lawsuit related to Employees' Profit Sharing for 2019, due to the signing, in February 2022, of a Collective Bargaining Agreement

(2019/2022).

Equity in net income of subsidiaries

The equity income (loss) in 1Q22 refers to the subsidiary COPANOR and was negative by R\$ 2.3 million, while in 1Q21 the result was negative by R\$ 2.1 million, as follows:

Performance comment

Copanor result (R\$'000)	1Q22	1Q21	Change (Amount)	Change (%)
Net income (loss)	(2,347)	(2,093)	(254)	12.1%

Financial income (loss)

The net financial income (loss) was negative by R\$ 22.4 million in 1Q22, compared to a negative result of R\$ 47.8 million in 1Q21, as follows:

Financial Revenues (Expenses) (R\$'000)	1Q22	1Q21	Change (Amount)	Change (%)
Financial revenues	91,953	36,989	54,964	148.6%
Inflation adjustments	2,068	720	1,348	187.2%
Exchange rate changes	39,971	6,934	33,037	n.m.
Interest	11,357	11,421	(64)	-0.6%
Actual gain in interest earning bank deposits	26,316	4,563	21,753	n.m.
Capitalization of financial assets/other	12,241	13,351	(1,110)	-8.3%
Financial expenses	(114,308)	(84,758)	(29,550)	34.9%
Inflation adjustments	(32,959)	(24,867)	(8,092)	32.5%
Exchange rate changes	-	(17,643)	17,643	n.m.
Interest on financing	(81,193)	(42,068)	(39,125)	93.0%
Sundry	(156)	(180)	24	-13.3%
Financial income (loss)	(22,355)	(47,769)	25,414	-53.2%

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\$ 445.3 million in 1Q22, with a margin of 33.8%.

The net income recorded was R\$ 167.5 million in 1Q22. The table below presents the values in the comparative periods:

Net Income and EBITDA (R\$'000)	1Q22	1Q21	Change (Amount)	Change (%)
Net income for the period	167,522	219,787	(52,265)	-23.8%
(+) Income taxes	71,762	84,738	(12,976)	-15.3%
(+) Net financial result	21,603	47,470	(25,867)	-54.5%
(+) Depreciation and amortization	184,387	168,202	16,185	9.6%
(=) EBITDA	445,274	520,197	(74,923)	-14.4%
EBITDA margin	33.8%	39.5%		

3. Cash and cash equivalents

Cash and cash equivalents	03/31/2022	12/31/2021	Change (Amount)	Change (%)
Amount (thousands of Reais)	783,005	1,279,469	(496,464)	-38.8%

Performance comment

The decrease in cash and cash equivalents, comparing March 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 March 31, 2022 of the Parent Company and Consolidated as of April 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.

COPASA MG Service Agencies started adopting face-to-face service with prior appointment, ensuring greater convenience and safety for employees and customers. The company expanded the services available on the company's website - Virtual Branch, and increased the Call Center's service capacity by 25%. In 2021, two new customer relationship channels were made available, Chatbot and WhatsApp, and the automation of services was structured in the Call Center. These actions were crucial to allow the continuity of service provision and made it possible to expand the Company's service capacity, improve the quality of the relationship and optimize the time of the customer's journey.

The Company also reinforced care for its employees, including the expansion of teleworking (remote work), but maintaining a minimum in-person contingent for the adequate provision of services to the population.

Regarding customers, for those in the 'social category', who account for approximately 6% of the Company's revenue, collection actions remain suspended. Furthermore, the Company offers the possibility of installment payment of overdue invoices without any down payment and without charging interest and fines, which can be divided into up to 36 months, a measure in force until July 10, 2021 and resumed between November 26 and December 31, 2021 in the "Dias Azuis" (Blue Days) Campaign.

No impacts have been identified that would require adjustments to the Individual and Consolidated Interim Financial Information as of March 31, 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.

Notes to the financial statements

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:

In the quarter ended March 31, 2022, the Company complies with all covenants provided for in the contract with their creditors. As of December 31, 2021, due to the non-compliance with covenants based on certain non-financial indicators (See Note 14.c), due to recent decisions in relation to Labor Lawsuit 102100-74.2008.5.03.0024, filed in 2008 by the main Union of the Company's employees (See Note 15.a.ii) and 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 March 31, 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.

Notes to the financial statements

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 March 31, 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 of March 31, 2022, the Company presented the amount of R\$ 748,093 (R\$ 733,328 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.

Public service concession contracts

	Parent company		Consolidated	
	1Q22	2021	1Q22	2021
Opening balance in the quarter / year	733,328	685,561	752,253	709,052
Transfer from (to) intangible assets	1,459	(54,069)	(387)	(58,986)
Capitalization	13,306	102,298	13,397	102,649
Write-offs	(51)	(509)	(51)	(509)
Other	51	47	48	47
Closing balance in the quarter / year	748,093	733,328	765,260	752,253

05. Cash and cash equivalents

(a) Cash and cash equivalents

	Parent company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Cash and banks	19,535	29,789	19,996	30,056
Short-term bank deposit certificates	763,470	1,249,680	800,115	1,279,665
Total	783,005	1,279,469	820,111	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 104.13% of CDI in the period ended March 31, 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.

Notes to the financial statements

06. Trade accounts receivable

Amounts of trade accounts receivable are broken down by maturity:

	Parent company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Overdue (days):				
Up to 30	201,780	213,006	204,141	215,626
31-60	95,017	92,251	96,399	93,549
61-90	53,049	55,783	53,868	56,952
91-180	100,957	97,620	102,690	99,337
181-360	133,193	136,266	133,337	136,315
>360	8,564	8,464	8,569	8,469
Overdue - total	592,560	603,390	599,004	610,248
Falling due	296,430	274,905	299,242	277,820
Billed	888,990	878,295	898,246	888,068
To be billed	389,472	387,246	392,972	390,626
Trade accounts receivable (1)	1,278,462	1,265,541	1,291,218	1,278,694
(-) Provision for expected credit losses on trade accounts receivable:	(238,562)	(239,177)	(240,398)	(241,146)
Trade accounts receivable, net	1,039,900	1,026,364	1,050,820	1,037,548
Trade accounts receivable - Current	1,005,736	989,272	1,016,447	1,000,456
Trade accounts receivable - Non-current	34,164	37,092	34,373	37,092

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

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

Amounts	Parent company/Consolidated	
	03/31/2022	12/31/2021
Billed	24,454	20,232
To be billed	10,781	10,248
Accounts receivable from the State of Minas Gerais (1)	35,235	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	
	1Q22	2021	1Q22	2021
Opening balance in the quarter / year	239,177	195,999	241,146	197,495
Addition to provision for expected credit losses on accounts receivable	58,556	221,416	59,708	226,153
Trade accounts receivable written-off in the period as non-collectible	(59,170)	(178,238)	(60,457)	(182,502)
Closing balance in the quarter / year	238,563	239,177	240,397	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, considering a retrospective and prospective evaluation, aiming to verify the need for additional provisions, and this matrix is reviewed on an yearly basis in the second quarter.

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.

Notes to the financial statements

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

	Parent company / Consolidated	
	03/31/2022	12/31/2021
Collaterals as guarantees of loans, financing and debentures (i)	59,719	65,853
Pledged interest earning bank deposit (ii)	77,916	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 March 31, 2022, the balance of R\$ 59,719 is classified in non-current assets (R\$ 65,853 in non-current assets as of December 31, 2021).
- (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 (3) installments until 2020, totaling R\$ 931, and 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\$ 3,056 and R\$ 12,513, 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
Quarter ended March 31, 2022				
COPANOR	202,181	(2,347)	27,090	226,924
Other	260	-	-	260
Total	202,441	(2,347)	27,090	227,184
Year ended December 31, 2021				
COPANOR	165,132	(12,691)	49,740	202,181
Other	260	-	-	260
Total	165,392	(12,691)	49,740	202,441

- (i) The Parent Company paid up the amount of R\$ 27,090, of which R\$ 25,945 was paid in the 1Q22 (R\$ 49,740 in 2021, of which R\$ 25,945 was paid in the 1st quarter and R\$ 23,795 in the 3rd quarter) 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%	53,450	188,054	13,993	587	226,924	(2,347)
2021	100%	46,127	184,968	28,168	746	202,181	(12,691)

Notes to the financial statements

9. Contract asset

Changes for 1Q22 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	77,525	61,844	40,004	1,946	181,319
Write-offs	(101)	(3)	-	-	(104)
Compound interest	6,371	7,364	4,413	-	18,148
Transfers to intangible assets	(2,232)	(19,570)	(3,290)	-	(25,092)
Transfers to property, plant and equipment	-	-	(2,273)	-	(2,273)
Balances at March 31, 2022	586,596	567,732	321,602	120,938	1,596,868
Consolidated:					
Balances at January 1, 2022	521,446	549,058	288,427	130,064	1,488,995
Additions	78,635	62,578	40,813	2,941	184,967
Write-offs	(101)	(3)	(31)	-	(135)
Compound interest	6,371	7,364	4,413	-	18,148
Transfers to intangible assets	(2,232)	(19,569)	(3,291)	-	(25,092)
Transfers to property, plant and equipment	-	-	(2,273)	-	(2,273)
Balances at March 31, 2022	604,119	599,428	328,058	133,005	1,664,610

For the year 2021, changes were as follows:

	Systems			Inventories for works	Total
	Water	Sewage treatment	Common use		
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 period ended March 31, 2022, the additions, in the amount of R\$ 181,319 in the parent company (R\$ 794,692 as of December 31, 2021) and of R\$ 184,967 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 Divinópolis, Ipatinga, Minas Novas, Nova Lima, Ribeirão das Neves, Sabará, Teófilo Otoni, Três Marias and Uba.

Notes to the financial statements

10. Intangible assets

(a) The breakdown of balances is as follows:

	03/31/2022			12/31/2021		
	Cost	Accumulated amortization	Intangible assets, net	Cost	Accumulated amortization	Intangible assets, net
Parent company:						
In operation						
Water systems	4,049,623	(2,553,117)	1,496,506	4,052,841	(2,523,726)	1,529,115
Sewage treatment	6,205,607	(2,760,262)	3,445,345	6,178,869	(2,688,220)	3,490,649
Common use systems	1,043,974	(868,575)	175,399	1,028,145	(852,874)	175,271
Usage rights	615,887	(294,817)	321,070	610,228	(287,791)	322,437
Other intangible assets	102,395	(28,062)	74,333	101,996	(26,706)	75,290
Total intangible assets	12,017,486	(6,504,833)	5,512,653	11,972,079	(6,379,317)	5,592,762
Consolidated:						
In operation						
Water systems	4,093,633	(2,557,650)	1,535,983	4,096,321	(2,527,730)	1,568,591
Sewage treatment	6,261,508	(2,766,282)	3,495,226	6,232,932	(2,693,578)	3,539,354
Common use systems	1,058,468	(873,466)	185,002	1,042,101	(857,083)	185,018
Usage rights	616,037	(294,929)	321,108	610,377	(287,896)	322,481
Other intangible assets	103,135	(28,115)	75,020	102,573	(26,750)	75,823
Total intangible assets	12,132,781	(6,520,442)	5,612,339	12,084,304	(6,393,037)	5,691,267

(b) Changes for 1Q22 can be demonstrated as follows:

	Systems			Rights-of-use	Other	Total
	Water	Sewage treatment	Common use ⁽¹⁾			
Parent company:						
Balances at December 31, 2021	1,529,115	3,490,649	175,271	322,437	75,290	5,592,762
Additions	5,393	10,458	11,639	5,659	612	33,761
Write-offs	(454)	-	-	-	-	(454)
Amortization	(37,812)	(73,102)	(15,866)	(7,033)	(1,400)	(135,213)
Transfers of financial assets ⁽²⁾	(253)	957	(2,121)	(1)	(170)	(1,588)
Transfer among intangible asset and property, plant and equipment	(1,162)	(1,359)	805	-	1	(1,715)
Transfers of contract assets	1,679	17,742	5,671	-	-	25,092
Other	-	-	-	8	-	8
Balances at March 31, 2022	1,496,506	3,445,345	175,399	321,070	74,333	5,512,653
Consolidated:						
Balances at December 31, 2021	1,568,591	3,539,354	185,018	322,481	75,823	5,691,267
Additions	5,921	10,663	11,903	5,659	839	34,985
Write-offs	(454)	-	-	-	-	(454)
Amortization	(38,342)	(73,764)	(16,548)	(7,039)	(1,410)	(137,103)
Transfers of financial assets ⁽²⁾	(250)	2,590	(1,847)	(1)	(234)	258
Transfers among intangible asset and property, plant and equipment	(1,162)	(1,359)	805	-	1	(1,715)
Transfer of contract assets	1,679	17,742	5,671	-	-	25,092
Other	-	-	-	8	1	9
Balances at March 31, 2022	1,535,983	3,495,226	185,002	321,108	75,020	5,612,339

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

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

Amortization in the Parent Company for the period ended March 31, 2022, appropriated to income (loss), was R\$ 135,213, of which R\$ 134,123 as cost of services rendered, R\$ 137 as selling expenses and R\$ 953 as administrative expenses (R\$ 131,073, of which R\$ 129,879, R\$ 128 and R\$ 1,066, respectively, in the period ended March 31, 2021).

Notes to the financial statements

Amortization in the Consolidated for the period ended March 31, 2022, appropriated to income (loss), was R\$ 137,103, of which R\$ 136,004 as cost of services rendered, R\$ 138 as selling expenses and R\$ 961 as administrative expenses (R\$ 132,632, of which R\$ 131,430, R\$ 128 and R\$ 1,074, respectively, in the period ended March 31, 2021).

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	324,958	104,526	5,958,914
Additions	28,488	50,577	50,115	25,613	1,358	156,151
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	1)	(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	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Water systems	5.03%	5.14%	5.03%	5.13%
Sewage treatment	5.07%	5.28%	5.07%	5.27%
Common use systems	20.20%	19.32%	19.27%	19.23%
Usage rights	5.50%	6.36%	5.50%	6.36%
Other intangible assets	5.30%	3.80%	5.45%	3.80%

Notes to the financial statements

11. Property, plant and equipment

(a) The breakdown of balances is as follows:

	03/31/2022			03/31/2022			
	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	16.40%	599,951	(522,370)	77,581	594,208	(516,287)	77,921
Vehicles	26.96%	83,565	(78,528)	5,037	85,009	(78,933)	6,076
Other		31,485	(210)	31,275	31,485	(210)	31,275
		715,001	(601,108)	113,893	710,702	(595,430)	115,272
Land and buildings	4.58%	3,380,940	(2,050,225)	1,330,715	3,371,917	(2,017,065)	1,354,852
Total under operation		4,095,941	(2,651,333)	1,444,608	4,082,619	(2,612,495)	1,470,124
Total Property, plant and equipment		4,095,941	(2,651,333)	1,444,608	4,082,619	(2,612,495)	1,470,124
Consolidated:							
In operation							
Machinery and equipment	15.91%	604,159	(523,200)	80,959	598,218	(516,972)	81,246
Vehicles	26.79%	83,660	(78,543)	5,117	85,104	(78,943)	6,161
Other		31,485	(210)	31,275	31,485	(211)	31,274
		719,304	(601,953)	117,351	714,807	(596,126)	118,681
Land and buildings	4.58%	3,380,940	(2,050,225)	1,330,715	3,371,917	(2,017,065)	1,354,852
Total under operation		4,100,244	(2,652,178)	1,448,066	4,086,724	(2,613,191)	1,473,533
Total Property, plant and equipment		4,100,244	(2,652,178)	1,448,066	4,086,724	(2,613,191)	1,473,533

(b) Changes for 1Q22 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	2,369	-	-	-	2,369
Write-offs	(71)	(7)	-	-	(78)
Depreciation	(5,522)	(1,032)	-	(25,364)	(31,918)
Transfer of contract assets	2,164	-	-	109	2,273
Transfers among intangible asset and property, plant and equipment	632	-	-	1,083	1,715
Transfer to property, plant and equipment	86	-	-	42	128
Other	2	-	-	(7)	(5)
Balances at March 31, 2022	77,581	5,037	31,275	1,330,715	1,444,608
Consolidated:					
Balances at December 31, 2021	81,246	6,161	31,274	1,354,852	1,473,533
Additions	2,567	-	-	-	2,567
Write-offs	(71)	(7)	-	-	(78)
Depreciation	(5,666)	(1,037)	-	(25,364)	(32,067)
Transfer of contract assets	2,164	-	-	109	2,273
Transfers among intangible asset and property, plant and equipment	632	-	-	1,083	1,715
Transfer to property, plant and equipment	86	-	-	42	128
Other	1	-	1	(7)	(5)
Balances at March 31, 2022	80,959	5,117	31,275	1,330,715	1,448,066

Notes to the financial statements

The Parent Company's depreciation in the 1st quarter of 2022, appropriated to income (loss), was R\$ 31,918, of which R\$ 28,550 as cost of services rendered, R\$ 1,090 as selling expenses and R\$ 2,278 as administrative expenses (R\$ 27,520, of which R\$ 24,121, R\$ \$816 and R\$ 2,583, respectively, in the 1st quarter of 2021).

The Consolidated depreciation in the 1st quarter of 2022, appropriated to income (loss), was R\$ 32,067, of which R\$ 28,698 as cost of services rendered, R\$ 1,090 as selling expenses and R\$ 2,279 as administrative expenses (R\$ 27,594, of which R\$ 24,194, R\$ \$817 and R\$ 2,583, respectively, in the 1st quarter of 2021).

Notes to the financial statements

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
Consolidated:					
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 1Q22 were R\$ 23,281 (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	
	1Q22	2021
Opening balance in the quarter / year	260,985	306,226
Restatement	3,836	14,981
Amortization	(12,119)	(54,028)
Interest paid	(1,037)	(6,194)
Closing balance in the quarter / year	251,665	260,985
Current liabilities	50,281	52,331
Non-current liabilities	201,384	208,654

Notes to the financial statements

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

(a) Current assets:

The recoverable taxes are shown as follows:

	Parent company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
IRPF recoverable	5,494	3,759	5,856	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	25,282	-	25,282	-
Prepayment of CSLL	10,344	-	10,344	-
Other taxes recoverable	709	562	723	594
Total	138,076	100,568	138,550	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	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
INSS	59,068	24,236	59,441	24,879
COFINS	24,895	25,241	25,928	26,168
PIS	5,373	5,360	5,597	5,561
IR	7,635	10,454	7,645	10,482
FGTS	11,798	4,680	11,862	4,809
Other	7,363	5,129	7,414	5,179
Current liabilities	116,132	75,100	117,887	77,078

The sundry obligations are as follows:

	Parent company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Sundry liabilities				
Deposit for works (i)	62,347	60,814	62,347	60,814
Salaries payable (ii)	10,097	180,170	11,039	180,655
PDVI (iii)	9,255	86,705	9,255	86,705
Return of Tariffs – ARSAE (iv)	88,147	99,558	88,147	99,558
Other	69,279	63,242	69,599	63,716
Total	239,125	490,489	240,387	491,448
Current liabilities	85,556	375,390	86,818	376,349
Non-current liabilities	153,569	115,099	153,569	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\$ 10,097 in the parent company as of March 31, 2022 (R\$ 180,170 as of December 31, 2021).

Notes to the financial statements

- (iii) The Company instituted the Voluntary Dismissal Incentive Program – PDVI in June 2021, duly regulated and widely publicized to its employees.

The joining period was from August 2 to August 31, 2021, and employees retired by the INSS due to contribution time, age or special retirement, whose retirement has been granted until November 13, 2019, date before the start of the effectiveness of Constitutional Amendment 103/2019.

The financial incentive offered, as a Cash Premium of an indemnity nature, was 0.8 of the sum of the nominal salary plus annually-adjusted monthly bonus, multiplied by the number of full years of effective work in the Company, limited to 30 years. The value of the financial incentive will not exceed the value equivalent to 20 times the sum of the nominal salary plus the annually-adjusted monthly bonus.

A total of 1,098 employees joined the program, with an expected dismissal as of October 2021, as follows:

Parent company / Consolidated					
PDVI	Provision in September 2021	Payments up to 12/31/2021	Balance at 12/31/2021	Payments / reversals until 03/31/2022	Balance at 03/31/2022
Amount	152,171	65,466	86,705	77,450 ⁽¹⁾	9,255
Number of employees	1,098	492	606	571	32 ⁽²⁾
Current liabilities			86,705		9,255

⁽¹⁾ R\$ 72,102 were paid and R\$ 5,348 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.

In the quarter ended March 31, 2022, 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".

Notes to the financial statements

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 quarter ended March 31, 2022, returns amounted to R\$ 19,296. Changes in the amounts involved in the proceedings were as follows:

Processes	Parent company / Consolidated					Balance to be reimbursed 03/31/2022
	Balance to be reimbursed 12/31/2021	Increase in provision 1Q22	Returns made in 1Q22		Total Returned	
			Principal value	Interest and adjustments		
005/2019	94,073	7,886	10,090	7,482	17,572	84,387
028/2021	5,485	-	1,097	627	1,724	3,761
	99,558	7,886	11,187	8,109	19,296	88,148
			Current liabilities			22,248
			Non-current liabilities			65,900

14. Loans, financing and debentures

Loans, financing, and debentures, totaling R\$ 3,742,004 as of March 31, 2022 (R\$ 3,985,344 as of December 31, 2021), mature until 2042, and average coupons of 9.14% 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		
	1Q22	2021	1Q21
Opening balance in the quarter / year	1,068,394	1,273,997	1,273,997
Additions of loans and financing	15,066	145,164	5,524
Provisioned charges	17,202	71,470	19,049
Inflation adjustment and exchange rate change	(39,203)	3,837	16,937
Amortization of charges	(16,528)	(73,001)	(19,270)
Amortization of principal	(29,196)	(353,330)	(168,568)
Amortization of fund raising costs	64	257	64
Closing balance in the quarter / year	1,015,799	1,068,394	1,127,733
Current liabilities	178,133	190,315	222,433
Non-current liabilities	837,666	878,079	905,300

In local currency:					03/31/2022	12/31/2021
Financing	BRL	7.70%	Ref. rate	01/16/2043	694,162	687,043
Financing	BRL	7.53%	TJLP	05/15/2025	109,686	126,994
Finame	BRL	4.36%	-	01/15/2025	16,814	19,996
					820,662	834,033
In foreign currency:						
Financing	EURO	2.07%	EURO	05/15/2034	145,518	174,155
Financing	EURO	0.15%	EURO	09/20/2033	52,563	63,214
					198,081	237,369
Funding cost					(2,944)	(3,008)
					195,137	234,361
Loans and financing					1,015,799	1,068,394

Notes to the financial statements

(b) Debentures

The breakdown of debentures is presented below:

	Parent company / Consolidated					
	Currency	Nominal interest rate p.a.	Inflation adjustment	Year of maturity	Book value 03/31/2022	Book value 12/31/2021
Subscription 4 th issue						
1 st	URTJLP	7.55%	TJLP	07/15/2022	8,859	15,497
2 nd	IPCA	9.05%	IPCA	08/15/2022	56,584	54,147
3 ^a	URTJLP	7.55%	TJLP	07/15/2022	11,730	20,519
Total 4th issue					77,173	90,163
Subscription 5 th issue						
Single series	BRL	10.22%	Ref. rate	09/01/2031	167,180	171,559
Total 5th issue					167,180	171,559
Subscription 8 th issue						
1 st	URTJLP	7.87%	TJLP	06/15/2028	51,105	53,125
2 nd	BRL	8.18%	IPCA	06/15/2028	29,660	30,154
Total 8th issue					80,765	83,279
Subscription 11 th issue						
1 st	URTJLP	8.62%	TJLP	01/15/2031	107,524	110,517
2 nd	IPCA	8.85%	IPCA	01/15/2031	59,404	59,714
Total 11th issue					166,928	170,231
Subscription 12 th issue						
1 st	IPCA	5.06%	IPCA	01/15/2024	159,116	196,961
2 nd	IPCA	5.27%	IPCA	01/15/2026	102,721	101,775
Total 12th issue					261,837	298,736
Subscription 13 th issue						
2 nd	BRL	12.82%	DI	07/15/2023	414,070	557,276
3 ^a	IPCA	6.50%	IPCA	07/15/2025	84,008	83,487
Total 13th issue					498,078	640,763
Subscription 14 th issue						
1 st	BRL	12.37%	DI	06/15/2024	42,665	47,330
2 nd	IPCA	4.30%	IPCA	06/15/2026	171,980	166,386
Total 14th issue					214,645	213,716
Subscription 15 th issue						
Single series	BRL	13.60%	DI	12/16/2025	502,774	502,295
Total 15th issue					502,774	502,295
Subscription 16 th issue						
1 st	IPCA	5.23%	IPCA	09/15/2031	263,090	253,977
2 nd	BRL	13.10%	DI	09/15/2026	509,133	508,621
Total 16th issue					772,223	762,598
Total debentures					2,741,603	2,933,340
Funding cost					(15,398)	(16,390)
Total					2,726,205	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.

Notes to the financial statements

Changes in debentures are presented below:

	Parent company / Consolidated		
	1Q22	2021	1Q21
Opening balance in the quarter / year	2,916,950	2,507,144	2,507,144
Inflows of debentures	-	750,000	-
Provisioned charges	61,262	148,461	29,343
Inflation adjustment	20,804	81,314	19,644
Amortization of charges	(67,678)	(134,631)	(31,904)
Amortization of principal	(206,125)	(426,264)	(32,205)
Funding cost	-	(11,659)	(192)
Amortization of fund raising costs	992	2,585	533
Closing balance in the quarter / year	2,726,205	2,916,950	2,492,363
Current liabilities	657,010	609,822	613,937
Non-current liabilities	2,069,195	2,307,128	1,878,426

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.

For the first quarter of 2022, the Company complied with all covenants provided for.

In the year ended December 31, 2021, for all cases in which the established limits were not met, the Company obtained the necessary authorization from the creditors to waive compliance with the covenants provided for in the contractual instruments with the debentureholders, as detailed in the item below:

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

Debentures of the 12th, 13th, 14th and 15th 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 (non-financial covenants). Such provision can be verified in the text extracted, for example, from item IX, clause 7.26.2 of the deed of the 12th issue, transcribed below:

“7.26.2 Events of Default that may result in the maturity of the obligations arising from the Debentures, applying the provisions of Clause 7.26.4 below, are any of the events provided for by law and/or any of the following Events of Default: (...)

IX. appellate court decision of judicial, administrative or arbitration lawsuits or proceedings, of any nature, against the Company and/or any of its Subsidiaries or Affiliate Companies (a) whose value, individually or in aggregate, exceeds R\$ 50,000,000.00 or its equivalent in another currency; (...);”

In the case of 16th issue of debentures, it provides for the Event of Default, which may lead to the early maturity of the obligations arising from the unfavorable decision of the appellate court in lawsuits whose value exceeds R\$ 75 million (non-financial covenants).

Notes to the financial statements

As reported in a Material Fact dated December 27, 2021, due to recent 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.

15. Provision for lawsuits

(a) Lawsuits provisioned

Following is the breakdown of provisions for legal proceedings:

	03/31/2022			12/31/2021		
	Contingencies	Judicial deposits	Net balance	Contingencies	Judicial deposits	Net balance
Parent company:						
Civil	93,678	(5,721)	87,957	96,435	(5,710)	90,725
Labor	294,403	(13,180)	281,223	304,087	(14,045)	290,042
Tax	1,778	(5,219)	(3,441)	1,736	(5,140)	(3,404)
Total	389,859	(24,120)	365,739	402,258	(24,895)	377,363
Consolidated:						
Civil	94,239	(5,721)	88,518	97,164	(5,710)	91,454
Labor	294,492	(13,231)	281,261	304,152	(14,081)	290,071
Tax	1,778	(5,219)	(3,441)	1,736	(5,140)	(3,404)
Total	390,509	(24,171)	366,338	403,052	(24,931)	378,121

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

	Parent company	Consolidated
Balance at December 31, 2021 before offset of judicial deposits	402,258	403,052
Additions ⁽¹⁾	12,049	12,218
Restatements	8,326	8,326
Reversals	(20,538)	(20,813)
Write-offs	(12,236)	(12,274)
Total provisions	389,859	390,509
Offset of judicial deposits	(24,120)	(24,171)
Balance at March 31, 2022	365,739	366,338

(1) Interest and inflation adjustment on legal provisions are included, in the amount of R\$ 3,622, recorded in financial expenses.

Notes to the financial statements

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\$ 12,049, referring to the recording of a provision for civil and labor claims on a dispersed basis, with an increase of R\$ 3,909 in labor provisions and R\$ 8,140 in civil provisions.
2. Reversals in the amount of R\$ 20,538, with R\$ 15,189 referring to labor claims and R\$ 5,349 referring to civil claims.
3. Write-offs in the amount of R\$ 12,236 in labor and civil claims, of which R\$ 4,429 in labor claims and R\$ 7,807 in civil claims.

Changes for the year 2021 are as follows:

	<u>Parent company</u>	<u>Consolidated</u>
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

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. On March 31, 2022, the amount of the provision is R\$ 2,573 (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. On March 31, 2022, the amount of the provision is R\$ 11,188 (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. On March 31, 2022, the amount of the provision is R\$ 19,340 (R\$ 18,883 on December 31, 2021).

Notes to the financial statements

(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.

On June 18, 2019, the Company presented a Constitutional Claim to the Federal Supreme Court (STF) (Proceeding 35.342), 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.

Notes to the financial statements

(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	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Civil (i)	391,013	379,276	399,328	386,444
Labor (ii)	52,598	54,255	52,917	54,503
Tax	14,467	13,612	14,467	13,611
Environmental	1,053	1,029	1,053	1,029
Total	459,131	448,172	467,765	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:

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 Mekanorte 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 March 31, 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 March 31, 2022, is R\$ 5,905 (R\$ 5,766 as of December 31, 2021).

Notes to the financial statements

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.

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:

	Parent company		Consolidated	
	1Q22	1Q21	1Q22	1Q21
Income for the year before taxes and contributions	239,284	304,525	239,284	304,525
Nominal rate	34%	34%	34%	34%
Expected revenue (expense) at nominal rate	(81,357)	(103,539)	(81,357)	(103,539)
IRPJ and CSLL on:				
Equity in net income of subsidiaries	(798)	(712)	-	-
Donations and subsidies	421	-	421	-
Other additions / (exclusions)	(1,544)	(4,974)	(2,342)	(5,686)
Other reconciliation items:				
Interest on own capital	11,516	22,047	11,516	22,047
Tax incentives	-	2,440	-	2,440
IRPJ and CSLL	(71,762)	(84,738)	(71,762)	(84,738)
Effective rate	29.99%	27.83%	29.99%	27.83%
Current IRPJ and CSLL	-	(123,105)	-	(123,105)
Deferred income tax and social contribution	(71,762)	38,367	(71,762)	38,367
IRPJ and CSLL	(71,762)	(84,738)	(71,762)	(84,738)

Notes to the financial statements

(b) Deferred income tax and social contribution

Offset amounts are as follows:

	Parent company / Consolidated	
Equity balances	03/31/2022	12/31/2021
In the assets		
Temporary differences:		
Impairment loss on accounts receivable	238,562	239,177
Provision for lawsuits	389,860	402,258
Provision for actuarial liability losses - comprehensive income	73,969	73,969
Balance of assigned assets to depreciate	124,303	126,307
Amortization difference by the discount of financial asset	569,669	551,100
Exchange-rate change on loans	14,645	45,157
Other sundry temporary provisions	99,571	263,283
Total assets	1,510,579	1,701,251
Deferred IRPJ	377,645	425,312
Deferred CSLL	135,952	153,113
	513,597	578,425
In the liabilities		
Temporary differences:		
Exchange-rate change on loans	9,459	-
Deferred construction revenue margin	85,681	87,008
Capitalization of discounted financial asset	386,373	373,040
Funding cost due to issue of debentures	15,398	16,390
Funding cost of loans	2,945	3,009
Change in financial asset at fair value through other comprehensive income	18,729	18,747
Total liabilities	518,585	498,194
Deferred IRPJ	129,646	124,549
Deferred CSLL	46,673	44,837
	176,319	169,386
Deferred income tax and social contribution, net	337,278	409,039

There were no changes in the nature and conditions of income tax and social contribution as of March 31, 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	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Current assets	37,816	38,271	37,833	38,289
Non-current assets	6,096	5,165	6,096	5,165
	43,912	43,436	43,929	43,454

Notes to the financial statements

	Parent company			Consolidated		
	Receivable	Advance	Net	Receivable	Advance	Net
March 31, 2022						
State funds	4,155	(3,904)	251	562,919	(562,650)	268
Federal funds	171,720	(128,059)	43,661	171,720	(128,059)	43,661
Total	175,875	(131,963)	43,912	734,639	(690,709)	43,929
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	
	03/31/2022	12/31/2021
Current liabilities	3,242	1,214
Non-current liabilities	4,861	1,977
	8,103	3,191

	Parent company / Consolidated		
	Advance	Receivable	Net
March 31, 2022			
State funds	5,393	-	5,393
Federal funds	42,373	(39,663)	2,710
Total	47,766	(39,663)	8,103
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	
	03/31/2022	12/31/2021
Long-term obligations	104,051	112,764
Normal contributions	22,358	16,614
Total liabilities recorded in the balance sheet	126,409	129,378
Current liabilities	22,358	16,614
Non-current liabilities	104,051	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	(8,712)
Provision for employer contributions	18,272
Provision of contributions from participants	23,744
Amortization of contributions (employer and participants)	(36,273)
Net liabilities as of March 31, 2022	126,409
Current liabilities	22,358
Non-current liabilities	104,051

Notes to the financial statements

	Parent company / Consolidated
Net liabilities as of December 31, 2020	245,890
Amounts recognized in the statement of income	3,876
Amortization of principal	(1,283)
Amortization of debt interest	(63)
Provision for employer contributions	11,779
Provision of contributions from participants	17,367
Amortization of contributions (employer and participants)	(36,820)
Net liabilities as of March 31, 2021	240,746
Current liabilities	13,142
Non-current liabilities	227,604

Segregated values per benefit plan ⁽¹⁾

1) Benefit plan RP1-BD

	03/31/2022	12/31/2021
Present value of the obligations financed	(57,120)	(69,453)
Fair value of the plan assets	70,149	75,164
Asset ceiling effect	(13,029)	(5,711)
Plan's net liabilities	-	-

2) COPASA Settled-BD Plan

	03/31/2022	12/31/2021
Present value of the obligations financed	(1,229,433)	(1,451,945)
Fair value of the plan assets	1,116,670	1,213,732
Plan's net liabilities	(112,763)	(238,213)

3) New COPASA-CD Plan

	03/31/2022	12/31/2021
Present value of the obligations financed	(6,411)	(11,627)
Fair value of the plan assets	48,383	50,579
Asset ceiling effect	(41,972)	(38,952)
Plan's assets/liabilities, net	-	-

(1) Projected values for the year 2022 included in the actuarial report prepared on December 31, 2021. The Company performs an actuarial assessment of the Commitments of the three retirement benefit plans annually.

As of March 31, 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 March 31, 2022 and December 31, 2021 totals R\$ 3,402,385, represented by 379,181,430 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.

Notes to the financial statements

The sanction of the Law by the State Government of Minas Gerais occurred on July 28, 2021 (Law 23830/2021). Recognition in the Financial Statements will occur after the effective contribution of funds, both by the State of Minas Gerais and by minority shareholders who exercise their preemptive right, 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

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

- a) Above the range: the Board of Directors sets an Adjusted Net Income for the Year distribution percentage equal to the statutory mandatory minimum dividends.
- b) Within the range: remuneration to shareholders will be in the interval between minimum mandatory legal amount and maximum limit of 50%.
- c) Below the range: the Board of Directors may, in up to 3 (three) months after disclosure of annual financial statements or of interim financial information of the second quarter each year, declare Extraordinary Dividends that will comprise an additional remuneration that is sufficient to reach lower level of said interval. This declaration will occur after studies have been carried out indicating that any payment of Extraordinary Dividends will not put the Company's financial health, Investment Plan or current liquidity at risk.

Notes to the financial statements

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

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

- Regular dividends

The remuneration to shareholders for the 1Q22, 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	Up to 05/16/2022
January to March 2022			33,871	

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

	Parent company / Consolidated	
	1Q22	2021
Dividends and interest on own capital payable at the end of the quarter/year	265	72,270
Interest on own capital, proposed	33,871	225,300
Withholding income tax on interest on own capital	(2,313)	(14,565)
Interest on own capital paid in the year	(3)	(282,747)
Proposed dividends	-	57,380
Dividends paid	-	(57,373)
Dividends and interest on own capital payable for the quarter/year	31,820	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	
	1Q22	1Q21
Earnings attributable to Company's shareholders	167,522	219,787
Weighted average number of common shares issued - thousands	379,181	379,181
Basic earnings per share (in reais - R\$)	0.44	0.58

- Diluted

As of March 31, 2022 and 2021, the diluted earnings per share is the same as the basic earnings since there are no dilutive instruments.

Notes to the financial statements

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				Balances as per financial statements
	Water services	Sewage services	Solid waste	Reconciliation to financial statements	
1st quarter of 2022					
Gross operating revenue*	950,255	484,035	676	153,470	1,588,436
Deductions from gross revenue	(103,928)	(51,147)	(83)	-	(155,158)
Net operating revenue*	846,327	432,888	593	153,470	1,433,278
Costs, selling and administrative expenses	(678,823)	(347,212)		(153,470)	(1,179,505)
Other income before other net operating expenses	167,504	85,676	593		253,773
Other operating revenues (expenses), net		19,296		(12,182)	7,114
Net financial income (loss)					(21,603)
Operating income before taxes					239,284
Amortization and depreciation	57,021	80,892	-	46,474	184,387
1st quarter of 2021					
Gross operating revenue ⁽ⁱ⁾	908,122	515,300	695	86,396	1,510,513
Deductions from gross revenue	(84,048)	(47,671)	(85)	-	(131,804)
Net operating revenue ⁽ⁱ⁾	824,074	467,629	610	86,396	1,378,709
Costs, selling and administrative expenses	(585,347)	(332,161)		(86,396)	(1,003,904)
Other income before other net operating expenses	238,727	135,468	610		374,805
Other operating revenues (expenses), net					(22,810)
Net financial income (loss)					(47,470)
Operating income before taxes					304,525
Amortization and depreciation	48,312	87,307	-	32,583	168,202

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

Depreciation of property, plant and equipment in the 1Q22 is allocated as follows: R\$ 18,407 in Water services, R\$ 6,957 in Sewage services and R\$ 6,703 in Other property, plant and equipment described, totaling R\$ 32,067 (R\$ 17,291, R\$ 6,972, R\$ 3,330, respectively, totaling R\$ 27,593 in 1Q21).

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

	1Q22	1Q21
Gross construction revenue referring to ICPC 1 (R1)	153,470	86,396
Construction cost referring to ICPC 1 (R1)	(153,470)	(86,396)
Construction margin	-	-

Notes to the financial statements

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

	Consolidated	
	03/31/2022	03/31/2021
Intangible assets:		
Water services	1,535,983	1,633,751
Sewage services	3,495,226	3,640,119
Other intangible assets	581,130	563,429
Total intangible assets	5,612,339	5,837,299
Property, plant and equipment:		
Water services	950,223	1,016,413
Sewage services	272,330	300,122
Other fixed assets	225,513	223,561
Total intangible assets	1,448,066	1,540,096

There is no liability allocated to the reported segments.

21. Financial risk management

In the 1Q22, 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 March 31, 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				
		Scenario I Probable (ii)	II +25%	Scenario III -25%	Scenario IV +50%	Scenario V -50%
TJLP	287,918	5.80%	7.25%	4.35%	8.70%	2.90%
Changes in principal (R\$)		16,699	20,874	12,525	25,049	8,350
PCA	910,796	6.86%	8.57%	5.14%	10.29%	3.43%
Changes in principal (R\$)		62,481	78,101	46,860	93,721	31,240
CDI	1,453,624	13.00%	16.25%	9.75%	19.50%	6.50%
Changes in principal (R\$)		-	-	-	-	-
Ref. rate	858,262	0.21%	0.26%	0.16%	0.31%	0.10%
Changes in principal (R\$)		1,802	2,253	1,352	2,703	901
FIXED RATE (iii)	214,070	0.00%	0.00%	0.00%	0.00%	0.00%
Changes in principal (R\$)		-	-	-	-	-
Total (R\$)	3,724,670	80,982	101,228	60,737	121,473	40,491

(i) Principal on March 31, 2022.

(ii) Sources of indexes:

CDI (Selic Target) and IPCA (BACEN Focus report as of March 25, 2022.

TJLP (Bradesco projection 12/10/2021: <https://www.economiaemdia.com.br/SiteEconomiaEmDia/Projecoes/Longo-Prazo>)

(iii) Probable Scenario, according to Referential Rate (TR) of the last 12 months.

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 03/31/2022	Financing	Financing
Debt balance (in foreign currency)	€ 27,535	€ 10,000
Debit balance	144,726	52,561
	Gain/(loss)	
Scenarios regarding the debt balance	Financing	Financing
Likely (Projection)	(16,766)	(6,089)
25% decrease in € FX	36,182	13,140
50% decrease in € FX	72,363	26,280
25% increase in € FX	(36,182)	(13,140)
50% increase in € FX	(72,363)	(26,280)

Source of projected indexes: Projection of Euro on April 01, 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).

Pledged revenues as of March 31, 2022				
Financing and debentures	Contract	Collateral (committed revenue)	Amount	Agreement end date
	2007/2008 financing	Committed revenue amounting to three times the monthly debt service of the 2007 and 2008 agreements.	R\$5,639	September 2031
	PAC 2009	Committed revenue amounting to three times the monthly debt service of the agreements.	R\$1,993	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 (Normative Instructions 33, 25 and 24)	Committed revenue amounting to three times the monthly debt service of the agreements.	R\$4,228	June 2035
	2012 Financing (Normative Instruction 24)	Committed revenue amounting to three times the monthly debt service of the agreements.	R\$553	May 2036
	2013 Financing (Normative Instruction 27)	Committed revenue amounting to three times the monthly debt service of the agreements.	R\$3,797	October 2037
	2014 Financing (Normative Instruction 02)	Committed revenue amounting to three times the monthly debt service of the agreements.	R\$2,591	February 2038
	2015 Financing (Normative Instruction 02)	Committed revenue amounting to three times the monthly debt service of the agreements.	R\$1,553	March 2039
	2017 Financing (Normative Instruction 29)	Committed revenue amounting to three times the monthly debt service of the agreements.	R\$1,691	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\$ 53,079	June 2023
	Financing (R\$ 181 million)	Committed revenue of R\$ 7.0 million, annually adjusted by the IPCA, since April 2010.	R\$ 12,898	May 2025

Notes to the financial statements

	4 th Issue of Debentures (R\$ 740 million)	Committed revenue of R\$ 32.0 million, annually adjusted by the IPCA, since July 2010.	R\$ 59,356	August 2022
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Notes to the financial statements

Pledged revenues as of March 31, 2022				
	Contract	Collateral (committed revenue)	Amount	Agreement end date
Financing and Debentures	8 th Issue of Debentures (R\$ 140 million)	Committed revenue of R\$ 16.9 million, annually adjusted by the IPCA, since September 2015.	R\$ 22,739	June 2028
	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\$ 33,445	December 2023
BRK Ambiental	Rio Manso PPP	1/12 of the annual installment of the Consideration payable for each effective year.	R\$ 10,435	December 2028
Financings	Finame	Binding of 130% of the PMT of the contracts.	R\$1,452	January 2025
Total committed revenue			R\$228,772	

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
	03/31/2022	03/31/2022	12/31/2021	12/31/2021
Loans and financing	1,015,799	990,683	1,068,394	1,040,412
Simple debentures	2,726,205	2,764,254	2,916,950	2,900,441
Total	3,742,004	3,754,937	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	Contractual rate	Parent company / Consolidated		Observations
		Periods (in months)	Market rate	
Financing	7.70%	166	8.50%	Rate quote in March 2022
Financing	7.53%	26	8.70%	Rate quote in March 2022
FINAME	4.36%	34	17.11%	FINAME rate quote in March 2022
Simple debentures	10.16%	53	9.64%	Rate quote for Debentures in March 2022
Financing	2.07%	148	1.41%	Rate quote in March 2022
Financing	0.15%	140	0.55%	Rate quote in March 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 March 31, 2022 and December 31, 2021:

	Parent company / Consolidated	
	Assets	
	03/31/2022	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

	03/31/2022			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	783,005	-	783,005	1,279,469	-	1,279,469
Trade accounts receivable	1,039,900	-	1,039,900	1,026,364	-	1,026,364
Banks and arrangements	4,845	-	4,845	3,273	-	3,273
Pledged financial investments	77,916		77,916	77,228		77,228
Concession financial assets	748,093		748,093	733,328		733,328
Financial assets measured at fair value through other comprehensive income (1)		26,153	26,153		26,153	26,153
Credits with Subsidiaries	-	-	-	-	-	-
Other accounts receivable	132,592	-	132,592	144,679	-	144,679
Total	2,786,351	26,153	2,812,504	3,264,341	26,153	3,290,494
Consolidated:						
Cash and cash equivalents	820,111	-	820,111	1,309,721	-	1,309,721
Trade accounts receivable	1,050,820	-	1,050,820	1,037,548	-	1,037,548
Banks and arrangements	4,893		4,893	3,320		3,320
Pledged financial investments	77,916		77,916	77,228		77,228
Concession financial assets	765,261		765,261	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	128,444	-	128,444	140,897	-	140,897
Total	2,847,445	26,153	2,873,598	3,320,967	26,153	3,347,120

⁽¹⁾ Excluding prepayments.

(b) Liabilities

	Financial liabilities at amortized cost	
	03/31/2022	12/31/2021
Parent company:		
Loans, financing and debentures	3,742,004	3,985,344
Suppliers	239,585	287,977
Leases	99,262	75,639
Public-Private Partnership	251,665	260,985
Total	4,332,516	4,609,945
Consolidated:		
Loans, financing and debentures	3,742,004	3,985,344
Suppliers	244,845	307,967
Lease ⁽¹⁾	99,262	75,642
Public-Private Partnership	251,665	260,985
Total	4,337,776	4,629,938

⁽¹⁾ In the period ended March 31, 2022, referring to the lease in the consolidated, depreciation amounted to R\$ 15,217 (R\$ 33,219 as of December 31, 2021) and interest totaled R\$ 3,254 (R\$ 4,695 as of December 31, 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			
	03/31/2022			
	Subsidiary	Other		
COPANOR	STATE OF MG	COPASS	LIBERTAS	
Assets				
Current				
Trade accounts receivable:				
Amounts billed	-	24,454	1	31
Amounts to be billed	-	10,781	1	15
Agreements	-	251	-	-
Advance and other:				
Credit with subsidiary	4,379	-	-	-
Total assets	4,379	35,486	2	46
Liabilities				
Current				
Agreements	-	532	-	-
Obligations with retirement benefits	-	-	-	22,358
Health program	-	-	11,105	-
Non-current				
Agreements	-	4,861	-	-
Obligations with retirement benefits	-	-	-	104,051
Total liabilities	-	5,393	11,105	126,409
Income (loss) in the quarter ended 03/31/2022				
Income (loss)				
Revenues from water and sewage treatment services	-	35,659	2	66
Security program	-	-	-	(11,364)
Health program	-	-	(24,698)	-

Notes to the financial statements

	Parent company			
	12/31/2021			
	Subsidiary COPANOR	STATE OF MG	Other	
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
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) in the quarter ended 03/31/2021

Income (loss)				
Revenues from water and sewage treatment services	-	29,354	1	53
Security program	-	-	-	(12,130)
Health program	-	-	(24,315)	-

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

	<u>1Q22</u>	<u>1Q21</u>
Remuneration	1,192	1,049
Benefits:		
Food	33	19
Health	21	28
Post-employment benefit	93	63
Total	<u>1,339</u>	<u>1,159</u>

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 March 31, 2022 are listed below:

	<u>Amount</u>	<u>Average contract term in months</u>
Obligations of the major 10 contracts – Investments in construction works and organic growth in several concessions, which corresponds to the expected disbursement	483,370	20
Contractual obligations – Lease agreements within the scope of IFRS 16, which corresponds to the expected disbursement	10,934	16

Notes to the financial statements

25. Transactions that do not involve cash or cash equivalents

In the 1Q22 and 1Q21, 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	
	1Q22	1Q21
Capitalized interest (Note 9)	18,148	7,845

26. Revenues

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

	Parent company		Consolidated	
	1Q22	1Q21	1Q22	1Q21
Gross revenue from rendering of water service	923,682	899,404	932,819	908,122
Gross revenue from rendering of sewage service	474,161	512,861	477,095	515,300
Solid waste	676	695	676	695
Construction revenue	151,498	84,138	153,470	86,396
Total gross revenue	1,550,017	1,497,098	1,564,060	1,510,513
Sales taxes	(129,666)	(130,772)	(130,782)	(131,804)
Net revenue	1,420,351	1,366,326	1,433,278	1,378,709

Breakdown of Net Revenue:

Direct revenue from water	817,279	797,318	825,333	805,010
Direct revenue from sewage	428,314	462,945	430,977	465,157
Solid waste	593	610	593	610
Total direct revenue	1,246,186	1,260,873	1,256,903	1,270,777
Indirect revenue from water	20,756	18,843	20,994	19,064
Indirect revenue from sewage	1,911	2,472	1,911	2,472
Total indirect revenue	22,667	21,315	22,905	21,536
Construction revenue	151,498	84,138	153,470	86,396
Total net revenue	1,420,351	1,366,326	1,433,278	1,378,709

27. Costs and expenses by nature

	Parent company		Consolidated	
	1Q22	1Q21	1Q22	1Q21
Operating costs				
Personnel	192,494	189,735	195,752	193,435
Social security obligations	42,673	38,623	43,524	39,376
Construction costs	151,498	84,138	153,470	86,396
General material	23,903	19,200	24,829	19,877
Treatment materials	28,770	21,566	29,261	22,003
Outsourced services	117,641	96,433	118,327	96,996
Electric power	147,598	122,447	150,512	125,104
General expenses	49,152	44,627	49,501	44,802
Depreciation and amortization	163,212	154,553	165,243	156,186
(-) Tax credits	(16,448)	(14,381)	(16,638)	(14,696)
	900,493	756,941	913,781	769,479

Notes to the financial statements

	Parent company		Consolidated	
	1Q22	1Q21	1Q22	1Q21
Sales expenses				
Personnel	59,154	38,809	59,240	38,882
Social security obligations	11,112	6,943	11,128	6,956
General material	1,199	1,046	1,200	1,046
Treatment materials	9	4	9	4
Outsourced services	5,858	4,399	6,235	4,769
Electric power	679	571	679	571
General expenses	172	1,039	176	1,040
Depreciation and amortization	1,713	1,529	1,713	1,530
	79,896	54,340	80,380	54,798
Impairment loss on accounts receivable	58,556	49,028	59,708	49,870
Administrative expenses				
Personnel	60,359	71,740	61,533	72,024
Social security obligations	8,609	11,424	8,656	11,488
General material	1,250	1,091	1,299	1,098
Treatment materials	18	15	18	14
Outsourced services	32,298	25,785	32,720	26,233
Electric power	959	845	1,016	891
General expenses	2,609	6,849	2,687	6,928
Depreciation and amortization	17,421	10,478	17,431	10,486
Provision for losses of obsolete materials	269	595	276	595
	123,792	128,822	125,636	129,757
Costs and expenses				
Personnel (Note 28)	312,007	300,284	316,525	304,341
Social security obligations (Note 28)	62,394	56,990	63,308	57,820
Construction costs	151,498	84,138	153,470	86,396
General material	26,352	21,337	27,328	22,021
Treatment materials	28,797	21,585	29,288	22,021
Outsourced services	155,797	126,617	157,282	127,998
Electric power	149,236	123,863	152,207	126,566
General expenses	51,933	52,515	52,364	52,770
Depreciation and amortization	182,346	166,560	184,387	168,202
		(14,381)		
(-) Tax credits	(16,448))	(16,638)	(14,696)
Provision for losses of obsolete materials	269	595	276	595
Impairment loss on accounts receivable	58,556	49,028	59,708	49,870
Total	1,162,737	989,131	1,179,505	1,003,904
Details of construction costs:				
Salaries and payroll charges	14,649	10,312	14,649	10,312
Material	11,882	7,494	12,005	7,815
Equipment	3,152	3,469	3,585	3,469
Outsourced services	107,818	55,717	109,234	57,654
Financing costs	13,673	6,948	13,673	6,948
Other	324	198	324	198
Total construction costs	151,498	84,138	153,470	86,396

Notes to the financial statements

28. Personnel expenses

	Parent company		Consolidated	
	1Q22	1Q21	1Q22	1Q21
Salaries	203,821	185,329	207,037	188,219
Social security costs	62,394	56,990	63,309	57,820
FGTS	16,859	15,560	17,087	15,767
Contribution to pension plan	11,364	12,130	11,364	12,130
Meal program	46,693	43,526	47,520	44,285
Health program	24,698	24,315	24,911	24,491
Employee profit sharing	2,572	13,920	2,572	13,920
Other benefits	6,000	5,504	6,033	5,529
Total	374,401	357,274	379,833	362,161
Personnel (Note 27)	312,007	300,284	316,525	304,341
Social security obligations (Note 27)	62,394	56,990	63,308	57,820

29. Other operating revenues and expenses

Other operating revenues accrued by the Company as of March 31, 2022 and 2021 are presented as follows:

	Parent company		Consolidated	
	1Q22	1Q21	1Q22	1Q21
Reversal of non-deductible provision	19,832	3,468	20,450	3,542
Recovery of written-off accounts	9,605	18,905	10,065	19,437
Health program reimbursement	-	119	-	119
Disposal of property, plant and equipment	1,035	527	1,035	527
Other revenues	5,465	2,449	5,482	2,482
Total other operating revenues	35,937	25,468	37,032	26,107

Other operating expenses of the Company as of March 31, 2022 and 2021 are presented as follows:

	Parent company		Consolidated	
	1Q22	1Q21	1Q22	1Q21
Reversal of (provision for) lawsuits, net	3,784	(27,812)	3,891	(28,172)
ARSAE fee	(13,265)	(10,737)	(13,505)	(10,931)
Expenses with environment preservation	(2,959)	(2,694)	(2,959)	(2,694)
Taxes and duties	(3,123)	(3,076)	(3,209)	(3,159)
Actuarial liability	(4,687)	(3,712)	(4,687)	(3,712)
Other	(9,315)	(245)	(9,449)	(249)
Total other operating expenses	(29,565)	(48,276)	(29,918)	(48,917)

Notes to the financial statements

30. Financial revenues and expenses

Financial revenues (expenses) can be summarized as follows:

	Parent company		Consolidated	
	1Q22	1Q21	1Q22	1Q21
Asset interest	11,357	11,421	11,560	11,593
Yields from interest earning bank deposits	26,316	4,563	26,797	4,637
Revenue from inflation adjustment and exchange rate change	42,039	7,654	42,048	7,659
Revenues from financial assets/other	14,126	14,817	14,219	14,894
Taxes on financial revenue	(1,885)	(1,466)	(1,917)	(1,481)
Total revenue	91,953	36,989	92,707	37,302
Charges on financing and legal provisions	(81,193)	(42,068)	(81,194)	(42,068)
Inflation adjustment and exchange rate change expense	(32,959)	(42,510)	(32,959)	(42,510)
Other expenses	(156)	(180)	(157)	(194)
Total expense	(114,308)	(84,758)	(114,310)	(84,772)
Financial income (loss)	(22,355)	(47,769)	(21,603)	(47,470)

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

At a meeting held on December 15, 2021, the Board of Directors of COPASA MG approved the Investment Program of the Parent Company (COPASA MG) for the year 2022, in the amount of R\$ 1,395 million.

Regarding COPANOR's investment plan, for the year 2022 the subsidiary's Executive Board decided on the amount of R\$ 47.5 million.

The amounts invested in the 1Q22 (1Q22) are presented below:

Investments (R\$ million)	1Q22
Water	119.1
Sewage	72.2
Business and Operational Development	5.8
Parent company (COPASA MG)	197.1
COPANOR	3.6
Total	200.7

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 interim, individual and consolidated financial information of Companhia de Saneamento de Minas Gerais - COPASA MG ("Company"), contained in the Quarterly Information - ITR Form for the quarter ended March 31, 2022, which comprise the balance sheet on March 31, 2022 and related statements of income, of comprehensive income, of changes in shareholders' equity and of cash flows for the quarter then ended, including explanatory notes.

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

Scope of the review

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

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 issuance 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 March 31, 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 quarterly information includes the individual and consolidated statements of added value for the three-month period ended March 31, 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, April 29, 2022

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

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

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

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 March 31, 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 March 31, 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 March 31, 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 – our emphasis), 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, April 29, 2022.

Carlos Eduardo Tavares de Castro
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

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:

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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 March 31, 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 March 31, 2022

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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.

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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.

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"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, April 29, 2022.

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