

Companhia de  
Saneamento de  
Minas Gerais -  
COPASA MG

**Report on the quarterly  
information review - ITR**



KPMG Auditores Independentes

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## Report on the quarterly information review - ITR.

### The Board of Directors and Shareholders

### Companhia de Saneamento de Minas Gerais – COPASA MG

Belo Horizonte – Minas Gerais

#### Introduction

We have reviewed the individual and consolidated interim financial statements of Companhia de Saneamento de Minas Gerais - COPASA MG ("Company"), contained in the Quarterly Information Form – ITR for the quarter ended June 30, 2020, consisting of the statements of financial position as of June 30, 2019 and the related statements of income and comprehensive income for the three- and six-month periods then ended, the statement of changes in equity and of cash flows for the six-month periods then ended, in addition to the notes to the financial statements.

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

#### Review scope

We conducted our review in accordance with Brazilian and international standards for reviewing interim information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily to the management responsible for financial and accounting matters, and applying analytical and other review procedures. The scope of a review is significantly less than an audit to be conducted in accordance with auditing standards, and, consequently, it does not enable us to obtain assurance that we were aware of all the material matters that would have been identified in an audit. We are not therefore expressing an audit opinion.

#### Conclusion about the interim information

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

## Other matters

### Statements of added value

The individual and consolidated interim financial information relating to statements of added value for the six-month period ended June 30, 2020, which are the responsibility of Company Management and are presented as supplementary information for the purpose of IAS 34, was subject to review procedures conducted in conjunction with the review of the Company's quarterly Information - ITR. To form our conclusion we evaluated whether these statements have been reconciled against the interim accounting information and accounting records, as applicable, and whether their form and content comply with the criteria set out in CPC Technical Pronouncement 09 - Statements of Added Value. Our review did not detect any facts that lead us to believe these statements of added value were not prepared, in all material respects, in accordance with the individual and consolidated interim financial statements information taken as a whole.

Belo Horizonte, July 30, 2020

KPMG Auditores Independentes  
CRC SP-014428/O-6 F-MG  
*(Original report issued is Portuguese signed by)*  
Anderson Luiz de Menezes  
Accountant CRC MG-070240/O-3

## Contents

### Individual Financial Statements

Statement of Financial Position – Assets	1
Statement of Financial Position – Liabilities	2
Statement of Income	4
Statement of Comprehensive Income	6
Statements of Cash Flow	7
<b>Statements of Changes in Equity</b>	
DMPL - 1/1/2020 to 6/30/2020	9
DMPL - 1/1/2019 to 6/30/2019	10
Statements of Added Value	11

### Consolidated Financial Statements

Statement of Financial Position – Assets	12
Statement of Financial Position – Liabilities	13
Statement of Income	15
Statement of Comprehensive Income	17
Statements of Cash Flow	18
<b>Statements of Changes in Equity</b>	
DMPL - 1/1/2020 to 6/30/2020	20
DMPL - 1/1/2019 to 6/30/2019	21
Statements of Added Value	22
Notes to the Financial Statements	23

**Individual Financial Statements - Statement of Financial Position - Assets****(Reais Thousand)**

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 6/30/2020</b>	<b>Previous Year 12/31/2019</b>
1	Total Assets	11,854,115	11,520,769
1.01	Current Assets	2,145,137	1,828,004
1.01.01	Cash and Cash Equivalents	913,179	521,304
1.01.03	Accounts Receivable	1,083,976	1,176,718
1.01.03.01	Trade receivables	1,083,976	1,176,718
1.01.04	Inventory	62,809	57,214
1.01.06	Recoverable Taxes	30,168	30,173
1.01.06.01	Current Taxes Recoverable	30,168	30,173
1.01.06.01.01	Recoverable Taxes	30,168	30,173
1.01.08	Other Current Assets	55,005	42,595
1.01.08.03	Other	55,005	42,595
1.01.08.03.01	Advances to Employees	13,090	13,946
1.01.08.03.02	Other	8,749	7,988
1.01.08.03.03	Technical Cooperation Arrangement	15,584	471
1.01.08.03.04	Banks and Arrangements Applications	17,582	20,190
1.02	Noncurrent Assets	9,708,978	9,692,765
1.02.01	Long-Term Assets	2,571,558	2,463,845
1.02.01.03	Short-term investments valued at amortized cost	86,499	85,268
1.02.01.04	Accounts Receivable	60,005	44,248
1.02.01.04.05	Other receivables	60,005	44,248
1.02.01.07	Deferred Taxes	260,377	203,908
1.02.01.07.01	Deferred Income and Social Contribution Taxes	260,377	203,908
1.02.01.09	Related-party Credits	2,125	0
1.02.01.09.02	Credit with Subsidiaries	2,125	0
1.02.01.10	Other Noncurrent Assets	2,162,552	2,130,421
1.02.01.10.03	Financial Assets - Concession Agreements	571,731	648,892
1.02.01.10.04	Financial Assets Measured at Fair Value through OCI	85,319	75,074
1.02.01.10.05	Lease Rights of Use	38,789	57,169
1.02.01.10.06	Contract Assets	1,241,937	1,132,922
1.02.01.10.07	Technical Cooperation Arrangement	27,018	35,594
1.02.01.10.08	Borrowing, Financing and Debenture Guarantee Deposits	197,758	180,770
1.02.02	Investment	145,085	134,243
1.02.02.01	Equity Interests	145,085	134,243
1.02.02.01.02	Interests in Subsidiaries	144,825	133,983
1.02.02.01.04	Other Investments	260	260
1.02.03	Property, plant and equipment	1,538,240	1,590,303
1.02.03.01	Property, plant and equipment in operation	1,538,240	1,590,303
1.02.04	Intangible assets	5,454,095	5,504,374
1.02.04.01	Intangible assets	5,454,095	5,504,374
1.02.04.01.01	Concession Agreement	5,454,095	5,504,374

**Individual Financial Statements - Statement of Financial Position - Liabilities****(Reais thousand)**

<b>Account code</b>	<b>Account Description</b>	<b>Current Quarter 6/30/2020</b>	<b>Previous Year 12/31/2019</b>
2	Total Liabilities	11,854,115	11,520,769
2.01	Current Liabilities	1,215,552	1,110,250
2.01.01	Social and labor obligations	161,134	115,971
2.01.01.02	Labor Obligations	161,134	115,971
2.01.02	Trade payables	183,551	176,302
2.01.02.01	Domestic payables	183,551	176,302
2.01.03	Tax Obligations	222,652	76,719
2.01.03.01	Federal Tax Liabilities	221,122	74,705
2.01.03.01.01	Income taxes and contributions payable	8,123	0
2.01.03.01.02	Other Federal Obligations	212,999	74,705
2.01.03.03	Municipal Tax Liabilities	1,530	2,014
2.01.04	Loans and Borrowings	329,711	384,939
2.01.04.01	Loans and Borrowings	178,540	170,450
2.01.04.01.01	In local currency	108,800	118,828
2.01.04.01.02	Foreign currency	69,740	51,622
2.01.04.02	Debentures	151,171	214,489
2.01.04.02.01	Nonconvertible	151,171	214,489
2.01.05	Other liabilities	253,764	296,006
2.01.05.02	Other	253,764	296,006
2.01.05.02.01	Dividends and Interest on Shareholder's Equity Payable	41,917	80,719
2.01.05.02.04	Retirement Benefit Obligations	33,041	42,170
2.01.05.02.06	Technical Cooperation Arrangement	1,856	3,326
2.01.05.02.07	Public Private Partnership	62,386	59,985
2.01.05.02.08	Miscellaneous Obligations	90,720	72,640
2.01.05.02.09	Lease Rights of Use	23,844	37,166
2.01.06	Provisions	64,740	60,313
2.01.06.01	Tax, Welfare and Civil Contingencies	64,740	60,313
2.01.06.01.05	Financing of taxes	0	14,289
2.01.06.01.07	Employee Profit Shares	64,740	46,024
2.02	Non-current Liabilities	3,670,294	3,666,806
2.02.01	Loans and Borrowings	2,962,015	2,925,298
2.02.01.01	Loans and Borrowings	1,147,999	1,110,936
2.02.01.01.01	In local currency	843,618	858,870
2.02.01.01.02	Foreign currency	304,381	252,066
2.02.01.02	Debentures	1,814,016	1,814,362
2.02.01.02.01	Nonconvertible	1,814,016	1,814,362
2.02.02	Other liabilities	520,768	549,060
2.02.02.02	Other	520,768	549,060
2.02.02.02.03	Retirement Benefit Obligations	137,821	136,007
2.02.02.02.05	Deposits for Works	83,324	82,139
2.02.02.02.06	Public Private Partnership	273,554	297,434
2.02.02.02.07	Other	9,251	9,206
2.02.02.02.08	Lease Rights of Use	16,818	21,106
2.02.02.02.09	Technical Cooperation Arrangement	0	3,168
2.02.04	Provisions	187,511	192,448
2.02.04.01	Tax, Welfare and Civil Contingencies	187,511	192,448

**Individual Financial Statements - Statement of Financial Position - Liabilities****(Reais thousand)**

<b>Account code</b>	<b>Account Description</b>	<b>Current Quarter 6/30/2020</b>	<b>Previous Year 12/31/2019</b>
2.02.04.01.06	Provision for Legal Claims	187,511	192,448
2.03	Equity	6,968,269	6,743,713
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 Stock	-8,576	-8,576
2.03.04	Profit Reserves	3,378,939	3,378,939
2.03.04.01	Legal Reserve	347,736	347,736
2.03.04.05	Profit Retention Reserve	2,983,316	2,983,316
2.03.04.07	Tax Incentive Reserve	47,887	47,887
2.03.05	Retained Earnings/Accumulated Losses	217,933	0
2.03.06	Equity Appraisal Adjustments	-22,412	-29,035

**Individual Financial Statements / Statement of Income****(Reais Thousand)**

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 4/1/2020 to 6/30/2020</b>	<b>DRE - 1/1/2020 to 6/30/2020</b>	<b>Same Quarter of the Prior Year 4/1/2019 to 6/30/2019</b>	<b>DRE - 1/1/2019 to 6/30/2019</b>
3.01	Revenue from goods sold and services rendered	1,245,638	2,512,941	1,192,925	2,389,787
3.01.01	Water Services	752,367	1,521,592	693,209	1,404,593
3.01.02	Sewage Services	432,945	872,939	392,568	785,794
3.01.03	Construction Revenue	59,816	117,381	106,607	198,318
3.01.04	Solid Waste Revenue	510	1,029	541	1,082
3.02	Cost of goods and/or services sold	-700,598	-1,393,084	-714,691	-1,395,893
3.02.01	Cost of goods and/or services sold	-640,782	-1,275,703	-608,084	-1,197,575
3.02.02	Construction Cost	-59,816	-117,381	-106,607	-198,318
3.03	Gross Profit	545,040	1,119,857	478,234	993,894
3.04	Operating Income/Expenses	-326,594	-585,948	-280,941	-499,416
3.04.01	Sales Expenses	-192,314	-298,082	-96,439	-195,554
3.04.01.01	Sales Expenses	-56,221	-110,397	-49,380	-98,244
3.04.01.02	Estimated Allowances for Doubtful Accounts	-136,093	-187,685	-47,059	-97,310
3.04.02	General and Administrative Expenses	-113,215	-239,846	-119,550	-228,540
3.04.04	Other Operating Income	26,408	55,685	19,146	57,097
3.04.05	Other Operating Expenses	-45,431	-92,679	-82,388	-127,352
3.04.05.01	Other Operating Expenses	-45,431	-92,679	-74,869	-108,006
3.04.05.02	Employee Profit Sharing	0	0	-7,519	-19,346
3.04.06	Share of profit (loss) of equity-accounted investees	-2,042	-11,026	-1,710	-5,067
3.05	Earnings before financial income/loss and tax	218,446	533,909	197,293	494,478
3.06	Finance Income/Cost	-20,051	-112,739	-30,819	-72,288
3.06.01	Financial Revenue	41,011	93,223	29,667	51,791
3.06.02	Finance Costs	-61,062	-205,962	-60,486	-124,079
3.07	Earnings before tax on net income	198,395	421,170	166,474	422,190
3.08	Income and social contribution taxes on profit	-52,050	-113,990	-47,415	-116,396
3.08.01	Current	-83,185	-173,943	-66,497	-137,365
3.08.02	Deferred charges	31,135	59,953	19,082	20,969
3.09	Net Income from Continued Operations	146,345	307,180	119,059	305,794

**Individual Financial Statements / Statement of Income****(Reais Thousand)**

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 4/1/2020 to 6/30/2020</b>	<b>DRE - 1/1/2020 to 6/30/2020</b>	<b>Same Quarter of the Prior Year 4/1/2019 to 6/30/2019</b>	<b>DMPL- 1/1/2019 to 6/30/2019</b>
3.11	Net Income/Loss for the Period	146,345	307,180	119,059	305,794
3.99	Earnings per share - (Reais / Share)				
3.99.01	Basic Earnings per Share				
3.99.01.01	Common	0.00000	0.00000	0.94000	2.42000
3.99.02	Diluted Earnings per Share				
3.99.02.01	Common	0.00000	0.00000	0.94000	2.42000

**Individual Financial Statements – Statement of Comprehensive****Income (Reais thousand)**

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 4/1/2020 to 6/30/2020</b>	<b>DRA - 1/1/2020 to 6/30/2020</b>	<b>Same Quarter of the Prior Year 4/1/2019 to 6/30/2019</b>	<b>DRA - 1/1/2019 to 6/30/2019</b>
4.01	Net Income for the Period	146,345	307,180	119,059	305,794
4.02	Other Comprehensive Income	6,761	6,761	9,546	9,546
4.02.04	Fair Value of Available-For-Sale Financial Assets	6,761	6,761	9,546	9,546
4.03	Comprehensive Income for the Period	153,106	313,941	128,605	315,340

**Individual Statements - Statement of Cash Flows - Indirect Method****(Reais Thousand)**

<b>Account Code</b>	<b>Account Description</b>	<b>DFC - 1/1/2020 to 6/30/2020</b>	<b>DFC - 1/1/2019 to 6/30/2019</b>
6.01	Net Cash from Operating Activities	944,299	684,902
6.01.01	Cash Provided by Operating Activities	971,824	805,649
6.01.01.01	Net Income for the Period	307,180	305,794
6.01.01.02	Allowance for Doubtful Accounts	187,685	91,573
6.01.01.03	Recovery of Written Off Accounts	0	-35,418
6.01.01.04	Charges and Net Monetary and Exchange Variance	89,803	19,917
6.01.01.05	Interest Revenue and Expenses	43,623	77,216
6.01.01.06	Deferred Income and Social Contribution Taxes	-59,953	-20,969
6.01.01.07	Equity in net income of subsidiary and associated companies	11,026	5,067
6.01.01.08	Gain / Loss on Intangible Assets and Property, Plant and Equipment	71,893	-2,765
6.01.01.09	Depreciation and Amortization	318,459	293,504
6.01.01.10	Making of Provisions	-9,775	45,605
6.01.01.11	Provision on Retirement Benefits	28,989	26,432
6.01.01.12	Financial Assets	-17,942	0
6.01.01.13	Other	0	-307
6.01.01.16	Provision for Inventory Losses	836	0
6.01.02	Changes in Assets and Liabilities	241,168	122,567
6.01.02.01	Trade accounts receivable	-77,329	-77,576
6.01.02.02	Inventory	-6,243	-6,522
6.01.02.03	Recoverable Taxes	5	0
6.01.02.04	Banks and Arrangements Application	0	-1,296
6.01.02.05	Pledge on Financing Security	0	10,352
6.01.02.06	Securities Investment / Secured short-term investment	0	161,656
6.01.02.07	Advance on Rate Pass-through	-14,960	-4,273
6.01.02.08	Other Financial assets	0	-11,409
6.01.02.09	Other	-3,257	-7,910
6.01.02.10	Trade payables	-11,438	-21,562
6.01.02.11	Taxes, Contributions and Social Obligations	310,039	127,436
6.01.02.12	Provision for Vacations and 13 <sup>th</sup> month salary	45,163	35,375
6.01.02.13	Employee Profit Shares	18,716	2,738
6.01.02.14	Technical Cooperation Arrangement	-11,175	-1,432
6.01.02.15	Contingencies	4,838	-3,642
6.01.02.16	Retirement Benefit Obligations	-22,213	-27,903
6.01.02.17	Electricity and Other (Payment of Tax Financing)	22,477	-38,344
6.01.02.19	Payment of Actuarial Liability	-13,455	-13,121
6.01.03	Other	-268,693	-243,314
6.01.03.01	Interest Paid	-94,610	-116,569
6.01.03.02	Interest paid to Public Private Partnership	-5,380	-4,224
6.01.03.03	IR/CSLL payment	-168,703	-122,521
6.02	Net Cash from Investment Activities	-278,799	-356,761
6.02.06	Payment to PPP	-23,483	-30,615
6.02.07	Amount received on sale of property, plant and equipment	1,451	3,676
6.02.08	Capital increase at Subsidiaries	-21,868	-21,061
6.02.10	Acquisition of Contract Assets	-186,054	-228,191

**Individual Statements - Statement of Cash Flows - Indirect Method****(Reais Thousand)**

<b>Account Code</b>	<b>Account Description</b>	<b>DFC - 1/1/2020 to 6/30/2020</b>	<b>DFC - 1/1/2019 to 6/30/2019</b>
6.02.11	Acquisition of Intangible Assets	-70,588	-63,650
6.02.12	Acquisition of Property, Plant and Equipment	-3,456	-16,920
6.02.14	Pledge on Financing Security	22,591	0
6.02.15	Banks and Arrangements Applications	2,608	0
6.03	Net Cash from Financing Activities	-273,625	-161,151
6.03.01	Inflow of loans and financing and debentures	13,692	281,810
6.03.02	Amortization of Loans, Financing and Debentures	-146,278	-369,568
6.03.04	Interest on Equity Paid	-123,566	-65,289
6.03.12	Borrowing Costs	-3,516	-1,480
6.03.13	Commercial Lease Payment	-22,353	-6,624
6.03.14	Capitalized Interest	8,396	0
6.05	Increase (Decrease) in Cash and Cash Equivalents	391,875	166,990
6.05.01	Opening Balance of Cash and Cash Equivalents	521,304	297,518
6.05.02	Closing Balance of Cash and Cash Equivalents	913,179	464,508

**Individual Financial Statements - Statement of Changes in Equity - 1/1/2020 to 6/30/2020 (Reais****Thousand)**

Account Code	Account Description	Paid-in share capital	Capital Reserves, Options Awarded and Treasury Stock	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Equity
5.01	Opening Balances	3,402,385	-8,576	3,378,939	0	-29,035	6,743,713
5.03	Adjusted Opening Balances	3,402,385	-8,576	3,378,939	0	-29,035	6,743,713
5.05	Total Comprehensive Income	0	0	0	307,180	6,761	313,941
5.05.01	Net Income for the Period	0	0	0	307,180	0	307,180
5.05.02	Other Comprehensive Income	0	0	0	0	6,761	6,761
5.05.02.11	Financial assets measured at Fair Value through OCI	0	0	0	0	6,761	6,761
5.06	Internal Changes in Shareholders' Equity	0	0	0	-89,247	-138	-89,385
5.06.07	Interest on Shareholders' Equity	0	0	0	-89,361	0	-89,361
5.06.09	Amortization of Monetary Restatement on Restated Assets	0	0	0	173	-173	0
5.06.10	Deferred IR and CS on Restated Assets	0	0	0	-59	59	0
5.06.12	Other	0	0	0	0	-24	-24
5.07	Closing Balances	3,402,385	-8,576	3,378,939	217,933	-22,412	6,968,269

**Individual Financial Statements - Statements of Changes Equity - 1/1/2019 to 6/30/2019 (Reais Thousand)**

Account Code	Account Description	Paid-in share capital	Capital Reserves, Options Awarded and Treasury Stock	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Equity
5.01	Opening Balances	3,402,385	-8,576	2,834,829	0	-2,005	6,226,633
5.03	Adjusted Opening Balances	3,402,385	-8,576	2,834,829	0	-2,005	6,226,633
5.05	Total Comprehensive Income	0	0	0	305,794	9,546	315,340
5.05.01	Net Income for the Period	0	0	0	305,794	0	305,794
5.05.02	Other Comprehensive Income	0	0	0	0	9,546	9,546
5.05.02.11	Financial assets measured at Fair Value through OCI	0	0	0	0	9,546	9,546
5.06	Internal Changes in Shareholders' Equity	0	0	0	-73,777	-139	-73,916
5.06.07	Interest on Shareholders' Equity	0	0	0	-73,952	0	-73,952
5.06.09	Amortization of Monetary Restatement on Restated Assets 96/97	0	0	0	265	-265	0
5.06.10	Deferred IR and CS on Restated Assets 96/97	0	0	0	-90	90	0
5.06.12	Other	0	0	0	0	36	36
5.07	Closing Balances	3,402,385	-8,576	2,834,829	232,017	7,402	6,468,057

**Individual Financial Statements / Statement of Added Value****(Reais Thousand)**

<b>Account Code</b>	<b>Account Description</b>	<b>DVA - 1/1/2020 to 6/30/2020</b>	<b>DVA - 1/1/2019 to 6/30/2019</b>
7.01	Revenue	2,625,563	2,574,576
7.01.01	Sales of Goods, Products and Services	2,640,182	2,416,471
7.01.02	Other Income	55,685	51,360
7.01.02.01	Other Operating Income	34,795	15,942
7.01.02.02	Recovery of Written Off Accounts	20,890	35,418
7.01.03	Revenue relating to construction of company assets	117,381	198,318
7.01.04	Allowance/(Reversal of allowance) for doubtful accounts	-187,685	-91,573
7.02	Consumables acquired from third parties	-765,275	-875,283
7.02.01	Cost of goods and services sold	-631,155	-734,077
7.02.02	Material, Energy, Outsourced Services and Other	-65,231	-57,554
7.02.04	Other	-68,889	-83,652
7.03	Gross Added Value	1,860,288	1,699,293
7.04	Withholding	-318,459	-293,504
7.04.01	Depreciation, Amortization and Depletion	-318,459	-293,504
7.05	Net Added Value Produced	1,541,829	1,405,789
7.06	Transferred Added Value	85,137	48,992
7.06.01	Share of profit (loss) of equity-accounted investees	-11,026	-5,067
7.06.02	Financial Revenue	96,163	54,059
7.07	Total Added Value to be Distributed	1,626,966	1,454,781
7.08	Distribution of Added Value	1,626,966	1,454,781
7.08.01	Personnel	617,286	559,656
7.08.01.01	Direct Remuneration	404,201	352,189
7.08.01.02	Benefits	162,143	158,166
7.08.01.03	Severance Fund (F.G.T.S.)	31,487	29,955
7.08.01.04	Other	19,455	19,346
7.08.01.04.04	Employee Profit Shares	19,455	19,346
7.08.02	Taxes, Duties and Contributions	473,781	420,658
7.08.02.01	Federal	449,573	396,662
7.08.02.02	State	22,617	22,403
7.08.02.03	Municipal	1,591	1,593
7.08.03	Interest Expenses	228,719	168,673
7.08.03.01	Interest	226,384	151,066
7.08.03.02	Rents	2,335	17,607
7.08.04	Interest earnings	307,180	305,794
7.08.04.01	Interest on Shareholders' Equity	89,361	73,952
7.08.04.03	Retained Earnings/Loss for the Period	217,819	231,842

**Consolidated Financial Statements / Statement of Financial Position - Assets****(Reais Thousand)**

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 6/30/2020</b>	<b>Previous Year 12/31/2019</b>
1	Total Assets	11,861,530	11,528,815
1.01	Current Assets	2,169,573	1,842,796
1.01.01	Cash and Cash Equivalents	925,943	524,146
1.01.03	Accounts Receivable	1,094,752	1,187,496
1.01.03.01	Trade receivables	1,094,752	1,187,496
1.01.04	Inventory	64,942	59,120
1.01.06	Recoverable Taxes	30,324	30,326
1.01.06.01	Current Taxes Recoverable	30,324	30,326
1.01.06.01.01	Recoverable taxes	30,324	30,326
1.01.08	Other Current Assets	53,612	41,708
1.01.08.03	Other	53,612	41,708
1.01.08.03.01	Advances to Employees	13,513	14,211
1.01.08.03.02	Other	6,889	6,782
1.01.08.03.03	Technical Cooperation Arrangement	15,605	492
1.01.08.03.04	Banks and Arrangements Application	17,605	20,223
1.02	Noncurrent Assets	9,691,957	9,686,019
1.02.01	Long-Term Assets	2,643,910	2,546,938
1.02.01.03	Short-term investments valued at amortized cost	86,499	85,268
1.02.01.04	Accounts Receivable	60,005	44,248
1.02.01.04.04	Other Receivables	60,005	44,248
1.02.01.07	Deferred Taxes	260,377	203,908
1.02.01.07.01	Deferred Income and Social Contribution Taxes	260,377	203,908
1.02.01.10	Other Noncurrent Assets	2,237,029	2,213,514
1.02.01.10.03	Financial Assets - Concession Agreements	582,562	651,069
1.02.01.10.04	Financial Assets Measured at Fair Value through OCI	85,319	75,074
1.02.01.10.05	Lease Rights of Use	38,809	57,171
1.02.01.10.06	Contract Assets	1,305,563	1,213,836
1.02.01.10.07	Technical Cooperation Arrangement	27,018	35,594
1.02.01.10.08	Borrowing, Financing and Debenture Guarantee Deposits	197,758	180,770
1.02.02	Investment	260	260
1.02.02.01	Equity Interests	260	260
1.02.02.01.04	Interests in Joint Ventures	260	260
1.02.03	Property, plant and equipment	1,538,785	1,590,921
1.02.03.01	Property, plant and equipment in operation	1,538,785	1,590,921
1.02.04	Intangible assets	5,509,002	5,547,900
1.02.04.01	Intangible assets	5,509,002	5,547,900
1.02.04.01.01	Concession Agreement	5,509,002	5,547,900

**Consolidated Statements / Statement of Financial Position - Liabilities****(Reais Thousand)**

<b>Account code</b>	<b>Account Description</b>	<b>Current Quarter 6/30/2020</b>	<b>Previous Year 12/31/2019</b>
2	Total Liabilities	11,861,530	11,528,815
2.01	Current Liabilities	1,222,708	1,118,034
2.01.01	Social and labor obligations	162,798	117,134
2.01.01.02	Labor Obligations	162,798	117,134
2.01.02	Trade payables	187,083	181,825
2.01.02.01	Domestic payables	187,083	181,825
2.01.03	Tax Obligations	224,218	77,352
2.01.03.01	Federal Tax Liabilities	222,685	75,336
2.01.03.01.01	Income taxes and contributions payable	8,123	0
2.01.03.01.02	Other Federal Obligations	214,562	75,336
2.01.03.03	Municipal Tax Liabilities	1,533	2,016
2.01.04	Loans and Borrowings	329,711	384,939
2.01.04.01	Loans and Borrowings	178,540	170,450
2.01.04.01.01	In local currency	108,800	118,828
2.01.04.01.02	Foreign currency	69,740	51,622
2.01.04.02	Debentures	151,171	214,489
2.01.04.02.01	Nonconvertible	151,171	214,489
2.01.05	Other liabilities	254,158	296,471
2.01.05.02	Other	254,158	296,471
2.01.05.02.01	Dividends and Interest on Shareholder's Equity Payable	41,917	80,719
2.01.05.02.04	Retirement Benefit Obligations	33,041	42,170
2.01.05.02.06	Technical Cooperation Arrangement	1,856	3,326
2.01.05.02.07	Public Private Partnership	62,386	59,985
2.01.05.02.08	Miscellaneous Obligations	91,094	73,102
2.01.05.02.09	Lease Rights of Use	23,864	37,169
2.01.06	Provisions	64,740	60,313
2.01.06.01	Tax, Welfare and Civil Contingencies	64,740	60,313
2.01.06.01.05	Financing of taxes	0	14,289
2.01.06.01.07	Employee Profit Shares	64,740	46,024
2.02	Non-current Liabilities	3,670,553	3,667,068
2.02.01	Loans and Borrowings	2,962,015	2,925,298
2.02.01.01	Loans and Borrowings	1,147,999	1,110,936
2.02.01.01.01	In local currency	843,618	858,870
2.02.01.01.02	Foreign currency	304,381	252,066
2.02.01.02	Debentures	1,814,016	1,814,362
2.02.01.02.01	Nonconvertible	1,814,016	1,814,362
2.02.02	Other liabilities	520,768	549,060
2.02.02.02	Other	520,768	549,060
2.02.02.02.03	Retirement Benefit Obligations	137,821	136,007
2.02.02.02.05	Deposits for Works	83,324	82,139
2.02.02.02.06	Public Private Partnership	273,554	297,434
2.02.02.02.07	Other	9,251	9,206
2.02.02.02.08	Lease Rights of Use	16,818	21,106
2.02.02.02.09	Technical Cooperation Arrangement	0	3,168
2.02.04	Provisions	187,770	192,710
2.02.04.01	Tax, Welfare and Civil Contingencies	187,770	192,710

**Consolidated Statements / Statement of Financial Position - Liabilities****(Reais Thousand)**

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 6/30/2020</b>	<b>Previous Year 12/31/2019</b>
2.02.04.01.06	Provision for Legal Claims	187,770	192,710
2.03	Consolidated Shareholders' Equity	6,968,269	6,743,713
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 Stock	-8,576	-8,576
2.03.04	Profit Reserves	3,378,939	3,378,939
2.03.04.01	Legal Reserve	347,736	347,736
2.03.04.05	Profit Retention Reserve	2,983,316	2,983,316
2.03.04.07	Tax Incentive Reserve	47,887	47,887
2.03.05	Retained Earnings/Accumulated Losses	217,933	0
2.03.06	Equity Appraisal Adjustments	-22,412	-29,035

**Consolidated Statements / Statement of Income****(Reais Thousand)**

Account Code	Account Description	Current Quarter 4/1/2020 to 6/30/2020	DRE - 1/1/2020 to 6/30/2020	Same Quarter of the Prior Year 4/1/2019 to 6/30/2019	DRE - 1/1/2019 to 6/30/2019
3.01	Revenue from goods sold and services rendered	1,256,976	2,537,309	1,209,712	2,421,734
3.01.01	Water Services	758,774	1,534,675	699,388	1,416,677
3.01.02	Sewage Services	434,684	876,508	394,277	789,188
3.01.03	Construction Revenue	63,008	125,097	115,506	214,787
3.01.05	Solid Waste Revenue	510	1,029	541	1,082
3.02	Cost of goods and/or services sold	-712,678	-1,419,651	-732,699	-1,431,258
3.02.01	Cost of goods and/or services sold	-649,670	-1,294,554	-617,193	-1,216,471
3.02.02	Construction Cost	-63,008	-125,097	-115,506	-214,787
3.03	Gross Profit	544,298	1,117,658	477,013	990,476
3.04	Operating Income/Expenses	-326,032	-584,155	-279,955	-496,415
3.04.01	Sales Expenses	-193,051	-299,417	-97,013	-196,696
3.04.01.01	Sales Expenses	-56,265	-110,479	-49,428	-98,335
3.04.01.02	Estimated Allowances for Doubtful Accounts	-136,786	-188,938	-47,585	-98,361
3.04.02	General and Administrative Expenses	-114,192	-242,735	-121,115	-231,313
3.04.04	Other Operating Income	26,880	56,558	21,095	59,852
3.04.05	Other Operating Expenses	-45,669	-98,561	-82,922	-128,258
3.04.05.01	Other Operating Expenses	-45,669	-98,561	-75,403	-108,912
3.04.05.02	Employee Profit Sharing	0	0	-7,519	-19,346
3.05	Earnings before financial income/loss and tax	218,266	533,503	197,058	494,061
3.06	Finance Income/Cost	-19,871	-112,333	-30,584	-71,871
3.06.01	Financial Revenue	41,270	93,727	30,040	52,375
3.06.02	Finance Costs	-61,141	-206,060	-60,624	-124,246
3.07	Earnings before tax on net income	198,395	421,170	166,474	422,190
3.08	Income and social contribution taxes on profit	-52,050	-113,990	-47,415	-116,396
3.08.01	Current	0	-173,943	-66,497	-137,365
3.08.02	Deferred charges	0	59,953	19,082	20,969
3.09	Net Income from Continued Operations	146,345	307,180	119,059	305,794
3.11	Consolidated Net Income/Loss for the Period	146,345	307,180	119,059	305,794

**Consolidated Statements / Statement of Income****(Reais Thousand)**

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 4/1/2020 to 6/30/2020</b>	<b>DRE - 1/1/2020 to 6/30/2020</b>	<b>Same Quarter of the Prior Year 4/1/2019 to 6/30/2019</b>	<b>DRA - 1/1/2019 to 6/30/2019</b>
3.11.01	Attributed to Partners of the Parent Company	146,345	307,180	119,059	305,794
3.99	Earnings per share - (Reais / Share)				
3.99.01	Basic Earnings per Share				
3.99.01.01	Common	1.16000	2.43000	0.94000	2.42000
3.99.02	Diluted Earnings per Share				
3.99.02.01	Common	1.01600	2.43000	0.94000	2.42000

**Consolidated Statements – Statements of Comprehensive****Income (Reais thousand)**

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 4/1/2020 to 6/30/2020</b>	<b>DRA - 1/1/2020 to 6/30/2020</b>	<b>Same Quarter of the Prior Year 4/1/2019 to 6/30/2019</b>	<b>DRA - 1/1/2019 to 6/30/2019</b>
4.01	Consolidated Net Income for the Period	146,345	307,180	119,059	305,794
4.02	Other Comprehensive Income	6,761	6,761	9,546	9,546
4.02.04	Fair Value of Available-For-Sale Financial Assets	6,761	6,761	9,546	9,546
4.03	Consolidated Comprehensive Income for the Period	153,106	313,941	128,605	315,340
4.03.01	Attributed to Partners of the Parent Company	153,106	313,941	128,605	315,340

**Consolidated Statements - Statement of Cash Flows - Indirect Method****(Reais Thousand)**

<b>Account Code</b>	<b>Account Description</b>	<b>DFC - 1/1/2020 to 6/30/2020</b>	<b>DFC - 1/1/2019 to 6/30/2019</b>
6.01	Net Cash from Operating Activities	945,060	674,888
6.01.01	Cash Provided by Operating Activities	971,760	801,704
6.01.01.01	Net Income for the Year	307,180	305,794
6.01.01.02	Allowance for Doubtful Accounts	188,938	92,624
6.01.01.03	Recovery of Written Off Accounts	0	-36,619
6.01.01.04	Charges and Net Monetary and Exchange Variance	89,803	19,917
6.01.01.05	Interest Revenue and Expenses	43,361	77,216
6.01.01.06	Deferred Income and Social Contribution Taxes	-59,953	-20,969
6.01.01.08	Gain / Loss on Intangible Assets and Property, Plant and Equipment	74,670	-2,765
6.01.01.09	Depreciation and Amortization	319,974	294,626
6.01.01.10	Making of Provisions	-9,839	45,755
6.01.01.11	Provision on Retirement Benefits	28,989	26,432
6.01.01.12	Financial Assets	-17,997	0
6.01.01.13	Other	5,200	-307
6.01.01.16	Provision for Inventory Losses	1,434	0
6.01.02	Changes in Assets and Liabilities	241,994	116,499
6.01.02.01	Trade accounts receivable	-78,318	-78,312
6.01.02.02	Inventory	-6,463	-6,999
6.01.02.03	Recoverable Taxes	2	433
6.01.02.04	Banks and Arrangements Application	0	-1,307
6.01.02.05	Pledge on Financing Security	0	10,352
6.01.02.06	Securities Investment / Secured short-term investment	0	161,656
6.01.02.07	Advance on Rate Pass-through	-14,960	-4,273
6.01.02.08	Other Financial assets	0	-11,468
6.01.02.09	Other	-637	-10,296
6.01.02.10	Trade payables	-13,243	-24,922
6.01.02.11	Taxes, Contributions and Social Obligations	310,973	127,003
6.01.02.12	Provision for Vacations and 13 <sup>th</sup> month salary	45,664	35,881
6.01.02.13	Employee Profit Shares	18,716	2,738
6.01.02.14	Technical Cooperation Arrangement	-11,175	-1,462
6.01.02.15	Contingencies	4,899	-3,450
6.01.02.16	Retirement Benefit Obligations	-22,213	-27,903
6.01.02.17	Electricity and Other (Payment of Tax Financing)	22,204	-38,051
6.01.02.19	Payment of Actuarial Liability	-13,455	-13,121
6.01.03	Other	-268,694	-243,315
6.01.03.01	Interest Paid	-94,611	-116,570
6.01.03.02	Interest paid to Public Private Partnership	-5,380	-4,224
6.01.03.03	IR/CSLL payment	-168,703	-122,521
6.02	Net Cash from Investment Activities	-269,621	-358,023
6.02.07	Amount received on sale of property, plant and equipment	1,451	3,676
6.02.08	Payment to PPP	-23,483	-30,615
6.02.10	Acquisition of Contract Assets	-196,765	-247,226
6.02.11	Acquisition of Intangible Assets	-72,497	-66,857
6.02.12	Acquisition of Property, Plant and Equipment	-3,536	-17,001

**Consolidated Statements - Statement of Cash Flows - Indirect Method****(Reais Thousand)**

<b>Account Code</b>	<b>Account Description</b>	<b>DFC - 1/1/2020 to 6/30/2020</b>	<b>DFC - 1/1/2019 to 6/30/2019</b>
6.02.14	Pledge on Financing Security	22,591	0
6.02.15	Banks and Arrangements Applications	2,618	0
6.03	Net Cash from Financing Activities	-273,642	-161,168
6.03.01	Inflow of loans and financing and debentures	13,692	281,810
6.03.02	Amortization of Loans, Financing and Debentures	-146,278	-369,568
6.03.04	Interest on Equity Paid	-123,566	-65,289
6.03.11	Borrowing Costs	-3,516	-1,480
6.03.12	Commercial Lease Payment	-22,370	-6,641
6.03.13	Capitalized Interest	8,396	0
6.05	Increase (Decrease) in Cash and Cash Equivalents	401,797	155,697
6.05.01	Opening Balance of Cash and Cash Equivalents	524,146	313,371
6.05.02	Closing Balance of Cash and Cash Equivalents	925,943	469,068

**Consolidated Financial Statements - Statement of Changes in Equity - 1/1/2020 to 6/30/2020****(Reais Thousand)**

Account Code	Account Description	Paid-in share capital	Capital Options Awarded and Treasury Stock	Reserves,	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Equity	NCI	Consolidated Shareholders' Equity
5.01	Opening Balances	3,402,385		-8,576	3,378,939	0	-29,035	6,743,713	0	6,743,713
5.03	Adjusted Opening Balances	3,402,385		-8,576	3,378,939	0	-29,035	6,743,713	0	6,743,713
5.05	Total Comprehensive Income	0		0	0	307,180	6,761	313,941	0	313,941
5.05.01	Net Income for the Period	0		0	0	307,180	0	307,180	0	307,180
5.05.02	Other Comprehensive Income	0		0	0	0	6,761	6,761	0	6,761
5.05.02.11	Financial assets stated at fair value through OCI	0		0	0	0	6,761	6,761	0	6,761
5.06	Internal Changes in Shareholders' Equity	0		0	0	-89,247	-138	-89,385	0	-89,385
5.06.07	Interest on Shareholders' Equity	0		0	0	-89,361	0	-89,361	0	-89,361
5.06.09	Amortization of Monetary Restatement on Restated Assets	0		0	0	173	-173	0	0	0
5.06.10	Deferred IR and CS on Restated Assets	0		0	0	-59	59	0	0	0
5.06.12	Other	0		0	0	0	-24	-24	0	-24
5.07	Closing Balances	3,402,385		-8,576	3,378,939	217,933	-22,412	6,968,269	0	6,968,269

**Consolidated Financial Statements - Statement of Changes in Equity - 1/1/2019 to 6/30/2019****(Reais Thousand)**

Account Code	Account Description	Paid-in share capital	Capital Options Awarded and Treasury Stock	Reserves,	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Equity	NCI	Consolidated Shareholders' Equity
5.01	Opening Balances	3,402,385		-8,576	2,834,829	0	-2,005	6,226,633	0	6,226,633
5.03	Adjusted Opening Balances	3,402,385		-8,576	2,834,829	0	-2,005	6,226,633	0	6,226,633
5.05	Total Comprehensive Income	0		0	0	305,794	9,546	315,340	0	315,340
5.05.01	Net Income for the Period	0		0	0	305,794	0	305,794	0	305,794
5.05.02	Other Comprehensive Income	0		0	0	0	9,546	9,546	0	9,546
5.05.02.11	Financial assets stated at fair value through OCI	0		0	0	0	9,546	9,546	0	9,546
5.06	Internal Changes in Shareholders' Equity	0		0	0	-73,777	-139	-73,916	0	-73,916
5.06.07	Interest on Shareholders' Equity	0		0	0	-73,952	0	-73,952	0	-73,952
5.06.09	Amortization of Monetary Restatement on Restated Assets 96/97	0		0	0	265	-265	0	0	0
5.06.10	Deferred IR and CS on Restated Assets 96/97	0		0	0	-90	90	0	0	0
5.06.12	Other	0		0	0	0	36	36	0	36
5.07	Closing Balances	3,402,385		-8,576	2,834,829	232,017	7,402	6,468,057	0	6,468,057

**Consolidated Financial Statement - Statements of Added Value****(Reais Thousand)**

<b>Account Code</b>	<b>Account Description</b>	<b>DVA - 1/1/2020 to 6/30/2020</b>	<b>DVA - 1/1/2019 to 6/30/2019</b>
7.01	Revenue	2,651,247	2,609,805
7.01.01	Sales of Goods, Products and Services	2,658,530	2,433,527
7.01.02	Other Income	56,558	54,115
7.01.02.01	Other Operating Income	35,499	17,496
7.01.02.02	Recovery of Written Off Accounts	21,059	36,619
7.01.03	Revenue relating to construction of company assets	125,097	214,787
7.01.04	Allowance/(Reversal of allowance) for doubtful accounts	-188,938	-92,624
7.02	Consumables acquired from third parties	-784,182	-904,752
7.02.01	Cost of goods and services sold	-647,522	-761,091
7.02.02	Material, Energy, Outsourced Services and Other	-66,911	-59,479
7.02.04	Other	-69,749	-84,182
7.03	Gross Added Value	1,867,065	1,705,053
7.04	Withholding	-319,974	-294,626
7.04.01	Depreciation, Amortization and Depletion	-319,974	-294,626
7.05	Net Added Value Produced	1,547,091	1,410,427
7.06	Transferred Added Value	91,491	54,673
7.06.02	Financial Revenue	96,691	54,673
7.06.03	Other	-5,200	0
7.07	Total Added Value to be Distributed	1,638,582	1,465,100
7.08	Distribution of Added Value	1,638,582	1,465,100
7.08.01	Personnel	625,347	567,330
7.08.01.01	Direct Remuneration	409,948	357,556
7.08.01.02	Benefits	164,054	160,092
7.08.01.03	Severance Fund (F.G.T.S.)	31,890	30,336
7.08.01.04	Other	19,455	19,346
7.08.01.04.01	Employee Profit Shares	19,455	19,346
7.08.02	Taxes, Duties and Contributions	477,207	423,205
7.08.02.01	Federal	452,591	398,795
7.08.02.02	State	23,024	22,816
7.08.02.03	Municipal	1,592	1,594
7.08.03	Interest Expenses	228,848	168,771
7.08.03.01	Interest	226,440	151,073
7.08.03.02	Rents	2,408	17,698
7.08.04	Interest earnings	307,180	305,794
7.08.04.01	Interest on Shareholders' Equity	89,361	73,952
7.08.04.03	Retained Earnings/Loss for the Period	217,819	231,842

## 01. Operations

Companhia de Saneamento de Minas Gerais ("COPASA MG", "COPASA", "Parent", 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 Antônio. 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 Board of Directors authorized the issue of this individual and consolidated Interim Accounting Information as of June 30, 2020 on July 30, 2020.

COPASA 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 on April 17, 2007, engaged in: planning, designing, performing, expanding, remodeling, exploring, and providing water supply and sewage collection and treatment public utility 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 and Jucuruçu rivers.

### **Impacts of COVID-19 on the Company's finances and equity**

Management analyzed the risks and uncertainties related to the Covid-19 pandemic and to date has not identified impacts requiring adjustments to the Interim Accounting Information as of June 30, 2020 in respect of asset impairment, fair value of financial instruments, provision for legal proceedings and revenue recognition. We reviewed the methodology for expected losses on trade accounts receivable, which affected this provision, as described in Note 03.

The Company lost no time in creating a Multidisciplinary Commission - COVID-19 Prevention, in order to protect the integrity and health of its employees. Our customer service agencies that deal with the general public also adopted preventive actions and measures.

COPASA has still suspended disconnections and the application of fines and interest to customers qualifying for the social tariff, for cases of late bill payments. For commercial clients obliged to suspend their activities, the payment deadlines for their bills have been extended, and clients notified that their water supply had been cut off were given more time to pay their bills.

To protect its cash flow the Company adopted the measures introduced by the federal government allowing the deferral of various taxes, and suspended debt payments to BNDES on loans and debentures for a period of 180 day from April and May, respectively, where the debt will be added to the debit balance without changing its final payment term. In addition, the Funding Budget and Investment Program could be reviewed and adapted to the expense schedule.

These measures led to increases in the values of Bank Deposit Certificates (Note 05(a)), taxes, contributions and social and labor obligations (Note 14) and Loans, financing and debentures (Note 15).

## **02. Basis of preparation and presentation of the individual and consolidated financial statements**

The parent company and consolidated interim accounting information is stated in thousands of reais (R\$ 1,000), except when specified otherwise.

### **2.1 Basis of preparation**

The individual and consolidated interim accounting information presented here as “Individual” or “Parent Company” or “Consolidated” respectively has been prepared and is being presented in accordance with CPC 21(R1) “interim statements” and IAS 34 - “Interim Financial Reporting”, in accordance with CVM regulations.

The Company took into account the guidelines issued in Technical Guidance OCPC 07 when preparing its financial statements. Management declares that all relevant information characteristic of interim accounting information, and only that information, is being presented and is that used by management to run the Company.

This interim accounting information should be read in conjunction with the Company’s Financial Statements for the financial year ended December 31, 2019, prepared and presented in accordance with the International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board - IASB and accounting practices adopted in Brazil, which include those established in Brazilian Corporate Law as well as the pronouncements, instructions and interpretations issued by the Accounting Pronouncements Committee - CPC and approved by the Brazilian Securities Commission - CVM.

As there were no material changes to the composition and nature of the balances presented in the Financial Statements as of December 31, 2019, the notes below are being presented in summary form for the period ended June 30, 2020:

- 03. Significant Accounting Policies;
- 04. Public Services Concession Agreements;
- 05. Cash and Cash Equivalents;
- 06. Trade Accounts Receivable;
- 15. Loans, Financing and Debentures;
- 17. Income and Social Contribution Taxes;
- 19. Retirement Benefit Obligations;
- 20. Equity and Dividends;
- 22. Financial Risk Management;
- 24. Related-Party Transactions.

## **03. Significant accounting policies**

The significant accounting policies applied to this Interim Accounting Information is consistent with the policies described in Note 03 to the Company’s Financial Statements for the financial year ended December 31, 2019, filed at the CVM, except for those described below:

### **3.1 Financial instruments**

#### **3.1.1 Financial assets**

#### **3.1.2 Impairment testing**

##### **(a) Assets measured at amortized cost and fair value through other comprehensive income**

In January 2018 the Company adopted an expected loss recognition model for trade accounts receivable replacing the previous model, which was based on incurred losses.

Given the current market situation and the need to assess whether the COVID-19 outbreak has led to a sharp increase in outstanding commercial receivable losses and to enhance the methodology used to calculate the expected loss on trade accounts receivable, the Company carried out new studies in order to bring its estimates in line with projected expected losses.

The Company's incurred loss takes into account the analysis of historic balances of receipts for a period of 12 to 36 months, segregated by credit risk and split into default groups according to age ranges, in order to calculate more accurately the rate at which borrowers move to a category posing a higher risk of default over time.

This allowed us to produce information about the actual DPO for bills and to determine estimated losses for each default category based on trade accounts receivable.

The Company revisited the estimation criteria, segregating the database by geography and client category to determine loss rates for each group based on new information available and analyzing client debts, also relying on reasonable and founded projections for future economic conditions.

The review resulted in R\$ 76,164 being added to the provision for expected losses on trade accounts receivable in the quarter ended June 30, 2020. The provision expenses amounted to R\$ 187,685 (parent company) and R\$ 188,938 (consolidated), an amount which includes written off bills of R\$ 101,101 (parent company) and R\$ 102,355 (consolidated), as per Note 06.

It also concluded that the increase in the Company's accounts receivable was due to the change in its risk management practices in response to the outbreak of the COVID-19 pandemic, which included lengthening payment terms for commercial clients and relaxing commercial measures taken in the case of default, amongst other factors.

The Company will continue analyzing the performance of its receivables, so that the provisioned for amounts reflect the expected losses on trade accounts receivable.

#### 04. Public Services Concession Agreements

At June 30, 2020 COPASA and COPANOR had 641 concessions for providing water supply services and 311 for sewage treatment.

As of June 30, 2020 the Company had R\$ 571,731 (R\$ 648,892 at December 31, 2019) as accounts receivable from the concession authority (municipalities) regarding the expected payment at the end of the concessions for assets not depreciated during the concession period, as described in Note 06(b).

	<b>Parent company</b>	
	<b>6/30/2020</b>	<b>12/31/2019</b>
<b>Opening balance</b>	<b>648,892</b>	<b>682,828</b>
Transfer to intangible assets	(95,103)	(65,652)
Capitalization	18,448	31,633
Gain on financial asset	-	401
Write-offs	(243)	(320)
Other	(263)	2
<b>Closing balance</b>	<b>571,731</b>	<b>648,892</b>

	Consolidated	
	6/30/2020	12/31/2019
<b>Opening balance</b>	<b>651,069</b>	<b>682,828</b>
Transfer to intangible assets	(86,504)	(64,439)
Capitalization	18,502	31,730
Gain on financial asset	-	401
Write-offs	(243)	(320)
Other	(262)	869
<b>Closing balance</b>	<b>582,562</b>	<b>651,069</b>

## 05. Cash and Cash Equivalents

### (a) Cash and cash equivalents

	Parent company		Consolidated	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019
Cash and bank deposits	22,638	31,473	23,309	31,984
Short-term bank deposit certificates <sup>(1)</sup>	890,541	489,831	902,634	492,162
<b>Total</b>	<b>913,179</b>	<b>521,304</b>	<b>925,943</b>	<b>524,146</b>

<sup>(1)</sup> The increase in short-term bank deposit certificates is due to the Company adopting federal government measures allowing the deferral of various taxes and suspending of debt payments to BNDES on loans, financing and debentures for a period of 180 days from April and May, respectively, where the debt will be added to the debit balance without changing its final payment term, as per notes 14 and 15.

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. Short-term investments yielded an average rate of 103% of the CDI rate in the period ended June 30, 2020 (101% of the CDI rate at December 31, 2019). CDI at June 30, 2020 was 2.2% p.a. (4.4% p.a. as at December 31, 2019).

## 06. Trade accounts receivable and other accounts receivable

### (a) Trade accounts receivable

An aging list of receivables follows:

Amounts	Parent company		Consolidated	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019
<b>Overdue</b>	<b>460,232</b>	<b>430,930</b>	<b>465,310</b>	<b>436,357</b>
Past due up to 30 days	145,224	227,945	146,982	230,738
Past due 31 to 60	101,203	77,128	102,166	78,173
Past due 61 to 90	71,172	39,385	71,857	39,994
Past due 91 to 180	110,469	60,319	112,102	61,268
Over 180 days overdue	32,164	26,153	32,203	26,184
<b>Neither past due nor impaired Billed</b>	<b>898,702</b>	<b>861,325</b>	<b>907,140</b>	<b>869,465</b>
To be billed	315,578	359,113	317,927	361,763
<b>Trade accounts receivable<sup>(1)</sup></b>	<b>1,214,280</b>	<b>1,220,438</b>	<b>1,225,067</b>	<b>1,231,228</b>
(-) Provision for estimated losses on trade accounts receivable	(130,304)	(43,720)	(130,315)	(43,732)
<b>Net trade accounts receivable</b>	<b>1,083,976</b>	<b>1,176,718</b>	<b>1,094,752</b>	<b>1,187,496</b>

<sup>(1)</sup> Includes accounts receivable from the shareholder Minas Gerais state, as shown below.

Detail of accounts receivable from Minas Gerais state:

<b>Amounts</b>	<b>Parent company</b>	
	<b>6/30/2020</b>	<b>12/31/2019</b>
Billed	126,469	167,217
To be billed	7,325	11,197
<b>Net trade accounts receivable</b>	<b>133,794</b>	<b>178,414</b>

As of June 30, 2020 the Company had balances receivable from Minas Gerais state of R\$ 133,794 (R\$ 178,414 as of December 31, 2019).

Of this amount, (i) the balance of R\$ 52,095 is secured by the debt repayment agreement entered into with Minas Gerais state on December 09, 2019 for R\$ 173,600 , (ii) the balance of R\$ 53,196 is overdue and (iii) the balance of R\$ 28,503 is outstanding. Invoices embraced by this agreement have been transferred to the category "Outstanding". The constant monthly flow of payments from this agreement is being duly settled.

In FY 2019 part of the interest withheld from the majority shareholder was used to settle overdue bills. No such interest was retained as of June 30, 2020.

Changes in the provision for expected losses on the Company's trade accounts receivable are as follows:

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>6/30/2020</b>	<b>12/31/2019</b>	<b>6/30/2020</b>	<b>12/31/2019</b>
<b>Opening balance</b>	<b>43,720</b>	<b>45,739</b>	<b>43,732</b>	<b>46,324</b>
Allowance for doubtful accounts	187,685	187,636	188,938	189,701
Trade and other receivables written off in the period as uncollectible	(101,101)	(189,655)	(102,355)	(191,716)
Other	-	-	-	(577)
<b>Closing balance</b>	<b>130,304</b>	<b>43,720</b>	<b>130,315</b>	<b>43,732</b>

The Company did not recognize a provision for losses on debits for Minas Gerais state, the controlling shareholder, given the recent history of negotiations, the agreement made to repay the debt and offsetting agreements via dividends and interest on capital. Company Management is assessing this matter based on the facts and circumstances at each reporting date.

The allowance for doubtful accounts was recognized in the income statement for the period as selling expenses.

The amounts charged to this allowance are usually written-off when the amounts involved are not expected to be recovered.

The maximum exposure to credit risk on the reporting date is the carrying amount of each of the types of accounts receivable mentioned above.

#### **(b) Other accounts receivable**

Other trade accounts receivable and other accounts receivable have not incurred impairment.

The maximum exposure to credit risk on the reporting date is the carrying amount of each of the types of accounts receivable mentioned. The Company has pledged tariff revenue as financing collateral (note 22.1(c)):

	Parent company		Consolidated	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019
Financial assets - Concession agreements (i)	571,731	648,892	582,562	651,069
Other receivables (ii)	81,844	66,182	80,407	65,241
<b>Total</b>	<b>653,575</b>	<b>715,074</b>	<b>662,969</b>	<b>716,310</b>
<b>Current assets</b>	<b>21,839</b>	<b>21,934</b>	<b>20,402</b>	<b>20,993</b>
<b>Noncurrent assets</b>	<b>631,736</b>	<b>693,140</b>	<b>642,567</b>	<b>695,317</b>

  

	Parent company		Consolidated	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019
Advances to employees (ii)	13,090	13,946	13,513	14,211
Other (ii)	8,749	7,988	6,889	6,782
<b>Current assets</b>	<b>21,839</b>	<b>21,934</b>	<b>20,402</b>	<b>20,993</b>
Advance on rate pass-through (ii)	55,764	40,911	55,764	40,911
Judicial deposits (ii)	4,241	3,337	4,241	3,337
Financial assets - concession agreements (i)	571,731	648,892	582,562	651,069
<b>Noncurrent assets</b>	<b>631,736</b>	<b>693,140</b>	<b>642,567</b>	<b>695,317</b>

- (i) Refers to the receivables from the concession authority under public utility concession arrangements that are entered into with the municipalities and in accordance with ICPC 01. These amounts were adjusted to the respective values present in the initial recognition at the discount rate determined suitable by Management for use in calculating the present value of future flows from investments made or being considered by the Company, as per Note 4.
- (ii) Refers basically to rate tariff transfer advances to the City of Montes Claros, advances to employees and judicial deposits made for legal proceedings rated as a possible loss.

## 07. Short-term investments and Loan, Financing and Debenture Guarantee Deposits

### (a) Pledges securing loans, financing and debentures and restricted short-term investments

	Parent company/Consolidated	
	6/30/2020	12/31/2019
Borrowing, financing, and debenture guarantee deposits (i)	197,758	180,770
Secured short-term investment (ii)	86,499	85,268

- (i) Consists of money deposited in investment funds owned by the creditors, that the Company makes under its financing, loan and debentures contracts. A statutory lien is also awarded on its revenue by transferring to creditors part of its revenue, as per the table in Note 22.1 (c). Both guarantees occur within the term or grace period of the contracted debts.
- (ii) Refers to ANA funds, granted under the Water Basin 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 MG will withdraw the payments for the wastewater treatment services in 12 quarterly, consecutive installments, starting when the wastewater treatment plant is fully operational and at the beginning of the wastewater treatment plant certification, and withdrawals are contingent to the attainment of the targets agreed when the agreement was executed. Because these targets were only partially attained, the Company also recognizes these funds in noncurrent liabilities, as other obligations.

## 08. Investment

The table below presents the variations in investments in the subsidiary:

	12/31/2019	Share of profit (loss) of equity-accounted investees <sup>(ii)</sup>	Capital increase <sup>(i)</sup>	6/30/2020	
<b>Investment</b>					
COPANOR	133,983	(11,026)	21,868		144,825
Other	260	-	-		260
<b>Total</b>	<b>134,243</b>	<b>(11,026)</b>	<b>21,868</b>		<b>145,085</b>

  

	12/31/2018	Share of profit (loss) of equity-accounted investees <sup>(ii)</sup>	Increase of capital <sup>(i)</sup>	Other	6/30/2019
<b>Investment</b>					
COPANOR	104,597	(5,067)	21,061	36	120,627
Other	260	-	-	-	260
<b>Total</b>	<b>104,857</b>	<b>(5,067)</b>	<b>21,061</b>	<b>36</b>	<b>120,887</b>

(i) In the first half of 2020 the Parent company paid in R\$ 21,868 (R\$ 21,061 in the 1<sup>st</sup> half of 2019) at COPANOR, and these funds will allow the investments in the construction, expansion and maintenance of water supply and sewage treatment systems.

(ii) The share of profit (loss) of subsidiaries in subsidiaries was a negative R\$ 11,026 (negative R\$ 5,067 at June 30, 2019).

### Summary financial information

COPANOR	Interest (%)	Current assets	Noncurrent assets	Current liabilities	Non-current liabilities	Equity	Net loss
<b>2020</b>	100%	26,297	129,928	9,016	259	146,950	(5,826)
<b>2019</b>	100%	15,997	127,237	8,990	262	133,982	(12,772)

## 09. Contract Assets

	Parent company				
	Systems			Inventory for works	Total
	Water	Sewage collection	Common use		
<b>Balances as of December 31, 2019</b>	<b>208,013</b>	<b>639,509</b>	<b>193,724</b>	<b>91,676</b>	<b>1,132,922</b>
Additions	95,333	54,943	35,591	-	185,867
Write-offs <sup>(1)</sup>	(903)	(6,447)	(27,105)	(7,669)	(42,124)
Capitalized interest	3,397	16,784	389	-	20,570
Transfers to intangible assets	(16,352)	(10,771)	(24,524)	-	(51,647)
Transfers to property, plant and equipment	-	-	(3,651)	-	(3,651)
<b>Balances at June 30, 2020</b>	<b>289,488</b>	<b>694,018</b>	<b>174,424</b>	<b>84,007</b>	<b>1,241,937</b>

<sup>(1)</sup> Denotes the write-off of projects reincorporated into works in progress.

	Consolidated				
	Systems			Inventory for works	Total
	Water	Sewage collection	Common use		
<b>Balances as of December 31, 2019</b>	<b>242,047</b>	<b>677,312</b>	<b>195,222</b>	<b>99,255</b>	<b>1,213,836</b>
Additions	99,488	60,413	35,695	376	195,972
Write-offs <sup>(1)</sup>	(1,826)	(6,818)	(28,543)	(7,709)	(44,896)
Capitalized interest	3,397	16,784	389	-	20,570
Transfers to intangible assets	(25,939)	(25,805)	(24,524)	-	(76,268)
Transfers to property, plant and equipment	-	-	(3,651)	-	(3,651)
<b>Balances at June 30, 2020</b>	<b>317,167</b>	<b>721,886</b>	<b>174,588</b>	<b>91,922</b>	<b>1,305,563</b>

<sup>(1)</sup> Denotes the write-off of projects reincorporated into works in progress.

In the 1<sup>st</sup> half of 2020, the additions in the amount of R\$ 185,867 parent company (R\$ 435,409 as of December 31, 2019) and R\$ 195,972 consolidated (R\$ 469,405 as of December 31, 2019) primarily denote works building sanitary sewage systems in the cities of Sabará, Ribeirão das Neves, Divinópolis, Pouso Alegre, Três Corações, Felixlândia, Araçuaí, Perdões, Timóteo, Contagem, Divino and Caratinga, and improvement works to Sistema Vargem das Flores, consisting of refurbishing the filters in the water treatment station.

	Parent company				
	Systems			Inventory for works	Total
	Water	Sewage collection	Common use		
<b>Balances at January 01, 2019</b>	<b>264,757</b>	<b>657,451</b>	<b>137,678</b>	<b>87,636</b>	<b>1,147,522</b>
Additions	129,694	210,316	91,359	4,040	435,409
Write-offs <sup>(1)</sup>	-	(759)	(23)	-	(782)
Capitalized interest	10,919	36,921	3,249	-	51,089
Transfers to intangible assets	(197,357)	(264,420)	(31,237)	-	(493,014)
Transfers to property, plant and equipment	-	-	(7,302)	-	(7,302)
<b>Balances at December 31, 2019</b>	<b>208,013</b>	<b>639,509</b>	<b>193,724</b>	<b>91,676</b>	<b>1,132,922</b>

<sup>(1)</sup> Denotes the write-off of projects reincorporated into works in progress.

	Consolidated				
	Systems			Inventory for works	Total
	Water	Sewage collection	Common use		
<b>Balances at January 01, 2019</b>	<b>288,749</b>	<b>680,607</b>	<b>141,270</b>	<b>87,636</b>	<b>1,198,262</b>
Additions	140,222	230,500	91,379	7,305	469,406
Write-offs <sup>(1)</sup>	-	(759)	(23)	-	(782)
Capitalized interest	10,919	36,921	3,249	-	51,089
Transfers to intangible assets	(199,734)	(269,957)	(33,351)	-	(503,042)
Transfers to property, plant and equipment	-	-	(7,302)	-	(7,302)
Other	1,891	-	-	4,314	6,205
<b>Balances at December 31, 2019</b>	<b>242,047</b>	<b>677,312</b>	<b>195,222</b>	<b>99,255</b>	<b>1,213,836</b>

<sup>(1)</sup> Denotes the write-off of projects reincorporated into works in progress.

## 10. Intangible assets

(a) The balances break down as follows:

	Parent company					
	6/30/2020			12/31/2019		
	Cost	Accumulated amortization	Net intangible assets	Cost	Accumulated amortization	Net intangible assets
<b>In operation</b>						
Water mains	3,871,168	(2,310,049)	1,561,119	3,868,382	(2,242,450)	1,625,932
Sewage collection	5,606,432	(2,275,136)	3,331,296	5,472,005	(2,155,736)	3,316,269
Shared systems	900,696	(770,764)	129,932	875,493	(739,902)	135,591
Rights of use	573,203	(246,850)	326,353	561,926	(234,427)	327,499
Other intangible assets	129,238	(23,843)	105,395	120,677	(21,594)	99,083
<b>Total intangible assets</b>	<b>11,080,737</b>	<b>(5,626,642)</b>	<b>5,454,095</b>	<b>10,898,483</b>	<b>(5,394,109)</b>	<b>5,504,374</b>

	Consolidated					
	6/30/2020			12/31/2019		
	Cost	Accumulated amortization	Net intangible assets	Cost	Accumulated amortization	Net intangible assets
<b>In operation</b>						
Water mains	3,892,743	(2,311,086)	1,581,657	3,882,540	(2,243,126)	1,639,414
Sewage collection	5,638,118	(2,276,772)	3,361,346	5,498,307	(2,156,812)	3,341,495
Shared systems	905,940	(772,156)	133,784	880,879	(740,811)	140,068
Rights of use	573,353	(246,909)	326,444	562,075	(234,472)	327,603
Other intangible assets	129,626	(23,855)	105,771	120,917	(21,597)	99,320
<b>Total intangible assets</b>	<b>11,139,780</b>	<b>(5,630,778)</b>	<b>5,509,002</b>	<b>10,944,718</b>	<b>(5,396,818)</b>	<b>5,547,900</b>

(b) The change in intangible assets is shown below:

	Parent company					
	Systems					
	Water	Sewage collection	Common use <sup>(1)</sup>	Rights of use	Other	Total
<b>Balances at December 31, 2019</b>	<b>1,625,932</b>	<b>3,316,269</b>	<b>135,591</b>	<b>327,499</b>	<b>99,083</b>	<b>5,504,374</b>
Additions	18,928	27,736	12,140	10,969	815	70,588
Write-offs	(30,132)	(1,045)	-	(1)	(33)	(31,211)
Amortization	(69,062)	(125,416)	(26,406)	(12,426)	(2,948)	(236,258)
Transfers from financial assets <sup>(2)</sup>	6,919	88,472	1,012	105	(1,405)	95,103
Transfer between intangible assets and property, plant and equipment	598	1	452	207	(932)	326
Transfers from contract assets	8,056	25,375	7,370	-	10,846	51,647
Other	(120)	(96)	(227)	-	(31)	(474)
<b>Balances at June 30, 2020</b>	<b>1,561,119</b>	<b>3,331,296</b>	<b>129,932</b>	<b>326,353</b>	<b>105,395</b>	<b>5,454,095</b>

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

<sup>(2)</sup> The transfers from the financial asset refer basically to the incorporation of works completed in the period and renewal of the concession with Santa Luzia.

The Parent Company's amortization in the 1<sup>st</sup> half of 2020 as allocated to profit or loss was R\$ 236,258, with R\$ 233,796 as the cost of services, R\$ 356 as selling expenses and R\$ 2,106 as administrative expenses (R\$ 221,137 in the 1<sup>st</sup> half of 2019, with R\$ 217,558, R\$ 229 and R\$ 3,350 respectively).

	Consolidated					
	Systems					
	Water	Sewage collection	Common use <sup>(1)</sup>	Rights of use	Other	Total
<b>Balances at December 31, 2019</b>	<b>1,639,414</b>	<b>3,341,495</b>	<b>140,068</b>	<b>327,603</b>	<b>99,320</b>	<b>5,547,900</b>
Additions	20,013	28,140	12,368	10,969	1,007	72,497
Impairment	(1,773)	(3,345)	-	-	-	(5,118)
Write-offs	(30,137)	(1,045)	-	(1)	(33)	(31,216)
Amortization	(69,423)	(125,976)	(26,889)	(12,441)	(2,957)	(237,686)
Transfers from financial assets <sup>(2)</sup>	5,935	81,699	213	105	(1,448)	86,504
Transfers to property, plant and equipment	598	26	427	207	(932)	326
Transfers from contract assets	17,150	40,448	7,824	-	10,846	76,268
Other	(120)	(96)	(227)	2	(32)	(473)
<b>Balances at June 30, 2020</b>	<b>1,581,657</b>	<b>3,361,346</b>	<b>133,784</b>	<b>326,444</b>	<b>105,771</b>	<b>5,509,002</b>

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

<sup>(2)</sup> The transfers from the financial asset refer basically to the incorporation of works completed in the period and renewal of the concession with Santa Luzia.

The Consolidated amortization in the 1<sup>st</sup> half of 2020 as allocated to profit or loss was R\$ 237,686, with R\$ 235,209 as the cost of services, R\$ 356 as selling expenses and R\$ 2,121 as administrative expenses (R\$ 222,186 in the 1<sup>st</sup> half of 2019, with R\$ 218,592, R\$ 229 and R\$ 3,365 respectively).

	Parent company					Total
	Systems			Rights of use	Other	
	Water	Sewage collection	Common use <sup>(1)</sup>			
<b>Balances at December 31, 2018 - not audited</b>	<b>1,538,600</b>	<b>3,165,605</b>	<b>106,715</b>	<b>268,696</b>	<b>108,876</b>	<b>5,188,492</b>
Additions	24,873	63,135	40,692	79,713	2,317	210,730
Write-offs	(1,886)	(522)	(232)	(2)	110	(2,532)
Amortization	(133,075)	(238,536)	(51,580)	(22,248)	(4,678)	(450,117)
Transfers from financial assets <sup>(2)</sup>	8,981	53,739	6,806	440	(4,314)	65,652
Transfer between intangible assets and property, plant and equipment	(1,068)	9,960	1,228	372	)	(966)
Transfers from contract assets	189,666	262,888	31,912	529	8,019	493,014
Other	(159)	-	50	(1)	211	101
<b>Balances at December 31, 2019</b>	<b>1,625,932</b>	<b>3,316,269</b>	<b>135,591</b>	<b>327,499</b>	<b>99,083</b>	<b>5,504,374</b>

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

<sup>(2)</sup> The transfers of the financial asset refer basically to the incorporation of works completed in the period and adjustment to the advance acquisition of sewage systems in São João Nepomuceno, whose concession ended in 2047.

	Consolidated					Total
	Systems			Rights of use	Other	
	Water	Sewage collection	Common use <sup>(1)</sup>			
<b>Balances at December 31, 2018 - not audited</b>	<b>1,548,025</b>	<b>3,185,011</b>	<b>110,343</b>	<b>268,831</b>	<b>108,876</b>	<b>5,221,086</b>
Additions	27,362	64,304	42,060	79,713	2,621	216,060
Write-offs	(1,886)	(522)	(249)	(2)	110	(2,549)
Amortization	(133,628)	(239,454)	(52,393)	(22,277)	(4,680)	(452,432)
Transfers from financial assets <sup>(2)</sup>	9,034	52,538	6,806	440	(4,379)	64,439
Transfers to property, plant and equipment	(1,040)	10,534	626	372	(11,458)	(966)
Transfers from contract assets	192,329	269,340	32,825	529	8,019	503,042
Other	(782)	(256)	50	(3)	211	(780)
<b>Balances at December 31, 2019</b>	<b>1,639,414</b>	<b>3,341,495</b>	<b>140,068</b>	<b>327,603</b>	<b>99,320</b>	<b>5,547,900</b>

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

<sup>(2)</sup> The transfers of the financial asset refer basically to the incorporation of works completed in the period and adjustment to the advance acquisition of sewage systems in São João Nepomuceno, whose concession ended in 2047.

Average amortization rate determined at the parent company and consolidated:

	Parent company/Consolidated	
	6/30/2020	12/31/2019
Water mains	4.81%	4.69%
Sewage collection	4.68%	4.73%
Shared systems	19.63%	18.41%
Rights of use	5.15%	4.69%
Other intangible assets	3.70%	3.70%

### Impairment Testing of Long-Lived Assets

Every year the Company conducts a technical impairment test in order to ensure that its assets have not been recorded at an amount in excess of their value recoverable through use. Different impairment tests are carried out for the parent company and its subsidiary.

The Company believes it has a single Cash Generating Unit (CGU) at both the Parent Company and its subsidiary as their segments are overlapping and interdependent for generating revenue streams.

The recoverable amount of this CGU is based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU.

COPASA recognized the impact of R\$ 5,200 as share of profit (loss) of equity-accounted investees in the 1<sup>st</sup> half of 2020, due to the impairment of Copanor.

**a) Impairment Testing of Long-Lived Assets at COPANOR**

The Company conducted a technical impairment test in order to ensure that its assets have not been recorded at an amount in excess of their value recoverable through use. This study relied on data from 2019 and projections of all variables relating to production, sales, population served, costs, expenses and investments over the term of 30 years, based on the assumption that the existing concession agreements will be renewed.

The Company believes it has a single Cash Generating Unit (CGU) as its segments are overlapping and interdependent for generating revenue streams.

The projected EBITDA is based on expected future earnings taking into account business growth assumptions projected in line with Company strategy. The main assumptions were:

- Revenue growth as per the rate projected for year one and invoicing volume projected according to the population’s growth rate, service index of each system and service targets. This resulted in average growth of 0.5% per annum, with greater oscillations in the initial years due to the higher volume of investments in the opening period;
- Costs and expenses: costs on electricity and treatment materials estimated on budget amounts approved for FY 2020 and the volume produced estimated according to the rate of variance and service index of the population for the other years; other costs and expenses estimated according to the budget approved for the coming financial year and kept unchanged for the other years;
- Estimated discount rate was a post-tax measure based on the average weighted-average cost of capital for the CGU of 7.94%, with a debt leveraging of 32.7% and a financing rate of 8.83%;
- Prices were maintained constant.

Using these assumptions, the EBITDA grew by an annual average of approximately 1% over 30 years. The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU, based on the previously demonstrated premises. The CGU's carrying amount exceeded its recoverable value of R\$ 44,285 by R\$ 5,200.

Reasonably possible changes of +10% or -10% at the reporting date for each of the material assumptions, would lead to the following impacts:

Impairment adjustment	
+ 10%	(682)
- 10%	(9,556)

## 11. Property, plant and equipment

		Parent company					
		6/30/2020			12/31/2019		
	Average rate	Cost	Accumulated depreciation	Net property, plant and equipment	Cost	Accumulated depreciation	Net property, plant and equipment
<b>In operation</b>							
Machinery and equipment	14.29%	551,263	(492,303)	58,960	550,853	(488,270)	62,583
Vehicles	20.00%	87,009	(75,523)	11,486	87,337	(74,011)	13,326
Other	9.72%	31,378	(220)	31,158	35,837	(3,996)	31,841
		<b>669,650</b>	<b>(568,046)</b>	<b>101,604</b>	<b>674,027</b>	<b>(566,277)</b>	<b>107,750</b>
Land and buildings	4.52%	3,302,341	(1,865,705)	1,436,636	3,295,244	(1,812,691)	1,482,553
<b>Total in operation</b>		<b>3,971,991</b>	<b>(2,433,751)</b>	<b>1,538,240</b>	<b>3,969,271</b>	<b>(2,378,968)</b>	<b>1,590,303</b>
<b>Total property, plant and equipment</b>		<b>3,971,991</b>	<b>(2,433,751)</b>	<b>1,538,240</b>	<b>3,969,271</b>	<b>(2,378,968)</b>	<b>1,590,303</b>
		Consolidated					
		6/30/2020			12/31/2019		
	Average rate	Cost	Accumulated depreciation	Net property, plant and equipment	Cost	Accumulated depreciation	Net property, plant and equipment
<b>In operation</b>							
Machinery and equipment	14.29%	552,022	(492,525)	59,497	551,614	(488,423)	63,191
Vehicles	20.00%	87,022	(75,528)	11,494	87,350	(74,015)	13,335
Other	9.72%	31,378	(220)	31,158	35,838	(3,996)	31,842
		<b>670,422</b>	<b>(568,273)</b>	<b>102,149</b>	<b>674,802</b>	<b>(566,434)</b>	<b>108,368</b>
Land and buildings	4.52%	3,302,341	(1,865,705)	1,436,636	3,295,244	(1,812,691)	1,482,553
<b>Total in operation</b>		<b>3,972,763</b>	<b>(2,433,978)</b>	<b>1,538,785</b>	<b>3,970,046</b>	<b>(2,379,125)</b>	<b>1,590,921</b>
<b>Total property, plant and equipment</b>		<b>3,972,763</b>	<b>(2,433,978)</b>	<b>1,538,785</b>	<b>3,970,046</b>	<b>(2,379,125)</b>	<b>1,590,921</b>

The change in property, plant and equipment is shown below:

		Parent company				
		Machinery and equipment	Vehicles	Other	Land and buildings	Total
<b>Balances as of December 31, 2019</b>		<b>62,583</b>	<b>13,326</b>	<b>31,841</b>	<b>1,482,553</b>	<b>1,590,303</b>
Additions		3,456	-	-	-	3,456
Write-offs		(1)	(8)	-	-	(9)
Depreciation		(8,654)	(1,882)		(48,567)	(59,103)
Transfers from contract assets		1,653	52	4	1,942	3,651
Transfer of intangible assets		(355)	-	(2)	31	(326)
Other		278	(2)	(685)	677	268
<b>Balances at June 30, 2020</b>		<b>58,960</b>	<b>11,486</b>	<b>31,158</b>	<b>1,436,636</b>	<b>1,538,240</b>

	<b>Consolidated</b>				
	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Other</b>	<b>Land and buildings</b>	<b>Total</b>
<b>Balances as of December 31, 2019</b>	<b>63,191</b>	<b>13,335</b>	<b>31,842</b>	<b>1,482,553</b>	<b>1,590,921</b>
Additions	3,536	-	-	-	3,536
Adjustment - Impairment	(82)	-	-	-	(82)
Write-offs	(1)	(8)	-	-	(9)
Depreciation	(8,723)	(1,883)	-	(48,567)	(59,173)
Transfers from contract assets	1,653	52	4	1,942	3,651
Transfer of intangible assets	(355)	-	(2)	31	(326)
Other	278	(2)	(686)	677	267
<b>Balances at June 30, 2020</b>	<b>59,497</b>	<b>11,494</b>	<b>31,158</b>	<b>1,436,636</b>	<b>1,538,785</b>

The Parent Company's depreciation in the 1<sup>st</sup> half of 2020 as allocated to profit or loss was R\$ 59,103, with R\$ 53,056 as the cost of services, R\$ 1,614 as selling expenses and R\$ 4,433 as administrative expenses (R\$ 65,135, with R\$ 58,895, R\$ 1,420, R\$ 4,820 respectively in the 1<sup>st</sup> half of 2019).

The Consolidated depreciation in the 1<sup>st</sup> half of 2020 as allocated to profit or loss was R\$ 59,173, with R\$ 53,125 as the cost of services, R\$ 1,615 as selling expenses and R\$ 4,433 as administrative expenses (R\$ 65,191, with R\$ 58,950, R\$ 1,421 and R\$ 4,820, respectively the 1<sup>st</sup> half of 2019).

	<b>Parent company</b>				
	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Other</b>	<b>Land and buildings</b>	<b>Total</b>
<b>Balances at December 31, 2018</b>	<b>69,034</b>	<b>924</b>	<b>31,948</b>	<b>1,573,123</b>	<b>1,675,029</b>
Additions	18,799	14,392	-	-	33,191
Write-offs	(311)	(18)	-	-	(329)
Depreciation	(27,807)	(2,236)	(1)	(95,572)	(125,616)
Transfers from contract assets	3,911	264	6	3,121	7,302
Transfer of intangible assets	(993)	-	-	1,959	966
Other	(50)	-	(112)	(78)	(240)
<b>Balances as of December 31, 2019</b>	<b>62,583</b>	<b>13,326</b>	<b>31,841</b>	<b>1,482,553</b>	<b>1,590,303</b>

	<b>Consolidated</b>				
	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Other</b>	<b>Land and buildings</b>	<b>Total</b>
<b>Balances at December 31, 2018</b>	<b>69,536</b>	<b>935</b>	<b>31,949</b>	<b>1,573,123</b>	<b>1,675,543</b>
Additions	19,022	14,392	-	-	33,414
Write-offs	(311)	(18)	-	-	(329)
Depreciation	(27,924)	(2,238)	(1)	(95,572)	(125,735)
Transfers from contract assets	3,911	264	6	3,121	7,302
Transfer of intangible assets	(993)	-	-	1,959	966
Other	(50)	-	(112)	(78)	(240)
<b>Balances as of December 31, 2019</b>	<b>63,191</b>	<b>13,335</b>	<b>31,842</b>	<b>1,482,553</b>	<b>1,590,921</b>

## 12. Lease Rights of Use

### (a) Lease rights of use (Assets)

	Parent company			
	Furniture	Vehicles	Plant and Equipment	Total
<b>Initial adoption at January 01, 2020</b>	6,908	50,261	-	57,169
Additions	1,546	304	1,982	3,832
Remeasurements	(106)	992	-	886
Depreciation	(2,105)	(20,477)	(516)	(23,098)
<b>Balances at June 30, 2020</b>	<b>6,243</b>	<b>31,080</b>	<b>1,466</b>	<b>38,789</b>

	Consolidated			
	Furniture	Vehicles	Plant and Equipment	Total
<b>Initial adoption at January 01, 2020</b>	6,910	50,261	-	57,171
Additions	1,582	304	1,982	3,868
Remeasurements	(106)	992	-	886
Depreciation	(2,123)	(20,477)	(516)	(23,116)
<b>Balances at June 30, 2020</b>	<b>6,263</b>	<b>31,080</b>	<b>1,466</b>	<b>38,809</b>

	Parent company			Total
	Furniture	Vehicles		
<b>Initial adoption at January 01, 2019</b>	<b>7,236</b>	<b>31,186</b>		<b>38,422</b>
Additions	3,404	40,249		43,653
Remeasurements	(546)	519		(27)
Depreciation	(3,186)	(21,693)		(24,879)
<b>Balances at December 31, 2019</b>	<b>6,908</b>	<b>50,261</b>		<b>57,169</b>

	Consolidated			Total
	Furniture	Vehicles		
<b>Initial adoption at January 01, 2019</b>	<b>7,236</b>	<b>31,186</b>		<b>38,422</b>
Additions	3,441	40,249		43,690
Remeasurements	(546)	519		(27)
Depreciation	(3,221)	(21,693)		(24,914)
<b>Balances at December 31, 2019</b>	<b>6,910</b>	<b>50,261</b>		<b>57,171</b>

### (b) Lease rights of use (Liabilities)

	Parent company			
	Properties	Vehicles	Plant and Equipment	Total
<b>Initial adoption at January 01, 2020</b>	7,204	51,068	-	58,272
Additions	1,547	304	2,005	3,856
Remeasurements	(106)	992	-	886
Lease Payment	(2,303)	(21,359)	(554)	(24,216)
Interest	238	1,571	55	1,864
<b>Balances at June 30, 2020</b>	<b>6,580</b>	<b>32,576</b>	<b>1,506</b>	<b>40,662</b>
<b>Current liabilities</b>	<b>3,140</b>	<b>19,667</b>	<b>1,037</b>	<b>23,844</b>
<b>Non-current liabilities</b>	<b>3,440</b>	<b>12,909</b>	<b>469</b>	<b>16,818</b>

	Consolidated			
	Properties	Vehicles	Plant and Equipment	Total
<b>Initial adoption at January 01, 2020</b>	7,207	51,068	-	58,275
Additions	1,582	304	2,005	3,891
Remeasurements	(106)	992	-	886
Lease Payment	(2,322)	(21,359)	(554)	(24,235)
Interest	239	1,571	55	1,865
<b>Balances at June 30, 2020</b>	<b>6,600</b>	<b>32,576</b>	<b>1,506</b>	<b>40,682</b>
<b>Current liabilities</b>	<b>3,160</b>	<b>19,667</b>	<b>1,037</b>	<b>23,864</b>
<b>Non-current liabilities</b>	<b>3,440</b>	<b>12,909</b>	<b>469</b>	<b>16,818</b>

The discount rate used to measure the total present value of future rent payments for lease contracts signed in 2020 is 5.9% p.a. (6.8% p.a. as of December 31, 2019). The average rate used is 6.8% p.a. (6.8% p.a. as of December 31, 2019) and the average term is 31 months (30 months as of December 31, 2019).

	Parent company		
	Properties	Vehicles	Total
<b>Initial adoption at January 01, 2019</b>	<b>7,236</b>	<b>31,186</b>	<b>38,422</b>
Additions	3,404	40,250	43,654
Remeasurements	(546)	519	(27)
Principal payment	(2,890)	(20,887)	(23,777)
Interest payment	(462)	(2,796)	(3,258)
Interest	462	2,796	3,258
<b>Balances at December 31, 2019</b>	<b>7,204</b>	<b>51,068</b>	<b>58,272</b>
<b>Current liabilities</b>	<b>3,313</b>	<b>33,853</b>	<b>37,166</b>
<b>Non-current liabilities</b>	<b>3,891</b>	<b>17,215</b>	<b>21,106</b>

	Consolidated		
	Properties	Vehicles	Total
<b>Initial adoption at January 01, 2019</b>	<b>7,236</b>	<b>31,186</b>	<b>38,422</b>
Additions	3,442	40,250	43,692
Remeasurements	(546)	519	(27)
Lease Payment	(2,925)	(20,887)	(23,812)
Principal payment	(463)	(2,796)	(3,259)
Interest payment	463	2,796	3,259
<b>Balances at December 31, 2019</b>	<b>7,207</b>	<b>51,068</b>	<b>58,275</b>
<b>Current liabilities</b>	<b>3,316</b>	<b>33,853</b>	<b>37,169</b>
<b>Non-current liabilities</b>	<b>3,891</b>	<b>17,215</b>	<b>21,106</b>

(c) Lease expenses

Asset class	Parent company			Consolidated		
	6/30/2020			6/30/2020		
	Low-value leases	Short-term leases	Total	Low-value leases	Short-term leases	Total
Machinery and equipment	1,243	-	1,243	1,296	-	1,296
Copying and IT equipment	191	-	191	196	-	196
Properties	-	73	73	-	92	92
<b>Total</b>	<b>1,434</b>	<b>73</b>	<b>1,507</b>	<b>1,492</b>	<b>92</b>	<b>1,584</b>

### 13. Public-Private Partnership (PPP) - Manso River Sourcing System

COPASA MG and BRK Ambiental — Manso S.A. (formerly Odebrecht Ambiental - Manso S.A.), a special-purpose entity (SPE), formalized a Public-Private Partnership agreement in the form of an Administrative Concession, to expand the capacity of the Rio Manso Water Sourcing System, in the metropolitan region of Belo Horizonte, and the provision of services through this system.

During the construction works, the Company recognized the intangible asset according to the percentage-of-completion of construction and as a contra entry to a related liability, due to the PPP agreement. The inflation adjustment expenses were capitalized in intangible assets up to the beginning of operations on December 21, 2015.

The consideration due to the SPE started to be paid in January 2016. The amortized amount in the 1<sup>st</sup> half of 2020 was R\$ 28,863 (R\$ 34,839 in the 1<sup>st</sup> half of 2019) and the expenses incurred under the agreement were accounted for as follows: R\$ 41,179 (R\$ 39,324 in 2019) as systems maintenance expenses and R\$ 5,380 (R\$ 4,224 in the 1<sup>st</sup> half of 2019) as finance costs recognized in profit or loss according to the contractual the inflation adjustment period.

The contractual index used to adjust the recognized liability is being applied annually in April and proportionately allocated throughout the subsequent 12 months. The change in liabilities is shown below:

	Parent company/Consolidated	
	6/30/2020	12/31/2019
<b>Opening balance</b>	<b>357,419</b>	<b>414,870</b>
Restatement	7,384	14,959
Amortization	(23,483)	(64,427)
Interest paid	(5,380)	(7,983)
<b>Closing balance</b>	<b>335,940</b>	<b>357,419</b>
<b>Current liabilities</b>	<b>62,386</b>	<b>59,985</b>
<b>Non-current liabilities</b>	<b>273,554</b>	<b>297,434</b>

### 14. Taxes, contributions and social and labor obligations

	Parent company		Consolidated	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019
Taxes, contributions and social obligations (i)	222,652	76,719	224,218	77,352
Financing of taxes (ii)	-	14,289	-	14,289
Other obligations (iii)	183,295	163,985	183,669	164,447
<b>Total</b>	<b>405,947</b>	<b>254,993</b>	<b>407,887</b>	<b>256,088</b>
<b>Current liabilities</b>	<b>313,372</b>	<b>163,648</b>	<b>315,312</b>	<b>164,743</b>
<b>Non-current liabilities</b>	<b>92,575</b>	<b>91,345</b>	<b>92,575</b>	<b>91,345</b>

	Parent company		Consolidated	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019
Deposits for works (iv)	83,324	82,139	83,324	82,139
Other obligations	9,251	9,206	9,251	9,206
Financing of taxes	-	-	-	-
<b>Non-current liabilities</b>	<b>92,575</b>	<b>91,345</b>	<b>92,575</b>	<b>91,345</b>
Tax liabilities	222,652	76,719	224,218	77,352
Other obligations	90,720	72,640	91,094	73,102
Financing of taxes	-	14,289	-	14,289
<b>Current liabilities</b>	<b>313,372</b>	<b>163,648</b>	<b>315,312</b>	<b>164,743</b>

(i) The taxes, fees, contributions, and payroll taxes are broken down as follows:

	Parent company		Consolidated	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019
INSS	64,456	23,722	65,316	24,096
COFINS	99,909	25,117	100,247	25,231
PIS	21,591	5,418	21,664	5,442
Withholding Income Tax - IRRF	13,000	13,316	13,007	13,331
CSLL	2,456	-	2,456	-
FGTS	17,099	4,597	17,348	4,698
Other	4,141	4,549	4,180	4,554
<b>Current liabilities</b>	<b>222,652</b>	<b>76,719</b>	<b>224,218</b>	<b>77,352</b>

The increase in amounts is due to the Company adopting federal government measures to tackle the state of public calamity triggered by the novel coronavirus (COVID-19), including the extension of payment periods for various tax obligations.

(ii) Refers to the payment in installments of Service Tax (ISSQN) debts to City of Belo Horizonte, as described in note 26 to the Company's financial statements for the financial year ended December 31, 2019.

(iii) The various obligations break down as follows:

	Parent company		Consolidated	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019
<b>Other obligations</b>				
Deposits for works (iv)	83,324	82,139	83,324	82,139
Netting	8,177	8,187	8,177	8,187
Payroll payable	62,262	46,547	62,262	46,547
Other	29,532	27,112	29,906	27,574
<b>Total</b>	<b>183,295</b>	<b>163,985</b>	<b>183,669</b>	<b>164,447</b>
<b>Current liabilities</b>	<b>90,720</b>	<b>72,640</b>	<b>91,094</b>	<b>73,102</b>
<b>Non-current liabilities</b>	<b>92,575</b>	<b>91,345</b>	<b>92,575</b>	<b>91,345</b>

(iv) Refers to ANA funds, granted under the Water Basin Depollution Program - PRODES.

## 15. Loans, Financing and Debentures

Borrowings, financing and debentures mature up to 2041 and have average coupons of 5.6% per year for the parent and consolidated statements (6.3% per year in December 2019 for the parent and consolidated statements).

### (a) Loans and borrowings

The Company's foreign-currency loans amount to R\$ 374,120 at June 30, 2020, of which R\$ 138,025 is denominated in US dollars and R\$ 236,095 in Euros (R\$ 335,207, with R\$ 106,745 in US dollars and R\$ 228,462 in Euros as at December 31, 2019).

Changes in loans and borrowings are as follows:

	Parent company / Consolidated		
	6/30/2020	12/31/2019	6/30/2019
<b>Opening balance</b>	<b>1,281,386</b>	<b>1,398,177</b>	<b>1,398,177</b>
Inflows of loans and financing	13,692	45,210	22,784
Capitalized interest	3,851	-	-
Charges provisioned for	37,235	84,751	42,826
Monetary and exchange variance	106,846	9,021	(4,486)
Amortization of charges	(37,019)	(84,896)	(42,993)
Amortization of principal	(76,058)	(170,877)	(84,735)
Arrangement costs	(3,516)	-	-
Amortization of funding cost	122	-	-
<b>Closing balance</b>	<b>1,326,539</b>	<b>1,281,386</b>	<b>1,331,573</b>
<b>Current liabilities</b>	<b>178,540</b>	<b>170,450</b>	<b>172,227</b>
<b>Non-current liabilities</b>	<b>1,147,999</b>	<b>1,110,936</b>	<b>1,159,346</b>

The increase in amounts is due to the Company implementing the measure disclosed by BNDES to suspend debt payments for a period of 180 days, from April and May 2020. The debt amount will be added to the debit balance without changing its final maturity.

Parent company / Consolidated						
In local currency	Currency	Nominal interest rate p.a.	Monetary Restatement	Year of maturity	Carrying amount	
					6/30/2020	12/31/2019
Caixa Econômica						
Federal	BRL	7.64%	TR	8/16/2041	666,030	667,234
BNDES - BNE	BRL	6.47%	TJLP	5/15/2025	244,492	260,365
Finame	BRL	4.00%	-	1/15/2025	41,896	50,099
					<b>952,418</b>	<b>977,698</b>
In foreign currency	Currency	Nominal interest rate p.a.	Monetary Restatement	Year of maturity	Carrying amount	
					6/30/2020	12/31/2019
Banco do Brasil	USD	4.83%	USD	4/10/2024	138,026	102,189
KfW	EURO	2.07%	EURO	12/20/2023	239,489	201,499
					<b>377,515</b>	<b>303,688</b>
Arrangement costs					(3,394)	-
					<b>374,121</b>	<b>303,688</b>
<b>Loans and borrowings</b>					<b>1,326,539</b>	<b>1,281,386</b>

## (b) Debentures

The offering of the 14<sup>th</sup> issue of Debentures for Public Distribution, under the Indenture amended on June 26, 2019, was completed on June 24, 2019 with its Financial Settlement. This operation consists of the issuance of simple non-convertible, ordinary debentures by the Company pursuant to Law 6385 dated December 7, 1976 (as amended), CVM Directive 476 issued January 19, 2009 and Brazilian Corporation Law. The issuance was made on June 15, 2019 in two series, in the communicating vessels system, where the number of debentures allocated to each series was determined by the book building procedure taking place on June 24, 2019 on the following terms: (i) First Series: volume of 56,500 debentures, bearing interest equivalent to 106.15% of the CDI rate p.a., with a five-year maturity and a two-year grace period; (ii) Second Series: volume of 142,500 debentures, bearing interest at the IPCA price index + 4.3% p.a., with a seven-year maturity and a three-year grace period amounting to 199,000 (one hundred ninety-nine thousand) debentures with a par value of R\$ 1, totaling R\$ 199,000.

Changes in debentures are as follows:

	Parent company / Consolidated		
	6/30/2020	12/31/2019	6/30/2019
<b>Opening balance</b>	<b>2,028,851</b>	<b>2,143,891</b>	<b>2,143,891</b>
Proceeds from debentures	-	269,944	259,026
Capitalized interest	4,545	-	-
Charges provisioned for	48,999	141,811	71,196
Monetary variance	7,863	24,063	17,313
Amortization of charges	(55,727)	(148,789)	(72,220)
Amortization of principal	(70,220)	(402,067)	(284,833)
Borrowing Costs	-	(1,480)	(1,480)
Amortization of funding cost	876	1,478	725
<b>Closing balance</b>	<b>1,965,187</b>	<b>2,028,851</b>	<b>2,133,618</b>
<b>Current liabilities</b>	<b>151,171</b>	<b>214,489</b>	<b>244,911</b>
<b>Non-current liabilities</b>	<b>1,814,016</b>	<b>1,814,362</b>	<b>1,888,707</b>

The increase in amounts is due to the Company implementing the measure disclosed by BNDES to suspend debt payments for a period of 180 days, from April and May 2020. The debt amount will be added to the debit balance without changing its final maturity.

	Parent company / Consolidated					
	Currency	Nominal interest rate p.a.	Monetary restatement	Year of maturity	Carrying amount 6/30/2020	Carrying amount 12/31/2019
Subscription 4 <sup>th</sup> issue						
1 <sup>st</sup>	URTJLP	1.55%	TJLP	7/15/2022	58,508	66,481
2 <sup>nd</sup>	IPCA	9.05%	IPCA	8/15/2022	135,503	129,309
3 <sup>rd</sup>	URTJLP	1.55%	TJLP	7/15/2022	77,465	88,020
<b>Total 4<sup>th</sup> issuance</b>					<b>271,476</b>	<b>283,810</b>
Subscription 5 <sup>th</sup> issuance						
Single	BRL	9.00%	TR	9/1/2031	197,720	206,507
<b>Total 5<sup>th</sup> issuance</b>					<b>197,720</b>	<b>206,507</b>
Subscription 7 <sup>th</sup> issuance						
1 <sup>st</sup>	BRL	-	-	4/15/2019	-	-
2 <sup>nd</sup>	IPCA	7.39%	IPCA	4/15/2021	33,375	69,989
<b>Total 7<sup>th</sup> issuance</b>					<b>33,375</b>	<b>69,989</b>
Subscription 8 <sup>th</sup> issuance						
1 <sup>st</sup>	URTJLP	1.87%	TJLP	6/15/2028	65,277	67,191
2 <sup>nd</sup>	BRL	8.18%	IPCA	6/15/2028	32,187	32,755
<b>Total 8<sup>th</sup> issuance</b>					<b>97,464</b>	<b>99,946</b>
Subscription 11 <sup>th</sup> issuance						
1 <sup>st</sup>	URTJLP	2.62%	TJLP	1/15/2031	107,408	109,406
2 <sup>nd</sup>	IPCA	8.85%	IPCA	1/15/2031	50,272	50,616
<b>Total 11<sup>th</sup> issuance</b>					<b>157,680</b>	<b>160,022</b>
Subscription 12 <sup>th</sup> issuance						
1 <sup>st</sup>	IPCA	5.06%	IPCA	1/15/2024	206,469	204,692
2 <sup>nd</sup>	IPCA	5.27%	IPCA	1/15/2026	88,904	88,144
<b>Total 12<sup>th</sup> issuance</b>					<b>295,373</b>	<b>292,836</b>
Subscription 13 <sup>th</sup> issuance						
1 <sup>st</sup>	BRL	106.9% of DI	-	7/15/2021	94,174	95,106
2 <sup>nd</sup>	BRL	110.0% of DI	-	7/15/2023	549,449	555,043
3 <sup>rd</sup>	IPCA	6.50%	IPCA	7/15/2025	72,916	72,311
<b>Total 13<sup>th</sup> issuance</b>					<b>716,539</b>	<b>722,460</b>
Subscription 14 <sup>th</sup> issuance						
1 <sup>st</sup>	BRL	106.15% of DI	-	6/15/2024	56,561	56,603
2 <sup>nd</sup>	IPCA	4.30%	IPCA	6/15/2026	145,438	143,993
<b>Total 14<sup>th</sup> issuance</b>					<b>201,999</b>	<b>200,596</b>
<b>Total debentures</b>					<b>1,971,626</b>	<b>2,036,166</b>
Borrowing Costs					(6,439)	(7,315)
<b>Total</b>					<b>1,965,187</b>	<b>2,028,851</b>

**(c) Covenants and security**

The Company has borrowings, financing and debentures that require the compliance with restrictive covenants based on certain financial ratios, with different result calculation periods, as specified in the related agreements. Some agreements prescribed that in case of noncompliance with these ratios, the Company must provide additional collaterals to the creditor or comply with contractual financial ratios within a given period. Finally, if a temporary compliance waiver for these ratios is not obtained, the creditor may trigger early debt maturity.

The Company has monetary pledges, as cited in Note 07, in addition to a statutory lien on receivables, as per Note 22.1(c). Both guarantees occur within the term or grace period of the contracted debts.

In addition to the financial guarantees submitted to creditors under its debts, the Company has been performing specific and particular non-financial obligations for each contract.

**16. Provision for Legal Claims**

**(a) Provisioned for legal claims**

The breakdown of the provision for legal claims is as follows:

	<b>Parent company</b>					
	<b>6/30/2020</b>			<b>12/31/2019</b>		
	<b>Contin-gencies</b>	<b>Judicial deposits</b>	<b>Net balance</b>	<b>Contin-gencies</b>	<b>Judicial deposits</b>	<b>Net balance</b>
Civil	82,624	(2,476)	80,148	83,544	(12,456)	71,088
Labor	67,505	(4,313)	63,192	71,300	(8,235)	63,065
Tax	12,668	(9,501)	3,167	12,511	(437)	12,074
Environmental	41,004	-	41,004	46,221	-	46,221
<b>Total</b>	<b>203,801</b>	<b>(16,290)</b>	<b>187,511</b>	<b>213,576</b>	<b>(21,128)</b>	<b>192,448</b>

  

	<b>Consolidated</b>					
	<b>6/30/2020</b>			<b>12/31/2019</b>		
	<b>Contin-gencies</b>	<b>Judicial deposits</b>	<b>Net balance</b>	<b>Contin-gencies</b>	<b>Judicial deposits</b>	<b>Net balance</b>
Civil	83,031	(2,676)	80,355	83,940	(12,717)	71,223
Labor	67,583	(4,339)	63,244	71,453	(8,261)	63,192
Tax	12,668	(9,501)	3,167	12,511	(437)	12,074
Environmental	41,004	-	41,004	46,221	-	46,221
<b>Total</b>	<b>204,286</b>	<b>(16,516)</b>	<b>187,770</b>	<b>214,125</b>	<b>(21,415)</b>	<b>192,710</b>

The changes in the provision for legal claims are as follows:

	<b>Parent company</b>	<b>Consolidated</b>
<b>Balance as at December 31, 2019, before the offset of judicial deposits</b>	<b>213,576</b>	<b>214,125</b>
Additions	12,852	12,904
Restatements	4,482	4,492
Reversals	(12,528)	(12,610)
Write-offs	(14,581)	(14,625)
<b>Total provisions</b>	<b>203,801</b>	<b>204,286</b>
Offset against escrow deposits	(16,290)	(16,516)
<b>Balance at June 30, 2020</b>	<b>187,511</b>	<b>187,770</b>

The additions and reversals reflect the addition of new cases and the reassessment of the likelihood of loss in lawsuits made in the Contingency Forum of COPASA MG for the review and validation of the risks evidenced by the legal department in the proceedings against the Company, based on jurisprudence or prior court rulings. The adjustments refer to the adjustment of the provision for inflation.

The changes can be summarized as follows:

1. Additions of R\$ 12,528 for the monetary restatement of the provisioned for balance, reclassification of risk and making a provision for multiple civil and labor claims, including the R\$ 3,115 increase in the provision for the civil claim cited in item 2, due to enforcement of the award.
2. Reversals of R\$ 12,528, especially the amount of R\$ 5,339 for the provision for State Law 12.503/97, due to the increase in investments in environmental preservation using funds from the *Pró-mananciais* program.
3. Write-offs of R\$ 14,581 especially the amount of R\$ 3,488 relating to the rebate of the sewage charge for part of the consumers in Pará de Minas, as per the action described in item 1 of the civil provisions, in addition to several dispersed civil actions.

	<u>Parent company</u>	<u>Consolidated</u>
<b>Balance as at December 31, 2018, before the offset of judicial deposits</b>	<b>153,919</b>	<b>154,339</b>
Additions	82,013	82,259
Restatements	6,642	6,665
Reversals	(11,052)	(11,104)
Write-offs	(17,946)	(18,034)
<b>Total provisions</b>	<b>213,576</b>	<b>214,125</b>
Offset against escrow deposits	(21,128)	(21,415)
<b>Balance at December 31, 2019</b>	<b>192,448</b>	<b>192,710</b>

The Company is a party to several lawsuits arising in the normal course of business and the quantity and value of these lawsuits are very diluted. The main lawsuits are listed below:

**(i) Provisions for civil contingencies**

The provisions for civil contingencies refer to lawsuits claiming compensation for property damages or pain and suffering, or claims for the reimbursement due to overpayment or double billing. COPASA MG estimates the provision based on the billed amounts subject to challenges and recent court decisions.

1. The Prosecutor's Department of Minas Gerais state filed a public civil action which ruled against the Company by revoking the increase in the sewage collection rate introduced by COPASA MG in September 2012, and ordering the Company to return the unduly received amounts resulting from this increase to all consumers in the municipality of Pará de Minas, within 90 days as from the date the decision was made final and unappealable. The amount as of June 30, 2020 is R\$ 18,287 (R\$ 21,527 as of December 31, 2019).
2. In 2005 the Public Prosecutions Department of Minas Gerais state filed a compensation lawsuit due to environmental damages caused to Lagoa Central, in the municipality of Lagoa Santa and COPASA MG was sentenced to paying said compensation. Currently, there is an appeal with the Superior Court of Justice on the matter. The provision as of June 30, 2020 is R\$ 9,478 (R\$ 6,309 as of December 31, 2019).
3. In 2003 the Prosecutor's Department of Minas Gerais state filed a collective civil action to recover for users the readjustment for March 2003 on the grounds that these amounts were charged in the same month that the readjustment was authorized when they should have been charged 30 days after the authorized term. The decision went against COPASA MG and the award is now being calculated, pending performance of the expert analysis. The Company made a provision with a view to filing court agreement to complete the proceeding. The provision as of June 30, 2020 is R\$ 16,384 (R\$ 16,177 as of December 31, 2019).

**(ii) Tax provisions**

The municipality of Montes Claros filed a tax enforcement demanding tax liabilities recorded as overdue federal liability certificates 3496/2015; 3497/2015; 3498/2015 and 3499/2015, amounting to R\$ 9,021. This entails the enforcement of the municipal tax liability for ISSQN, for the period prior to the publication of Supplementary Law 116/2003, between January 2000 and December 2003, in which COPASA MG was not exempt from municipal taxes. The Minas Gerais Court of Appeal ruled that the tax is owed to the municipality of Montes Claros. The amount determined as of June 30, 2020 is R\$ 10,992 (R\$ 10,854 as of December 31, 2019).

**(iii) Provision for labor contingencies**

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. The Company recognizes all labor contingencies with likelihoods of unfavorable outcome considered probable.

1. There is a labor class action, No. 0102100-74.2008.5.03.0024, processed at the 24<sup>th</sup> Labor Court of Belo Horizonte, linked to a public civil lawsuit, whereby SINDAGUA and the Public Prosecution Office challenge the extinct dismissal policy and motivational program adopted by the Company, pleading for the reintegration of the employees dismissed under this policy and payment of salaries not yet due and already due. In this case, COPASA MG was successful in the lower court, but the decision was reversed by the appellate court, and is currently pending a decision by the Superior Labor Court. On February 24, 2018, the Superior Labor Court issued a decision against the interlocutory appeal filed by COPASA MG. The likelihood of loss in this case was assessed as probable and its amount was determined based on calculations made using legal guidelines and grounds stated by the lawyers responsible for the case. The related provision as at June 30, 2020 is R\$ 32,520 (R\$ 31,710 as at December 31, 2019).

**(iv) Provisions for environmental contingencies**

State Law 12503/97 establishes that the Company, as a public utility services concession operator, is required to protect and preserve the environment by investing 0.5% of its operating revenue earned in the municipalities where it operates, of which one third must be allocated to the recovery of the woods along bodies of water.

In order to mitigate the imminent risks and protect the Company against negative impacts on its earnings due to unfavorable court rulings regarding the suspension of all legal proceedings challenging the constitutionality of such Law, as at June 30, 2020 the Company maintains the provision of R\$ 41,003 (R\$ 46,221 as of December 31, 2019).

**Contingencies not provisioned for**

COPASA MG is a party to other lawsuits rated as possible defeats. No provision was recognized for such lawsuits to cover any losses since the Company believes that there are solid legal grounds to support the adopted defense procedures.

The proceedings at the administrative level and in different level courts, filed against the Company, are broken down as follows:

Nature	Parent company		Consolidated	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019
Civil (i)	430,661	438,571	437,664	447,197
Labor (ii)	47,146	39,360	47,291	39,394
Tax (iii)	73,404	67,073	73,959	67,073
<b>Total</b>	<b>551,211</b>	<b>545,004</b>	<b>558,914</b>	<b>553,664</b>

## (i) Civil

Refer to lawsuits filed by customers, State and Federal prosecutors, municipalities, associations, etc., that seek jurisdictional protection with respect to different issues, except for tax- and labor-related claims, which are at various court levels, judicial courts and small claims courts, and are summarized as follows:

### Individual lawsuits

The Company and its subsidiary are parties to a significant number of individual lawsuits claiming compensation for damages for the disconnection of water services and damage caused by construction works. These lawsuits were filed in the normal course of business and involve pain and suffering and damages, such as for damages to properties and vehicles, and accidents caused during our activities, among others. Management does not believe that an unfavorable outcome in these lawsuits, either individually or collectively, would have a material adverse effect on results of operations, financial condition or business prospects of the Company and its subsidiary.

The most significant individual lawsuits are described below:

1. Provision fine collection lawsuit for alleged noncompliance of court order demanding the uninterrupted supply of potable water in the municipality of Ubá, part of the records of a civil class action. This provisional collection is still pending judgment and is being processed at the 1<sup>st</sup> Civil District Court of Ubá. The case is worth R\$ 94,159 as of June 30, 2020 (R\$ 92,970 as of December 31, 2019).
2. Lawsuit filed by Augusta Silva Seabra and other parties, alleging that she is the lawful owner of a property located in the Nova Suíça District, Nova Lima, totaling an area of 76,735 m<sup>2</sup>. She alleges that in 1999 the defendant invaded said property, without any expropriation order, and fenced off an area of 28,334 m<sup>2</sup> to supply water to Belo Horizonte. Accordingly, she is requesting the repossession of the property and the return of the fenced area "in the same conditions as found". In addition, she is claiming compensation for the market value of the property, valued at R\$ 6,288. Note that the claimant has not provided proof that she is the rightful owner of the property as claimed in the Statement of Claim. On the other hand, the vast attached documentation (transfer of the area to COPASA MG under a Concession arrangement with the City of Belo Horizonte, the plans, project descriptions, and sentence letter in favor of the Company) by the defendant evidence the inconsistency of the claim. The case is worth R\$ 15,379 as of June 30, 2020 (R\$ 15,184 as of December 31, 2019).
3. Claim filed by Sebastiana Ferreira Guimarães Scarabelli and other parties, where in summary the claimants alleged that they are the heirs of a property located in Padre Carvalho, where COPANOR's WWTP was built, alleging that they found this property after their father died, during the estate inventory. Currently this case is at the fact-finding stage. In principle, based on COPANOR's own investigation, the claimed property is not the same property where the WWTP is located and also the claimed property had already been sold to third parties (Empresa Florestal). The Company, however, awaits the expert's report. The case is worth R\$ 5,448 as of June 30, 2020 (R\$ 5,379 as of December 31, 2019).
4. Civil Public Action filed by the municipality of Coronel Fabriciano, in 2020, on the grounds the Company was not performing all its contractual obligations, as it had not treated all of the sewage produced in the municipality. This failure to treat sewage had also caused environmental damage. Because of this, the Municipality intends to have COPASA instructed not to charge sewage fees or to charge them at a proportionally reduced amount until all of the sewage has been treated; and to pay a compensatory fine to the municipality of Coronel Fabriciano, for the allegedly breach of Concession Agreement rules; return charged sewage fees to users; roll out full sewage treatment in the municipality; and pay compensation for collective moral damages. The interim relief was denied because the claims did not have to be examined urgently and there was no prevailing case law around the possibility of charging sewage rates under the services provided. COPASA MG submitted a contestation in its defense, amongst other arguments contending that there was no contractual nonperformance, as the sewage service embraces more than 108 thousand people; works are in progress interconnecting the Integrated System to the municipality of Timóteo, where half the population is now served by this System. The case amount as of June 30, 2020 is R\$ 5,003.

## Class actions

The Company is party to public civil actions and class actions that challenge and seek to annul, suspend or declare void 30 of its concession arrangements, namely those entered into with the municipalities of Andradas, Araçuaí, Barbacena, Betim, Caratinga, Cataguases, Confins, Congonhas, Curvelo, Divinópolis, Fronteira, Esmeraldas, Guaxupé, Guidoal, Igaratinga, João Pinheiro, Mirabela, Lagoa Santa, Mirai, Nanuque, Paracatu, Patos de Minas, Pirapetinga, Ribeirão das Neves, São Gotardo, Sabará, São Sebastião do Paraíso, Serra da Saudade, Tiros and Vazante. These actions were rated as possible or remote defeats, and no provisions were therefore recognized. It is worth noting also that a precedent from the Court of Justice of the State of Minas Gerais in a similar case and the opinions of renowned jurists are in favor of the Company's position that the concession arrangements are lawful instruments.

## (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, and joint liability in cases for contractors, service providers and suppliers.

All labor claims are initially classified as possible losses and the risk rating defeat, contingency value and provision are periodically reviewed and changed as decisions are delivered at each procedural stage.

## (iii) Tax

The Company assessed the timing for the utilization of PIS and COFINS credits, pursuant to Law 11488/07, Law 11638/07, and Law 12973/14. COPASA MG, based on the opinion of its independent legal advisors on the interpretation of the timing for the utilization of these credits, believes that the currently adopted procedure is appropriate. If the tax treatment is rejected, the Company estimates additional tax expenses of approximately R\$ 61,492 (R\$ 62,047 consolidated), where our independent legal advisers assess the chance of COPASA MG prevailing in the event of a legal dispute as possible.

## 17. Deferred Income and Social Contribution Taxes

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

The amounts recorded in the financial statements as income tax and social contribution expenses are reconciled with the standard rates established by law, as follows:

	Parent company			
	Three-month periods ended June 30		Six-month periods ended June 30,	
	2020	2019	2020	2019
Net income before tax and contributions	198,395	166,474	421,170	422,190
Statutory rate	34%	34%	34%	34%
<b>Expected Revenue (Expense) at nominal rate</b>	<b>(67,454)</b>	<b>(56,601)</b>	<b>(143,198)</b>	<b>(143,545)</b>
IRPJ and CSLL on:				
(Additions)/deductions				
Share of profit (loss) of equity-accounted investees	(694)	(582)	(3,750)	(1,723)
Donations and subsidies	-	104	-	104
Other (additions) /exclusions	(551)	1,134	(955)	628
Other reconciliation items				
Interest on equity	14,925	7,127	30,383	25,143
Tax incentives	1,724	1,403	3,530	2,997
<b>IRPJ and CSLL</b>	<b>(52,050)</b>	<b>(47,415)</b>	<b>(113,990)</b>	<b>(116,396)</b>
Effective rate	26.24%	28.48%	27.07%	27.57%
Current IRPJ and CSLL	(83,185)	(66,497)	(173,943)	(137,365)
Deferred IRPJ and CSLL	31,135	19,082	59,953	20,969
<b>IRPJ and CSLL</b>	<b>(52,050)</b>	<b>(47,415)</b>	<b>(113,990)</b>	<b>(116,396)</b>

	<b>Consolidated</b>			
	<b>Three-month periods ended June 30</b>		<b>Six-month periods ended June 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Net income before tax and contributions	198,395	166,474	421,170	422,190
Statutory rate	34%	34%	34%	34%
<b>Expected Revenue (Expense) at nominal rate</b>	<b>(67,454)</b>	<b>(56,601)</b>	<b>(143,198)</b>	<b>(143,545)</b>
IRPJ and CSLL on:				
(Additions)/deductions				
Donations and subsidies	-	104	-	104
Other (additions) /exclusions	(1,245)	552	(4,705)	(1,095)
Other reconciliation items				
Interest on equity	14,925	7,127	30,383	25,143
Tax incentives	1,724	1,403	3,530	2,997
<b>IRPJ and CSLL</b>	<b>(52,050)</b>	<b>(47,415)</b>	<b>(113,990)</b>	<b>(116,396)</b>
Effective rate	26.24%	28.48%	27.07%	27.57%
Current IRPJ and CSLL	(83,185)	(66,497)	(173,943)	(137,365)
Deferred IRPJ and CSLL	31,135	19,082	59,953	20,969
<b>IRPJ and CSLL</b>	<b>(52,050)</b>	<b>(47,415)</b>	<b>(113,990)</b>	<b>(116,396)</b>

**(b) Deferred income and social contribution taxes**

The amounts for offsetting are as follows:

<b>Equity balances</b>	<b>Parent company / Consolidated</b>	
	<b>6/30/2020</b>	<b>12/31/2019</b>
<b>In the assets</b>		
Temporary differences:		
Impairment loss on trade receivables	130,304	43,720
Provision for legal claims	202,864	212,639
Provision for actuarial liabilities - comprehensive income	112,149	112,149
Balance of assigned assets to be depreciated	138,337	142,346
Difference in amortization generated for the deduction of the financial asset	399,496	372,559
Provision for ISSQN - netting of PBH	-	3,398
Exchange variance on loans	87,796	32,318
Other sundry temporary provisions	140,674	101,015
<b>Total assets</b>	<b>1,211,620</b>	<b>1,020,144</b>
Deferred IRPJ	302,905	255,036
Deferred CSLL	109,046	91,813
	<b>411,951</b>	<b>346,849</b>
<b>In the liabilities</b>		
Temporary differences:		
Exchange variance on loans	11,453	14,544
Margin of deferred construction revenue	94,870	97,508
Capitalization of deducted financial asset	251,474	232,945
Borrowing cost of debentures issuance	6,439	7,315
Borrowing cost	3,394	-
Provision of CPC adjustments - comprehensive income	78,176	68,104
<b>Total liabilities</b>	<b>445,806</b>	<b>420,416</b>
Deferred IRPJ	111,451	105,104
Deferred CSLL	40,123	37,837
	<b>151,574</b>	<b>142,941</b>
<b>Deferred net IRPJ and CSLL</b>	<b>260,377</b>	<b>203,908</b>

No amendments have been made to the tax regulations or rates applicable to the Company's income taxes as part of the federal government's response to the Covid-19 pandemic.

As of June 30, 2020 there were no changes to the nature and conditions of the income and social contribution taxes in relation to that described in Note 18 to the Company's Financial Statements for the financial year ended December 31, 2019. Management therefore decided not to reproduce this information in this interim accounting information.

## 18. Technical Cooperation Arrangement

The balance of arrangements in assets breaks down as follows:

	Parent company			
	Receivable	Advance	Net	
<b>June 30, 2020</b>				
State	4,147	(3,904)	243	
Other	160,666	(118,307)	42,359	
<b>Total</b>	<b>164,813</b>	<b>(122,211)</b>	<b>42,602</b>	
<b>December 31, 2019</b>				
State	-	(3,847)	(3,847)	
Other	204,587	(164,675)	39,912	
<b>Total</b>	<b>204,587</b>	<b>(168,522)</b>	<b>36,065</b>	
	Consolidated			
	Receivable	Advance	Net	
<b>June 30, 2020</b>				
State	562,912	(562,648)	264	
Other	160,666	(118,307)	42,359	
<b>Total</b>	<b>723,578</b>	<b>(680,955)</b>	<b>42,623</b>	
<b>December 31, 2019</b>				
State	558,765	(562,591)	(3,826)	
Other	204,587	(164,675)	39,912	
<b>Total</b>	<b>763,352</b>	<b>(727,266)</b>	<b>36,086</b>	
	Parent company		Consolidated	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019
<b>Current assets</b>	15,584	471	15,605	492
<b>Noncurrent assets</b>	27,018	35,594	27,018	35,594
	<b>42,602</b>	<b>36,065</b>	<b>42,623</b>	<b>36,086</b>

The balance of arrangements in liabilities breaks down as follows:

	Parent company/ Consolidated		
	Advance	Receivable	Net
<b>June 30, 2020</b>			
State funds	3	-	3
Other	41,595	(39,742)	1,853
<b>Total</b>	<b>41,598</b>	<b>(39,742)</b>	<b>1,856</b>
<b>December 31, 2019</b>			
State funds	-	-	-
Other	49,736	(43,242)	6,494
<b>Total</b>	<b>49,736</b>	<b>(43,242)</b>	<b>6,494</b>
	Parent company/Consolidated		
	6/30/2020	12/31/2019	
<b>Current liabilities</b>		1,856	3,326
<b>Non-current liabilities</b>		-	3,168
	<b>1,856</b>		<b>6,494</b>

## 19. Retirement Benefit Obligations

The related amounts and information on retirement benefit obligations are as follows:

<b>Parent company / Consolidated</b>		
	<b>6/30/2020</b>	<b>12/31/2019</b>
Current liabilities	15,597	25,561
Noncurrent liabilities	137,821	136,007
	<b>153,418</b>	<b>161,568</b>
Regular contributions	17,444	16,609
<b>Total obligations recorded in the statement of financial position</b>	<b>170,862</b>	<b>178,177</b>

Changes in net liabilities were as follows:

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

<b>Parent company / Consolidated</b>	
<b>Net liability at December 31, 2018</b>	<b>144,829</b>
Amounts recognized in the statement of income	5,014
Actuarial losses are directly recognized in other comprehensive income	-
IR and CSLL on actuarial losses directly recognized in other comprehensive income	-
Amortization of principal	(11,719)
Amortization of debt interest	(1,403)
Provision for employer contributions	21,067
Provision for participant contributions	31,091
Amortization of contributions (employer and participants)	(58,994)
<b>Net liability at June 30, 2019</b>	<b>129,885</b>
<b>Current liabilities</b>	<b>33,617</b>
<b>Non-current liabilities</b>	<b>96,268</b>

### Amounts broken down by Benefit plan (1)

#### 1) RP1-BD Benefits plan

	<b>6/30/2020</b>	<b>12/31/2019</b>
Present value of financed obligations	(75,112)	(72,830)
Fair value of the plan's assets	71,348	63,763
Restriction of contracted deficit	(405)	(312)
<b>Plan's net liabilities</b>	<b>(4,169)</b>	<b>(9,379)</b>

## 2) Settled COPASA Plan -BD

	<u>6/30/2020</u>	<u>12/31/2019</u>
Present value of financed obligations	(1,399,649)	(1,374,648)
Fair value of the plan's assets	1,260,406	1,222,457
Minimum fundamental requisites (additional liability)	-	-
<b>Plan's net liabilities</b>	<b><u>(139,243)</u></b>	<b><u>(152,191)</u></b>

## 3) New COPASA Plan -CD

	<u>6/30/2020</u>	<u>12/31/2019</u>
Present value of financed obligations	(10,283)	(9,764)
Fair value of the plan's assets	45,903	42,457
Effect of asset ceiling	(35,620)	(32,693)
<b>Plan's net assets / liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>

<sup>(1)</sup> Amounts projected for FY 2020 stated in the actuarial report prepared on December 31, 2019. The Company conducts an annual actuarial assessment of the 03 retirement benefit plans.

As of June 30, 2020 there were no changes to the nature and conditions of the retirement benefit plans in relation to that described in Note 20 to the Company's Financial Statements for the financial year ended December 31, 2019. Management therefore decided not to reproduce this information in this interim accounting information.

## 20. Equity and Dividends

### (a) Capital

The Company is listed in the New Corporate Governance Market of B3 — Brasil, Bolsa, Balcão, a stock exchange, and its capital consists exclusively of common shares. As of June 30, 2020 and December 31, 2019, the subscribed and paid-in authorized capital amounts to R\$ 3,402,385, comprising 126,751,023 registered, common shares with no par value.

### (b) Profit reserves

There were no changes to the reserves in relation to that described in Note 21 (b) to the Company's Financial Statements for the financial year ended December 31, 2019. Management therefore decided not to reproduce this information in this interim accounting information.

### (c) Asset and liability valuation adjustments

There were no material changes to the balances of asset and liability valuation adjustments in this quarter.

### (d) Shareholder compensation

#### • Dividend Policy

On May 7, 2018, the Extraordinary General Meeting approved the revision of the Company's Dividends Policy by setting the rules for the distribution of proceeds based on the Company's observed leverage, as shown below:

#### • Regular Dividends

By March 31 of each year, the Board of Directors sets the percentage of the Adjusted Profit for the Year to be distributed, subject to the 25% minimum under the bylaws, and capped at 50%.

Dividends are declared on a quarterly basis and paid within 60 days, as from the dividend declaration date, except for the amounts for the fourth quarter, which are defined by the Annual General Meeting (AGM).

- **Extraordinary Dividends**

In conjunction with the release of the Financial Statements and Interim Accounting Information for the second quarter of each year, management will disclose the Regulatory Compliance Calculation, including payment of Regular Dividends, in order to determine whether it falls within the margin considered efficient (efficient regulatory leveraged range).

This declaration will be made after studies are carried out showing that any payment of Extraordinary Dividends will not jeopardize the financial health, investment plan or current liquidity of the Company.

We emphasize that for the current regulatory cycle the Regulatory Compliance Calculation means the multiple of the Company's Net Debt over EBITDA accumulated in the 12 months before the calculation period (Net Debt/EBITDA), which should achieve the ratio of 2.10x, with a margin of 0.10x either way.

- **Regulatory Compliance Calculation as of June 30, 2020**

As of June 30, 2020 the Net Debt/EBITDA multiple (Regulatory Compliance Calculation) was 1.3x. However, as per the decision made by the Board of Directors' meeting held June 18, 2020, disclosed in a press release on the same date, no extraordinary dividends will be paid out for the time being because of the current macroeconomic instability. Under the Board of Directors' decision, this matter has to be reviewed by the end of FY 2020.

#### **Declaration of dividends/interest on equity for the period**

- **Regular Dividends**

In accordance with this Policy, at a meeting held March 19, 2020 the Board of Directors resolved the distribution of dividends for FY 2020 at 25% (twenty-five percent) of net income, adjusted pursuant to article 202 of Law 6404/76, in the form of JCP.

Based on this decision, at a meeting held March 20, 2020 the Board of Directors approved the payment of JCP for 1Q2020 in the amount of R\$ 45,466, which was paid on May 19, 2020, and a meeting held June 18, 2020 approved the payment of JCP for 2Q2020 in the amount of R\$ 43,895, to be paid in up to 60 days.

Due to the retention of income tax on JCP and the shareholder's right to receive the minimum mandatory dividend of 25%, the 15% income tax withheld at source was included in the calculation of interest on equity, amounting to a percentage distribution of 29.41% on net income.

In FY 2019 the Company used part of the interest of the shareholder Minas Gerais state to settle overdue invoices. No such interest was retained as of June 30, 2020.

The change in the balance of "dividends and interest on equity payable" is shown below:

	<b>Parent company / Consolidated</b>	
	<b>6/30/2020</b>	<b>12/31/2019</b>
<b>Dividends and interest on equity payable at start of year</b>	<b>80,719</b>	<b>93,397</b>
Interest on equity proposed	89,361	210,587
IR withheld at source on interest on equity	(4,597)	(10,416)
Interest on equity paid in the period	(123,566)	(134,730)
Interest on equity retained in the Netting of MG state	-	(78,115)
Interest on equity expired	-	(4)
<b>Dividends and interest on equity payable at end of year</b>	<b>41,917</b>	<b>80,719</b>

- **Extraordinary Dividends**

At a meeting held June 18, 2020 the Board of Directors decided not to pay out Extraordinary Dividends for the time being, as a conservative measure, thus preserving the Company's cash reserves so it can honor existing commitments. This decision was made based on the following points:

- i) The distance of measures taken by the Company to ensure it can continue providing the sewage treatment and water supply service and minimize the impact on the population triggered by the novel coronavirus pandemic (Covid-19), and which will delay bill payments. Despite being approved by the Regulatory Agency, these measures are affecting operating cash generation;
- ii) any difficulties or unfavorable conditions to raise funds in the market at the present moment. To make its investments for 2020 the company might therefore have to draw more heavily on its own funds, instead of borrowing as would have originally been the case; and
- iii) implementation by the Company of the measure disclosed by the National Bank for Economic and Social Development - BNDES, suspending the payment of loan and debenture debts for a period of 6 (six) months.

Company management believes that the economy might get back to normal by the end of FY 2020, whereupon it can review this matter.

**(e) Earnings per share**

- Basic

The Company calculates basic earnings per share by dividing the net income attributable to the company's shareholders by the weighted average number of common shares issued in the period, excluding the common shares purchased by the company and held as treasury stock (item "a" of this Note).

	<b>Consolidated</b>			
	<b>Three-month periods ended June 30</b>		<b>Six-month periods ended June 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Profit attributable to the Company's shareholders	146,345	119,059	307,180	305,794
Weighted average number of common shares issued - thousands	126,394	126,394	126,394	126,394
<b>Basic earnings per share (in Reais)</b>	<b>1.16</b>	<b>0.94</b>	<b>2.43</b>	<b>2.42</b>

- Diluted

In the 1<sup>st</sup> half of 2020 and 2019 and 2019 the diluted earnings per share are equal to the basic earnings because there are no dilutive instruments.

## 21. Segment reporting

Company Management defined the operating segments used for strategic decision-making as water supply, sewage treatment and solid waste disposal services.

### (i) Net income

	Consolidated				
	Six-month period ended June 30, 2020				
	Water services	Sewage services	Solid waste	Reconciliation with the Financial Statements	Balance as per Financial Statements
Gross operating revenue*	1,691,459	965,899	1,173	125,097	2,783,628
Deductions from gross revenue	(156,784)	(89,391)	(144)	-	(246,319)
Net operating revenue*	1,534,675	876,508	1,029	125,097	2,537,309
Selling and administrative expenses and costs	(1,169,031)	(667,675)	-	(125,097)	(1,961,803)
Operating profit before other net operating expenses	365,644	208,833	1,029	-	575,506
Other net operating income/(expenses)					(42,003)
Financial income, net					(112,333)
<b>Net operating income before tax</b>					<b>421,170</b>
Amortization	69,423	125,976		42,287	237,686

\* The Company does not have intersegment revenue, only having external clients.

Depreciation of property, plant and equipment is allocated as follows: R\$ 32,373 to water services, R\$ 13,844 to sewage services and R\$ 12,956 to Other property, plant and equipment items, amounting to R\$ 59,173.

	Consolidated				
	Three-month period ended June 30, 2020				
	Water services	Sewage services	Solid Waste	Reconciliation with the	Balance as per Financial Statements
Gross operating revenue*	836,219	479,038	581	63,008	1,378,846
Deductions from gross revenue	(77,445)	(44,354)	(71)	-	(121,870)
Net operating revenue*	758,774	434,684	510	63,008	1,256,976
Selling and administrative expenses and costs	(608,451)	(348,462)	-	(63,008)	(1,019,921)
Operating profit before other net operating expenses	150,323	86,222	510	-	237,055
Other net operating income/(expenses)					(18,789)
Financial income, net					(19,871)
<b>Net operating income before tax</b>					<b>198,395</b>
Amortization	34,871	63,318	-	21,084	119,273

\* The Company does not have intersegment revenue, only having external clients.

Depreciation of property, plant and equipment is allocated as follows in the 2<sup>nd</sup> quarter of 2020: R\$ 16,239 to water services, R\$ 6,955 to sewage services and R\$ 6,277 to Other property, plant and equipment items, amounting to R\$ 29,471.

	<b>Consolidated</b>				
	<b>Six-month period ended June 30, 2019</b>				
	<b>Water services</b>	<b>Sewage services</b>	<b>Solid waste</b>	<b>Reconciliation with the Financial Statements</b>	<b>Balance as per Financial Statements</b>
Gross operating revenue	1,563,419	868,993	1,115	214,787	2,648,314
Deductions from gross revenue	(146,742)	(79,805)	(33)	-	(226,580)
Net operating revenue	1,416,677	789,188	1,082	214,787	2,421,734
Selling and administrative expenses and costs	(1,056,138)	(588,342)	-	(214,787)	(1,859,267)
Operating profit before other net operating expenses	360,539	200,846	1,082	-	562,467
Other net operating income/(expenses)					(68,406)
Financial income, net					(71,871)
<b>Net operating income before tax</b>					<b>422,190</b>
Amortization	65,670	117,411	-	39,105	222,186

Depreciation of property, plant and equipment is allocated as follows in the 1<sup>st</sup> half of 2019: R\$ 31,612 to water services, R\$ 13,905 to sewage services and R\$ 19,674 to Other property, plant and equipment items, amounting to R\$ 65,191.

	<b>Consolidated</b>				
	<b>Three-month period ended June 30, 2019</b>				
	<b>Water services</b>	<b>Sewage services</b>	<b>Solid waste</b>	<b>Reconciliation with the Financial Statements</b>	<b>Balance as per Financial Statements</b>
Gross operating revenue	771,682	433,588	557	115,506	1,321,333
Deductions from gross revenue	(72,294)	(39,311)	(16)	-	(111,621)
Net operating revenue	699,388	394,277	541	115,506	1,209,712
Selling and administrative expenses and costs	(534,288)	(301,033)	-	(115,506)	(950,827)
Operating profit before other net operating expenses	165,100	93,244	541	-	258,885
Other net operating income/(expenses)					(61,827)
Financial income, net					(30,584)
<b>Net operating income before tax</b>					<b>166,474</b>
Amortization	33,027	59,630	-	19,181	111,838

Depreciation of property, plant and equipment is allocated as follows in the 2<sup>nd</sup> quarter of 2019: R\$ 15,938 to water services, R\$ 6,953 to sewage services and R\$ 9,943 to Other property, plant and equipment items, amounting to R\$ 32,834.

The impacts on gross operating revenue and costs, arising from the reconciliation of the financial statements are as follows:

	<b>6/30/2020</b>	<b>6/30/2019</b>
Gross construction revenue referring to ICPC 1 (R1)	125,097	214,787
Construction costs referring to ICPC 1 (R1)	(125,097)	(214,787)
<b>Construction margin</b>	<b>-</b>	<b>-</b>

## (ii) Intangible assets

The assets of the reportable segments are reconciled to total intangible assets as follows:

	<b>Consolidated</b>	
	<b>6/30/2020</b>	<b>12/31/2019</b>
Water services	1,581,657	1,587,336
Sewage services	3,361,346	3,341,495
Other intangible assets	565,999	566,992
Solid waste	-	-
<b>Total intangible assets</b>	<b>5,509,002</b>	<b>5,495,823</b>

## (iii) Property, plant and equipment

The assets corresponding to the reporting segments are reconciled with total property, plant and equipment, allocated as follows: R\$ 1,039,524 to water services, R\$ 320,886 to sewage services and R\$ 178,375 to Other property, plant and equipment items, amounting to R\$ 1,538,785 at June 30, 2020. R\$ 1,071,913 to water services, R\$ 334,791 to sewage services and R\$ 184,217 to Other property, plant and equipment items, amounting to R\$ 1,590,921 in the f] ended December 31, 2019.

There are no liabilities allocated to the reporting segments.

## 22. Risk Management

In the 1<sup>st</sup> half of 2020 there were no changes to the financial risk management and policies in relation to those disclosed in Note 23 to the Company's Financial Statements for the financial year ended December 31, 2019. The information related to: (a) liabilities subject to exchange variance; (b) credit quality of financial assets; (c) cash flow from financial instruments, also suffered no changes in relation to that disclosed in said Note. Management therefore decided not to reproduce this information in this interim accounting information at June 30, 2020.

### 22.1 Sensitivity analysis

#### (a) Interest rate sensitivity

The Company prepared a sensitivity analysis of the effects of a possible change in the interest rates of borrowings, financing, and debentures. With all other variables held constant, the Company's pretax profit is affected by the impact on loans, financing and debentures subject to floating rates, as shown below:

Indicators	Exposure (i)	Scenario I	Scenario II	Scenario III	Scenario IV	Scenario V
		Probable (ii)	+25%	-25%	+50%	-50%
TJLP	551,640	5.1700%	6.4625%	3.8775%	7.7550%	2.5850%
Change in Principal (R\$)		28,520	35,650	21,390	42,780	14,260
IPCA	746,135	1.6300%	2.0375%	1.2225%	2.4450%	0.8150%
Change in Principal (R\$)		12,162	15,202	9,121	18,243	6,081
CDI	689,100	2.0000%	2.5000%	1.5000%	3.0000%	1.0000%
Change in Principal (R\$)		-	-	-	-	-

Indicators	Exposure (i)	Scenario I	Scenario II	Scenario III	Scenario IV	Scenario V
		Probable (ii)	+25%	-25%	+50%	-50%
TR	860,743	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Change in Principal (R\$)		-	-	-	-	-
INPC	-	2.2900%	2.8625%	1.7175%	3.4350%	1.1450%
Change in Principal (R\$)		-	-	-	-	-
LIBOR	136,562	2.0000%	2.5000%	1.5000%	3.0000%	1.0000%
Change in Principal (R\$)		-	-	-	-	-
FIXED RATE (iv)	281,165	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Change in Principal (R\$)		-	-	-	-	-
<b>Total (R\$)</b>	<b>3,265,345</b>	<b>40,682</b>	<b>50,852</b>	<b>30,511</b>	<b>61,023</b>	<b>20,341</b>

(i) Principal as of June 30, 2020.

(ii) Sources of the indexes: CDI and IPCA (Focus Report - BACEN dated June 26, 2020, TJLP (Bradesco projection June 26, 2020: <https://www.economiaemdia.com.br/SiteEconomiaEmDia/Projecoes/Longo-Prazo> and INPC (Bacen Forecast System June 26, 2020: <https://www3.bcb.gov.br/expectativas/publico/?wicket:interface=:1:::>). Libor USD relating to the rate of the latest semiannual payment.

(iii) Addition of balances from actuarial liability assumption agreements of Libertas (pension fund).

(iv) Contracts without monetary restatement: KfW and FINAME.

## (b) Sensitivity to foreign-exchange rate

The Company's sensitivity analysis is determined by estimating the exchange variance of the US dollar (USD) and Euro (€), of  $\pm 25\%$  e  $\pm 50\%$ , in the debit balance of loans and financing. In the case of the operation with Banco do Brasil, as the Company has a dollar escrow (USD), the escrow amount is deducted from the debit balance to calculate the sensitivity to the exchange rate. With all other variables held constant, the result of the sensitivity to the foreign exchange rate, before taxes, is as follows:

Financial Instruments		Banco do Brasil	BB Escrow	Banco KfW
Foreign-currency debit balance	6/30/2020	USD 25,067	USD 24,040	€38,892
Debit balance	6/30/2020	136,562	130,968	239,337
<b>Probable (Projection)</b>	Outstanding			
	Balance	130,348	125,008	224,018
	Gain	6,214	(5,960)	15,320
<b>25% decrease</b>	Outstanding			
	Balance	102,422	98,226	179,503
	Gain	34,141	(32,742)	59,834
<b>50% decrease</b>	Outstanding			
	Balance	68,281	65,484	119,669
	Gain	68,281	(65,484)	119,669
<b>25% increase</b>	Outstanding			
	Balance	170,703	163,710	299,172
	Loss	(34,141)	32,742	(59,834)
<b>50% increase</b>	Outstanding			
	Balance	204,843	196,452	359,006
	Loss	(68,281)	65,484	(119,669)

(\*) Sources of projected indexes: US Dollar (Focus Report-BACEN dated June 26, 2020) and Euro Bradesco Projections dated June 26, 2020 (<https://www.economiaemdia.com.br/SiteEconomiaEmDia/Projecoes/Longo-Prazo>).

(c) Liquidity risk

The table below shows the collateralized receivables pledged by the Company in the borrowings, financing, and debenture agreements, and the Rio Manso PPP. We emphasize that these agreements also provide for a guarantee deposit (note 07 (a)).

<b>Restricted revenue at June 30, 2020</b>				
	<b>Financial Institution/Agreement</b>	<b>Collateral (committed revenue)</b>	<b>Amount</b>	<b>Agreement end date</b>
<b>Caixa Econômica Federal</b>	CAIXA - 2007/2008 Financing	Restricted revenue amounting to 3 (three) times the monthly debt service of the 2007 and 2008 agreements.	R\$ 5,734	Sep/31
	CAIXA - PAC 2009	Restricted revenue amounting to 3 (three) times the monthly debt service of the agreements.	R\$ 2,011	Nov/32
	5 <sup>th</sup> Debentures Issuance (R\$ 288 Million)	Restricted revenue amounting to at 4.5% of the debentures' outstanding balance in the last business day of each year.	R\$ 9,229	Sep/31
	CAIXA - 2011 Financing (NIs 33, 25 and 24)	Restricted revenue amounting to 3 (three) times the monthly debt service of the agreements.	R\$ 4,234	Jun/35
	CAIXA - 2012 Financing (NI 24)	Restricted revenue amounting to 3 (three) times the monthly debt service of the agreements.	R\$ 571	May/36
	CAIXA - 2013 Financing (NI 27)	Restricted revenue amounting to 3 (three) times the monthly debt service of the agreements.	R\$ 3,542	Oct/37
	CAIXA - 2014 Financing (NI 02)	Restricted revenue amounting to 3 (three) times the monthly debt service of the agreements.	R\$ 2,452	Feb/38
	CAIXA - 2015 Financing (NI 02)	Restricted revenue amounting to 3 (three) times the monthly debt service of the agreements.	R\$ 1,459	Mar/39
	CAIXA - 2017 Financing (NI 29)	Restricted revenue amounting to 3 (three) times the monthly debt service of the agreements.	R\$ 316	Aug/41

<b>Restricted revenue at June 30, 2020</b>				
	<b>Financial Institution/Agreement</b>	<b>Collateral (committed revenue)</b>	<b>Amount</b>	<b>Agreement end date</b>
<b>BNDES</b>	3 <sup>rd</sup> Debentures Issuance (R\$ 450 million) <sup>(i)</sup>	Restricted revenue of R\$ 18 million, annually restated by the IPCA since Dec/2007.	R\$ 35,058	Dec/19
	Financing (PAC 2007 - R\$ 48 million)/ (PAC 2008 - R\$ 578 million)	Restricted revenue of R\$ 26 million, annually restated by the IPCA since May/2008.	R\$ 49,718	Jun/23
	BNDES Financing (R\$ 181 million)	Restricted revenue of R\$ 7.0 million, annually restated by the IPCA since Apr/2010.	R\$ 12,156	May/25
	4 <sup>th</sup> Debentures Issuance (R\$ 740 million)	Restricted revenue of R\$ 32.0 million, annually restated by the IPCA since Jul/2010.	R\$ 53,736	Aug/22
	8 <sup>th</sup> Debentures Issuance (R\$ 140 million)	Restricted revenue of R\$ 16.9 million, annually restated by the IPCA since Sep/2015.	R\$ 20,370	Jun/28
	11 <sup>th</sup> Debentures Issuance (R\$ 226 million)	Restricted revenue of R\$ 5.5 million, annually restated by the IPCA since April/2017	R\$ 5,500	Jan/31

Restricted revenue at June 30, 2020				
	Financial Institution/Agreement	Collateral (committed revenue)	Amount	Agreement end date
<b>Banco KfW</b>	€100 million	Restricted revenue amounting to 1 (one) times the monthly debt service of the agreement.	R\$ 36,117	Dec/23
<b>BRK Ambiental</b>	Rio Manso PPP	1/12 of the annual installment of the consideration payable for each effective year.	R\$ 10,848	Dec/28
<b>Total Restricted Revenue</b>			<b>R\$ 253,051</b>	

<sup>(i)</sup> This expired in December 2019, but the revenue is still restricted, as the non-financial proofs have not yet ended.

## 22.2 Fair value estimation

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

The carrying amounts compared with their respective estimated fair values are as follows:

	Parent company / Consolidated			
	Carrying			
	amounts	Fair	As reported	Fair
	6/30/2020	6/30/2020	12/31/2019	12/31/2019
Loans and borrowings	1,326,539	1,294,319	1,281,386	1,247,295
Simple debentures	1,965,187	1,999,444	2,028,851	2,031,415
<b>Total</b>	<b>3,291,726</b>	<b>3,293,763</b>	<b>3,310,237</b>	<b>3,278,710</b>

The liability market values are calculated by projecting the debit balance, restated by the contractual rate, for the remaining payment term. The amount found is dated back to the current period, using the market rates below:

Lines	Parent company / Consolidated			
	Contractual rate	Period months	Market rate	Notes
CEF/FGTS	7.64%	185	8.50%	CEF rate price in Jun/2020
BNDES/Loans	6.47%	48	7.97%	BNDES loan rate in Jun/2020
FINAME	4.00%	55	5.74%	FINAME rate price in Jun/2020
Banco do Brasil	4.83%	46	4.01%	AFD rate price in Jun/2020
Debentures	5.25%	63	4.65%	Quote of Debts. BNDES and Market rates in Jun/2020
KfW	2.07%	42	1.66%	KfW rate price in Jun/2020

### b) Financial instruments measured at fair value

The table below presents the assets and liabilities of COPASA and its subsidiary measured at fair value at June 30, 2020 and December 31, 2019:

	Parent company / Consolidated	
	Assets	
	6/30/2020	12/31/2019
Financial assets investment BRK Ambiental - Foz Jeceaba	85,319	75,074
<b>Total balance</b>	<b>85,319</b>	<b>75,074</b>

## 23. Financial Instrument by Category

### (a) Parent company

	6/30/2020			12/31/2019		
	Financial assets at amortized cost	Fair value in OCI	Total	Financial assets at amortized cost	Fair value in OCI	Total
<b>Assets</b>						
Cash and cash equivalents	913,179	-	913,179	521,304	-	521,304
Trade receivables	1,083,976	-	1,083,976	1,176,718	-	1,176,718
Banks and arrangements application	17,582	-	17,582	20,190	-	20,190
Restricted short-term investments	86,499	-	86,499	85,268	-	85,268
Financial concession assets	571,731	-	571,731	648,892	-	648,892
Financial assets at fair value through OCI <sup>(1)</sup>	-	85,319	85,319	-	75,074	75,074
Credit against subsidiaries	2,125	-	2,125	-	-	-
Other accounts receivable	275,361	-	275,361	243,616	-	243,616
<b>Total</b>	<b>2,950,453</b>	<b>85,319</b>	<b>3,035,772</b>	<b>2,695,988</b>	<b>75,074</b>	<b>2,771,062</b>

<sup>(1)</sup>Excluding prepayments.

	6/30/2020		12/31/2019	
	Financial Liabilities at Amortized Cost	Total	Financial Liabilities at Amortized Cost	Total
<b>Liabilities</b>				
Loans and financing, and debentures	3,291,726	3,291,726	3,310,237	3,310,237
Trade payables	183,551	183,551	176,302	176,302
Lease	40,662	40,662	58,272	58,272
Public Private Partnership	335,940	335,940	357,419	357,419
<b>Total</b>	<b>3,851,879</b>	<b>3,851,879</b>	<b>3,902,230</b>	<b>3,902,230</b>

### (b) Consolidated

	6/30/2020			12/31/2019		
	Financial assets at amortized cost	Fair value in OCI	Total	Financial assets at amortized cost	Fair value in OCI	Total
<b>Assets</b>						
Cash and cash equivalents	925,943	-	925,943	524,146	-	524,146
Trade receivables	1,094,752	-	1,094,752	1,187,496	-	1,187,496
Banks and arrangement applications	17,605	-	17,605	20,223	-	20,223
Restricted short-term investments	86,499	-	86,499	85,268	-	85,268
Financial concession assets	582,562	-	582,562	651,069	-	651,069
Financial assets at fair value through OCI <sup>(1)</sup>	-	85,319	85,319	-	75,074	75,074
Other accounts receivable	273,924	-	273,924	242,675	-	242,675
<b>Total</b>	<b>2,981,285</b>	<b>85,319</b>	<b>3,066,604</b>	<b>2,710,877</b>	<b>75,074</b>	<b>2,785,951</b>

<sup>(1)</sup>Excluding prepayments.

	6/30/2020		12/31/2019	
	Financial Liabilities at Amortized Cost	Total	Financial Liabilities at Amortized Cost	Total
<b>Liabilities</b>				
Loans and financing, and debentures	3,291,726	3,291,726	3,310,237	3,310,237
Trade payables	187,083	187,083	181,825	181,825
Lease	40,682	40,682	58,275	58,275
Public Private Partnership	335,940	335,940	357,419	357,419
<b>Total</b>	<b>3,855,431</b>	<b>3,855,431</b>	<b>3,907,756</b>	<b>3,907,756</b>

## 24. Related-Party Transactions

### (a) Asset, liabilities and net income

In addition to the arrangements described in note 18, other related-party transactions mainly consist of those carried out with Minas Gerais state, the Company's controlling shareholder, Note 20(a), the subsidiary COPANOR, Copass Saúde and Fundação Libertas de Seguridade Social. Balances and transactions are as follows:

	Parent company			
	6/30/2020			
	Subsidiary COPANOR	Other		
		MG STATE	COPASS	LIBERTAS
<b>Assets</b>				
<b>Current</b>				
Trade accounts receivable				
Amounts invoiced	-	126,469	1	8
Outstanding billing	-	7,325	1	4
Arrangements	-	240	-	-
Other receivables				
Credits against subsidiary	1,860	-	-	-
<b>Total assets</b>	<b>1,860</b>	<b>134,034</b>	<b>2</b>	<b>12</b>
<b>Liabilities</b>				
<b>Current</b>				
Retirement benefit obligations	-	-	-	33,041
HealthCare plan	-	-	10,255	-
<b>Noncurrent</b>				
Retirement benefit obligations	-	-	-	137,821
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>10,255</b>	<b>170,862</b>
<b>Net income in the half ended 6/30/2020</b>				
Revenue from water and sewage services	-	73,209	4	93
Security program	-	-	-	(23,589)
HealthCare plan	-	-	(42,496)	-
<b>Net income in the quarter ended 6/30/2020</b>				
Revenue from water and sewage services	-	33,961	1	30
Security program	-	-	-	(11,893)
HealthCare plan	-	-	(19,470)	-

<b>Parent company</b>				
<b>12/31/2019</b>				
	<b>Subsidiary COPANOR</b>	<b>Other</b>		
		<b>MG STATE</b>	<b>COPASS</b>	<b>LIBERTAS</b>
<b>Assets</b>				
<b>Current</b>				
Trade accounts receivable				
Amounts invoiced	-	167,217	1	28
Outstanding billing	-	11,197	1	17
Arrangements	-	15,281	-	-
Other receivables				
Credits against subsidiary	1,206	-	-	-
<b>Total assets</b>	<b>1,206</b>	<b>193,695</b>	<b>2</b>	<b>45</b>
<b>Liabilities</b>				
<b>Current</b>				
Retirement benefit obligations	-	-	-	42,170
HealthCare plan	-	-	10,166	-
<b>Noncurrent</b>				
Retirement benefit obligations	-	-	-	136,007
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>10,166</b>	<b>178,177</b>
<b>Net income in the half ended 6/30/2019</b>				
Revenue from water and sewage services	-	79,491	6	118
Security program	-	-	-	(21,418)
HealthCare plan	-	-	(42,044)	-
<b>Net income in the quarter ended 6/30/2019</b>				
Revenue from water and sewage services	-	41,991	3	55
Security program	-	-	-	(10,849)
HealthCare plan	-	-	(20,888)	-

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

**(b) Compensation of key management personnel**

	<b>Three-month periods ended</b>		<b>Six-month periods ended</b>	
	<b>June 30</b>		<b>June 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Compensation	966	1,313	1,791	2,399
Welfare benefits <sup>(i)</sup>	81	89	160	134
<b>Total</b>	<b>1,047</b>	<b>1,402</b>	<b>1,951</b>	<b>2,533</b>

<sup>(i)</sup> Refer to meals, health care, and post-employment benefits.

## 25. Commitments

The Company has contracts for the construction of new ventures in which obligations are recorded as/when the services are delivered. The main commitments made to contractors and suppliers at June 30, 2020 are as follows:

	Amount	Average term contracted in months
Contractual obligations — Investments in construction works and organic growth in several concessions which corresponds to the expected disbursement	213,721	7
Contractual obligations — Lease agreements outside the scope of IFRS 16, which corresponds to the expected disbursement	6,503	12
Technical Cooperation Agreement <sup>(1)</sup>	1,037	2

<sup>(1)</sup> Commitment undertaken under the Technical Cooperation Agreement entered into by Minas Gerais state by way of its State Sustainable Development and Environment Office – SEMAD, State Public Transportation and Works Office – SETOP, Minas Gerais Military Fire Department – CBMMG, Military Police of Minas Gerais – PMMG, State Civil Defense Coordination Department – CEDEC, State Environment Foundation – FEAM and COPASA, in order to mitigate risks of the Mina de Engenho D'Água dam bursting in the municipality of Rio Acima, which has been unoperational since 2011 and abandoned by Empreendimento Mundo Mineração. The company has retained the commitment of preserving the intake from the Rio das Velhas river by conserving and maintaining vegetation along the dam's iron ore producing areas, freeing and cleaning drainage channels, removing obstructions from the dam's spillway structures and recovering and maintaining accesses to the dam, fencing and signage in the site. It is also in the process of procuring engineering services and detailing the projects for containment, draining systems and treating waste.

## 26. Transactions not involving Cash or Cash Equivalents

	Parent company / Consolidated	
	6/30/2020	6/30/2019
Capitalized interest (Note 9)	20,570	27,367
<b>Total</b>	<b>20,570</b>	<b>27,367</b>

## 27. Revenue

The reconciliation between gross revenue and net revenue is as follows:

	Parent company			
	Three-month periods ended June 30		Six-month periods ended June 30,	
	2020	2019	2020	2019
Gross revenue from water and sewage	829,159	763,945	1,677,042	1,548,856
Gross revenue from sewage services	477,122	432,633	961,966	866,501
Solid waste	581	557	1,173	1,115
Construction revenue	59,816	106,607	117,381	198,318
<b>Total gross revenue</b>	<b>1,366,678</b>	<b>1,303,742</b>	<b>2,757,562</b>	<b>2,614,790</b>
Sales taxes	(121,040)	(110,817)	(244,621)	(225,003)
<b>Net revenue</b>	<b>1,245,638</b>	<b>1,192,925</b>	<b>2,512,941</b>	<b>2,389,787</b>
	<b>Consolidated</b>			
	Three-month periods ended June 30		Six-month periods ended June 30,	
	2020	2019	2020	2019
Gross revenue from water and sewage	836,219	770,753	1,691,459	1,562,172
Gross revenue from sewage services	479,038	434,517	965,899	870,241
Solid waste	581	557	1,173	1,115
Construction revenue	63,008	115,506	125,097	214,787
<b>Total gross revenue</b>	<b>1,378,846</b>	<b>1,321,333</b>	<b>2,783,628</b>	<b>2,648,315</b>
Sales taxes	(121,870)	(111,621)	(246,319)	(226,581)
<b>Net revenue</b>	<b>1,256,976</b>	<b>1,209,712</b>	<b>2,537,309</b>	<b>2,421,734</b>

<sup>(\*)</sup> Net revenue breakdown:

	Parent company			
	Three-month periods ended June 30		Six-month periods ended June 30,	
	2020	2019	2020	2019
Direct water revenue	737,265	670,419	1,485,420	1,359,571
Direct sewage revenue	431,587	389,027	867,865	779,302
Solid waste	510	541	1,029	1,082
<b>Total direct revenue</b>	<b>1,169,362</b>	<b>1,059,987</b>	<b>2,354,314</b>	<b>2,139,955</b>
Indirect water revenue	15,102	22,790	36,172	45,022
Indirect sewage revenue	1,358	3,541	5,074	6,492
<b>Total indirect revenue</b>	<b>16,460</b>	<b>26,331</b>	<b>41,246</b>	<b>51,514</b>
Construction revenue	59,816	106,607	117,381	198,318
<b>Total net revenue</b>	<b>1,245,638</b>	<b>1,192,925</b>	<b>2,512,941</b>	<b>2,389,787</b>

	Consolidated			
	Three-month periods ended June 30		Six-month periods ended June 30,	
	2020	2019	2020	2019
Direct water revenue	743,534	676,386	1,498,154	1,371,263
Direct sewage revenue	433,326	390,736	871,434	782,695
Solid waste	510	541	1,029	1,082
<b>Total direct revenue</b>	<b>1,177,370</b>	<b>1,067,663</b>	<b>2,370,617</b>	<b>2,155,040</b>
Indirect water revenue	15,240	23,002	36,521	45,414
Indirect sewage revenue	1,358	3,541	5,074	6,493
<b>Total indirect revenue</b>	<b>16,598</b>	<b>26,543</b>	<b>41,595</b>	<b>51,907</b>
Construction revenue	63,008	115,506	125,097	214,787
<b>Total net revenue</b>	<b>1,256,976</b>	<b>1,209,712</b>	<b>2,537,309</b>	<b>2,421,734</b>

## 28. Expenses by Nature

	Parent company			
	Three-month periods ended June 30		Six-month periods ended June 30,	
	2020	2019	2020	2019
<b>Operating costs <sup>(i)</sup></b>				
Personnel	186,461	174,785	368,534	337,463
Pension obligations	38,751	40,488	77,057	76,447
Construction costs <sup>(*)</sup>	59,816	106,607	117,381	198,318
General materials	19,914	19,425	37,080	36,947
Treatment materials	23,559	18,391	51,382	37,149
Outsourced services	102,920	103,278	197,034	210,252
Electricity	104,032	105,040	211,748	218,048
General expenses	34,530	35,954	71,429	62,775
Depreciation and amortization	144,363	139,644	287,985	276,959
(-) Tax credits	(13,748)	(28,921)	(26,546)	(58,465)
	<b>700,598</b>	<b>714,691</b>	<b>1,393,084</b>	<b>1,395,893</b>

	Parent company			
	Three-month periods ended June 30		Six-month periods ended June 30,	
	2020	2019	2020	2019
<b>Sales expenses<sup>(i)</sup></b>				
Personnel	41,684	36,059	80,480	71,798
Pension obligations	7,703	7,074	14,826	13,941
General materials	1,074	1,145	2,101	2,085
Treatment materials	5	-	7	23
Outsourced services	3,546	3,190	7,685	6,748

	Parent company			
	Three-month periods ended June 30		Six-month periods ended June 30,	
	2020	2019	2020	2019
<b>Sales expenses<sup>(i)</sup></b>				
Electricity	462	563	1,022	1,174
General expenses	110	134	1,260	245
Depreciation and amortization	1,637	1,215	3,016	2,230
	<b>56,221</b>	<b>49,380</b>	<b>110,397</b>	<b>98,244</b>
Estimated losses on trade accounts receivable	<b>136,093</b>	<b>47,059</b>	<b>187,685</b>	<b>97,310</b>

	Parent company			
	Three-month periods ended June 30		Six-month periods ended June 30,	
	2020	2019	2020	2019
<b>Administrative expenses<sup>(i)</sup></b>				
Personnel	65,374	67,260	135,544	131,049
Pension obligations	10,992	10,763	22,120	20,227
General materials	788	773	1,756	1,519
Treatment materials	17	-	35	-
Outsourced services	20,387	27,456	40,460	50,538
Electricity	733	737	1,480	1,533
General expenses	1,324	5,102	10,157	9,251
Depreciation and amortization	13,475	7,549	27,458	14,315
Provision for obsolete material losses	125	(90)	836	108
	<b>113,215</b>	<b>119,550</b>	<b>239,846</b>	<b>228,540</b>

	Parent company			
	Three-month periods ended June 30		Six-month periods ended June 30,	
	2020	2019	2020	2019
<b>Costs and expenses</b>				
Personnel (Note 29)	293,519	278,104	584,558	540,310
Social security liabilities (Note 29)	57,446	58,325	114,003	110,615
Construction costs <sup>(*)</sup>	59,816	106,607	117,381	198,318
General materials	21,776	21,343	40,937	40,551
Treatment materials	23,581	18,391	51,424	37,172
Outsourced services	126,853	133,924	245,179	267,538
Electricity	105,227	106,340	214,250	220,755
General expenses	35,964	41,190	82,846	72,271
Depreciation and amortization	159,475	148,408	318,459	293,504
(-) Tax credits	(13,748)	(28,921)	(26,546)	(58,465)
Provision for obsolete material losses	125	(90)	836	108
Impairment loss on trade receivables	136,093	47,059	187,685	97,310
<b>Total</b>	<b>1,006,127</b>	<b>930,680</b>	<b>1,931,012</b>	<b>1,819,987</b>

	Consolidated			
	Three-month periods ended June 30		Six-month periods ended June 30,	
	2020	2019	2020	2019
<b>Operating costs<sup>(i)</sup></b>				
Personnel	190,233	178,125	376,018	344,340
Pension obligations	39,508	41,207	78,559	77,893
Construction costs <sup>(*)</sup>	63,008	115,506	125,097	214,787
General materials	20,624	20,146	38,402	38,304
Treatment materials	23,919	18,696	52,147	37,778

	Consolidated			
	Three-month periods ended June 30		Six-month periods ended June 30,	
	2020	2019	2020	2019
<b>Operating costs <sup>(i)</sup></b>				
Outsourced services	103,342	104,873	198,700	213,761
Electricity	106,154	107,301	216,418	222,788
General expenses	34,662	36,139	71,731	63,129
Depreciation and amortization	145,165	140,317	289,484	278,065
(-) Tax credits	(13,937)	(29,508)	(26,905)	(59,587)
Provision for obsolete material losses	-	(103)	-	-
	<b>712,678</b>	<b>732,699</b>	<b>1,419,651</b>	<b>1,431,258</b>

	Consolidated			
	Three-month periods ended June 30		Six-month periods ended June 30,	
	2020	2019	2020	2019
<b>Sales expenses<sup>(i)</sup></b>				
Personnel	41,719	36,093	80,546	71,868
Pension obligations	7,709	7,081	14,838	13,954
General materials	1,075	1,147	2,102	2,089
Treatment materials	5	-	7	23
Outsourced services	3,547	3,192	7,686	6,750
Electricity	462	563	1,022	1,174
General expenses	111	135	1,261	245
Depreciation and amortization	1,637	1,216	3,017	2,231
	<b>56,265</b>	<b>49,427</b>	<b>110,479</b>	<b>98,334</b>
Estimated losses on trade accounts receivable	<b>136,786</b>	<b>47,586</b>	<b>188,938</b>	<b>98,362</b>

	Consolidated			
	Three-month periods ended June 30		Six-month periods ended June 30,	
	2020	2019	2020	2019
<b>Administrative expenses<sup>(i)</sup></b>				
Personnel	65,615	67,742	136,056	131,776
Pension obligations	11,031	10,797	22,198	20,294
General materials	818	840	1,815	1,639
Treatment materials	17	-	35	-
Outsourced services	21,063	28,302	41,921	52,091
Electricity	765	796	1,549	1,707
General expenses	1,333	5,172	10,247	9,368
Depreciation and amortization	13,483	7,556	27,473	14,330
Provision for obsolete material losses	67	(90)	1,441	108
	<b>114,192</b>	<b>121,115</b>	<b>242,735</b>	<b>231,313</b>

	Consolidated			
	Three-month periods ended June 30		Six-month periods ended June 30,	
	2020	2019	2020	2019
<b>Costs and expenses</b>				
Personnel (Note 29)	297,567	281,960	592,620	547,984
Social security liabilities (Note 29)	58,248	59,085	115,595	112,141
Construction costs <sup>(*)</sup>	63,008	115,506	125,097	214,787
General materials	22,517	22,133	42,319	42,032
Treatment materials	23,941	18,696	52,189	37,801
Outsourced services	127,952	136,367	248,307	272,602

	<b>Consolidated</b>			
	<b>Three-month periods</b>		<b>Six-month periods ended</b>	
	<b>ended June 30</b>		<b>June 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Costs and expenses</b>				
Electricity	107,381	108,660	218,989	225,669
General expenses	36,106	41,446	83,239	72,742
Depreciation and amortization	160,285	149,089	319,974	294,626
(-) Tax credits	(13,937)	(29,508)	(26,905)	(59,587)
Provision for obsolete material losses	67	(193)	1,441	108
Impairment loss on trade receivables	136,786	47,586	188,938	98,362
<b>Total</b>	<b>1,019,921</b>	<b>950,827</b>	<b>1,961,803</b>	<b>1,859,267</b>

(i) The Company classified its expenses by function or nature. The amounts regarding employee profit sharing were paid out to the appropriate positions. The calculation of the employees' profit sharing is limited to 25% of the minimum mandatory dividends paid to shareholders, less the legal reserve. This profit sharing is distributed on a straight-line basis for all employees. On June 30, 2020 the Company had unsettled balances of R\$ 64,740 (R\$ 20,186 as of June 30, 2019).

(\*) Breakdown of construction costs:

	<b>Parent company</b>			
	<b>Three-month periods</b>		<b>Six-month periods ended</b>	
	<b>ended June 30</b>		<b>June 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Payroll and related charges	10,412	8,797	19,526	16,875
Materials	5,157	15,459	15,617	27,618
Equipment	2,915	4,694	7,224	10,223
Outsourced services	31,136	64,885	53,833	118,021
Financing costs	10,031	12,601	20,181	25,238
Other	165	171	1,000	343
<b>Total construction costs</b>	<b>59,816</b>	<b>106,607</b>	<b>117,381</b>	<b>198,318</b>

	<b>Consolidated</b>			
	<b>Three-month periods</b>		<b>Six-month periods ended</b>	
	<b>ended June 30</b>		<b>June 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Payroll and related charges	10,412	8,797	19,526	16,875
Materials	5,208	15,467	15,825	28,516
Equipment	2,915	5,003	7,333	11,291
Outsourced services	34,277	73,467	61,232	132,524
Financing costs	10,031	12,601	20,181	25,238
Other	165	171	1,000	343
<b>Total construction costs</b>	<b>63,008</b>	<b>115,506</b>	<b>125,097</b>	<b>214,787</b>

## 29. Personnel Expenses

	<b>Parent company</b>			
	<b>Three-month periods</b>		<b>Six-month periods ended</b>	
	<b>ended June 30</b>		<b>June 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Salaries	190,171	182,916	371,473	352,189
Social security costs	57,446	58,325	114,003	110,615
FGTS	15,876	15,712	31,487	29,955
Pension plan contribution	11,894	10,849	23,589	21,418
Workers' meal program	43,737	42,390	87,068	83,679
HealthCare plan	19,470	20,888	42,496	42,044
Employee profit shares	9,269	-	19,455	-
Other benefits	3,102	5,349	8,990	11,025
<b>Total (Note 28)</b>	<b>350,965</b>	<b>336,429</b>	<b>698,561</b>	<b>650,925</b>
<b>Personnel (Note 28)</b>	<b>293,519</b>	<b>278,104</b>	<b>584,558</b>	<b>540,310</b>
<b>Social security liabilities (Note 28)</b>	<b>57,446</b>	<b>58,325</b>	<b>114,003</b>	<b>110,615</b>

	<b>Consolidated</b>			
	<b>Three-month periods ended June 30</b>		<b>Six-month periods ended June 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Salaries	193,107	185,585	377,221	357,556
Social security costs	58,248	59,084	115,595	112,141
FGTS	16,081	15,902	31,890	30,336
Pension plan contribution	11,893	10,849	23,589	21,418
Workers' meal program	44,441	43,099	88,462	85,098
HealthCare plan	19,644	21,043	42,835	42,362
Employee profit shares	9,269	-	19,455	-
Other benefits	3,132	5,483	9,168	11,214
<b>Total (Note 28)</b>	<b>355,815</b>	<b>341,045</b>	<b>708,215</b>	<b>660,125</b>
<b>Personnel (Note 28)</b>	<b>297,567</b>	<b>281,960</b>	<b>592,620</b>	<b>547,984</b>
<b>Social security liabilities (Note 28)</b>	<b>58,248</b>	<b>59,085</b>	<b>115,595</b>	<b>112,141</b>

### 30. Other Operating Expenses and Revenue

The Company's other operating income as at June 30, 2020 and 2019 is set out below:

	<b>Parent company</b>			
	<b>Three-month periods ended June 30</b>		<b>Six-month periods ended June 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Reversal of nondeductible provision	16,588	2,217	27,109	11,796
Recovery of written off accounts	6,212	13,368	20,890	35,418
Reimbursement of health care plan	267	346	694	833
Sale of property, plant and equipment	160	229	1,451	3,676
Other income	3,181	2,986	5,541	5,374
<b>Total other operating revenue</b>	<b>26,408</b>	<b>19,146</b>	<b>55,685</b>	<b>57,097</b>

	<b>Consolidated</b>			
	<b>Three-month periods ended June 30</b>		<b>Six-month periods ended June 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Reversal of nondeductible provision	16,598	3,708	27,243	13,304
Recovery of written off accounts	6,307	13,791	21,059	36,619
Reimbursement of health care plan	267	346	694	833
Sale of property, plant and equipment	160	229	1,451	3,676
Other income	3,548	3,021	6,112	5,420
<b>Total other operating revenue</b>	<b>26,880</b>	<b>21,095</b>	<b>56,558</b>	<b>59,852</b>

The Company's other operating expenses as at June 30, 2020 and 2019 is set out below:

	<b>Parent company</b>			
	<b>Three-month periods ended June 30</b>		<b>Six-month periods ended June 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Compensation and legal claim payments	8,419	11,458	27,544	17,994
ARSAE Rate	9,852	9,387	19,704	18,774
Provisions for legal claims	9,352	44,920	17,334	51,520
Environmental conservation expenses	6,210	4,485	11,307	10,461
Donations for measures combating COVID-19	5,000	-	5,000	-
Taxes	2,042	3,125	4,889	5,682
Actuarial liability	2,381	1,153	4,193	2,550
Other	2,175	341	2,708	1,025
<b>Total other operating expenses</b>	<b>45,431</b>	<b>74,869</b>	<b>92,679</b>	<b>108,006</b>

	<b>Consolidated</b>			
	<b>Three-month periods ended June 30</b>		<b>Six-month periods ended June 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Compensation and legal claim payments	8,441	6,555	27,662	18,182
ARSAE Rate	10,025	9,494	20,050	19,095
Provisions for legal claims	9,359	6,632	17,396	51,699
Environmental conservation expenses	6,210	5,976	11,307	10,461
Donations for measures combating COVID-19	5,000	-	5,000	-
Taxes	2,076	2,623	5,002	5,754
Actuarial liability	2,381	1,397	4,193	2,550
Other	2,177	832	7,951	1,171
<b>Total other operating expenses</b>	<b>45,669</b>	<b>33,509</b>	<b>98,561</b>	<b>108,912</b>

### 31. Financial Revenue and Expenses

Finance income (expenses) can be summarized as follows:

	<b>Parent company</b>			
	<b>Three-month periods ended June 30</b>		<b>Six-month periods ended June 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Interest earned	14,176	11,069	23,369	14,320
Earnings on investments	6,217	4,781	12,767	11,344
Monetary and exchange variance revenue	6,396	2,581	34,283	8,158
Income from financial and other assets	15,928	12,630	25,744	20,238
Taxes on finance income	(1,706)	(1,394)	(2,940)	(2,269)
<b>Total revenue</b>	<b>41,011</b>	<b>29,667</b>	<b>93,223</b>	<b>51,791</b>
Financing charges <sup>(1)</sup>	(34,990)	(44,403)	(77,884)	(92,627)
Monetary and exchange variance expense <sup>(2)</sup>	(25,997)	(15,874)	(127,930)	(31,072)
Other expenses	(75)	(209)	(148)	(380)
<b>Total expense</b>	<b>(61,062)</b>	<b>(60,486)</b>	<b>(205,962)</b>	<b>(124,079)</b>
<b>Finance income (costs)</b>	<b>(20,051)</b>	<b>(30,819)</b>	<b>(112,739)</b>	<b>(72,288)</b>

	<b>Consolidated</b>			
	<b>Three-month periods ended June 30</b>		<b>Six-month periods ended June 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Interest earned	14,281	11,187	23,622	14,461
Earnings on investments	6,335	4,982	12,922	11,687
Monetary and exchange variance revenue	6,399	2,584	34,347	8,209
Income from financial and other assets	15,974	12,699	25,800	20,316
Taxes on finance income	(1,719)	(1,412)	(2,964)	(2,298)
<b>Total revenue</b>	<b>41,270</b>	<b>30,040</b>	<b>93,727</b>	<b>52,375</b>
Financing charges <sup>(1)</sup>	(35,046)	(44,410)	(77,940)	(92,634)
Monetary and exchange variance expense <sup>(2)</sup>	(25,996)	(15,874)	(127,929)	(31,074)
Other expenses	(99)	(340)	(191)	(538)
<b>Total expense</b>	<b>(61,141)</b>	<b>(60,624)</b>	<b>(206,060)</b>	<b>(124,246)</b>
<b>Finance income (costs)</b>	<b>(19,871)</b>	<b>(30,584)</b>	<b>(112,333)</b>	<b>(71,871)</b>

<sup>(1)</sup> Includes interest on the Libertas financing amounting to R\$ 672 at June 30, 2020 (R\$ 1,353 on June 30, 2019).

<sup>(2)</sup> Includes monetary variance expenses on the Libertas financing amounting to R\$ 439 at June 30, 2020 (R\$ 1,111 on June 30, 2019).

## **32. Notes in the Annual Financial Statements not presented in this Interim Accounting Information**

Pursuant to Official Circular CVM/SNC/SEP/N°003/2011, the Company broke down the notes considered material in the context of “Basic Conceptual Pronouncement - Framework for the Preparation and Presentation of Financial Statements”. All information whose omission or misstatement could influence economic decisions by readers has been duly disclosed in this Interim Accounting Information, which should be read in conjunction with the Financial Statements as of December 31, 2019.

See below the exact location of the Notes whose information has not been reproduced in these Interim Accounting Information because of either redundancy or materiality:

Note 04 - Critical Accounting Estimates and Judgments;

Note 26 - Provision of Public Water and Sewage Services in Belo Horizonte;

Note 28 - Insurance Policy;

Note 34 – Financial and Operating Data of Activities Related to Achieving Core Interests.

## **33. Rate adjustment**

On June 23, 2020 the sewage collection and water supply services regulatory agency of Minas Gerais state - ARSAE MG published ARSAE Resolution 141/2020, determining the average increase of 3.04% to the rates for the provision of public sewage collection and water supply services, whilst postponing the application thereof by 90 (ninety days) to August 01, 2020.

## **34. Subsequent Events**

### **Coronavirus**

With the consent of the sewage collection and water supply services regulatory agency of Minas Gerais state (Arsae-MG) and to ensure it can continue providing the best service and minimize the impacts on the population triggered by the novel coronavirus pandemic (Covid-19), the Company decided to extend assistance measures for its clients. Social Rate consumers will therefore not have their supplies cut off until July 30, 2020 or until the social isolation measures have been relaxed by the Minas Gerais State Government, including the noncollection of interest and fines on overdue bills not paid by this date. Commercial Clients obliged to pause their activities with bills due between June 30, 2020 and July 31, 2020 can pay them until August 31, 2020 or until the social isolation measures have been relaxed by the Minas Gerais State Government, and clients served disconnection notices between June 01, 2020 and June 30, 2020 had their payment deadline extended to July 30, 2020.

In the midst of so much uncertainty due to the COVID-19 pandemic, Company Management will continue monitoring and gaging the impacts on business, in order to assess any economic and financial effects that could impact our equity and financial conditions and compromise performance of the Investments Program, in order to ensure we continue properly providing services to the population.

### **New Regulatory Framework**

Law No. 14.026/2020 was published on July 15, 2020 which changed the basic sanitation framework in Brazil (Law 11.445/2007). The main point of this law is the appointment of the National Water Agency - ANA as the national services regulatory agency, which can publish general rules for services; the requirement to provide universal access to the services, with 99% for water and 90% for sewage, by 2033; new service provision terms, such as loss reduction targets; obligation to pay prior compensation for unamortized investments when transferring services from one provider to another; obligation to run procurement processes for all new contracts; facilitating instruments for privatization. The Brazilian Congress will address a number

of presidential vetoes on provisions of the original draft law, including art. 16 which allowed state governors to renew program contracts for more than 30 years. COPASA is continuing to monitor the progress in the regulatory change to assess the impact on its business. As of June 30, 2020, 79.2% of the Company's net water and sewage revenues came from concessions expiring after January 2034. On the same date the concessions expired in 63 municipalities, accounting for some 2.7% of net water and sewage revenue. The Company is continuing to provide and bill its services normally, in order to ensure the ongoing provision of essential public services.

### **COPASA MG privatization process**

Set up by State Decree 47.766 on November 26, 2019, the Minas Gerais Privatization Board authorized the National Bank for Economic and Social Development (BNDES) to make a market consultation under the Technical Cooperation Agreement signed September 05, 2019, to procure the technical services necessary to structure and implement the privatization process of COPASA MG, and the independent audit service, to monitor and oversee its implementation. The Company is tracking this matter and any developments.