

Earnings Release

2Q22

Rio Manso Reservoir

Belo Horizonte, August 02, 2022 - COPASA MG - Companhia de Saneamento de Minas Gerais - (B3: CSMG3) hereby announces today its results for the second quarter of 2022 (2Q22). The financial information, except where otherwise indicated, is presented in Brazilian Reais thousands (R\$ thousand) and refers to the Parent Company. All tables in this report are available for download on the Company's Investor Relations website: (ir.copasa.com.br).

OPERATIONAL AND FINANCIAL HIGHLIGHTS

- Net revenues of water, sewage, and, solid waste totaled **R\$1.34 billion** in 2Q22, compared to the **R\$1.30 billion** recorded in 2Q21.
- Manageable costs and expenses totaled **R\$666.6 million**, compared to the **R\$645.2 million** recorded in 2Q21.
- EBITDA totaled **R\$492.2 million** in 2Q22, with a margin of **35.6%**.
- Net income was **R\$180.4 million** in 2Q22, compared to the **R\$237.1 million** reported in 2Q21.
- Interest on Equity (IoE) declared on June 15, 2022 for 2Q22 totaled **R\$53.1 million**.
- Net Debt reached **R\$3.03 billion** in June 2022 and the Net Debt/EBITDA ratio was **2.0x**.
- Investments made in 1H22 totaled **R\$481.7 million**, considering COPASA MG and COPANOR, jointly.
- In June 2022, the number of consumer units for water reached **5.55 million** (**5.49 million** in June 2021) and consumer units for sewage reached **3.93 million** (**3.81 million** in June 2021), considering COPASA MG and COPANOR, jointly.
- The delinquency rate, measured by the ratio between the balance of accounts receivable overdue between 90 and 359 days and the total amount billed in the last 12 months, reached **3.50%** in June 2022 (**3.67%** in June 2021).
- The Parent Company's staff reduced by **10.2%** in the last 12 months, mainly due to the Voluntary Separation Program - VSP.
- The Parent Company's index of "employees per thousand water and sewage connections" fell by **12.1%**, from **1.52** in June 2021 to **1.33** in June 2022.
- The capacity level of the reservoirs of the Paraopeba system is approximately **94%**.

Conference Call

August 03, 2022 (Wednesday)
11 a.m. (Brasilia) 10 a.m. (New York) 3 p.m. (London)
Webcast: [Click here](#)

Investor Relations

Telephone +55 (31) 3250-2015
ir@copasa.com.br
ir.copasa.com.br

Index

1. Operating Performance.....	3
1.1. Customer Base	4
1.2. Employees and Employees per Connection	4
2. Financial Performance	6
2.1. Revenues	6
2.2. Costs and Expenses	7
2.3. Other Operating Revenues (Expenses).....	9
2.4. Equity Pick-up (Subsidiary COPANOR)	10
2.5. Financial Result.....	10
2.6. Taxes on Income	10
2.7. Net Income	11
2.8. EBITDA and EBITDA Margin	11
3. Shareholder Compensation - 2022	12
4. Indebtedness and Rating.....	13
4.1. Gross Debt and Net Debt	13
4.2. Indexes and Average Coupon	14
4.3. Corporate Ratings.....	14
5. Investment Program and Fundraising.....	15
5.1. 2022 Investment Program	15
5.2. Investment Programs – 2023 to 2026.....	16
5.3. Fundraising.....	17
6. Regulatory Environment.....	18
6.1. Tariff Adjustment.....	18
6.2. Proof of Economic and Financial Capacity by Arsae - MG.....	18
7. Service Concessions	19
8. Water Situation.....	20
8.1. Belo Horizonte Metropolitan Area (BHMA)	20
8.2. Other municipalities in the Minas Gerais State.....	21
9. Annexes.....	22
9.1. Quaterly Income Statement.....	22
9.2. Balance Sheet – Assets.....	23
9.3. Balance Sheet – Liabilities	24
9.4. Quaterly Cash Flow.....	25
9.5. Debt.....	26

1. Operating Performance

The main operational data of the parent company (COPASA MG) for 2Q22, 2Q21 and 2Q20 is as follows:

COPASA data (Parent Company)	2Q22	2Q21	2Q22 vs 2Q21	2Q20	2Q21 vs 2Q20
Water					
Connections (1,000 units)	4,496	4,445	1.1%	4,340	2.4%
Units (1,000 units)	5,439	5,376	1.2%	5,253	2.4%
Population Served (1,000 inhabitants)	11,596	11,580	0.1%	11,449	1.1%
Distributed Volume (1,000 m ³)	265,335	263,449	0.7%	250,151	5.3%
Measured Volume (1,000 m ³)	156,144	154,437	1.1%	146,496	5.4%
Network Extension (km)	61,522	59,473	3.4%	54,302	9.5%
Water Metering Index (%)	99.9	99.9	-	99.8	+0.1p.p.
Loss Index ⁽¹⁾ (%)	40.6	40.1	+0.5p.p.	40.3	-0.2p.p.
Loss Index ⁽²⁾ (L/connections x day)	257.6	257.9	-0.1%	255.4	1.0%
Sewage					
Connections (1,000 units)	3,040	2,978	2.1%	2,901	2.7%
Units (1,000 units)	3,871	3,754	3.1%	3,660	2.6%
Population Served (1,000 inhabitants)	8,380	8,277	1.2%	8,157	1.5%
Measured Volume (1,000 m ³)	108,311	105,586	2.6%	100,347	5.2%
Treated Volume (1,000 m ³)	73,925	83,626	-11.6%	76,952	8.7%
Network Extension (km)	31,033	30,385	2.1%	27,303	11.3%
Water and Sewage					
Consumption Days (quarter)	89.9	91.4	-1.6%	92.1	-0.8%
Consumption Days (monthly average)	30.0	30.5	-1.6%	30.7	-0.8%
Delinquency⁽³⁾ (%)	3.50%	3.67%	-0.17p.p.	4.35%	-0.68p.p.

(1) Difference between the distributed volume and the measured volume, divided by the distributed volume in the last twelve months.

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

(3) Corresponds to the ratio between the balance of accounts receivable overdue between 90 and 359 days and the total amount invoiced in the last 12 months

The main operational data of the subsidiary COPANOR for 2Q22, 2Q21 and 2Q20 is as follows:

COPANOR Data	2Q22	2Q21	2Q22 vs 2Q21	2Q20	2Q21 vs 2Q20
Water					
Connections (1,000 units)	111	108	2.2%	104	4.3%
Units (1,000 units)	114	112	2.0%	107	4.2%
Population Served (1,000 inhabitants)	222	219	1.5%	214	2.2%
Distributed Volume (1,000 m ³)	4,235	3,667	15.5%	3,801	-3.5%
Measured Volume (1,000 m ³)	2,421	2,369	2.2%	2,150	10.2%
Network Extension (km)	2,663	2,663	-	2,155	23.6%
Sewage					
Connections (1,000 units)	53	51	3.7%	49	5.4%
Units (1,000 units)	55	53	3.5%	51	5.3%
Population Served (1,000 inhabitants)	108	104	3.1%	100	4.6%
Measured Volume (1,000 m ³)	1,139	1,105	3.1%	959	15.2%
Network Extension (km)	1,513	1,513	-	1,464	3.4%

The main operational data of the parent company (COPASA MG) and the subsidiary (COPANOR) for 2Q22, 2Q21 and 2Q20 is as follows:

Consolidated Data (COPASA MG +COPANOR)	2Q22	2Q21	2Q22 vs 2Q21	2Q20	2Q21 vs 2Q20
Water					
Connections (1,000 units)	4,606	4,554	1.2%	4,444	2.5%
Units (1,000 units)	5,552	5,488	1.2%	5,360	2.4%
Population Served (1,000 inhabitants)	11,819	11,799	0.2%	11,663	1.2%
Distributed Volume (1,000 m ³)	269,570	267,116	0.9%	253,952	5.2%
Measured Volume (1,000 m ³)	158,565	156,806	1.1%	148,645	5.5%
Network Extension (km)	64,185	62,136	3.3%	56,457	10.1%
Sewage					
Connections (1,000 units)	3,093	3,030	2.1%	2,950	2.7%
Units (1,000 units)	3,926	3,808	3.1%	3,711	2.6%
Population Served (1,000 inhabitants)	8,488	8,381	1.3%	8,256	1.5%
Measured Volume (1,000 m ³)	109,450	106,691	2.6%	101,306	5.3%
Network Extension (km)	32,546	31,898	2.0%	28,767	10.9%

1.1. Customer Base

The quarterly information about the customer base, measured volume and billing by consumer category (Residential, Social Residential, Commercial, Industrial and Public) are highlighted in the following table:

Consolidated Data (COPASA MG + COPANOR)	Billings per Category (%)			Measures Volume per Category (%)			Units per Category (%)		
	2Q22	2Q21	2Q20	2Q22	2Q21	2Q20	2Q22	2Q21	2Q20
Water and Sewage (Quarterly Average)									
Residential Social	5.7%	5.9%	4.9%	11.8%	12.9%	11.0%	11.7%	12.6%	10.7%
Residential	67.9%	71.5%	72.6%	73.3%	74.4%	76.4%	77.8%	77.0%	78.8%
Commercial	14.0%	12.5%	12.1%	8.1%	7.1%	6.9%	8.6%	8.5%	8.6%
Industrial	4.0%	3.9%	3.5%	2.1%	2.0%	1.9%	0.6%	0.6%	0.6%
Public	8.4%	6.2%	6.9%	4.6%	3.6%	3.8%	1.3%	1.3%	1.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

1.2. Employees and Employees per Connection

The number of employees in the Parent Company fell by 10.2% from June 2021, to 10,125 employees in June 2022. The decrease was mainly due to the Voluntary Separation Program (VSP) implemented in the second half of 2021, which had the adhesion of 1,098 Company employees, three enrollments of which were canceled. The separations started in October 2021 in stages. Until June 30, 2022, around 99% of the employees enrolled in the Program had already been separated.

Expenses with VDP compensation and incentives were estimated at R\$152.2 million, and are available for consultation on the [3Q21 Earnings Release](#).

Additionally, the Company has been dismissing retired employees after the effective date of Constitutional Amendment 103, of November 12, 2019.

Employees and Employees per Connection	2Q22	2Q21	2Q22 vs 2Q21	2Q20	2Q21 vs 2Q20
COPASA					
Employees	10.125	11.276	-10.2%	11.454	-1.6%
Employees/Connection ⁽¹⁾	1.33	1.52	-12.1%	1.58	-4.0%
COPANOR					
Employees	447	476	-6.1%	462	3.0%
Employees/Connection ⁽¹⁾	2.69	2.98	-9.7%	3.03	-1.6%
COPASA + COPANOR					
Employees	10.572	11.752	-10.0%	11.916	-1.4%
Employees/Connection ⁽¹⁾	1.36	1.55	-12.0%	1.61	-3.8%

(1) Number of employees / 1,000 connections of water and sewage.

2. Financial Performance

2.1. Revenues

The table below shows gross revenue, deductions (PIS/COFINS), and net revenue from water, sewage, and solid waste in the comparative periods:

Gross Revenue, Deductions and Net Revenue	2Q22	2Q21	2Q22 vs 2Q21	2Q20	2Q21 vs 2Q20
Gross Revenue – Water	977,383	909,609	7.5%	829,159	9.7%
Gross Revenue – Sewage	496,309	526,036	-5.7%	477,122	10.3%
Gross Revenue – Solid Waste	406	641	-36.7%	581	10.3%
Gross Revenue – Water, Sewage and Solid Waste	1,474,098	1,436,286	2.6%	1,306,862	9.9%
PIS/COFINS	(136,424)	(132,926)	2.6%	(121,040)	9.8%
Net Revenue – Water, Sewage and Solid Waste	1,337,674	1,303,360	2.6%	1,185,822	9.9%

Net revenue from water, sewage and solid waste totaled R\$1.34 billion in 2Q22, as shown below:

Net Revenue	2Q22	2Q21	2Q22 vs 2Q21	2Q20	2Q21 vs 2Q20
Net Direct Revenue - Water	864,874	805,285	7.4%	737,265	9.2%
Net Direct Revenue - Sewage	448,207	474,800	-5.6%	431,587	10.0%
Net Direct Revenue - Water and Sewage	1,313,081	1,280,085	2.6%	1,168,852	9.5%
Net Indirect Revenue - Water	22,102	20,141	9.7%	15,102	33.4%
Net Indirect Revenue - Sewage	2,147	2,571	-16.5%	1,358	89.3%
Net Indirect Revenue - Water and Sewage	24,249	22,712	6.8%	16,460	38.0%
Net Revenue - Solid Waste	344	563	-38.9%	510	10.4%
Net Revenue - Water, Sewage and Solid Waste	1,337,674	1,303,360	2.6%	1,185,822	9.9%

The Company's comments on the main factors that influenced net revenue from water supply and sewage services in the comparative periods are as follows:

- YoY increase of 1.7% in the volume of water and sewage measured in 2Q22;
- impacts from the migration of consumption range and categories; and
- application of new tariffs by the Company, with an average negative tariff effect of 1.52%, as authorized by Arsae-MG as of August 2021, due to the result of the 2nd Tariff Revision.

2.2. Costs and Expenses

The costs of sales and services rendered, sales expenses, and administrative expenses totaled R\$1.00 billion in 2Q22, compared to the R\$956.7 million reported in 2Q21, or an increase of 4.8%, as shown below:

Costs and Expenses	2Q22	2Q21	2Q22 vs 2Q21	2Q20	2Q21 vs 2Q20
Manageable Costs	666,590	645,222	3.3%	661,585	-2.5%
Personnel ⁽¹⁾	368,811	382,631	-3.6%	350,965	9.0%
Outsourced Services	154,208	118,170	30.5%	102,410	15.4%
Rio Manso PPP	25,856	20,773	24.5%	21,525	-3.5%
Material ⁽²⁾	19,796	16,600	19.3%	14,590	13.8%
Provision for Doubtful Accounts (PDA)	38,286	60,656	-36.9%	136,093	-55.4%
Tariff Transfers to Municipalities	48,329	39,584	22.1%	30,617	29.3%
Sundry Operational Costs	11,304	6,808	66.0%	5,385	26.4%
Non-Manageable Costs	158,931	141,272	12.5%	125,164	12.9%
Electricity	134,653	124,793	7.9%	105,227	18.6%
Telecommunication	5,340	2,702	97.6%	2,918	-7.4%
Treatment Chemicals	25,381	20,400	24.4%	24,692	-17.4%
Fuels and Lubricants	10,769	7,418	45.2%	6,075	22.1%
Tax Credits	(17,212)	(14,041)	22.6%	(13,748)	2.1%
Capital Costs	175,581	169,774	3.4%	159,475	6.5%
Depreciation and Amortization	175,581	169,774	3.4%	159,475	6.5%
Charge for Usage of Water Resources	1,062	415	155.9%	87	377.0%
Total Costs and Expenses	1,002,164	956,683	4.8%	946,311	1.1%
Total Costs and Expenses (without Depreciation and Amortization)	826,583	786,909	5.0%	786,836	0.0%

(1) Includes pension plan obligations.

(2) Considers treatment and laboratory materials.

Below, the Company presents the comments on the items that make up the costs and expenses that presented the most significant variations:

2.2.1. Manageable Costs

2.2.1.1. Personnel

Personnel expenses fell by 3.6%, due to the decrease in payroll, charges, and benefits, mainly led by the 10.2% reduction in the number of employees because of the Voluntary Separation Program (VSP) and the lower provision of employee profit sharing, compared to the second quarter of 2021.

It is also worth noting that the Collective Bargaining Agreement (2019/2022) was signed in February 2022. Salary and benefit adjustments were already being provisioned, except for the change in the base date from May to November 2021, which corresponded to 5%.

2.2.1.2. Outsourced Services

This line increased by 30.5%. The items with the most significant variations in the period were:

- R\$20.9 million increase in expenses with conservation and maintenance of assets and systems, due to new service agreements of backhoe loader, hydro jet, brake booster, paving, as well as the application of contractual adjustments;
- R\$6.4 million increase in technical professional services, arising from expenses related to various consultancies;

- R\$4.4 million increase in expenses with water trucks in the metropolitan region of Belo Horizonte;
- R\$3.1 million increase with information technology support services; and
- higher expenses with sundry services, due to contractual adjustments and execution of new contracts.

2.2.1.3. Rio Manso PPP

The 24.5% increase was mainly due to the application of adjustments provided for in contracts and higher expenses with electricity.

2.2.1.4. Materials

This item increased by 19.3%, due to higher expenses with conservation and maintenance materials for assets and systems.

2.2.1.5. Impairment of Receivables

The 36.9% decrease in this line was mainly due to the review, in June 2022, of the risk matrix that indicates the probability of the accounts receivable falling into default, resulting in the determination of lower levels of delinquency risk compared to the previous period, with effects of approximately R\$13 million to credit in this account.

The table below shows the net Impairment of Receivables, obtained from the difference between the loss and the recovery of written-off accounts (recorded under Other Operating Revenues):

Net PDA	2Q22	2Q21	2Q22 vs 2Q21	2Q20	2Q21 vs 2Q20
Provision for Doubtful Accounts (PDA)	38,286	60,656	-36.9%	136,093	-55.4%
Recovery of written-off accounts	11,862	11,574	2.5%	6,212	86.3%
Net PDA	26,424	49,082	-46.2%	129,881	-62.2%

2.2.1.6. Tariff Transfers to Municipalities

The 22.1% increase in this item over 2Q21, was a result of the inclusion of 85 new municipal sanitation funds entitled to the transfer, as of August 2021, as provided for and authorized by the Regulatory Agency.

Therefore, the number of municipalities eligible to receive the transfer rose to 219 in August 2021.

2.2.1.7. Sundry Operating Costs

The 66% increase in sundry costs was mainly due to higher expenses with transportation, travel, and lodging, given the resumption of activities and movements after the easing of the Covid-19 pandemic and increases in several other pulverized items.

2.2.2. Non-Manageable Costs

2.2.2.1. Electricity

The 7.9% YoY increase in 2Q22 was mainly due to higher tariff flag expenses.

2.2.2.2. Telecommunications

The 97.6% increase in this line was mainly due to higher costs with data transmission and expansion of Personal Mobile System lines.

2.2.2.3. Treatment Chemicals

The 24.4% YoY increase in this line was mainly a result of higher prices of chemicals used in the water treatment process.

2.2.2.4. Fuels and Lubricants

The 45.2% YoY increase in 2Q22 was mainly due to higher fuel prices.

2.2.2.5. Tax Credits

The increase in this line was due to the inclusion of new inputs entitled to the credit, based on tax studies carried out by a consulting firm hired by the Company.

2.2.3. Capital Costs

2.2.3.1. Depreciation and Amortization

The 3.4% YoY increase in depreciation and amortization in 2Q22, was due to an upturn in the volume of works incorporated in the last 12 months.

2.3. Other Operating Revenues (Expenses)

Other operating revenues and expenses in the comparative periods are as follows:

Other Operating Revenues (Expenses)	2Q22	2Q21	2Q22 vs 2Q21	2Q20	2Q21 vs 2Q20
Other Operating Revenues	33,732	27,674	21.9%	26,408	4.8%
Revenue from Technical Services	74	18	311.1%	14	28.6%
Reversal of Non-Deductible Provision	16,440	6,019	173.1%	16,588	-63.7%
Recovery of Written-off Accounts	11,862	11,574	2.5%	6,212	86.3%
Other Revenues	5,356	10,063	-46.8%	3,594	180.0%
Other Operating Expenses	(49,004)	(50,089)	-2.2%	(45,431)	10.3%
Provisions for lawsuits	(9,177)	(21,889)	-58.1%	(13,364)	63.8%
Arsae-MG Fee	(13,265)	(10,737)	23.5%	(9,852)	9.0%
Expenses with environmental preservation	(5,069)	(6,461)	-21.5%	(6,210)	4.0%
Taxes and tributes	(3,587)	(2,456)	46.1%	(2,042)	20.3%
Actuarial liability	(4,687)	(3,780)	24.0%	(2,381)	58.8%
Other Expenses	(13,219)	(4,766)	177.4%	(11,582)	-58.8%
Total	(15,272)	(22,415)	-31.9%	(19,023)	17.8%

2.3.1. Other Operating Revenues

Other operating revenues increased by 21.9%, mainly due to the reversal of non-deductible provisions.

2.3.2. Other Operating Expenses

Other operating expenses fell by 2.2%. The most significant changes were:

- decrease in the amounts referring to provisions for lawsuits in 2Q22, compared to 2Q21; and

- increase in the “Other Expenses” line, mainly due to the provisioning of tariff amounts to be refunded to customers in Contagem and Belo Horizonte, regarding Administrative Proceeding 41/2021, whereby the Regulatory Authority claimed improper sewage collection due to registration error.

2.4. Equity Pick-up (Subsidiary COPANOR)

COPANOR’s Summarized Income Statement referring to the comparative periods is as follows:

Summarized Statement of COPANOR	2Q22	2Q21	2Q22 vs 2Q21	2Q20	2Q21 vs 2Q20
Net Revenue from Sales and/or Services	11,777	9,561	23.2%	8,145	17.4%
Construction Revenue	1,207	2,470	-51.1%	3,193	n.m.
Other Operating Revenues	546	649	-15.9%	472	37.5%
Operating Costs and Expenses	(17,718)	(13,163)	34.6%	(10,601)	24.2%
Construction Costs	(1,207)	(2,470)	n.m.	(3,193)	n.m.
Other Operating Expenses	(339)	(446)	-24.0%	(238)	87.4%
Net Financial Revenues (Expenses)	1,347	486	177.2%	180	170.0%
Net Income (Loss)	(4,387)	(2,913)	50.6%	(2,042)	42.7%

2.5. Financial Result

Financial revenues and expenses in the comparative periods are as follows:

Financial Revenues (Expenses)	2Q22	2Q21	2Q22 vs 2Q21	2Q20	2Q21 vs 2Q20
Financial Revenues	58,911	57,091	3.2%	41,011	39.2%
Monetary Variation	2,327	929	150.5%	880	5.6%
Foreign Exchange Variation	6,779	17,369	-61.0%	5,516	214.9%
Interest	12,365	11,292	9.5%	14,176	-20.3%
Real Gains from Financial Investments	24,156	7,348	228.7%	6,218	18.2%
Capitalization of Financial Assets/Other	13,284	20,153	-34.1%	14,221	41.7%
Financial Expenses	(138,937)	(54,022)	157.2%	(61,062)	-11.5%
Monetary Variation	(51,581)	(21,440)	140.6%	(1,790)	1097.8%
Foreign Exchange Variation	(14,559)	10,454	n.m.	(24,207)	-143.2%
Interest on Loans	(72,769)	(42,938)	69.5%	(34,990)	22.7%
Sundry	(28)	(98)	-71.4%	(75)	30.7%
Financial Result	(80,026)	3,069	n.m.	(20,051)	n.m.

The higher financial expenses reported in 2Q22 compared to 2Q21 were mainly due to:

- negative exchange variations of R\$14.6 million in 2Q22 due to the appreciation of the Euro (€) against the Real (R\$) in 2Q22; and
- increase in gross debt, as well as in expenses related to monetary variation and interest on financing, due to higher inflationary indexes and interest rates.

2.6. Taxes on Income

Taxes on Income	2Q22	2Q21	2Q22 vs 2Q21	2Q20	2Q21 vs 2Q20
Income and Social Contribution Taxes	55,435	87,289	-36.5%	52,050	67.7%

The decrease in taxes on profits is due to the YoY drop in the result before income taxes reported in 2Q22, as well as the concession, as of December 2021, of tax benefits due to the Company's operation in municipalities located in the area covered by SUDENE, as highlighted in the [4Q21 Earnings Release](#).

2.7. Net Income

Below is a table with the Net Income of the comparative periods:

Net Income and Earnings per Share	2Q22	2Q21	2Q22 vs 2Q21	2Q20	2Q21 vs 2Q20
Result before Financial Result and Taxes	315,851	321,349	-1.7%	218,446	47.1%
Net financial result	(80,026)	3,069	n.m.	(20,051)	n.m.
Earnings before Taxes on Income	235,825	324,418	-27.3%	198,395	63.5%
Taxes on Income	(55,435)	(87,289)	-36.5%	(52,050)	67.7%
Net Income	180,390	237,129	-23.9%	146,345	62.0%
Net Earnings per Share (R\$)	0.48	0.63	-23.9%	0.39	62.0%

2.8. EBITDA and EBITDA Margin

EBITDA is a non-accounting measure adopted by COPASA MG, calculated according to CVM Instruction 527/2012, consisting, as shown below, of net income plus taxes on income, financial result, depreciation/amortization, and these same items of the subsidiary COPANOR.

The chart below shows the reconciliation of Net Income to EBITDA in the comparative periods, whereby the figure reported in 2Q22 was in line with that recorded in 2Q21:

EBITDA	2Q22	2Q21	2Q22 vs 2Q21	2Q20	2Q21 vs 2Q20
Net Income for the Period	180,390	237,129	-23.9%	146,345	62.0%
(+) Taxes on Income	55,435	87,289	-36.5%	52,050	67.7%
(+) Financial Result	80,026	(3,069)	-2707.6%	20,051	-115.3%
(+) Depreciation and Amortization	175,581	169,774	3.4%	159,475	6.5%
(+) Non-Operating Result - Subsidiary	808	1,247	-35.2%	630	97.9%
(=) EBITDA	492,240	492,370	0.0%	378,551	30.1%
EBITDA Margin	35.6%	36.7%	-1.1p.p.	31.0%	+5.7p.p.

3. Shareholder Compensation - 2022

For 2022, the Board of Directors' meeting held on February 16, 2022, approved the distribution of Regular Dividends corresponding to 25% of Net Income, adjusted according to article 202 of Federal Law 6,404/1976, as Interest on Equity (IoE) or dividends.

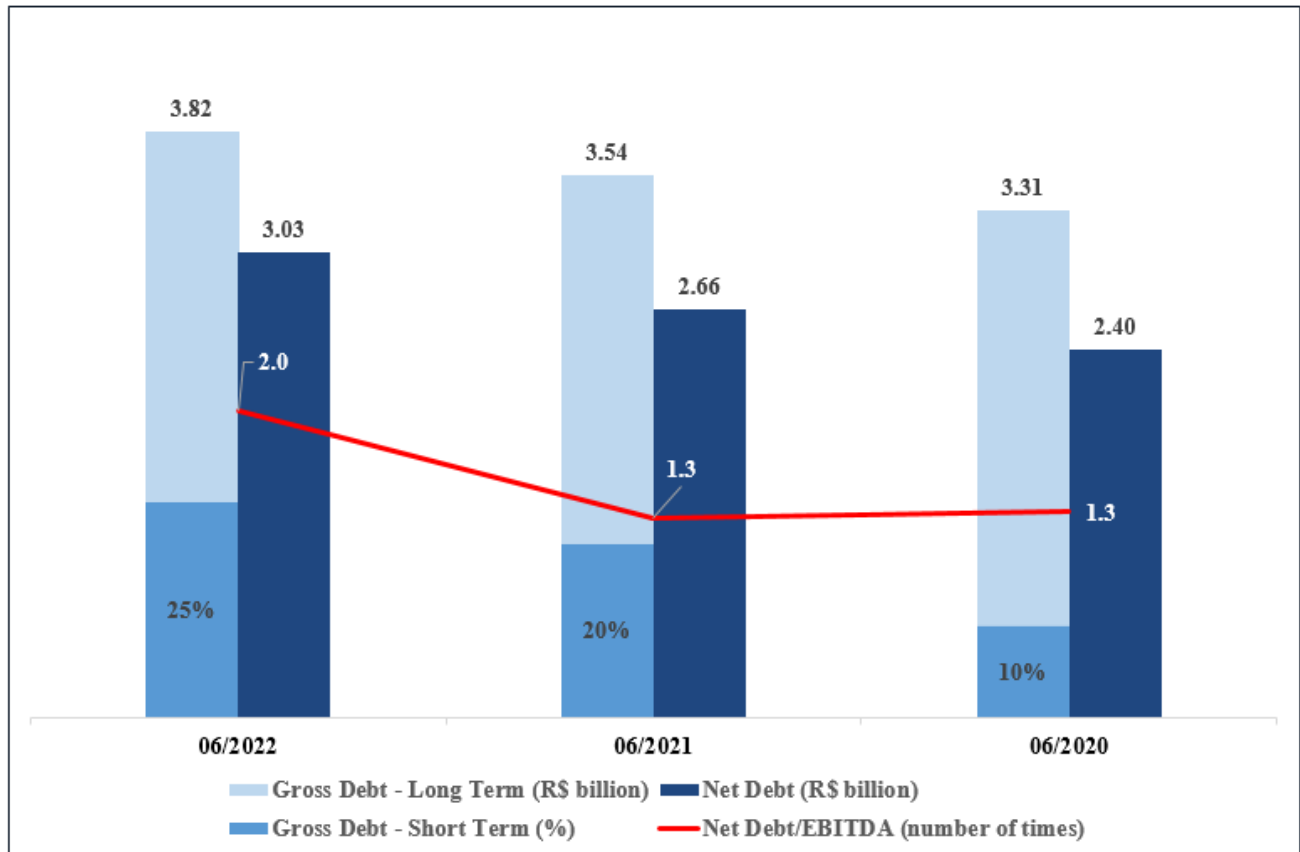
The Company distributed interest on equity two times in 2022, as detailed below:

Reference	Corporate Event and Date	Cut-off Date	Amount (R\$ million)	Value per share (R\$)	Payment Date
1Q22	BoDM 03.17.2022	03.22.2022	33.87	0.08932795	05.16.2021
2Q22	BoDM 06.15.2022	06.21.2022	53.14	0.14013442	08.12.2021

4. Indebtedness and Rating

4.1. Gross Debt and Net Debt

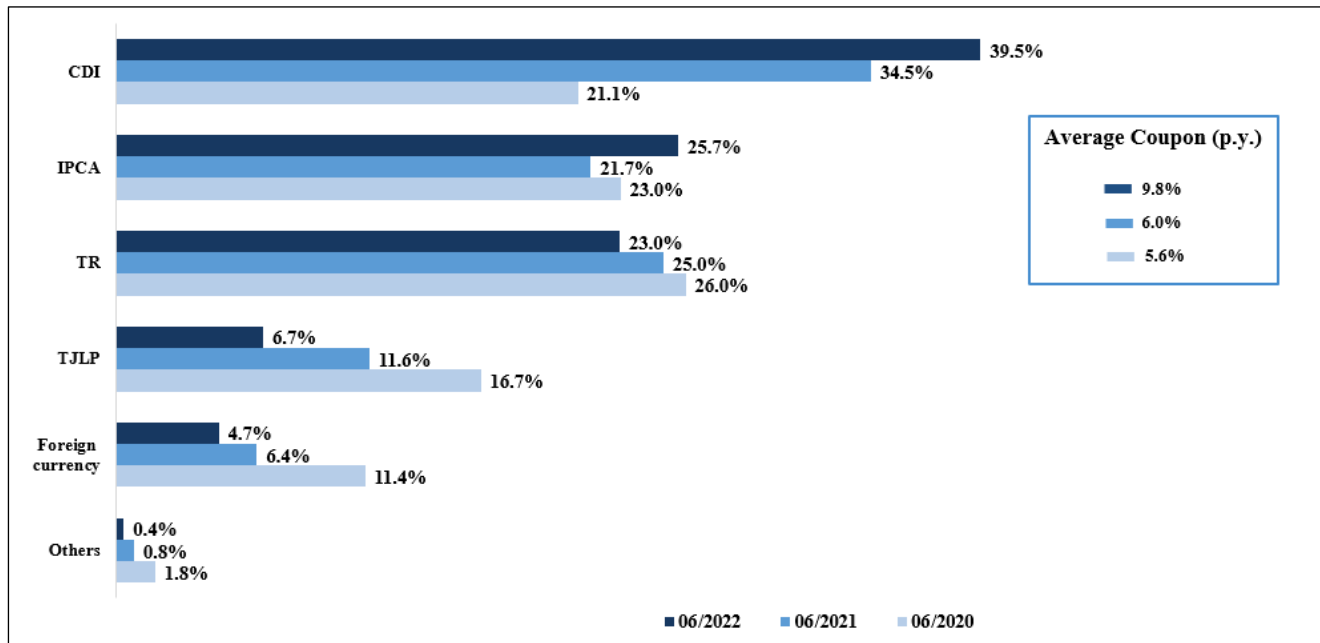
According to the chart below, gross debt reached R\$3.82 billion in June 2022. Net debt moved up from R\$2.66 billion in June 2021 to R\$3.03 billion in June 2022. The leverage ratio, as measured by the Net Debt/EBITDA ratio in the last 12 months, reached 2.0x in June 2022 (1.3x in June 2021).



Indebtedness in foreign currency accounted for 4.7% of gross debt in June 2022 and referred to the debt with the German bank KfW and the European Investment Bank, whose balances plus short-term interest totaled €22.0 million (equivalent to R\$120.6 million in June 2022) and €10.0 million (equivalent to R\$54.9 million in June 2022), respectively. No hedge mechanism was contracted for these transactions.

4.2. Indexes and Average Coupon

The chart below shows the evolution of the average coupon and the relative weight of the debt by contractual index in June 2022, 2021 and 2020:



CDI accounts for 39.5% of COPASA's debt, and this increase is mainly due to the raising of funds through the 2nd series of the 16th debenture issue, held in September 2021, in the approximate amount of R\$507.0 million. The lower relative weight of the long-term interest rate was mainly because of the debt amortized in the last 12 months. The Average Coupon was 9.8%, due to an increase in the CDI rate.

4.3. Corporate Ratings

On June 27, 2022, Fitch Ratings published a [report](#) confirming as AA+(bra) the National Long-Term Rating of the Company and its issues of unsecured debentures. The corporate rating outlook remained stable.

On September 14, 2021, Moody's published a [report](#), attributing a corporate rating of AAA.br for COPASA MG. The outlook is stable.

Below is a table with a summary of the ratings:

Agency	National Scale	Outlook	Date	Report Link
Fitch Ratings	AA+(bra)	Stable	06.27.2022	Report
Moody's América Latina	AAA.br	Stable	09.14.2021	Report

5. Investment Program and Fundraising

5.1. 2022 Investment Program

The Annual Shareholders' Meeting (ASM) held on April 29, 2022, approved the 2022 Investment Program, in the amount of R\$1,442.5 million, R\$1,395 of which to be allocated to the Parent Company COPASA MG, and R\$47.5 million to the subsidiary COPANOR.

A total of R\$481.7 million was invested in the first half of 2022 (1H22), considering the Parent Company and COPANOR jointly, as shown in the chart below:

Investments (R\$ million)	1H22
Water	277.8
Sewage	175.6
Enterprise and Operational Development	20.9
Total - Parent Company (COPASA MG)	474.4
COPANOR	7.3
Total - COPASA MG and COPANOR	481.7

5.1.1. Water Supply Systems

- expansion of the capacity to produce and serve the water supply system in the municipalities of Caratinga, Divinópolis, Januária, Mato Verde, Montes Claros, Nova Serrana, Paracatu, Patos de Minas, Poté, Várzea da Palma, and Ubá, among others;
- expansion of the water supply system of Belmiro Braga, Capelinha, Coronel Fabriciano, Curvelo, Lagoa Santa, Montes Claros, Nova Resende, Paracatu, Sabará, Santa Bárbara, Santo Antônio do Monte, and São Gotardo, among others;
- implementation of the water supply system of the municipalities of Conselheiro Lafaiete, Guaraciama, Mutum, and Montes Claros, among others;
- improvements to and optimization of the water supply system in the municipalities of Abaeté, Araxá, Arcos, Belo Horizonte, Belo Oriente, Cataguases, Coronel Fabriciano, Lavras, Leopoldina, Paracatu, Perdigoão, Resplendor, Ribeirão das Neves, Santa Luzia, Teófilo Otoni, and Timóteo, among others;
- implementation of the waste treatment unit (WTU) of the water treatment stations (WTSs) in the municipalities of Araxá, Belo Horizonte, Betim, Brumadinho, Caratinga, Cataguases, Conselheiro Lafaiete, Ibitié, Ipatinga, Itajubá, Lavras, and Varginha, among others;
- emergency works to recover the interception of the Serra Azul System, in Juatuba;
- acquisition of flow macro and micrometers, aiming at the efficiency of hydrometric measurement and the reduction of losses;
- acquisition of operational equipment for renovation and optimization of water supply systems in several operated municipalities; and
- implementation of distribution networks and water connections in buildings in several municipalities in the state of Minas Gerais.

5.1.2. Sewage Systems

- expansion and improvement of the sewage system serving capacity in the municipalities of Buritis, Capelinha, Congonhas, Conselheiro Lafaiete, Diamantina, Fronteira, Ibirité, Ipatinga, Januária, Lagoa Santa, Mateus Leme, Ouro Branco, Ribeirão das Neves, Sabará, São Joaquim de Bicas, Sarzedo, Teófilo Otoni, Três Marias, and Vale do Sereno/Nova Lima, among others;
- improvements and optimization of the sewage system of Contagem, Divinópolis, Ibirité, Prados, and Turmalina, among others;
- emergency works for the recovery of interceptors in the municipalities of Timóteo, Salinas, and Ibirité, among others, which were damaged by rainfall;
- implementation of the sewage system in the municipalities of Abaeté, Alfenas, Confins, Espinosa, Leandro Ferreira, Nova Resende, Nova Serrana, Patos de Minas, Presidente Juscelino, Santana do Paraíso, Santo Antônio do Itambé, São João Nepomuceno, Timóteo, Ubá, and Verdelândia, among others;
- execution of sewage treatment works in the municipalities of Bom Despacho, Minas Novas, Patos de Minas and São Gotardo;
- acquisition of operational equipment for renovation and optimization of sewage systems in several operated municipalities; and
- implementation of sewage collection networks and connections in buildings in several municipalities in the state of Minas Gerais.

5.1.3. Business and Operational Development

- renovation of the computing infrastructure, with the implementation (in progress) of the SAP S/4 Hana system, aiming at improving and streamlining customer service and internal processes.

5.2. Investment Programs – 2023 to 2026

At a meeting held on December 15, 2021, the Board of Directors approved the Parent Company's Multi-Year Investment Program, as detailed below:

Investment Program	2023	2024	2025	2026
Amount (R\$ million)	1,410	1,600	1,600	1,410

The investments provided for in the Investment Program aim for the expansion of water supply and sewage systems, extension of networks, water security, fight against losses, business development, compliance with regulatory and efficiency goals, concession commitments assumed and replacement of depreciated assets.

Moreover, the Company expects to invest in corporate development focused on information technology, including the upgrade to the SAP S/4 HANA platform, which is equipped with data and productivity analysis tools and native integration with the commercial module, in addition to investments in environmental actions, and water quality control, among others.

As a result, the Company aims to meet the demand of customers and the granting authority, seeking to universalize its services.

5.3. Fundraising

At the end of 2Q22, the Company had a balance of R\$1.47 billion in contracted funds not yet available, of which R\$42.8 million from the BNDES, R\$283.2 million from the FGTS, €74.7 million (equivalent to R\$409.6 million) from KfW, and €135.0 million (equivalent to R\$740.4 million) from the European Investment Bank (EIB). The debt will be accounted for when the Company effectively receives these funds.

6. Regulatory Environment

6.1. Tariff Adjustment

According to the Notice to the Market disclosed on July 28, 2022, the Minas Gerais State Water and Sewage Regulatory Agency – Arsae-MG communicated that, due to the need to carry out studies aimed at improving the rules for recognizing, in the tariff, the amounts resulting from the variation in inflation on regulatory costs, the tariff readjustment for water and sewage services scheduled to be applied on August 1, 2022 was postponed and will be announced in due course by Arsae-MG. The financial losses resulting from this change in date will be compensated in the future, as provided for in State Law 18,309/2009 (Arsae-MG Creation Law).

6.2. Proof of Economic and Financial Capacity by Arsae - MG

On April 20, 2022, the National Water and Basic Sanitation Agency (ANA) published Arsae-MG's decisions, reiterating COPASA MG's proof of economic and financial capacity and updating the list of municipalities that did not sign the instrument of consent to the amendment or the amendment to contracts for the inclusion of universalization targets.

COPASA MG complied with the step to updating its contracts for the inclusion of universalization targets provided for in the New Basic Sanitation Regulatory Framework (Law 14,026/2020) by March 31, 2022, the deadline set by law. All documentation of the municipalities that formalized these instruments was forwarded to Arsae-MG. Therefore, the Company is awaiting the final update of the list of municipalities in compliance with the new regulations for the sector.

7. Service Concessions

In June 2022, the Company (consolidated) had the concession to provide water services in 640 municipalities and sewage services in 310 municipalities, as shows below:

Concessions ^(1,2)	06.30.2022			06.30.2021		
	Total	Parent Company	Coponor	Total	Parent Company	Coponor
Water						
Concession	640	591	49	640	591	49
In Operation	632	584	48	631	583	48
Sewage						
Concession	310	254	56	310	254	56
In Operation	268	227	41	265	224	41

(1) It Includes expired concessions with 14 municipalities and concessions with 2 municipalities whose contracts were legally declared null.

(2) Only one concession/operation is considered per municipality, regardless of whether there is more than one contract, in cases where COPASA and COPANOR provide services in the same municipality, or if it is a contract that covers only districts and localities.

The chart below shows the Company's ten (10) main current concessions as of June 30, 2022, which together account for 50% of revenues of the Company's water and sewage net revenues, as well as their respective expiration periods:

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

In June 2022, approximately 84% of the Company's water and sewage revenues came from concessions expiring after December 2031. On the same date, concessions from 17 municipalities were expired, in addition to contractual nullity for 2 other municipalities, both of which accounted for approximately 3.7% of net revenues from water and sewage.

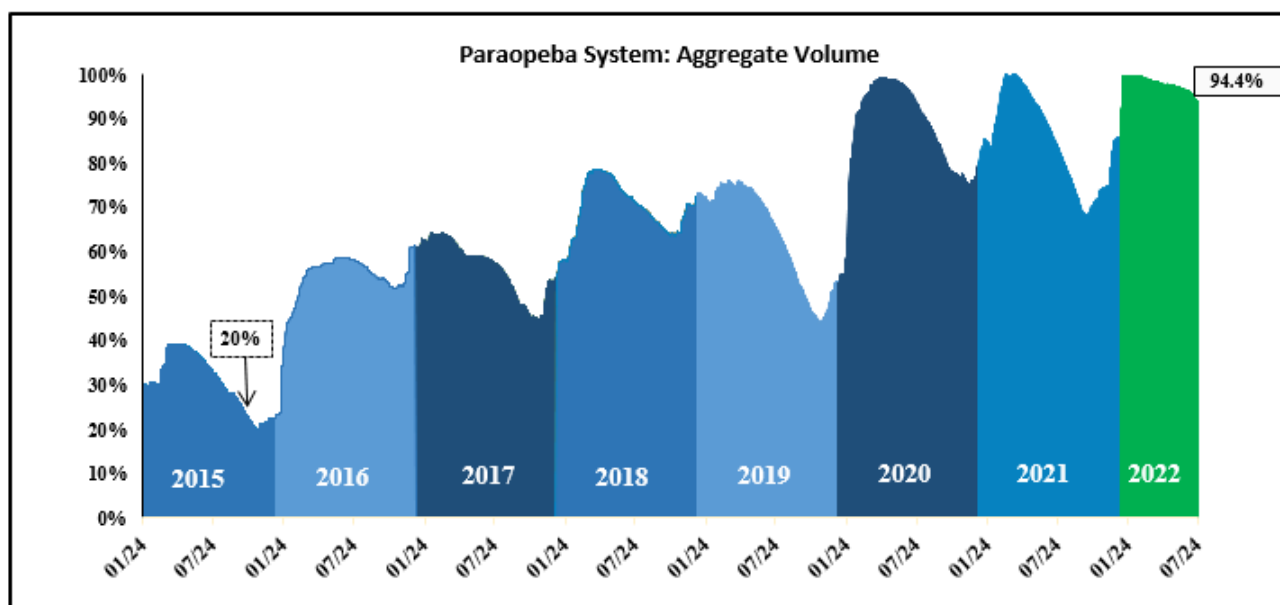
Under the principle of continuity for the provision of essential public services, these municipalities continue to be served and billed by the Company, both in municipalities with expired concessions and in municipalities where contractual nullity was decreed.

8. Water Situation

8.1. Belo Horizonte Metropolitan Area (BHMA)

8.1.1. Rio Manso, Vargem das Flores and Serra Azul

Below is the evolution of the levels of the reservoirs of the Paraopeba System (Rio Manso, Vargem das Flores and Serra Azul), which account for 49% of BHMA’s distributed volume. On July 24, 2022, the levels of these reservoirs were at 94,4% of their capacity, as shown below.



Volume of each reservoir	07.24.2022
Rio Manso	98.2%
Vargem das Flores	69.4%
Serra Azul	99.2%

Due to the burst of the Mina Córrego do Feijão dam on January 25, 2019, located in the municipality of Brumadinho and operated by Vale S.A., environmental, sanitary and inspection bodies determined the suspension of water collection from the Paraopeba River for public consumption and supply, which is why the Company interrupted water collection from the Paraopeba River and carried out actions aimed at identifying and mitigating risks to its operations. The Company preventively closed the floodgates of the water collection unit in the Paraopeba River on the same day of the burst, aiming at preserving the water collection facilities, whose assets did not deteriorate, and, therefore, were not compromised.

In July 2019, the Prosecution Office of the State of Minas Gerais and Vale signed a Consent Decree (TC), with COPASA MG as one of the intervening parties, for the construction of a new water collection point on the Paraopeba River, upstream of the rupture point and the congruence of the Ferro Carvão stream and the Paraopeba river.

Some pending issues are currently being resolved by Vale S.A. to start tests to pump raw water to the Rio Manso WTS, which is expected to occur over the third quarter of 2022.

COPASA MG emphasizes that the current levels of the reservoirs of the Paraopeba basin ensure the regularity of water supply to the population of the Belo Horizonte Metropolitan Area.

8.1.2. Rio das Velhas

Water drawn from Rio das Velhas, responsible for approximately 42% of the volume distributed at BHMA, is collected directly from the stream, thus being greatly influenced by the occurrence of rainfall, given its location in the upper part of the watershed. The table below shows the information on this collection system:

Rio das Velhas System	
Percentage of BHMA's distributed volume	42%
Water collection grant	8.7 m ³ /s
Average flow of Rio das Velhas in the last 15 days prior to 07.24.2022	11.9 m ³ /s
Average flow used (from January to December 2021)	6.9 m ³ /s

8.2. Other municipalities in the Minas Gerais State

The Company's activities in the interior of the State are dispersed over several municipalities and different watersheds. Generally speaking, most locations where the Company operates have a local source of water production. Therefore, any water restriction imposed on supply will only impact locally and marginally the Company's total revenues.

On July 24, 2022, Bom Jesus de Cardosos (municipality of Urucânia), which has 800 water connections, was rationing water. On July 2021, Jesus de Cardosos (municipality of Urucânia) and Vale Verde de Minas (municipality of Ipaba), which jointly account for about 1,300 water connections, were rationing water.

To minimize the impacts of the water situation, Company uses means, when necessary, that contribute to the regularization of supply in the affected locations, through the use of water trucks, well drilling and investments in alternative collections, according to the options available in each region and the degree of criticality of scarcity in each case. Additionally, awareness campaigns are intensified, aiming for the rational consumption of water.

Specifically, regarding Montes Claros, the Company's largest concession in the interior of the State, the implementation works of the new collection of the São Francisco System with a capacity of 500 l/s was concluded. It includes the construction of water mains and pumping stations, among others, with investments of R\$264 million. These works aim to provide water security for the municipalities of Montes Claros, Coração de Jesus, and Ibiaí, and can also be considered as an alternative for other locations in the region, potentially benefiting around 430,000 inhabitants.

9. Annexes

The financial information of these annexes, except where otherwise indicated, is presented in Brazilian Reais thousands (R\$ thousand) and refers to the Parent Company

9.1. Quarterly Income Statement

PARENT CO.	2Q22	2Q21	2Q22 vs 2Q21	2Q20	2Q21 vs 2Q20
Operating Revenue from Services					
Water services	886,976	825,426	7.5%	752,367	9.7%
Sewage services	450,354	477,371	-5.7%	432,945	10.3%
Solid waste revenues	344	563	-38.9%	510	10.4%
Construction revenues	182,989	133,647	36.9%	59,816	123.4%
Net Operating Revenue from Services	1,520,663	1,437,007	5.8%	1,245,638	15.4%
Cost of services rendered	(758,574)	(703,272)	7.9%	(640,782)	9.8%
Construction costs	(182,989)	(133,647)	36.9%	(59,816)	123.4%
COST OF SERVICES RENDERED	(941,563)	(836,919)	12.5%	(700,598)	19.5%
Gross Income	579,100	600,088	-3.5%	545,040	10.1%
Selling expenses	(57,668)	(55,068)	4.7%	(56,221)	-2.1%
Provisions for Doubtful Accounts	(38,286)	(60,656)	-36.9%	(136,093)	-55.4%
General and administrative expenses	(147,636)	(137,687)	7.2%	(113,215)	21.6%
Other Operating Income	33,732	27,674	21.9%	26,408	4.8%
Other Operating Expenses	(49,004)	(50,089)	-2.2%	(45,431)	10.3%
Equity income	(4,387)	(2,913)	50.6%	(2,042)	42.7%
Operating Income (Expenses)	(263,249)	(278,739)	-5.6%	(326,594)	-14.7%
Income before Financial Result and Taxes	315,851	321,349	-1.7%	218,446	47.1%
Financial Income	58,911	57,091	3.2%	41,011	39.2%
Financial Expenses	(138,937)	(54,022)	157.2%	(61,062)	-11.5%
Financial Result	(80,026)	3,069	-	(20,051)	-115.3%
Income before Taxes	235,825	324,418	-27.3%	198,395	63.5%
Provision for Income Tax	(38,415)	(63,637)	-39.6%	(37,816)	68.3%
Provision for Social Contribution on Net Income	(17,020)	(23,652)	-28.0%	(14,234)	66.2%
NET INCOME FOR THE PERIOD	180,390	237,129	-23.9%	146,345	62.0%
Number of outstanding shares (thousands)	379,181	379,181	0.0%	379,181	0.0%
EARNINGS PER SHARE (BRL)	0.48	0.63	-23.9%	0.39	62.0%

9.2. Balance Sheet – Assets

PARENT CO.	2Q22	2Q21	2Q22 vs 2Q21	2Q20	2Q21 vs 2Q20
CURRENT					
Cash and cash equivalents	20,126	21,539	-6.6%	22,638	-4.9%
Securities	736,225	832,043	-11.5%	890,541	-6.6%
Trade accounts receivable	1,008,616	1,063,297	-5.1%	1,083,976	-1.9%
Collateral for Financing	-	8,334	n.m.	-	-
Inventories	108,124	70,917	52.5%	62,809	12.9%
Taxes recoverable	156,054	18,381	749.0%	30,168	n.m.
Technical cooperation agreement	39,382	37,747	4.3%	15,584	n.m.
Banks and agreement investments	3,303	13,387	-75.3%	17,582	-23.9%
Advances and sundry receivables	26,628	26,814	-0.7%	21,839	22.8%
TOTAL CURRENT ASSETS	2,098,458	2,092,459	0.3%	2,145,137	-2.5%
NON-CURRENT					
LONG-TERM ASSETS					
Customer	33,265	-	n.m.	-	n.m.
Financing guarantee deposits	60,501	63,305	-4.4%	197,758	-68.0%
Restricted investments	80,338	75,219	6.8%	86,499	-13.0%
Financial assets - investment BRK Ambiental - Foz Jeceaba	26,153	86,940	-69.9%	85,319	n.m.
Credit with subsidiary	-	-	n.m.	2,125	n.m.
Deferred income and social contribution taxes	339,907	346,469	-1.9%	260,377	33.1%
Financial assets	779,608	698,928	11.5%	571,731	22.2%
Technical cooperation agreement long term	3,144	4,658	n.m.	27,018	n.m.
Advances and sundry receivables	54,527	61,798	-11.8%	60,005	3.0%
Contract assets	1,797,333	1,021,579	75.9%	1,241,937	n.m.
Right of use - commercial leasing	87,219	76,208	14.4%	38,789	n.m.
TOTAL LONG TERM ASSETS	3,261,995	2,435,104	34.0%	2,571,558	-5.3%
Investments	222,797	186,331	19.6%	145,085	28.4%
Intangible assets	5,467,580	5,661,969	-3.4%	5,454,095	3.8%
Property, plant and equipment	1,425,088	1,511,523	-5.7%	1,538,240	-1.7%
TOTAL PERMANENT ASSETS	7,115,465	7,359,823	-3.3%	7,137,420	3.1%
TOTAL NON-CURRENT ASSETS	10,377,460	9,794,927	5.9%	9,708,978	0.9%
TOTAL ASSETS	12,475,918	11,887,386	5.0%	11,854,115	0.3%

9.3. Balance Sheet – Liabilities

PARENT CO.	2Q22	2Q21	2Q22 vs 2Q21	2Q20	2Q21 vs 2Q20
CURRENT					
Contractors and suppliers	278,565	215,676	29.2%	183,551	17.5%
Income Tax and Social Contribution	58,065	8,756	563.1%	-	n.m.
Taxes, charges and contributions	71,548	70,532	1.4%	222,652	-68.3%
Loans and financing	179,285	184,415	-2.8%	178,540	3.3%
Debentures	729,125	505,526	n.m.	151,171	234.4%
Right of use - commercial leasing	30,332	27,234	11.4%	23,844	n.m.
Public-private partnership	37,038	56,782	-34.8%	62,386	-9.0%
Employees' profit sharing	47,806	119,189	-59.9%	64,740	84.1%
Provision for vacations and 13th salary	168,096	163,336	2.9%	161,134	1.4%
Tax installments	6,623	-	n.m.	-	n.m.
Technical cooperation agreement	7,957	3,638	118.7%	1,856	n.m.
Retirement benefit liabilities	9,300	11,857	-21.6%	33,041	-64.1%
Interest on equity	49,950	51,917	-3.8%	41,917	23.9%
Sundry obligations	79,998	141,332	-43.4%	90,720	n.m.
TOTAL CURRENT LIABILITIES	1,753,688	1,560,190	12.4%	1,215,552	28.4%
NON-CURRENT					
LONG-TERM LIABILITIES					
Loans and financing	796,933	913,961	-12.8%	1,147,999	-20.4%
Debentures	2,015,471	1,859,647	8.4%	1,814,016	2.5%
Right of use - commercial leasing	67,615	51,501	31.3%	16,818	n.m.
Public-private partnership	211,940	227,106	-6.7%	273,554	-17.0%
Provision for litigation	369,331	156,732	135.6%	187,511	-16.4%
Retirement benefit liabilities	108,739	231,384	-53.0%	137,821	67.9%
Sundry obligations	131,339	86,532	51.8%	92,575	-6.5%
Technical cooperation agreement long term	-	-	n.m.	-	n.m.
TOTAL NON-CURRENT LIABILITIES	3,701,368	3,526,863	4.9%	3,670,294	-3.9%
SHAREHOLDERS' EQUITY					
Paid-up capital stock	3,402,385	3,402,385	-	3,402,385	-
Treasury shares	(8,576)	(8,576)	-	(8,576)	-
Profit reserve	3,402,583	3,147,591	8.1%	3,378,939	-6.8%
Equity valuation adjustments	(36,458)	(78,014)	n.m.	(22,412)	n.m.
Accumulated profits	260,928	336,947	n.m.	217,933	n.m.
TOTAL SHAREHOLDERS' EQUITY	7,020,862	6,800,333	3.2%	6,968,269	-2.4%
TOTAL LIABILITIES AND SHAREHOLDERS'	12,475,918	11,887,386	5.0%	11,854,115	0.3%

9.4. Quarterly Cash Flow

Parent Company (BRL thousand)	2Q22	2Q21	2Q20
Cash flow from operational activities:			
Net Income (Loss) for the year	180,390	237,129	146,345
Adjustments to reconcile net income and net cash			
Provision for Doubtful Accounts	38,286	60,656	136,093
Monetary and foreign exchange variation and charges, net	46,885	(7,799)	17,740
Interest income and expenses	67,620	26,630	11,450
Deferred income and social contribution taxes	(2,630)	(18,268)	(31,135)
Equity income	4,387	2,913	2,042
Gain/loss on intangible assets and property, plant and equipment	12,748	3,940	29,777
Depreciation and amortization	175,581	169,774	159,475
Constitution of provisions	(1,300)	9,507	(7,235)
Provision for retirement benefits	16,393	16,617	14,546
Capitalization and gain (loss) for Financial assets	(13,779)	(11,463)	(8,903)
Others	(350)	(1,182)	-
Provision for inventories loss	781	1,021	1,547
Adjusted profit	525,012	489,475	471,742
Increase (decrease) in operational assets			
Accounts receivable from clients	(27,405)	(68,804)	(47,399)
Inventories	(14,787)	(6,114)	(1,272)
Taxes to be recovered	(17,978)	-	5
Securities investments / Linked financial investments	(1,134)	-	-
Other financial assets	270	-	-
Advancement of tariff transfer to municipalities	1,913	1,876	(12,015)
Technical cooperation agreement	1,386	102	125
Other	(3,167)	(1,624)	(3,863)
Increase (decrease) in operational liabilities			
Suppliers	38,980	38,170	14,898
Taxes, fees, contributions and social obligations	27,919	104,327	225,153
Provision for vacations and 13th salary	30,103	27,060	34,213
Employees' profit sharing	1,448	13,933	8,530
Technical Cooperation Agreement	(146)	46	(103)
Contingencies	78	(618)	477
Retirement benefit liabilities	(24,522)	(11,808)	(3,638)
Collective bargaining agreement 2019/2020	(4,691)	-	-
Voluntary Separation Program - PDVI	(4,628)	-	-
Others	(28,234)	28,896	17,511
Payment of actuarial liabilities	-	(1,359)	(6,748)
Cash from operations	500,417	613,558	225,874
Interest paid	(67,296)	(41,888)	(35,358)
Interest paid from the Public Private Partnership	(4,872)	-	(2,947)
Income Tax (IR) and Social Contribution (CSLL) payment	(17,890)	(121,447)	(93,057)
NET CASH FROM OPERATING ACTIVITIES	410,359	450,223	566,254
Cash flow from investing activities:			
PPP Payment	(4,449)	(15,288)	(11,498)
Amount received from the sale of property, plant and equipment	1,714	1,491	160
Purchase of Contract Assets	(258,486)	(169,408)	(92,052)
Purchase of Intangible Assets	(45,411)	(32,800)	(34,817)
Purchase of property, plant and equipment	(9,236)	(4,098)	(1,228)
Loan collateral deposits	430	5,765	781
Bank and financial investments of agreement	1,542	2,731	135
NET CASH USED IN INVESTING ACTIVITIES	(313,896)	(211,607)	(138,519)
Cash flow from financing activities:			
Income from loans, financing and debentures	8,996	90,811	7,188
Capitalized Interests	-	-	8,396
Amortization of loans, financing and debentures	(91,508)	(241,034)	(90,123)
Payment of Interest on Equity	(31,555)	(132,377)	(123,566)
Payment of leasing	(9,050)	(8,332)	(11,229)
NET CASH USED IN FINANCING ACTIVITIES	(123,117)	(290,932)	(209,334)
Net increase (decrease) in cash and cash equivalents	(26,654)	(52,316)	218,401
Cash and cash equivalents at beginning of the period	783,005	905,898	694,778
Cash and cash equivalents at end of the period	756,351	853,582	913,179

9.5. Debt

Debt –Funding Lines	Index + Fixed Rate (Annual)	Issue Date	Maturity Date	Outstanding Balance in June/2022	%
<u>In National Currency:</u>					
FGTS Funds ⁽¹⁾	TR + 8.50%	(2)	08.16.2042	697,467	18.7%
Finame	2.5% a 8.7%	03.28.2011	01.15.2025	13,640	0.4%
BNDES Loan	TJLP + 1.55% a 1.73%	01.15.2008	05.15.2025	92,480	2.5%
BNDES/4th Debenture Issue					
1st Series	TJLP + 1.55%	07.15.2010	07.15.2022	2,219	0.1%
2nd Series	IPCA + 9.05%	07.15.2010	08.15.2022	59,640	1.6%
3rd Series	TJLP + 1.55%	07.15.2010	07.15.2022	2,938	0.1%
Caixa/5th Debenture Issue	TR + 9.00%	09.20.2011	09.01.2031	162,805	4.4%
BNDES/8th Debenture Issue					
1st Series	TJLP + 1.87%	06.15.2015	06.15.2028	49,145	1.3%
2nd Series	IPCA + 8.18%	06.15.2015	06.15.2028	29,361	0.8%
BNDES/11th Debenture Issue					
1st Series	TJLP + 2.62%	01.15.2017	01.15.2031	104,659	2.8%
2nd Series	IPCA + 8.85%	01.15.2017	01.15.2031	59,518	1.6%
Market Debentures – 12th Issue					
1st Series	IPCA + 5.0642%	02.08.2018	01.15.2024	166,183	4.5%
2nd Series	IPCA + 5.2737%	02.08.2018	01.15.2026	107,336	2.9%
Market Debentures – 13th Issue					
2nd Series	110% do CDI	07.15.2018	07.15.2023	427,327	11.5%
3rd Series	IPCA + 6.50%	07.15.2018	07.15.2025	88,033	2.4%
Market Debentures – 14th Issue					
1st Series	106.15% do CDI	06.15.2019	06.15.2024	37,938	1.0%
2nd Series	IPCA + 4.30%	06.15.2019	06.15.2026	175,562	4.7%
Market Debentures – 15th Issue					
1st Series	CDI + 1.75%	12.16.2020	12.16.2025	502,522	13.5%
Market Debentures – 16th Issue					
1st Series	IPCA + 5.2306%	09.15.2021	09.15.2031	274,883	7.4%
2nd Series	CDI + 1.30%	09.15.2021	09.15.2026	508,933	13.7%
<u>In Foreign Currency:</u>					
KfW (11/2011)	Euro + 2.07%	11.29.2011	12.20.2023	91,468	2.5%
KfW (12/2018)	Euro + 1.41%	12.13.2018	05.15.2034	29,178	0.8%
BEI ⁽³⁾	Euribor + 0.55%	12.13.2019	09.20.2033	54,865	1.5%
Issuance Costs of Securities				(17,286)	-0.5%
(=) Total Loans, Financing and Debentures				3,720,814	100,0%
(+) Leasing Liabilities				97,988	
(=) Gross Debt				3,818,802	
(-) Cash and Cash Equivalents ⁽⁴⁾				789,335	
(=) Net Debt				3,029,467	

(1) FGTS Funds: Brazilian Savings Bank.

(2) Several dates.

(3) Interest according to the latest statement sent by BEI, of which: Euribor -0.402% p.a. - Contractual spread of 0.55% p.a.

(4) Considers consolidated cash and cash equivalent, the same criteria used to calculate statutory covenants.

About COPASA MG

Companhia de Saneamento de Minas Gerais – COPASA MG is a mixed capital company, controlled by the Minas Gerais State, whose stock has been traded since February 2006 in Novo Mercado, the highest corporate governance segment of B3 – Brasil, Bolsa, Balcão, under the ticker CSMG3. The Company’s activities are to plan, execute, expand, remodel and operate public sanitation services, involving water supply, sewage and solid waste services. Together with its subsidiary COPANOR, COPASA MG has concessions in about 75% of the municipalities of the Minas Gerais State, supplying water to approximately 11.8 million people, of which 8.5 million people are also served with sewage services.

Investor Relations

Financial and Investor Relations Director

Carlos Augusto Botrel Berto

IR Manager

Osvaldo Raimundo Rodrigues

IR Analysts

Carla Radicchi

Carolina Araújo de Moraes Cervino

Mateus Vieira Souto

Rogério de Souza Silva Pinto

E-mail: ir@copasa.com.br

Site: ir.copasa.com.br

Telephones for investor assistance:

+55 (31)3250-1063/1065/1386/1602/1643/1861

Any information contained in this document regarding COPASA MG’s business prospects, projections and operational and financial goals is considered as assumptions and expectations of the Company’s Management, based on information currently available. They involve risks and uncertainties, as they refer to future events and therefore depend on circumstances that may or may not occur. Changes in macroeconomic policy, legislation or other operating factors may affect the future performance of COPASA MG and lead to results that materially differ from those expressed in such considerations.