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# ***Companhia Riograndense de Saneamento – Corsan***

***Financial statements  
at December 31, 2021  
and independent auditor's report***





(A free translation of the original in Portuguese)

## **Independent auditor's report**

To the Board of Directors and Stockholders  
Companhia Riograndense de Saneamento – Corsan

### **Opinion**

We have audited the accompanying financial statements of Companhia Riograndense de Saneamento – Corsan (the "Company"), which comprise the balance sheet as at December 31, 2021 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Companhia Riograndense de Saneamento – Corsan as at December 31, 2021, and its financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

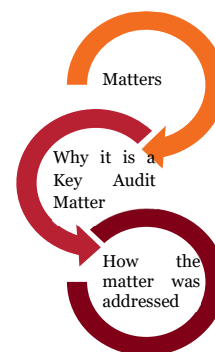
### **Basis for opinion**

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our audit for the year ended December 31, 2021 was planned and performed considering the market context in which the Company operates and taking into consideration the main events that occurred during the year. In this context the Key Audit Matters as well as our audit approach are described below.





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**Why it is a Key Audit Matter**

**How the matter was addressed in the audit**

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**Recognition of unbilled revenue – Notes 3 and 28**

Revenue recognition includes an estimate for services provided, based on the average volume consumed but not yet billed to consumers, calculated from the last consumption reading date until the end of each reporting period.

Due to Management's degree of judgment in determining the assumptions used to measure this estimate, we consider this topic to be a key audit matter.

Our audit procedures included, among others, the understanding of the Company's internal controls over the process of recognition of unbilled revenue, with a focus on understanding the methodology used to calculate the estimate of this revenue.

We performed the recalculation, on a sample basis, of the billing estimate and comparison with the accounting records at the end of the year. We also compared this estimate with the revenue billed in the following month.

We consider that the criteria and assumptions adopted by the Company's Management in measuring the estimated unbilled revenue are reasonable and consistent with the data and information obtained.

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**Contractual financial assets, contract assets and intangibles – Notes 12, 13 and 15**

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The Company has relevant balances recorded as Contractual Financial Assets, Contract Assets and Intangible Assets as of December 31, 2021, related to investments made pursuant to sanitation service concession agreements.

The amounts recorded as Contract Assets refer to expenses incurred in the infrastructure under construction which, upon completion, are transferred to the operation. As a result of the bifurcation process of the concession contracts, the Company recognizes as financial assets the portions of the investments made that will not be fully amortized at the end of the concession term and will be indemnified by the Concession Authority. The amounts recorded in Intangible Assets represent investments that are expected to be recovered throughout the concessions, based on the receipt of fees for services provided to users.

Due to the relevance of the amounts involved, the complexity involved in the bifurcation and calculation of the present value of financial assets we consider the concession assets as a key audit matter.

Our audit procedures included, among others, an understanding of internal controls related to the classification and measurement of concession contracts.

We inspected, on a sample basis, the documents supporting the additions that took place during the year in the Contract Assets account, as well as recalculated and analyzed the reasonableness of capitalization interest rates and the construction margins used. Additionally, we evaluated the process of transferring assets under construction to operation.

We recalculated the adjustment to present value of the Contractual Financial Assets and the amortization of the intangible asset recognized in the year, comparing them with the book balances, and we read the disclosures made on the matter in the explanatory notes.

We consider that the criteria and assumptions adopted by Management in accounting for concession contracts are reasonable and consistent with the disclosures in the explanatory notes.



Companhia Riograndense de Saneamento – Corsan

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**Why it is a Key Audit Matter**

**How the matter was addressed in the audit**

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**Federal Taxes Immunity – Note 8**

As of December 31, 2021, the Company has recorded the amount of R\$ 1,299,397 thousand referring to tax credits arising from a favorable decision, which took place in 2020, of the action in which it claimed immunity from certain federal taxes, as well as the right to refund the amounts paid in the years 1988 to 2018. The Company's management presented, in January 2021, a petition requesting the return of this amount through court orders.

Due to the relevance of the amount involved and management's judgments in determining the form and estimated term of realization of the tax credit, we consider this issue as a key audit matter.

Relevant aspects of our audit response involved the following main procedures:

- With the support of our tax experts, we read and understood the court decision and subsequent procedures, as well as discussed with management the merits recognized by the sentence and the calculation methodology applied, based on a legal opinion issued by management's internal legal advisors.
- We tested, on a sample basis, the calculations prepared by the Company to measure the amounts of recoverable taxes, including the corresponding monetary adjustment applicable for the period object of the lawsuit.
- We inspected the documentation related to the court order petitions and subsequent procedures.
- We made an understanding and assessment of the allocation of the amount adopted by the Company's management to determine the classification of the balance in current assets.
- We read the disclosures made by management in the financial statements on the matter.

We consider that the assumptions and criteria adopted by management are consistent with the disclosures in the explanatory notes and the information and evidence obtained in our work.

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**Other matters**

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**Statement of Value Added**

The Statement of Value Added for the year ended December 31, 2021, prepared under the responsibility of the Company's management and presented as supplementary information for IFRS purposes, was submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purposes of forming our opinion, we evaluated whether this statement is reconciled with the financial statements and accounting records, as applicable, and if its form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Added Value". In our opinion, this Statement of Value Added has been properly prepared in all material respects, in accordance with the criteria established in the Technical Pronouncement, and is consistent with the financial statements taken as a whole.



Companhia Riograndense de Saneamento – Corsan

### **Other information accompanying the financial statements and the audit report**

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The Company's management is responsible for the other information that comprises the Management Report.

Our opinion on the parent company financial statements does not cover the Management Report, and we do not express any form of audit conclusion regarding such report.

In connection with the audit of the financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of management and those charged with governance for the financial statements**

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Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil<sup>2</sup> and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

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Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that



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is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Porto Alegre, March 22, 2022

PricewaterhouseCoopers  
Auditores Independentes Ltda.  
CRC 2SP000160/O-5

Rafael Biedermann Mariante  
Contador CRC 1SP243373/O-0

**BALANCE SHEET**  
**AT DECEMBER 31, 2021 AND 2020**  
**(In thousands of Reais)**

	Note	31/12/2021	31/12/2020
<b>CURRENT ASSETS</b>		<b>2,721,228</b>	<b>774,855</b>
Cash and cash equivalents	5.a	678,979	233,267
Financial investments	5.b	-	11,339
Trade receivables	6	484,169	415,615
Inventories	7	115,502	102,983
Income taxes and social contributions recoverable	8.c	1,299,397	21
Court-ordered debts receivable	9	129,146	-
Other receivables	11	14,035	11,630
<b>NON-CURRENT ASSETS</b>		<b>5,121,833</b>	<b>6,152,587</b>
<b>LONG-TERM ASSETS</b>		<b>2,583,930</b>	<b>3,598,718</b>
Financial investments	5.b	54,133	65,206
Trade receivables	6	4,951	3,525
Investment in the State's single cash	27.a	-	5,970
Deferred taxes	8.a	126,226	66,694
Contractual financial assets	12	638,843	588,827
Indemnities for expropriation	10	46,561	42,191
Income taxes and social contributions recoverable	8.c	25,414	1,430,357
Contractual assets	13	1,463,138	1,174,160
Court-ordered debts receivable	9	209,308	220,154
Other receivables	11	15,356	1,634
<b>INVESTMENTS</b>		<b>791</b>	<b>845</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>		<b>157,285</b>	<b>168,505</b>
Technical property, plant and equipment	14	132,957	124,724
Right-of-use assets	16.a	24,328	43,781
<b>INTANGIBLE</b>	<b>15</b>	<b>2,379,827</b>	<b>2,384,519</b>
<b>TOTAL ASSETS</b>		<b>7,843,061</b>	<b>6,927,442</b>

The accompanying notes are an integral part of these financial statements.



## COMPANHIA RIOGRANDENSE DE SANEAMENTO

### BALANCE SHEET AT DECEMBER 31, 2021 AND 2020 (In thousands of Reais)

	Note	31/12/2021	31/12/2020
<b>CURRENT LIABILITIES</b>		<b>1,968,409</b>	<b>864,436</b>
Borrowings	18	114,427	114,381
Debentures	19	13,899	4,811
Suppliers		140,159	118,988
Taxes and contributions payable		31,847	36,183
Taxes and contributions in installments	20	16,140	15,644
Payroll and related charges payable		140,939	145,109
Profit Sharing Program		53,557	43,584
Dividends and interest on capital payable	27.a	1,368,821	345,205
Lease liabilities	16.b	20,668	23,674
Contractual obligations	21	56,522	9,000
Other liabilities	22	11,430	7,857
<b>NON-CURRENT LIABILITIES</b>		<b>2,652,337</b>	<b>2,019,485</b>
Borrowings	18	406,719	473,096
Debentures	19	617,350	-
Taxes and contributions in installments	20	-	15,644
Pass-through agreements	23	86,770	53,895
Provisions for tax, civil, environmental and labor risks	24	718,801	467,194
Provision for post-employment benefits	25	760,099	944,110
Deferred taxes	8.b	36,361	41,362
Public-Private Partnership - RMPA	13	22,423	-
Contractual obligations	21	-	4,000
Lease liabilities	16.b	3,814	20,184
<b>EQUITY</b>		<b>3,222,315</b>	<b>4,032,697</b>
Share capital	26.a	1,878,540	1,682,328
Capital reserves	26.b	17,148	17,148
Revenue reserves	26.e	1,187,026	2,388,985
Other comprehensive income	26.c	139,601	(55,764)
Advance for future capital increase	26.f	-	10,824
<i>EQUITY AND ADVANCE FOR FUTURE CAPITAL INCREASE</i>		<i>3,222,315</i>	<i>4,043,521</i>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>7,843,061</b>	<b>6,927,442</b>

The accompanying notes are an integral part of these financial statements.

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**STATEMENTS OF INCOME**  
**AT DECEMBER 31, 2021 AND 2020**  
(In thousands of Reais)

	Note	2021	2020
<b>NET REVENUE</b>	<b>28</b>	<b>3,410,664</b>	<b>3,153,453</b>
Costs of products sold, services provided and construc	29	(2,273,988)	(2,088,042)
<b>GROSS INCOME</b>		<b>1,136,676</b>	<b>1,065,411</b>
<i>OPERATING INCOME (EXPENSES)</i>		(656,160)	370,577
Selling expenses	29	(161,673)	(134,418)
Administrative expenses	29	(537,104)	(447,948)
Other operating revenue	29	67,740	1,018,528
Other operating expenses	29	(25,123)	(65,585)
<b>INCOME BEFORE FINANCIAL RESULT</b>		<b>480,516</b>	<b>1,435,988</b>
<i>NET FINANCIAL RESULT</i>	30	(162,268)	460,429
Financial income		154,479	643,637
Financial expenses		(316,747)	(183,208)
<b>INCOME BEFORE SOCIAL CONTRIBUTION</b>		<b>318,248</b>	<b>1,896,417</b>
Current social contribution		(46,809)	(49,042)
Deferred social contribution		79,030	(32,981)
<b>NET INCOME FOR THE YEAR</b>		<b>350,469</b>	<b>1,814,394</b>
<i>BASIC EARNINGS PER SHARE</i>			
PN	26.g	0.57798	2.99225
ON	26.g	0.52544	2.72023
<i>DILUTED EARNINGS PER SHARE</i>			
PN	26.g	0.57798	2.99225
ON	26.g	0.52544	2.72023

The accompanying notes are an integral part of these financial statements.



## COMPANHIA RIOGRANDENSE DE SANEAMENTO

### STATEMENTS OF COMPREHENSIVE INCOME AT DECEMBER 31, 2021 AND 2020 (In thousands of Reais)

	2021	2020
<b>NET INCOME FOR THE YEAR</b>	<b>350,469</b>	<b>1,814,394</b>
<i>Other comprehensive income</i>	<i>195,365</i>	<i>(86,738)</i>
Realization of revaluation reserve	(1,781)	(2,191)
Actuarial wins (losses) - Fundação Corsan	216,644	(92,909)
Deferred social contribution	(19,498)	8,362
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>545,834</b>	<b>1,727,656</b>

The accompanying notes are an integral part of these financial statements.

**STATEMENTS OF CASH FLOWS**  
**AT DECEMBER 31, 2021 AND 2020**  
(In thousands of Reais)

	2021	2020
<b>Cash flow from operating activities</b>		
<b>Net income before social contribution</b>	<b>318,248</b>	<b>1,896,417</b>
<i>Adjustments to reconcile net income to net cash from operating activities</i>		
Depreciation and amortization	196,423	170,519
Write-off of property, plant and equipment, intangible and contractual assets	2,080	20,268
Allowance for expected credit losses	45,978	31,274
Provisions for tax, civil, environmental and labor risks	55,064	(74,275)
Provision for post-employment benefits	32,634	4,611
Provision for Profit Sharing Program	53,466	43,491
Interest and monetary adjustment on borrowings	47,430	44,532
Interest and monetary adjustment on other debts	64,541	2,855
Borrowing costs	2,116	-
Monetary adjustment on liabilities	206,536	145,261
Net variation of tax immunity indemnity	(20,214)	(1,408,328)
Monetary adjustment on Court-ordered debts	(15,768)	(1,469)
Other adjustments to net income	(59)	(678)
Yield from short-term financial investments	(25,833)	(1,865)
Net present value adjustment of Trade receivables	(651)	(350)
Net present value adjustment of financial assets	(39,994)	(36,435)
Construction margin - concession contracts	(4,532)	(2,518)
Provisions for deferred taxes (Cofins/Pasep)	(5,001)	24,634
<b>Adjusted net income</b>	<b>912,464</b>	<b>847,944</b>
<i>Increase (decrease) of assets</i>		
(Increase) of trade accounts receivable	(115,308)	(85,185)
(Increase) of inventories	(12,474)	(16,581)
(Increase) decrease of judicial deposits	(9,994)	17,762
Decrease (increase) of income from the single cash	5,970	(3,756)
(Increase) of Compensation for expropriation	(4,370)	(352)
Decrease (increase) of contractual claims and indemnities	(102,532)	16,083
(Increase) of other assets	(16,149)	(701)
Decrease (increase) of taxes recoverable	125,803	(3,482)
<i>Increase (decrease) of liabilities</i>		
Increase (decrease) of contractors and suppliers	21,171	(4,118)
(Decrease) of taxes and contributions	(4,337)	(29,673)
(Decrease) of taxes and contributions - installments	(16,023)	(15,502)
(Decrease) of Fundação Corsan's debts	-	(23,176)
(Decrease) Increase of Salaries and related charges	(4,171)	62,660
(Decrease) of Result Sharing Program	(43,493)	(19,396)
Increase of Public-Private Partnership - RMPA	22,423	-
Increase (decrease) of contractual obligations	43,522	(40,604)
Increase (decrease) of other liabilities	3,574	(5,134)
<b>Cash flows from operating activities</b>	<b>806,076</b>	<b>696,789</b>
Social contributions paid	(46,809)	(46,224)
Interest payments	(42,003)	(28,771)
<b>Net cash flows from operating activities</b>	<b>717,264</b>	<b>621,794</b>
<i>Cash flow from investments activities</i>		
Financial investments	48,244	(4,484)
Property, plant and equipment acquisitions	(30,217)	(32,929)
Construction assets acquisitions	(305,963)	(313,991)
Intangible assets acquisitions	(139,675)	(67,524)
Other investments	-	78
<b>Net cash flows used in investing activities</b>	<b>(427,611)</b>	<b>(418,850)</b>
<i>Cash flows from financing activities</i>		
Issuance of financing	44,728	77,432
Financing repayments	(116,486)	(89,764)
Issuance of debentures	600,000	-
Issuance of debentures costs	(21,989)	-
Debentures repayments	(17,355)	(9,830)
Transfer contracts - State Government/Funasa/ANA	32,875	10,458
Payment of dividends and interest on shareholders' equity	(345,205)	(38,000)
Advance for future capital increase	-	10,824
Amortization of lease liabilities	(20,509)	(23,778)
<b>Net cash flows from financing activities</b>	<b>156,059</b>	<b>(62,658)</b>
<b>Increase in cash and cash equivalents, net</b>	<b>445,712</b>	<b>140,286</b>
Cash and cash equivalents at the end of the period	678,979	233,267
Cash and cash equivalents at the beginning of the period	233,267	92,981
<b>Increase in cash and cash equivalents</b>	<b>445,712</b>	<b>140,286</b>
<i>Non-cash items</i>		
Transfers between financial assets and intangibles	34,055	257,220
Transfers between inventories and intangibles	24,432	33,060
Capitalized interest	14,465	13,234
Increase of share capital with advance for future capital increase	10,824	47,183

The accompanying notes are an integral part of these financial statements.

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## COMPANHIA RIOGRANDENSE DE SANEAMENTO

### STATEMENTS OF CHANGES IN EQUITY AT DECEMBER 31, 2021 AND 2020 (In thousands of Reais)

	Note	Capital reserves				Revenue reserves					Total Equity	Advance for future capital increase	Total Equity and advance for future capital increase
		Share capital	Investment reserve	Investment grants	Legal reserve	Tax incentive reserve	Retained earnings reserve	Realizable profits reserve	Other comprehensive income	Retained earnings/losses			
<b>Balance at December 31, 2019</b>		<b>1,635,145</b>	<b>9,262</b>	<b>7,886</b>	<b>136,558</b>	<b>2,394</b>	<b>530,892</b>	<b>-</b>	<b>30,974</b>	<b>-</b>	<b>2,353,111</b>	<b>47,183</b>	<b>2,400,294</b>
Capital increase	26.a	47,183	-	-	-	-	-	-	-	-	47,183	(47,183)	-
Advance for future capital increase	26.f	-	-	-	-	-	-	-	-	-	-	10,824	10,824
Realization of reserves	26.c	-	-	-	-	-	-	-	(2,191)	2,191	-	-	-
Actuarial gains and losses	-	-	-	-	-	-	-	-	(84,547)	-	(84,547)	-	(84,547)
Net income for the year	-	-	-	-	-	-	-	-	-	1,814,394	1,814,394	-	1,814,394
Proposed destination to the General Shareholder Meeting	-	-	-	-	-	-	-	-	-	(97,444)	(97,444)	-	(97,444)
Interest on shareholders' equity attributed to the dividend	26.d	-	-	-	-	-	-	-	-	(1,719,141)	-	-	-
Recognition of reserves	26.e	-	-	-	90,720	17	1,294,934	333,470	-	-	-	-	-
<b>Balance at December 31, 2020</b>		<b>1,682,328</b>	<b>9,262</b>	<b>7,886</b>	<b>227,278</b>	<b>2,411</b>	<b>1,825,826</b>	<b>333,470</b>	<b>(55,764)</b>	<b>-</b>	<b>4,032,697</b>	<b>10,824</b>	<b>4,043,521</b>
<b>Balance at December 31, 2020</b>		<b>1,682,328</b>	<b>9,262</b>	<b>7,886</b>	<b>227,278</b>	<b>2,411</b>	<b>1,825,826</b>	<b>333,470</b>	<b>(55,764)</b>	<b>-</b>	<b>4,032,697</b>	<b>10,824</b>	<b>4,043,521</b>
Capital increase	26.a	196,212	-	-	-	-	(165,388)	-	-	-	10,824	(10,824)	-
Advance for future capital increase	26.f	-	-	-	-	-	-	-	-	-	-	-	-
Realization of reserves	26.c	-	-	-	-	-	-	-	(1,781)	1,781	-	-	-
Actuarial gains and losses	-	-	-	-	-	-	-	-	197,146	-	197,146	-	197,146
Net income for the year	-	-	-	-	-	-	-	-	-	350,469	350,469	-	350,469
Proposed destination to the General Shareholder Meeting	-	-	-	-	-	-	-	-	-	(83,207)	(83,207)	-	(83,207)
Interest on shareholders' equity attributed to the dividend	26.d	-	-	-	-	-	-	-	-	(1,285,614)	-	-	(1,285,614)
Dividends	26.d	-	-	-	-	-	(952,144)	(333,470)	-	-	-	-	-
Recognition of reserves	26.e	-	-	-	17,523	117	251,403	-	-	(269,043)	-	-	-
<b>Balance at December 31, 2021</b>		<b>1,878,540</b>	<b>9,262</b>	<b>7,886</b>	<b>244,801</b>	<b>2,528</b>	<b>939,697</b>	<b>-</b>	<b>139,601</b>	<b>-</b>	<b>3,222,315</b>	<b>-</b>	<b>3,222,315</b>

The accompanying notes are an integral part of these financial statements.

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**STATEMENTS OF VALUE ADDED**  
**AT DECEMBER 31, 2021 AND 2020**  
(In thousands of Reais)

	2021	2020
<b>Revenues</b>	<b>3,733,947</b>	<b>4,409,390</b>
Products and services	3,420,123	3,127,413
Construction revenues	310,496	316,509
Allowance for expected credit losses	(45,978)	(31,274)
Recognition of credits from tax immunity	8,945	863,356
Other sources of revenue	40,361	133,386
<b>Raw materials acquired from third parties</b>	<b>(1,372,255)</b>	<b>(1,255,283)</b>
Cost of services	(1,151,923)	(1,065,650)
Consumed materials, electricity, third-party services and other	(215,253)	(165,815)
Other operating expenses	(5,079)	(23,818)
<b>Gross Value Added</b>	<b>2,361,692</b>	<b>3,154,107</b>
Depreciation and amortization	(196,423)	(170,519)
<b>Net Value Added</b>	<b>2,165,269</b>	<b>2,983,588</b>
<i>Value added received in transfer</i>	169,274	644,775
Financial income from tax immunity	26,472	544,971
Other financial income	128,007	98,666
Donations and subsidies	14,795	1,138
<b>Total added value to distribute</b>	<b>2,334,543</b>	<b>3,628,363</b>
<b>Distribution of added value</b>		
<b>Employees and management</b>	<b>1,198,047</b>	<b>1,078,820</b>
Salaries and related charges	856,632	785,703
Severance Indemnity Fund (FGTS)	45,111	38,436
Employee benefits	194,254	193,194
Pension plan	102,050	61,487
<b>Government</b>	<b>458,087</b>	<b>544,394</b>
Federal taxes	437,159	525,938
State taxes	20,854	18,295
Municipal taxes	74	161
<b>Lenders</b>	<b>327,940</b>	<b>190,755</b>
Financial expenses	316,747	183,208
Leases	11,193	7,547
<b>Shareholders</b>	<b>350,469</b>	<b>1,814,394</b>
Interest on capital	83,207	97,444
Retained profits	267,262	1,716,950
<b>Total value added distributed</b>	<b>2,334,543</b>	<b>3,628,363</b>

The accompanying notes are an integral part of these financial statements.



## COMPANHIA RIOGRANDENSE DE SANEAMENTO

### 1. GENERAL INFORMATION

#### 1.1) Information on the Company

Companhia Riograndense de Saneamento - Corsan ("Company") is a public mixed capital company, governed by the Brazilian Corporation Law, established based on Law 5,167 of December 21, 1965, regulated by Decree 17,788 of February 4, 1966, and amended by Law 13,435 of April 5, 2010 and by Law 14,833 of January 4, 2016. The Company started operating on March 28, 1966.

The controlling shareholder of Corsan is the State of Rio Grande do Sul, which holds 99.99% of its share capital, and the Company is linked to the Secretariat for Infrastructure and Environment.

The Company is engaged in carrying out the construction, operation, commercial exploration and expansion of facilities related to public services for drinking water supply and sewage services; studies, researches and projects for the continuous development of its operating activities, as well as the development of other related activities permitted by law, in connection with the provision of basic sanitation services and holding of interests in other companies.

It operates in 317 cities in Rio Grande do Sul, providing access to drinking water supply, being 301 program contracts in force, one judicially annulled (Erechim) and 15 concession contracts, and, concurrently, in 306 cities providing sewage service. At December 31, 2021, 9 concession contracts have expired, and the possibility for regularization before the New Sanitation Framework is being assessed. The contract with the city of Erechim, as well as the other 9 contracts that are not in force, represent 1.52% and 0.52% of the Company's gross operating revenue, respectively.

#### *New Sanitation Framework*

On July 15, 2020, the Federal Law 14,026/2020 was sanctioned, assigning to the National Water and Basic Sanitation Agency (ANA) the authority to issue reference standards for regulating sanitation in order to minimize the regulatory uncertainties and imposing targets of serving 99%

of the population with drinking water and 90% with sewage collection and treatment by December 31, 2033, encouraging operators to operate more efficiently and increasing competition in the sector.

Decree 10,710 was published on May 31, 2021, regulating Article 10-B of Federal Law 11,445/2007, with guidelines on proof of economic and financial capacity of providers of drinking water supply or sewage public services.

In line with article 10 of Decree 10,710, on December 31, 2021 the Company has filed requirements for the certification of its economic and financial capacity before the regulatory agencies. The documents sent include information on economic and financial indicators attested by a specialist, feasibility studies, and a fundraising plan validated by a specialized certifier. Additionally, with the purpose of meeting the second paragraph of article 11 of the above-mentioned decree, the Company has submitted such information to the National Water and Basic Sanitation Agency – ANA.

## **1.2) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's chief operating decision-maker, which in the case of Corsan is the Collegiate Board, which is responsible for making strategic decisions, allocating resources, and assessing performance of the operating segments.

The provision of Company services has similar characteristics and nature, as well as the same category of customers. Management believes, based on the provision of simultaneous water supply and sewage treatment services, in conjunction with the regulatory environment in which it is inserted, that it operates under a single business segment, which is the provision of basic sanitation services.

## **1.3) Impacts of the Coronavirus (Covid-19)**

Since 2020, Corsan has been following the impacts of the new Coronavirus (Covid-19) on a global scale, and adapting its processes and services to better serve its internal and external

publics, provided that the sanitation sector is one of the essential services needed to fight the virus, given that personal hygiene is the main measure for avoiding the disease.

Corsan focused on minimizing risks without abdicating from serving its customers, even if some aspects have impacted the Company's activities during the period, e.g. the increase in the average period for bill payment, which in turn led to the need for daily monitoring of collection and delinquency performances due to the impact of these variables on the company's cash flows.

As of now, the Company has kept the safety measures recommended by the health authorities, and in the year of 2021, Management understood there have been no significant risks for the Company's operation – in spite of it being alert to the appearance of new variants of the virus – and it came to the conclusion that neither the Company's assets linked to drinking water and sewage systems have been impacted in the period, nor has it identified any indicative risk of impairment.

## **2. INTRODUCTION OF THE FINANCIAL STATEMENTS**

### **2.1) Statement of Compliance and Basis of Preparation**

The Company's financial statements for the year ended December 31, 2021 have been prepared in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee (CPC), as well as according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and disclose all (and only) the applicable significant information related to the financial statements, which is consistent with the information utilized by management in the performance of its duties.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

The issue of these financial statements was authorized by the Executive Board on March 7, 2022 and by the Board of Directors on March 22, 2022.

## **2.2) Functional currency and presentation currency**

The financial statements are presented in Brazilian Real (R\$), which is the functional currency of the Company.

On December 31, 2021, the Company registered no foreign currency transactions. Therefore, no conversion operation was necessary.

## **2.3) Main accounting policies**

The company applied the accounting policies based on the norms and pronouncements in place, and to all periods presented in these financial statements. Further detailing is available in the correspondent Notes.

### **2.3.1) Statement of cash flows**

The statement of cash flows was prepared using the indirect method and reflects the changes in cash occurred in the periods presented, in accordance with accounting pronouncement CPC 03 (R2)(IAS 7) – Statement of Cash Flows, issued by the Brazilian Accounting Pronouncements Committee.

### **2.3.2) Statement of Value Added**

The preparation of the Statement of Value Added is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil applicable to listed companies. The statement of value added was prepared in accordance with the criteria defined in Technical Pronouncement CPC 09 – "Statement of Value Added".. Therefore, under the IFRS, the presentation of such statement is considered supplementary information, and not part of the set of financial statements.

**3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported assets and liabilities, which may present results that differ from reality. The uncertainty relating to these assumptions and estimates can give rise to results that require a significant adjustment to the carrying amount of the related asset or liability in future periods.

The main assumptions related to sources of uncertainty in future estimates at the balance sheet date, involving a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

*Unbilled revenues*

Unbilled revenues are estimated based on the projection of revenue, to which a percentage is applied proportional to the revenue consumption days of the subsequent month, but which should be recognized in the month of actual consumption, being recorded in the Unbilled revenues account.

*Taxes*

There is uncertainty over the interpretation of complex tax regulations and the amount and timing of future taxable profits. Where necessary, Management may decide to contract reports of tax experts to support decision making on the amounts and timing of taxation of certain transactions.

In the year ended December 31, 2021, the Company took into consideration aspects of ICPC22/IFRIC 23 and reviewed judgments made in the calculation of social contribution and tax credits relative to the R\$ 1,408,327 disclosed in note 8. The Company concluded that there are no uncertain procedures applied to this financial statements, provided that all the procedures adopted for the calculation of income taxes are based on the applicable laws and on legal precedents.

*Impairment of non-financial assets*

The Company conducts an impairment test whenever there is indication that the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of an asset's fair value less costs to sell and its value in use. Management's policy is based on the value in use by applying the discounted cash flow model. Cash flows are projected for the average duration of program contracts and do not include significant future investments in the asset base of the cash-generating unit subject to testing. The recoverable amount is sensitive to the discount rate, as well as the expected future cash receipts and the growth rate used for extrapolation purposes.

*Retirement benefits*

Actuarial studies carried out to assess the obligations and costs of retirement benefits and health care have the purpose of meeting the accounting requirements for liabilities/assets resulting from the benefits offered by companies to their employees, taking into account the provisions of technical pronouncement CPC 33 (R1), in correlation to International Accounting Standards – IAS 19.

Actuarial calculations made to assess all these obligations are based on technical parameters (actuarial, demographic, economic and financial assumptions) that are periodically reassessed in order to confirm their adherence to the mass of plan participants.

*Provision for tax, civil, environmental and labor risks*

The Company recognizes a provision for tax, civil, environmental and labor risks claims. The main judgements and estimates related to the topic are described in Note 24.

The settlement of the transactions involving these estimates may result in amounts different from those recognized in the financial statements due to inaccuracies inherent in the process of their determination.

The Company reviews its estimates and assumptions in a period not exceeding one year, making changes according to procedural events.

#### 4. NEW AND REVISED IFRS STATEMENTS

The Company concluded that the issuances of/amendments to IFRS standards effective for the current year had no impact on these financial statements and decided not to early adopt any other standards, interpretations or amendments that have been issued, but which are not yet effective.

##### *Annual Improvements to CPC/IFRS 2018-2020*

Introduces amendments to CPC 37 (R1)/IFRS 1 standards, addressing aspects of first-time adoption in a subsidiary; CPC 48/IFRS 9 for the 10% test criterion for the derecognition of financial liabilities; CPC 06 (R2)/IFRS 16 for illustrative examples of lease, and CPC 29/IAS 41 for aspects of fair value measurement. These amendments are effective for years beginning on or after January 1, 2022. The Company does not expect significant impacts on its financial statements.

##### *Amendments to CPC 27/IAS 16 - Property, Plant and Equipment*

Clarifies aspects to be considered for the classification of items produced before an item of property, plant and equipment is in the conditions for its intended use. This amendment to standard is effective for years beginning on or after January 1, 2022. The Company does not expect significant impacts on its financial statements.

##### *Amendments to CPC 25/IAS 37- Onerous contracts: Cost of fulfilling a contract*

Clarifies aspects to be considered for the classification of costs related to the fulfillment of an onerous contract. This amendment to standard is effective for years beginning on or after January 1, 2022. The Company does not expect significant impacts on its financial statements.

##### *Amendments to CPC 15 (R1)/IFRS 3 - Reference to the Conceptual Framework*

Clarifies conceptual alignments of this standard with the conceptual framework of the IFRS. This amendment to standard is effective for years beginning on or after January 1, 2022. The Company does not expect significant impacts on its financial statements.

##### *Amendments to CPC 26 (R1)/ IAS 1 - Classification of Liabilities as Current or Non-current*

Clarifies aspects to be considered for the classification of liabilities as current or non-current. This amendment to standard is effective for years beginning on or after January 1, 2023. The Company does not expect significant impacts on its financial statements.

*Amendment to standard CPC 50/IFRS 17 - Insurance Contracts*

This amendment to standard is effective for years beginning on or after January 1, 2023. The Company does not expect significant impacts on its financial statements.

**5. CASH AND CASH EQUIVALENTS AND FINANCIAL INVESTMENTS**

**Accounting Policy:**

Cash and cash equivalents include cash on hand, deposits with banks and other short-term highly liquid investments used to fulfill the Company's short-term obligations.

The Company considers to be cash equivalents highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. An investment usually qualifies as cash and cash equivalents when it has a maturity of three months or less from the date of contracting.

**a) Cash and cash equivalents**

<b>(R\$ thousand)</b>	<b>12/31/2021</b>	<b>31/12/2020</b>
Cash	<b>1</b>	1
Bank deposits	<b>38,339</b>	57,102
Highly liquid investments	<b>640,639</b>	176,164
<b>Total</b>	<b>678,979</b>	233,267

Based on Decree 55,846/2021, of April 18, 2021, which authorized the Company to leave the Integrated System for Cash Administration – SIAC, the Company has been investing cash in highly-liquid and low-risk investments since April 30, 2021.

At December 31, 2021, the line item related to unrestricted bank deposits disclosed as Cash and Cash Equivalents includes the balance of R\$381,774, which has been committed to be used exclusively for projects related to the Indenture of the 4th issue of simple, nonconvertible, unsecured debentures, which provides that all net funds raised by the Company through the Third Series and/or Fourth Series Debentures will be used exclusively for future payments or reimbursement of expenses or debts, as appropriate, in connection with investments related to the Expansion of Water Supply and/or Sewage Treatment System projects in 13 cities in the State of Rio Grande do Sul and the Project for the Implementation of a Water Treatment Plant in Santa Cruz do Sul - RS.

The restricted bank deposits account presents amounts for releases/disbursements of third party resources linked to the financing and pass-through agreements entered into with financial agents (Caixa, BNDES, Funasa and Focem) and are available for use at any time.

These resources will be applied in bank accounts with immediate liquidity and exclusively used for the financial operationalization of contracts intended for investments in water supply and sewage systems.

## b) Financial investments

Bank	Maturity	12/31/2021	12/31/2020
Caixa Econômica Federal - ANA	2021	-	7,676
Banrisul Debentures Guarantee	2021	-	3,663
<b>Total current</b>		-	11,339

Bank	Maturity	12/31/2021	12/31/2020
Banrisul BNDES Reserve - PAC 1	-	-	6,508
Banrisul BNDES Reserve - PAC 2	-	-	2,027
Banrisul BNDES Reserve - PAC 2 and Renegotiation	-	-	7,142
Caixa Econômica Federal - Reserve	2034	<b>48,570</b>	46,516
Banrisul Reserve PPP	2055	<b>5,563</b>	3,013
<b>Total non-current</b>		<b>54,133</b>	65,206

The financial investments refer to amounts deposited for contractual guarantees of borrowing agreements entered into with the financial agents Caixa Econômica Federal and National Bank for Economic and Social Development - BNDES, for execution of the Company's investment plan, considering actions for expansion/improvements in water supply systems, commercial/institutional development and implementation/extension of sewage systems.

The resources are applied in investment funds in Banrisul and Caixa Econômica Federal, in which the remuneration is variable, defined by mark-to-market. In the year ended December 31, 2021, the return on investment was 4.4772% in Banrisul (2.4976% in the year ended December 31, 2020), and 4.3832% in Caixa Econômica Federal (2.4491% in the year ended December 31, 2020).

## 6. TRADE RECEIVABLES

### **Accounting Policy:**

Trade receivables: include services measured and billed, and not yet received, and revenues from water supply and sewage collection, not yet billed, recognized by estimate on an accrual basis, based on the average consumption of every billing route, applied to the period between the date of the last reading and the end of the month.

Adjustment to present value: long-term receivables are adjusted to present value using the rate of 1% p.m., which is the same rate for adjustment of past-due receivables and installment payments made by the Company.

Allowance for expected credit losses: The allowance for expected credit losses was calculated using the simplified approach, according to the history of losses on the realization of receivables from water and sewage services, projecting the future scenario. The Company's recovery policy considers that the receivables are recoverable throughout the debt prescription period, which is ten years for private customers and five years for public customers and contemplates the interruption of the services to default customers. The Company does not recognize a provision for losses in the performance of credits from its controlling shareholder (the State of Rio Grande do Sul) due to the history of regularization of debts through restructuring of accounts.

Trade receivables are comprised as follows:

	12/31/2021	12/31/2020
Trade receivables - not yet due		
Private	<b>227,735</b>	200,863
Public	<b>8,335</b>	6,654
Trade receivables - past due		
Private	<b>311,674</b>	271,222
Public	<b>33,494</b>	8,464
Unbilled revenue	<b>108,867</b>	93,253
Total trade receivables	<b>690,105</b>	580,456
Adjustment to present value	<b>(3,060)</b>	(2,313)
Allowance for expected credit losses	<b>(197,925)</b>	(159,003)
	<b>489,120</b>	419,140
Current	<b>484,169</b>	415,615
Non-current	<b>4,951</b>	3,525

	12/31/2021		12/31/2020	
	Private	Public	Private	Public
Not yet due	<b>227,735</b>	<b>8,335</b>	200,863	6,654
Past due - 1 to 30 days	<b>69,122</b>	<b>5,256</b>	62,067	3,873
Past due - 31 to 90 days	<b>27,983</b>	<b>9,437</b>	24,913	856
Past due - 91 to 180 days	<b>13,542</b>	<b>8,577</b>	10,221	145
Past due - more than 181 days	<b>201,027</b>	<b>10,224</b>	174,021	3,590
Total	<b>539,409</b>	<b>41,829</b>	472,085	15,118

Trade receivable from public customers correspond to the billings from water supply and sewage collection for federal, state and municipal bodies and autarchies.

The changes in allowances for expected credit losses are as follows:

<b>Allowance for expected credit losses</b>	<b>12/31/2021</b>	<b>12/31/2020</b>
Balance at the beginning of the year	<b>(159,003)</b>	(127,729)
Additions	<b>(45,978)</b>	(60,942)
Reversals/realization of loss	<b>7,056</b>	29,668
Balance at the end of the year	<b>(197,925)</b>	(159,003)

## 7. INVENTORIES

### Accounting Policy:

Materials in warehouse are intended for the consumption and maintenance of water and sewage systems. The assessment is carried out by the average purchase cost, and does not exceed the net realizable value. Materials intended for use in construction works are classified as contract assets within the non-current assets.

The balance in inventories by type of material is as follows:

	<b>12/31/2021</b>	<b>12/31/2020</b>
Water and sewage pipes	<b>79,216</b>	69,132
Treatment/laboratory materials	<b>12,608</b>	6,448
Electrical and mechanical materials	<b>7,410</b>	4,435
Safety and environmental materials	<b>9,719</b>	6,468
Information technology and telecommunications equipment	<b>2,238</b>	3,728
Sundry materials	<b>9,248</b>	14,678
Provision for losses	<b>(4,937)</b>	(1,906)
<b>Total</b>	<b>115,502</b>	102,983

The changes in provision for inventory losses is as follows:

<b>Provision for inventory losses</b>	<b>12/31/2021</b>	<b>12/31/2020</b>
Balance at the beginning of the year	<b>(1,906)</b>	(3,425)
Additions	<b>(3,031)</b>	-
Reversals	-	1,519
Balance at the end of the year	<b>(4,937)</b>	(1,906)

## 8. TAXES

***Accounting Policy:***

Current Taxes: tax assets and liabilities for the current year and prior years are measured at the amount expected to be recoverable from or payable to the tax authorities. The social contribution rate (9%) and the tax rules used for its calculation are those in force according to the rules established for companies that adopt the taxable income as their calculation base.

Deferred taxes: in accordance with CPC 32/IAS 12, deferred taxes have been recorded on the temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax assets are recognized for all deductible temporary differences, unused tax credits and losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, and unused tax credits and losses can be utilized.

Deferred tax items are recognized in accordance with the transaction that gave rise to the deferred tax, in profit or loss or directly in equity. Deferred tax assets and liabilities are presented net.

***Federal tax immunity***

As a result of the tax immunity, obtained from a monocratic decision that acknowledged Corsan's immunity from federal taxation, and established that amounts paid in the period from 1988 to 2018 should be refunded, in 2019 the Company stopped calculating and paying the related Corporate Income Tax (IRPJ) and the Rural Land Tax (ITR). Based on the final and unappealable decision in favor of the Company, Management concluded, in line with its advisors, that it is probable that tax authorities will accept the tax treatment of this credit, provided that the tax immunity has been declared by the Supreme Court, even though the Federal Government may still appeal. The Company understands that its accounting practice is adequate, as it is in line with CPC 32 and ICPC 22, as well as supported by documents that confirm the calculation of such credit.



## COMPANHIA RIOGRANDENSE DE SANEAMENTO

In January 2021, Corsan filed a petition for implementation of the sentence ruled, calling for the return of R\$1,408,327, by means of a court-ordered debt. This amount relates to the refund claim filed in connection with IRPJ and ITR paid in the period from 1988 to 2018, including monetary correction up to December 2020. The index adopted for the entire period was the referential rate of the Special System for Settlement and Custody (SELIC), which is used to adjust federal taxes.

Following the normal course of the proceedings, on April 5, 2021, the Federal Government submitted objection to the fulfillment of court decision against the public treasury questioning the amount presented by Corsan and recognizing a debt amount of R\$ 128.587, for which a court-ordered debt was issued on May 6, 2021 (updated to R\$ 129.146 at December 31, 2021).

Such objection was responded by the Company on April 30, 2021, supporting the maintenance of the originally-demanded amount, excluding R\$ 16,048 related to payments between 1997 and 1998, which have already been returned to the Company through administrative procedures.

As to the questioned amounts, the lawsuit continues to be processed regularly, pending judgement of a Bill of Review appeal filed by the Federal Government before the 4th Regional Federal Court after a court decision that rejected the previously-submitted objection. The updated balance at March 31, 2021, is R\$ 1,299,397, registered in income tax and social contribution recoverable in current assets, due to the destination mentioned in note 26.d. The carrying amount, R\$ 815,123, refers to the principal amount of paid taxes, and R\$ 484,274 to the principal's monetary correction.

As a result of the accounting of this asset, management recognized the amount of R\$ 22,519 in non-current liabilities referring to Pasep/Cofins. The Company's Management, supported by the advice of a tax expert, understands that the taxation for purposes of Pasep/Cofins and CSLL of the gain arising from the final and unappealable court decision of this proceeding should be made on the value relative to ITR. Relative to the monetary correction amount, there should only apply Pasep and Cofins upon issuance of the court-ordered debt, as the taxes referring to the court-ordered debt have already been billed and paid by judicial deposit.

<b>Reconciliation of effective rate</b>	<b>12/31/2021</b>	<b>12/31/2020</b>
Profit before social contribution (CSLL)	<b>318,248</b>	1,896,417
Statutory rate	<b>9%</b>	9%
Expected CSLL expense at statutory rate	<b>(28,642)</b>	(170,678)
Effect of CSLL on permanent differences:		
Interest on capital	<b>7,489</b>	8,770
Earnings from corporate tax immunity	<b>50,426</b>	77,645
Other permanent differences	<b>2,948</b>	2,240
Social contribution recognized in the statement of income	<b>32,221</b>	(82,023)
Current	<b>(46,809)</b>	(49,042)
Deferred	<b>79,030</b>	(32,981)
Effective rate	<b>(10.12%)</b>	4.33%

On September 24, 2021, the Supreme Court tried RE number 1.063.187, which was submitted to the system of general repercussion, and decided that charging income tax and social contribution on SELIC-updated amounts received in connection to the repetition of undue taxes is unconstitutional. With it, the Company was returned R\$ 42,470, accounted as deferred CSLL on monetary update on tax immunity gains, as well as the provision for CSLL amounting R\$ 7,128, calculated upon the court-ordered debt's update, resulting in a negative effective rate at December 31, 2021.

#### **a) Deferred tax credits**

**Provision for debts with suspended payment**

Deferred social contribution on temporary differences:	12/31/2021	12/31/2020
Actuarial liability	<b>760,099</b>	944,110
Provision for debts with suspended payment	<b>21,570</b>	14,646
Provision for tax, civil and labor risks	<b>1,122,262</b>	860,661
Allowance for expected credit losses	<b>90,950</b>	44,989
Provision for losses – sundry	-	9,610
Court-ordered debt – Municipal Government of Novo Hamburgo	<b>(93,502)</b>	(103,941)
Revaluation reserve	<b>(58,664)</b>	(58,149)
Effects of the adoption of ICPC 01 – Service Concession Arrangements	<b>(200,713)</b>	(215,586)
Capitalized finance charges	<b>(281,033)</b>	(264,338)
Monetary adjustment – court-ordered debt	<b>(560)</b>	(1,095)
Monetary adjustment – tax immunity	-	(544,971)
Other provisions and temporary differences	<b>42,097</b>	55,106
Total temporary differences	<b>1,402,506</b>	741,042
Statutory rate	<b>9%</b>	9%
Total net deferred social contribution	<b>126,226</b>	66,694

**b) Deferred tax liabilities**

	12/31/2021			12/31/2020		
	Cofins	Pasep	Total	Cofins	Pasep	Total
Deferral – immunity accounting	<b>19,371</b>	<b>3,148</b>	<b>22,519</b>	21,799	3,542	25,341
Deferral – revenue from court-ordered debts	<b>6,357</b>	<b>1,334</b>	<b>7,691</b>	7,747	1,671	9,418
RTT	<b>5,054</b>	<b>1,097</b>	<b>6,151</b>	5,425	1,178	6,603
Liability amount	<b>30,782</b>	<b>5,579</b>	<b>36,361</b>	34,971	6,391	41,362

Deferred tax liabilities refer to the differences between credits from accounting and tax depreciation, to the deferral of taxes levied on the recorded balance of court-ordered debts in the Company's name, and to the deferral of taxes applicable to the challenged amount relative to the tax immunity case.

**c) Income tax and social contribution recoverable**

	Current		Non-current	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Income tax recoverable	<b>1,299,397</b>	-	<b>10,321</b>	1,418,589
Social contribution recoverable	-	21	<b>15,093</b>	11,768
<b>Total</b>	<b>1,299,397</b>	21	<b>25,414</b>	1,430,357

The collection of the balances registered in non-current assets follows projections by year as described below:

Year	Tax/Contribution	Amount
2024	Income tax	10,321
2024	Social contribution	1,145
2025	Social contribution	11,118
2027	Social contribution	2,830
		<b>25,414</b>

R\$ 1,299,397 of the balance related to the tax income recoverable corresponds to amounts in connection to the tax immunity process, and will be distributed as dividends to shareholders, following decision by the Board of Directors ratified by the General Meeting.

## 9. COURT-ORDERED DEBTS RECEIVABLE

Body	Nature	12/31/2021	12/31/2020
Erechim	Indeminities	-	411
Novo Hamburgo <sup>a</sup>	Debt service	<b>12,494</b>	41,942
Novo Hamburgo <sup>b</sup>	Indeminities over equity	<b>161,465</b>	145,112
Novo Hamburgo <sup>c</sup>	Water bills	<b>35,297</b>	32,642
São Gabriel	Taxes	<b>52</b>	47
Federal Government	Taxes	<b>129,146</b>	-
		<b>338,454</b>	220,154
Current		<b>129,146</b>	-
Non-current		<b>209,308</b>	220,154

The above amounts refer to lawsuits filed by the Company, for which court-ordered debts have already been issued and which resulted in indemnity according to the nature of the proceeding. The most relevant amounts are described below:

**Novo Hamburgo:**

**a)** By virtue of a court decision issued with respect to Case No. 001/1.15.0168335-8, which was pending before the 3rd Lower Treasury Court of the Central Court of the Judicial District of Porto Alegre, the city of Novo Hamburgo was sentenced to indemnify Corsan for the reimbursement of the financing arrangements entered into for the provision of sanitation services that were performed in the city of Novo Hamburgo. Up to December 31, 2021, the Company had received R\$ 32,078.

**b)** Case No. 001/1.05.0286812-4 discussed the indemnity related to the assets that Corsan held in the city of Novo Hamburgo, concerning the provision of the service.

**c)** By virtue of a court decision issued with respect to Case No. 001/1.05.0286844-2, which was pending before the 3rd Lower Treasury Court of the Central Court of the Judicial District of Porto Alegre, the city of Novo Hamburgo was sentenced to pay to Corsan water bills due by the municipal government from December 1998 to December 2016.

The city of Novo Hamburgo is under a special regime for the payment of court-ordered debts and should settle these debts up to the end of 2029.

**Federal Government:**

The issuance of a final and unappealable court decision for RE 342314/RS, which definitely tried the subject regarding tax immunity, occurred on May 28, 2020. On April 5, 2021, the Federal Government submitted objection to the sentence against the treasury, challenging the amount presented by Corsan. Such objection, in summary, recognized a debt of R\$ 129.146. The court-ordered debt's matures in the end of 2022.

**10. INDEMNITIES FOR EXPROPRIATION**

These refer to areas for construction and/or expansion of water and sewage systems that were expropriated awaiting documentation for transfer of property to Corsan. In the year ended December 31, 2021, 1 asset was added to property, plant and equipment, totaling R\$ 125 (in December 31, 2020, 29 assets were added to intangible assets, totaling R\$ 55,838) and R\$ 4.245 were paid as indemnities (R\$ 352 in December 31, 2020).

**11. OTHER RECEIVABLES**

	12/31/2021	12/31/2020
Receivables from municipal governments	2,175	5,025
Advance payment FMGC – Esteio	11,989	-
Advance payments	6,641	-
Advance on vacation pay	4,257	3,747
Judicial indemnities receivable	1,477	1,477
For services or works provided to third parties	1,901	2,011
Amounts to be offset	209	209
Insurance premiums	542	618
Other receivables	200	177
	<b>29,391</b>	13,264
Current	<b>14,035</b>	11,630
Non-current	<b>15,356</b>	1,634

The amount of R\$ 6,641 recorded in advance payments refers to borrowing costs with the International Finance Corporation (IFC), as described in note 18. At the time of receiving the proceeds from the borrowing, the amount will be transferred to current liabilities as a reducing account for monthly allocation over the term of the contract. The registration fees paid to CVM and B3 in connection to the request for conversion from category “A” to “B” and, ultimately, to the Company’s IPO, are accounted similarly and will add up to the offering’s cost.

The amount R\$ 11,989 under Advance Payment FMGC – Esteio refers to the advance payment of monthly transfers to the Municipal Fund of Shared Management, following Amendment to the Program Contract signed on November 2021. Such monthly transfers are made for certain municipalities, and are destined to investments linked to the environment and sanitation.

**12. CONTRACTUAL FINANCIAL ASSETS**
**Accounting Policy:**

The Company recognizes a credit receivable from the concession grantor (cities) when it has an unconditional right to receive a financial amount at the end of the concession as compensation for investments made and not recovered through the provision of services related to the concession. This credit receivable is classified as a non-current asset, and it considers the end of the concession period as reference date.

Adjustment to present value: these financial assets are recognized at the present value of the right and are calculated based on the net amount of the constructed assets belonging to the infrastructure that will be compensated by the concession grantor, discounted based on the Company's Weighted Average Cost of Capital.

At December 31, 2021, the Company has R\$ 467,661 receivable from the concession grantor (cities), related to the amount expected to be received for the residual value of the infrastructure at the end of the concessions (R\$ 588,827 at December 31, 2020). This amount was adjusted to the respective present value at initial recognition and was discounted at the weighted average cost of capital, as follows:

	12/31/2021	12/31/2020
Financial assets	<b>1,385,460</b>	1,348,229
( - ) Adjustment to present value	<b>(746,617)</b>	(759,402)
<b>Total</b>	<b>638,843</b>	588,827

Changes in financial assets	12/31/2021	12/31/2020
Balance at the beginning of the year	<b>588,827</b>	341,039
Recognition/realization of adjustment to present value	<b>39,994</b>	36,435
Additions	<b>5,838</b>	752
Write-offs	<b>(4)</b>	(2,892)
Net transfers	<b>4,188</b>	213,493
<b>Balance at the end of the year</b>	<b>638,843</b>	588,827

**Transfer of goods and services from Corsan to the concession grantor**

Currently, the Company is claiming at court compensation for investments made in the cities of Uruguaiiana, São Gabriel and Teutônia, with which the contracts were terminated:

**a) Uruguaiiana:** In 2014, a lawsuit was filed claiming indemnity and is still pending judgment. The balance of this contract at December 31, 2021 is R\$ 32,190 (R\$ 32,190 at December 31, 2020).

**b) São Gabriel:** After the resumption, by the City of São Gabriel, of the water and sewage services that were provided by Corsan, a collection lawsuit was filed relating to the assets that were affected by the execution of the mentioned services, which is still pending judgment. The balance of this contract at December 31, 2021 is R\$ 3,808 (R\$ 3,831 at December 31, 2020).

**c) Teutônia:** After the resumption, by the City of Teutônia, of the water and sewage services that were provided by Corsan, a collection lawsuit was filed relating to the assets that were affected by the execution of the mentioned services, which is still pending judgment. The balance of this contract at December 31, 2021 is R\$ 292 (R\$ 292 at December 31, 2020).

The accounting balances at December 31, 2021 and 2020 refer to assets constructed in the cities during the period in which Corsan provided sanitation services. The indemnity amount will be based on an expert's report, and will be recognized after a final and unappealable court decision is granted.

**13. CONTRACT ASSETS**

**Accounting Policy:**

As set forth in CPC 47/IFRS 15 - Revenue from Contracts with Customers, assets linked to the concession under construction, recorded within the scope of ICPC 01(R1)/IFRIC 12 - Service Concession Arrangements, shall be classified as contract assets during the construction period and transferred to intangible assets only after their completion.

The costs incurred with materials, direct and indirect labor and other expenses incurred by the Company in the construction and installation are recognized until the moment the assets enter

into operation. After completion, the assets are transferred to intangible assets when amortizable under a program contract; for the financial asset, for its subsequent amounts; and for property, plant and equipment, for own assets connected to operational non-core activities.

The indirect expenses recognized are allocated to the indirect capitalizable costs and apportioned according to the monthly inflows attributed to the operational technical services related to the projects and works.

Capitalization of Interest and Financial Charges: Includes interest and other costs directly related to the acquisition or construction of an asset. In accordance with ICPC 01(R1)/IFRIC 12, the Company capitalizes the borrowing costs related to assets under public service program contracts. After completion of the work, the amounts are recognized in profit or loss for the period in which they occurred.

<b>Cost</b>	<b>Construction in progress</b>	<b>Inventories for works</b>	<b>Total contract assets</b>
Balance at 12/31/2020	1,144,938	29,222	1,174,160
Additions	346,209	21,326	367,535
Write-offs and losses	(1,062)	(565)	(1,627)
Transfers	(52,696)	(24,234)	(76,930)
<b>Balance at 12/31/2021</b>	<b>1,437,389</b>	<b>25,749</b>	<b>1,463,138</b>

<b>Cost</b>	<b>Construction in progress</b>	<b>Inventories for works</b>	<b>Total contract assets</b>
Balance at 12/31/2019	1,592,123	33,120	1,625,243
Additions	311,586	21,896	333,482
Write-offs and losses	(19,247)	-	(19,247)
Transfers	(739,524)	(25,794)	(765,318)
<b>Balance at 12/31/2020</b>	<b>1,144,938</b>	<b>29,222</b>	<b>1,174,160</b>

In the year ended December 31, 2021, the additions comprise R\$ 115,805 (R\$ 97,292 at December 31, 2020) for water systems and R\$ 230,404 (R\$ 214,294 at December 31, 2020) for sewage systems.

In the year ended December 31, 2021, 949 works were completed and transferred to Intangible Assets and Financial Assets. The most relevant works transferred to Property, Plant and Equipment correspond to the extension of sewage systems, collecting networks and individual branches in the cities of Alvorada, Ijuí and Santo Antônio da Patrulha.

The amount of borrowing costs capitalized during the year ended December 31, 2021 was R\$ 14,465 (R\$ 13,234 at December 31, 2020).

*Public-Private Partnership Metropolitan Region of Porto Alegre*

The first year of the private partner's operation ended in December 2021. In this period, the partner company invested R\$ 23,517 in expansion, registered under contract assets in compensation to the recognized debt of R\$ 1,094 in current liabilities, under other debts (note 22), and of R\$ 22,423 in non-current liabilities.

#### **14. PROPERTY, PLANT AND EQUIPMENT**

**Accounting Policy:**

The Company's property, plant and equipment comprise basically land, buildings, vehicles, own sewage systems linked to private industrial activity and other assets that are not linked to the public concession. The assets classified in property, plant and equipment are stated at cost of acquisition or construction.

When a relevant maintenance is made and generates future benefit expectation, its cost is recognized in the carrying amount of the asset. All other repair and maintenance costs are recognized in the statement of income when incurred.

Land is not depreciated. Depreciation is calculated on a straight-line basis over the useful lives of the assets, at rates that take into consideration the estimated useful life of assets, as follows:

	Useful life of Property, plant and equipment
Buildings	30 to 50 years
Machinery	10 to 20 years
Vehicles	5 to 12 years
Other movable assets	5 to 12 years
Own sewage systems	50 years

Corsan hired a specialist company to evaluate its assets. Based on the Review of Useful Lives Report, issued by the company, the useful lives of property, plant and equipment were updated from June 2021 onwards. Management assessed the changes in useful lives of assets, which varied upwards and downwards without major differences.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income when the asset is derecognized.

The residual values, useful lives and methods of depreciation are periodically reviewed end and adjusted prospectively, if appropriate.

Changes in property, plant and equipment:

Cost	Sewage systems	General use assets	Construction in progress	Total property, plant and equipment
Balance at 12/31/2020	22,574	427,794	2,673	453,041
Additions	-	28,679	1,538	30,217
Write-offs	-	(2,245)	(34)	(2,279)
Transfers	-	(1,092)	(498)	(1,590)
<b>Balance at 12/31/2021</b>	<b>22,574</b>	<b>453,136</b>	<b>3,679</b>	<b>479,389</b>

<b>Depreciation</b>				
Balance at 12/31/2020	(20,023)	(308,293)	-	(328,316)
Depreciation	(238)	(20,520)	-	(20,758)
Write-offs	-	2,039	-	2,039
Transfers	-	603	-	603
<b>Balance at 12/31/2021</b>	<b>(20,261)</b>	<b>(326,171)</b>	-	<b>(346,432)</b>

Net balance at 12/31/2020	2,551	119,501	2,673	124,725
<b>Net balance at 12/31/2021</b>	<b>2,313</b>	<b>126,965</b>	<b>3,679</b>	<b>132,957</b>

<b>Cost</b>	<b>Sewage systems</b>	<b>General use assets</b>	<b>Construction in progress</b>	<b>Total property, plant and equipment</b>
Balance at 12/31/2019	22,534	404,838	1,747	429,119
Additions	40	31,963	926	32,929
Write-offs	-	(2,743)	-	(2,743)
Transfers	-	(6,265)	-	(6,265)
<b>Balance at 12/31/2020</b>	<b>22,574</b>	<b>427,793</b>	<b>2,673</b>	<b>453,040</b>

<b>Depreciation</b>				
Balance at 12/31/2019	(19,687)	(289,875)	-	(309,562)
Depreciation	(336)	(21,496)	-	(21,832)
Write-offs	-	1,759	-	1,759
Transfers	-	1,319	-	1,319
<b>Balance at 12/31/2020</b>	<b>(20,023)</b>	<b>(308,293)</b>	-	<b>(328,316)</b>

Net balance at 12/31/2019	2,847	114,963	1,747	119,557
<b>Net balance at 12/31/2020</b>	<b>2,551</b>	<b>119,500</b>	<b>2,673</b>	<b>124,724</b>

The depreciation for the period recognized in the statement of income as cost of service provided was R\$ 12,255 (R\$ 11,394 at December 31, 2020), R\$ 945 (R\$ 1,437 at December 31, 2020) as selling expenses and R\$ 7,558 (R\$ 9,001 at December 31, 2020) as administrative expenses.

The line item "sewage systems" includes property, plant and equipment items used by the Company in its own activities or for the provision of services not related to the public concession, such as sewage treatment of private industrial condominiums.

The line item “general use assets” includes land, buildings, vehicles and machinery used by the Company in indirect processes necessary for the development and operation of activities related to the public concession.

	Buildings	Machinery	Vehicles	Other movable assets	Own sewage systems
Net book value	145,081	9,230	27,736	271,089	453,136
(-) Accumulated depreciation	(126,141)	(4,888)	(19,011)	(176,131)	(326,171)
<b>Net balance at 12/31/2021</b>	<b>18,940</b>	<b>4,342</b>	<b>8,724</b>	<b>94,959</b>	<b>126,965</b>

## 15. INTANGIBLE ASSETS

### Accounting Policy:

Concessions: The Company has public concession contracts for water supply and sewage services called program contracts. The program contracts are signed with the cities and represent a right to charge users of public services, through tariffs, controlled by regulatory agencies of delegated public services, during the effective period of the contracts.

The Company recognizes this right to charge users for the water supply and sewage services provided during the concession period, in line with the interpretation ICPC 01 (R1) – Service Concession Arrangements.

The intangible asset is determined as the residual value of the construction revenue earned for the construction or acquisition of the infrastructure carried out by the Company less the amount allocated in the financial asset. Recognition is made according to the bifurcated model (intangible asset and financial asset). In this model, the Company records a portion in intangible assets and another portion of the amount in financial assets to the extent that the economic useful life of the assets recorded in intangible assets exceeds the contract term. The financial asset represents the remaining amount of the intangible asset, adjusted to present value, to be reimbursed to the Company by the concession grantor at the end of the contract term.

The amortization of the asset will begin when the infrastructure is in its location and in the condition necessary to be operated by the Company, and will cease when the asset has been fully

consumed, written off or is no longer included in the calculation basis of the tariff for the provision of concession services, whichever occurs first. Intangible assets are amortized on a straight-line basis over their useful lives.

The rates that take into account the estimated useful lives of the assets are as follows:

	Useful life of the intangible asset	Average concession term
Water systems	50 years	25 years
Sewage systems	50 years	25 years
General use assets	5 to 30 years	25 years

Based on the work carried out by a specialized company, the useful lives of intangible assets were updated and implemented from June 2021. Similarly, Management has assessed the variations in useful life without meaningful impact.

Computer software licenses: computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

The Company started the implementation of the Integrated Enterprise Resource Planning (ERP) System in July 2019, with execution estimated in 39 months.

The amortization will take place from the start of the operation, with forecast for October 2022. The amortization period will be five years on a straight-line basis.

Impairment of non-financial assets: assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-generating units (CGU's)).

Because of the interdependence of the systems and the cross-subsidy methodology, applicable to the locations and to the provision of basic sanitation services, the Company's decision-making is centralized and based on Corsan's consolidated information, Management understands it has only one CGU.

Changes in intangible assets:

	Water supply systems	Sewage systems	General use assets	Software licenses	Total intangible assets
<b>Cost</b>					
Balance at 12/31/2020	1,488,212	1,447,691	290,401	13,919	3,240,223
Additions	25,875	7,825	27,195	8,335	69,230
Write-offs	(8,513)	-	(562)	-	(9,075)
Transfers	42,932	34,319	4,915	-	82,166
<b>Balance at 12/31/2021</b>	<b>1,548,506</b>	<b>1,489,835</b>	<b>321,949</b>	<b>22,254</b>	<b>3,382,544</b>
<b>Amortization</b>					
Balance at 12/31/2020	(457,202)	(293,939)	(104,563)	-	(855,704)
Amortization	(84,096)	(55,531)	(15,451)	-	(155,078)
Write-offs	8,364	-	498	-	8,862
Transfers	-	-	(797)	-	(797)
<b>Balance at 12/31/2021</b>	<b>(532,934)</b>	<b>(349,470)</b>	<b>(120,313)</b>	<b>-</b>	<b>(1,002,717)</b>
Net balance at 12/31/2020	1,031,010	1,153,752	185,838	13,919	2,384,519
<b>Net balance at 12/31/2021</b>	<b>1,015,572</b>	<b>1,140,365</b>	<b>201,636</b>	<b>22,254</b>	<b>2,379,827</b>

Cost	Water supply systems	Sewage systems	General use assets	Software licenses	Total intangible assets
Balance at 12/31/2019	1,217,259	1,139,381	203,747	7,998	2,568,385
Additions	22,366	343	13,956	5,921	42,586
Write-offs	(3,800)	-	(42)	-	(3,842)
Transfers	252,387	307,967	72,740	-	633,094
<b>Balance at 12/31/20220</b>	<b>1,488,212</b>	<b>1,447,691</b>	<b>290,401</b>	<b>13,919</b>	<b>3,240,223</b>
Amortization					
Balance at 12/31/2019	(396,133)	(248,138)	(88,715)	-	(732,986)
Amortization	(64,852)	(45,801)	(14,267)	-	(124,920)
Write-offs	3,783	-	22	-	3,805
Transfers	-	-	(1,603)	-	(1,603)
<b>Balance at 12/31/20220</b>	<b>(457,202)</b>	<b>(293,939)</b>	<b>(104,563)</b>	<b>-</b>	<b>(855,704)</b>
Net balance at 12/31/2019	821,126	891,243	115,032	7,998	1,835,399
<b>Net balance at 12/31/2019</b>	<b>1,031,010</b>	<b>1,153,752</b>	<b>185,838</b>	<b>13,919</b>	<b>2,384,519</b>

The amortization for the period recognized in the statement of income as cost of service provided was R\$ 155,078 (R\$ 124,920 at December 31, 2020).

The line item "General use assets" includes properties and equipment necessary for the management and maintenance of water and sewage systems directly related to the public concession. These assets have specific useful life.

At the balance sheet date, the Company did not identify factors that would require the recognition of a provision for impairment of assets.

## 16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

### Accounting Policy:

The Company analyzed the lease contracts in effect. This analysis identified impacts mainly related to the leases of vehicles and properties from third parties. The measurement of the right-of-use assets is equal to the amount of the lease liabilities at the time of recognition and is made according to the terms of the contracts.

The Company applied the recognition exemption provided for in CPC 06 (R2)/IFRS16, specifically to its leases with a term of 12 months or less, and leases of low-value assets. The lease for areas of wells drilled and maintained by the Company, as well as areas of access to natural resources, used for the capture of raw water, were also disregarded. For these, expenses are recognized on a straight-line basis over the lease period.

Adjustment to Present Value: the lease liabilities were measured at the present value of the remaining payments, discounted at the incremental rate of its borrowings. For these contracts, a fixed CDI rate was applied, this was the rate practiced at the date of their recognition, quoted according to the final term of their maturities, rate observed for futures contracts traded on the stock exchange, plus 0.5% p.a., as credit risk.

#### a) Right-of-use assets

	Properties	Vehicles	IT Equipment	Total
Balance at 12/31/2020	6,057	33,047	4,677	43,781
Adjustment for remeasurement	439	16	-	455
New contracts	4,619	-	-	4,619
(-) Exclusions	(275)	-	(3,665)	(3,940)
(-) Accumulated depreciation	(3,371)	(16,204)	(1,012)	(20,587)
<b>Balance at 12/31/2021</b>	<b>7,469</b>	<b>16,859</b>	<b>-</b>	<b>24,328</b>

Liabilities	Properties	Vehicles	IT Equipment	Total
Balance at 12/31/2019	5,288	52,592	6,412	64,292
New contracts	3,373	-	-	3,373
(-) Write-offs	(117)	-	-	(117)
(-) Accumulated depreciation	(2,487)	(19,545)	(1,735)	(23,767)
<b>Balance at 12/31/2021</b>	<b>6,057</b>	<b>33,047</b>	<b>4,677</b>	<b>43,781</b>

#### b) Lease liabilities

Liabilities	Properties	Vehicles	IT Equipment	Total
Balance at 12/31/2019	6,133	33,049	4,676	43,858
Adjustment for remeasurement	439	15	-	454
New contracts	4,619	-	-	4,619
(-) Write-offs	(275)	-	(3,665)	(3,940)
(-) Payments	(3,606)	(16,240)	(1,052)	(20,898)
Realization of adjustment to present value	313	35	41	389
<b>Balance at 12/31/2021</b>	<b>7,623</b>	<b>16,859</b>	<b>-</b>	<b>24,482</b>
Current				<b>20,668</b>
Non-current				<b>3,814</b>

Liabilities	Properties	Vehicles	IT Equipment	Total
Balance at 12/31/2019	5,375	52,594	6,411	64,380
New contracts	3,373	-	-	3,373
(-) Write-offs	(117)	-	-	(117)
(-) Payments	(2,651)	(22,055)	(2,224)	(26,930)
Realization of adjustment to present value	153	2,510	489	3,152
<b>Balance at 12/31/2020</b>	<b>6,133</b>	<b>33,049</b>	<b>4,676</b>	<b>43,858</b>
Current				<b>23,674</b>
Non-current				<b>20,184</b>

**c) Maturity schedule of the leases**

Maturity year	Properties	Vehicles	Total
2022	3,932	19,376	<b>23,308</b>
2023	2,538	-	<b>2,538</b>
2024	1,044	-	<b>1,044</b>
2025	621	-	<b>621</b>
2026	209	-	<b>209</b>
	<b>8,344</b>	<b>19,376</b>	<b>27,720</b>
Embedded interest	(721)	(2,517)	<b>(3,238)</b>
<b>Balance of lease liabilities</b>	<b>7,623</b>	<b>16,859</b>	<b>24,482</b>

**d) Potential right to Pasep/Cofins recoverable**

The table below shows the potential right to Pasep/Cofins recoverable embedded in the lease consideration, according to the periods foreseen for payment. Nominal balances and balances adjusted to present value:

<b>Cash flow</b>	<b>Nominal</b>	<b>Adjusted to present value</b>
Lease consideration	24,318	21,327
Pasep/Cofins (9,25%)	2,249	1,973

**e) Additional disclosures required by the CVM**

In measuring and remeasuring its lease liabilities and right-of-use assets, the Company used the discounted cash flow method without considering the future projected inflation in the flows to be discounted, according to the prohibition imposed by CPC 06 (R2)/IFRS 16.

The Administration accompanies and presents comparative lease liabilities balances, considering the flows discounted by the expected inflation:

	2022	2023	2024	2025	2026
<b>Lease liabilities</b>					
Accounting - CPC 06 (R2)/IFRS 16	4,198	1,895	901	243	-
Flow with inflation projection	4,833	2,164	1,013	270	-
Variation	15.13%	14.24%	12.51%	11.05%	-
<b>Right-of-use assets</b>					
Accounting - CPC 06 (R2)/IFRS 16	6,331	2,408	1,273	628	-
Flow with inflation projection	6,838	2,415	1,186	437	-
Variation	8.00%	0.28%	-6.83%	-30.48%	-
<b>Financial expenses</b>					
Accounting - CPC 06 (R2)/IFRS 16	(1,642)	(284)	(128)	(61)	(16)
Flow with inflation projection	(1,770)	(309)	(139)	(65)	(17)
Variation	7.84%	9.07%	8.57%	6.95%	5.55%
<b>Depreciation</b>					
Accounting - CPC 06 (R2)/IFRS 16	(19,321)	(3,767)	(1,068)	(602)	(221)
Flow with inflation projection	(20,826)	(2,419)	(979)	(576)	(194)
Variation	7.79%	-35.80%	-8.31%	-4.20%	-12.37%

## 17. INSURANCE

Corsan has been seeking to enter the insurance market in order to evaluate the alternatives and applicability appropriate to the organization with the goal of risk-sharing. To that end, the Company has had specially consulting support, and is undergoing a validation process with experts from the International Finance Corporation – IFC, for the implementation of a Corporate Insurance Program.

The Company has an insurance contract with coverage in the modality of civil liability for D&O – Directors and Officers, with Upper Guarantee Limit of R\$ 40 million and duration until March 6, 2022.

Additionally, Corsan has hired an insurance company for Judicial Guarantee Insurance in order to guarantee amounts that would be deposited and/or replace amounts already deposited and/or assets pledged in labor, civil, tax and environmental lawsuits. The insurance contract will also cover other forms of guarantees such as contracts, bids, electric energy trading,

among others. The contract sets guarantee limits of R\$ 400 million for the Public Sector (branch 0775) and R\$ 100 million for the Private Sector (branch 0776), and will be effective until December 16, 2022.

## 18. BORROWINGS

### Accounting Policy:

Borrowings are recognized initially at fair value, when the funds are received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost.

The balances of borrowings is represented as follows

Institution	Index	Annual interest rate	Risk/admin fee	Last maturity	Current		Non-current	
					12/31/2021	12/31/2020	12/31/2021	12/31/2020
BNDES	TJLP	2.61%	-	15/07/29	<b>48,026</b>	53,837	<b>77,485</b>	123,975
BNDES - FINEM	IPCA	2.78%	2.03%	15/08/38	<b>12,026</b>	9,498	<b>96,288</b>	82,279
BNDES - WC	SELIC	2.50%	-	15/11/23	<b>38,670</b>	37,209	<b>35,676</b>	71,183
BNDES - Avançar Cidades	IPCA	3.00%	2.42%	15/10/38	<b>205</b>	-	<b>3,023</b>	-
Caixa Econômica Federal	TR	6.00%	2.50%	15/07/38	<b>12,929</b>	11,361	<b>176,204</b>	175,792
Municipal Government of Encantado	TR	6.00%	2.70%	06/05/30	<b>92</b>	76	<b>691</b>	771
Municipal Government of Osório	TR	6.00%	2.30%	04/08/30	<b>1,811</b>	1,759	<b>12,558</b>	13,888
Municipal Government of Sapiranga	TR	5.00%	2.70%	15/09/31	<b>328</b>	299	<b>3,191</b>	3,306
Municipal Government of Torres	TR	6.00%	3.00%	05/04/28	<b>340</b>	342	<b>1,603</b>	1,902
<b>Total</b>					<b>114,427</b>	114,381	<b>406,719</b>	473,096

Interest rates, administration rates and credit risk may differ among borrowing contracts, especially when considering the object hired (construction of water and sewage systems, purchase of equipment, among others). The table above presents the maximum rates applied.

With the National Bank for Economic and Social Development – BNDES, Corsan signed seven financing contracts for the implementation, expansion and modernization of water supply and sewage systems, renovation of the water meter park, automation and telemetry actions, in several cities of the State of Rio Grande do Sul.

The credit operation, in the BNDES – WC modality, was intended for working capital financial support.

Certain contracts with BNDES have financial clauses that establish economic-financial performance targets, which, if achieved, enable the Company to reduce its contractual interest rate. Interest on these borrowings is allocated considering the impacts from the application of such clauses.

Other financing contracts entered into with Caixa Econômica Federal, supported by FGTS resources from the Sanitation for All Program, were intended for expansion and modernization of the sewage and water supply systems in several cities of the State of Rio Grande do Sul.

The contracts with the municipal governments of Encantado, Osório, Sapiranga and Torres were signed with Caixa Econômica Federal, where the Company is a Consenting Intervening Party – Promoting Agent (responsible for the execution, monitoring and inspection of the actions proposed in the financing), aiming at the construction and expansion of the sewage system in the respective cities.

On June 30, 2021, the Company signed a contract in the amount of R\$ 300,000 with IFC to finance investments for reduction of water losses and improvements in energy efficiency. The amortization period will be eight years, with grace period of two years and quarterly payments. The interest rate results from a combination of CDI+2.58% (R\$ 123,000) and CDI+3.33% (R\$ 177,000). The contractual relationship established the fulfillment of obligations by the Company, with emphasis on the financial ratios:

- a) Financial Debt/EBITDA ratio not exceeding 3.0x;
- b) Adjusted Financial Debt/EBITDA ratio not exceeding 5.0x in financial years 2021 and 2022; 4.2x in financial years 2023 and 2024; and 4.0x onwards;
- c) Prospective Debt Service Coverage Ratio of not less than 1.5x;

The first disbursement of this operation is scheduled for the first quarter of 2022.

*Restrictive contractual clauses – Covenants and guarantees*



## COMPANHIA RIOGRANDENSE DE SANEAMENTO

Corsan entered into borrowing arrangements with specific contractual conditions, which require compliance with restrictive clauses (covenants) based on certain financial indexes and with semiannual and annual calculation frequency, as established in the respective terms.

Some contracts provide that, in the event of non-compliance with such indexes, the Company shall present additional security interests to the creditor or reestablish the financial indexes provided for in the contracts within a certain period.

The security interests offered by Corsan in these transactions were established in the form of Pledge of Rights Arising from the Concession and Fiduciary Transfer of Credit Rights, made operational through specific bank accounts created for maintaining the balances in investments (Reserve Account) and flow of values (Restricted Account), during the term of the contracts.

In the event of non-compliance with the financial indexes or the agreed guarantee levels, in addition to the creditor's acceptance limits, the early maturity of the debts may be determined.

In the year ended December 31, 2020, all covenants were complied with.

The amount in non-current liabilities has the following schedule by year of maturity:

Year	Amount
2023	71,485
2024	34,749
2025	36,038
2026	37,438
2027	36,151
After 2027	190,858
<b>Total</b>	<b>406,719</b>

The changes in the Company's borrowings are as follows:

	BNDES	BNDES FINEM	BNDES CG	BNDES Avançar Cidades	CEF	Prefeituras	Total Calculado
Balance at 12/31/2020	177,812	91,777	108,392	-	187,154	22,342	<b>587,477</b>
Captação	3,041	24,768	-	3,150	13,355	414	<b>44,728</b>
Pagamento de principal	(55,241)	(8,647)	(37,699)	-	(11,483)	(3,416)	<b>(116,486)</b>
Pagamento de juros	(10,062)	(12,925)	(2,268)	-	(15,676)	(1,072)	<b>(42,003)</b>
Provisão de juros	9,961	13,341	5,921	78	15,783	2,346	<b>47,430</b>
<b>Balance at 12/31/2021</b>	<b>125,511</b>	<b>108,314</b>	<b>74,346</b>	<b>3,228</b>	<b>189,133</b>	<b>20,614</b>	<b>521,146</b>

	BNDES	BNDES FINEM	BNDES CG	IDB	CEF	Municipalidades	Total
Balance at 12/31/2019	179,329	60,416	107,366	14,980	201,460	20,497	<b>584,048</b>
Proceeds from borrowings	16,313	30,600	-	-	26,546	3,973	<b>77,432</b>
Payment of principal	(23,584)	(1,829)	(3,091)	(17,023)	(40,829)	(3,408)	<b>(89,764)</b>
Payment of interest	(5,826)	(3,950)	(1,572)	(529)	(15,692)	(1,202)	<b>(28,771)</b>
Accrued interest and exchange rate change	11,580	6,540	5,689	2,572	15,669	2,482	<b>44,532</b>
<b>Balance at 12/31/2020</b>	<b>177,812</b>	<b>91,777</b>	<b>108,392</b>	<b>-</b>	<b>187,154</b>	<b>22,342</b>	<b>587,477</b>

## 19. DEBENTURES

### Accounting Policy:

Debentures are recognized initially at fair value, upon the receipt of the funds, net of transaction costs. They are subsequently carried at amortized cost. On March 19, 2021, the Company completed the 4th issue of simple, non-convertible into shares, unsecured debentures, in three series, for public distribution with restricted placement efforts, as approved at the meeting of the Board of Directors held on February 10, 2021.

Third and fourth series debentures were characterized as "Green Debentures" based on a second opinion issued on March 11, 2021 by the specialized consultancy *Sitawi Finanças do Bem*, based on the guidelines of the Green Bond Principles (GBP) of June 2018 issued by the International Capital Market Association (ICMA).

Second-series debentures mature in five years, and will be repaid in annual installments beginning on February 15, 2023. Third-series debentures mature in seven years, and will be repaid in annual installments beginning on February 15, 2025. Fourth-series debentures mature in ten years, and will be repaid in annual installments beginning on February 15, 2025.

*Restrictive contractual clauses - Covenants*

- Non-occurrence of the declaration of early maturity of any debt instruments or borrowing arrangements of the Issuer, in individual or aggregate amounts, equal to or greater than R\$20,000 (or its equivalent in other currencies);
  
- Non-occurrence of intervention by the concession authorities, expropriation, confiscation, attachment, sequestration/seizure of assets, termination, early termination, lapse or compulsory transfer or an act of proper authority, of Service Agreements, or any other events that imply the suspension of the Issuer's activities and that correspond to 15% or more of its average monthly revenues for the previous twelve months, according to the most recent Financial Statements available, provided that such suspension is not reversed within a period of up to thirty days;
  
- Failure to observe, in the six-month period ended June 30 of each year and in the consolidated and audited financial statements of the Issuer at December 31 of each year, the following financial ratios:
  - a) Ratio between Net Financial Debt + Other Debts and the Issuer's EBITDA must be equal to or less than 4.0x;
  - b) Debt Service Coverage Ratio must be equal to or greater than 1.5x.

All covenants in connection with the present contract were complied with.

The balances of debenture contracts at December 31, 2021 are:

	Index	Annual interest rate	Current		Non-current	
			12/31/2021	12/31/2020	12/31/2021	12/31/2020
3rd Issue - 1st series	TJLP	1.92%	-	197	-	-
3rd Issue - 2nd series	IPCA	1.92%	-	4,367	-	-
3rd Issue - 3rd series	TJLP	1.92%	-	247	-	-
4th Issue - 2nd series	CDI	2.25%	<b>5,064</b>	-	<b>145,303</b>	-
4th Issue - 3rd series	IPCA	4.385%	<b>2,106</b>	-	<b>120,733</b>	-
4th Issue - 4th series	IPCA	4.833%	<b>6,729</b>	-	<b>351,314</b>	-
<b>Total</b>			<b>13,899</b>	4,811	<b>617,350</b>	-

The cost of fundraising related to the fourth issue of simple debentures was R\$ 21,989, which was considered in determining the effective interest rate, calculated at 8.9231% (2nd series), 4.9415%+IPCA (3rd series) and 5.2236%+IPCA (4th series).

The amount in non-current liabilities has the following schedule by year of maturity:

Year	Amount
2023	36,326
2024	36,326
2025	116,697
2026	116,697
2027	80,371
After 2027	230,933
<b>Total</b>	<b>617,350</b>

The detailed changes in debentures issued by the Company are as follows:

	3rd Issue - 1st series	3rd Issue - 2nd series	3rd Issue - 3rd series	4th Issue - 2nd series	4th Issue - 3rd series	4th Issue - 4th series	Total
<b>Balance at 12/31/2020</b>	197	4,367	247	-	-	-	<b>4,811</b>
Proceeds from borrowings	-	-	-	144,503	110,785	322,723	<b>578,011</b>
Payment	(198)	(4,397)	(248)	(3,566)	(2,127)	(6,819)	<b>(17,355)</b>
Accrued interest/costs	1	30	1	9,430	14,181	42,139	<b>65,782</b>
<b>Balance at 12/31/2020</b>	-	-	-	<b>150,367</b>	<b>122,839</b>	<b>358,043</b>	<b>631,249</b>

\*The amounts of fundraising related to the fourth issue are presented net of issue costs.

	3rd Issue - 1st series	3rd Issue - 2nd series	3rd Issue - 3rd series	Total
Balance at 12/31/2019	2,567	8,363	3,209	<b>14,139</b>
Payment	(2,463)	(4,288)	(3,079)	<b>(9,830)</b>
Accrued interest	93	292	117	<b>502</b>
<b>Balance at 12/31/2020</b>	<b>197</b>	<b>4,367</b>	<b>247</b>	<b>4,811</b>

## 20. TAXES AND CONTRIBUTIONS IN INSTALLMENTS

The status of taxes and contributions in installments is as follows:

Tax or Contribution	Interest rate	Last maturity	Current		Non-current	
			12/31/2021	12/31/2020	12/31/2021	12/31/2020
Cofins	Selic	12/2022	<b>7,961</b>	7,716	-	7,716
Pasep	Selic	12/2022	<b>1,728</b>	1,675	-	1,675
Contribution	Selic	12/2022	<b>827</b>	802	-	802
Tax	Selic	12/2022	<b>5,624</b>	5,451	-	5,451
<b>Total</b>			<b>16,140</b>	15,644	-	15,644

Detailed changes relative to taxes and contributions in installments payable by the Company are demonstrated below:

	Cofins	Pasep	CSLL	IRPJ	Total
Balance at 12/31/2020	15,432	3,350	1,604	10,902	<b>31,288</b>
Payment	(7,817)	(1,697)	(812)	(5,697)	<b>(16,023)</b>
Accrued interest	346	75	35	419	<b>875</b>
<b>Balance at 12/31/2021</b>	<b>7,961</b>	<b>1,728</b>	<b>827</b>	<b>5,624</b>	<b>16,140</b>

	Cofins	Pasep	CSLL	IRPJ	Total
Balance at 12/31/2019	22,573	4,901	2,344	15,948	<b>45,766</b>
Payment	(7,646)	(1,660)	(794)	(5,402)	<b>(15,502)</b>
Accrued interest	505	109	54	356	<b>1,024</b>
<b>Balance at 12/31/2020</b>	<b>15,432</b>	<b>3,350</b>	<b>1,604</b>	<b>10,902</b>	<b>31,288</b>

## 21. CONTRACTUAL OBLIGATIONS

The status of contractual obligations is as follows:

	12/31/2021	12/31/2020
Alvorada	4,267	-
Bento Gonçalves	-	5,000
Canoas	41,000	-
Guaíba	1,030	-
Ijuí	4,000	8,000
Viamão	6,225	-
Santo Ângelo	-	-
<b>Total</b>	<b>56,522</b>	<b>13,000</b>
Current	56,522	9,000
Non-current	-	4,000

In the program contracts of these cities there is a specific clause defining that the Company will make extraordinary contributions, which have established dates or conditions and pre-fixed installments.

The amount expected for the municipal government of Canoas was negotiated under the Amendment to the Program Contract signed in December 2021, which adjusted the transfer of such resources for relevant sanitation and environmental works, such as the creation of the National Park Fazenda Guajuviras, construction works for rain water drainage, and construction works in the municipal center for separation of solid waste, to be carried out by the municipal government.

## 22. OTHER DEBTS

The status of other debts is as follows:

	12/31/2021	12/31/2020
Sesi Agreement	60	191
Deposits and contractual retentions	7,123	6,012
Public-Private Partnership - RMPA	1,094	-
Other payables	3,153	1,654
<b>Total</b>	<b>11,430</b>	<b>7,857</b>

### 23. PASS-THROUGH AGREEMENTS

The status of pass-through agreements is as follows:

	12/31/2021	12/31/2020
General budget of the Federal Government - OGU	82,333	44,316
National Water Agency - ANA	-	5,142
Inter-American Development Bank - IDB	784	784
Mercosur Structural Convergence Fund - Focem	3,653	3,653
<b>Total</b>	<b>86,770</b>	<b>53,895</b>

#### a) General Budget of the Federal Government - OGU

Corsan signed contracts with the Federal Government for non-repayable funds for investment in water and sewage. From signing the contracts until December 31, 2021, a total of R\$ 391,556 had been released, referring to 44 contracts with the Ministry of Cities and 08 contracts with the National Health Foundation - Funasa, of which R\$ 38,017 had been released during the year ended December 31, 2021.

Pursuant to an agreement with the State Government, Corsan was authorized to increase capital, and R\$ 313,313 was incorporated into its Share Capital in 2011, 2015, 2020 and 2021. Of this amount, R\$ 4,090 was paid by the State Government of Rio Grande do Sul for the construction of a Water Treatment System in the industrial area of Guaíba. R\$ 82,333 was registered as non-current liabilities, relative to construction works in progress or close to conclusion.

In the year ended December 31, 2021, R\$ 10,824 (R\$ 47,183 in the year ended December 31, 2020) was added to the Company's share capital.

**b) National Water Agency – ANA**

Contract 092/Ana/2014 – Prodes was signed between the National Water Agency – ANA and the Company, with the purpose of transfer of resources for the purchase of treated sewage in the city of Erechim. The amounts are transferred to the Company in accordance with the payments and investment plan.

**c) Inter-American Development Bank – IDB**

On February 27, 2018, the letter-agreement for Non-refundable Technical Cooperation ATN/OC-16407-BR and ATN/OC-16408-BR Support for the Preparation of the "Program for Expansion and Improvement of Drinking Water Services in the State of Rio Grande do Sul – PROSASUL was signed, intended to support the preparation of studies, operational documents and projects that allow the development of the activities necessary for the definition, planning and preparation of the PROSASUL program and generate conditions for its efficient execution. The Company's rendering accounts were approved by IDB in February 25, 2022.

**d) Mercosur Structural Convergence Fund – Focem**

On November 6, 2013, the Focem Agreement 04/13 – "Integrated Urban Sanitation Aceguá/Brazil and Aceguá/Uruguay" was signed for the purpose of building a sewage system in the city of Aceguá, with the goal of increasing the city's sewage treatment coverage to 100%. The construction of a collection system, 4 pumping plants and a sewage treatment plant, all located on the Brazilian side of the border, are under Corsan's responsibility.

**24. PROVISION FOR TAX, CIVIL, ENVIRONMENTAL AND LABOR RISKS**

**Accounting Policy:**

Provisions for tax, civil, environmental and labor risks are recognized for all claims related to lawsuits for which it is probable that an outflow of resources will be made to settle the contingency/obligation and a reasonable estimate can be made. The assessment of the likelihood of

loss includes the assessment of available evidence, hierarchy of laws, available case laws, recent court decisions and their relevance in the legal system, as well as the assessment made by Company's lawyers.

Provisions are reviewed periodically and adjusted to reflect changes in circumstances, such as applicable statute of limitation periods, conclusions arising from tax audits or additional exposures identified based on new issues or court decisions.

The provision for tax, civil, environmental and labor risks, net of related judicial deposits, is as follows:

	12/31/2021			12/31/2020		
	Provisions	Restricted judicial deposits	Provisions net of judicial deposits	Provisions	Restricted judicial deposits	Provisions net of judicial deposits
Tax, civil and environmental lawsuits	205,046	(43,663)	161,383	165,672	(37,465)	128,207
Labor lawsuits	917,216	(359,798)	557,418	694,989	(356,002)	338,987
<b>Total</b>	<b>1,122,262</b>	<b>(403,461)</b>	<b>718,801</b>	860,661	(393,467)	467,194
Current	231,703	(231,703)	-	186,602	(186,602)	-
Non-current	890,559	(171,758)	718,801	674,059	(206,865)	467,194

Changes in the provisions and related judicial deposits in the year ended December 31, 2020:

	12/31/2020	Additional provisions	Interest and	Drafts and	12/31/2021
			monetary adjustment	reversals	
Tax, civil and environmental lawsuits	165,672	12,966	37,324	(10,916)	205,046
Labor lawsuits	694,989	274,366	169,212	(221,351)	917,216
Subtotal	860,661	287,332	206,536	(232,267)	1,122,262
Restricted judicial deposits	(393,467)	(216,174)	-	206,180	(403,461)
<b>Total</b>	<b>467,194</b>	<b>71,158</b>	<b>206,536</b>	<b>(26,087)</b>	<b>718,801</b>

	12/31/2019	Additional provisions	Interest and monetary adjustment	Drafts and reversals	12/31/2020
Tax, civil and environmental lawsuits	119,744	110,139	60,627	(124,838)	165,672
Labor lawsuits	669,931	275,891	84,634	(335,467)	694,989
Subtotal	789,675	386,030	145,261	(460,305)	860,661
Restricted judicial deposits	(411,229)	(191,486)	-	209,248	(393,467)
<b>Total</b>	<b>378,446</b>	<b>194,544</b>	<b>145,261</b>	<b>(251,057)</b>	<b>467,194</b>

## Provisions

### *Labor lawsuits*

a) Case No. 0114000-44.1996.5.04.0122 filed by former employee. This lawsuit relates to the claim of supplementary retirement payment or, successively, rehiring to the position. The lawsuit is in the court enforcement phase, pending judgment of an appeal to a higher court. At December 31, 2021, this provision amounts to R\$ 18,749 (R\$ 12,776 at December 31, 2020).

b) Case No. 0000972-51.2012.5.04.0021 filed by the Union of the Industrial Secondary Level Technicians of the State of Rio Grande do Sul – SINTEC. This lawsuit relates to salary differences arising from the inclusion of various salary-related amounts in the calculation basis of the hazard pay. At December 31, 2021, this provision amounts to R\$ 6,186 (R\$ 4,957 at December 31, 2020).

c) Case No. 0190300-60.2004.5.04.0221 filed by Sindiágua. This lawsuit relates to the payment of the night-shift pay and differences in overtime payment due to the computation of reduced hours, in payments already made and to be made, as well as to salary differences arising from the granting of promotions for seniority, also in payments already made and to be made. After the guarantee of the court through a performance bond policy, an application for stay of execution was filed, which was considered partially valid by the Judge. After the judgment of the Motion for Clarification of the sentence, an appeal to a higher court was filed against the decision, which is pending judgment by the Regional Labor Court. At December 31, 2021, this provision amounts to R\$ 17,219 (R\$ 14,081 at December 31, 2020).

d) Case No. 0021015-88.2020.5.04.0001 filed by Senge relates to the claim of hazard pay differences in relation to the calculation basis. The lawsuit is at the conciliation stage. At December 31, 2021, this provision amounts to R\$ 9,889 (R\$ 9,000 at December 31, 2020).

e) Other labor claims - Relate to claims filed by employees, former employees and service providers of the Company, totaling 3,770 claims. At December 31, 2021, the provisions related to other labor claims amount to R\$ 865,173 (R\$ 654,175 at December 31, 2020).

*Lawsuits related to civil, environment and tax matters*

a) Case No. 001/1.16.0062447-3 filed by an outsourced company on May 27, 2016, claiming indemnity for an alleged economic and financial imbalance in the contract entered into with respect to the construction of the sewage treatment plant and implementation of the sewage system in the region of Esteio and Sapucaia do Sul. Corsan filed an answer, and the lawsuit is at the evidentiary stage. At December 31, 2021, the Company recorded a provision for losses in the amount of R\$ 38,402 (R\$ 26,911 at December 31, 2020).

b) Case No. 001/1.16.0124873-4 filed by an outsourced company on September 19, 2016, claiming indemnity with respect to the contract entered into to extend the sewage treatment system in Esteio and Sapucaia do Sul. The company claimed the reestablishment of the economic and financial balance of the contract. Corsan filed an answer, and the lawsuit is at the evidentiary stage. At December 31, 2021, the Company recorded a provision for losses in the amount of R\$ 20,025 (R\$ 15,748 at December 31, 2020).

c) Case No. 001/1.16.0095286-1 filed by an outsourced company on August 11, 2016, claiming indemnity with respect to the contract entered into to carry out works at the new sewage treatment plant of Alvorada. The company claimed the reestablishment of the economic and financial balance of the contract. Also, claimant has alleged that Corsan has not paid several invoices within the period established for their payment, giving rise to losses. Corsan filed an answer, and the lawsuit is at the evidentiary stage. At December 31, 2021, the Company recorded a provision for losses in the amount of R\$ 19,374 (R\$ 15,244 at December 31, 2020).

d) Case No. 001/1.15.0202177-4 filed by an outsourced company. In this lawsuit, the plaintiff seeks termination of the contract, indemnity for the reestablishment of the economic and financial

balance of the contract and indemnity for any and all damages, including pain and suffering. After the end of the evidentiary stage, the Company filed a brief. The lawsuit is pending a sentence. At December 31, 2021, the Company recorded a provision for losses in the amount of R\$ 9,639 (R\$ 8,183 at December 31, 2020).

e) Other claims - Most of the lawsuits refer to claims about prices and/or the quality of services, and are handled by the Small Civil Claims Court - JEC and State General Jurisdictional Courts. On a second level are actions claiming indemnity for damages to property, expropriation actions, public-interest civil actions, infringement lawsuits, citizen lawsuits, among others. The Company is a party to 417 lawsuits for which the amount of R\$ 117,606 has been provisioned at December 31, 2021 (R\$99,586 at December 31, 2020).

**Possible lawsuits**

	12/31/2021	12/31/2020
Labor lawsuits	295,251	206,133
Civil lawsuits	169,579	133,054
Environmental lawsuits	2,331	1,165
Tax lawsuits	6,784	12,825
<b>Total</b>	<b>473,945</b>	<b>353,177</b>

*Labor claims*

a) Case No. 001/1.16.0145282-0: This is a collection action, filed by Funcorsan, claiming that the Company be sentenced to pay R\$ 37,867 at December 31, 2021 and December 31, 2020, plus interest and monetary adjustment up to the actual payment date, for the purpose of adjusting the situation related to BD001 Funcorsan Benefit Plan, which took place in December 2008. The lawsuit is at the evidentiary stage, in the phase of producing evidence, and the case records are with the expert to complement the expert report.

b) Other labor claims for which the Company has not recorded provisions amount to R\$ 254,384 at December 31, 2021 (R\$ 167,266 at December 31, 2020).

*Lawsuits related to civil, environment and tax matters*

a) Case No. 5000023-86.2020.8.21.0101: relates to a Class Action with respect to the lack of supply for long periods in Gramado/RS. The request is for indemnity for collective pain and suffering, including monetary adjustment and legal interest, up to the actual payment, and indemnification for individual pain and suffering by consumers. The lawsuit is at the evidentiary stage. The estimated amount at December 31, 2021 is R\$ 5,149 (R\$ 4,019 at December 31, 2020).

b) Case No. 5008269-85.2017.8.21.0001: This lawsuit refers to a claim of indemnity in connection to an alleged contractual breach by Corsan, It requires an expert opinion by the Accounting and Cost Engineering and that the respondent is sentenced to pay an indemnity. The lawsuit is at evidentiary phase, subject to a Bill of Review by the adversary party with regard to the expert evidence. The estimated amount is R\$ 3,735 at December 31, 2021 and December 31, 2020;

b) Case No. 001/1.17.0053534-0: This lawsuit relates to a claim of indemnity in connection with an alleged contractual breach by Corsan. It requires an expert opinion by the Accounting and Cost Engineering and that the respondent is sentenced to pay an indemnity. The lawsuit is at the evidentiary phase. The estimated amount is R\$ 3,483 at December 31, 2021 and December 31, 2020.

d) Case No. 5091782-30.2019.4.04.7100: this lawsuit relates to a preventive writ of mandamus filed by Corsan with the Brazilian Federal Revenue Office in Porto Alegre (RS), in order to ensure that the credit taken by Corsan for purposes of Pasesp and Cofins in connection with repaving services and materials in the period from December 2002 to December 2006, be preserved and does not generate any problem for Corsan. After the sampling judgment of the appeal to the High Court of Justice, the case in question is pending judgment by the TRF of the 4th Region. The estimated amount is R\$ 4,658 at December 31, 2021 and December 31, 2020.

e) Other civil, environmental and tax claims for which no provisions were recorded, in the amount of R\$ 157,212, R\$ 2,331 and R\$ 6,784, respectively (R\$ 121,817, R\$ 1,165 and R\$ 8,167 at December 31, 2020).

## **25. PROVISION FOR POST-EMPLOYMENT BENEFITS**

### **Accounting Policy:**



## COMPANHIA RIOGRANDENSE DE SANEAMENTO

The Company sponsors Fundação Corsan, a closed supplementary pension entity, whose main purpose is to maintain retirement supplementation plans, pensions and other benefits provided by the official pension plan to participants. Fundação Corsan's benefit plan is of the "defined benefit" type and the assessment is carried out by an independent actuary.

In accordance with the criteria established by CVM Resolution 695 of 2012, the Company recognized in non-current liabilities the effects of the benefit plan obligations, on an accrual basis.

Actuarial gains and losses are recognized in "other comprehensive income" in equity, as required in CPC 33 (R1) and in IAS 19 – Employee Benefits.

Past service costs are recognized as expenses on a straight-line basis over the period until entitlement to benefits is acquired.

The asset or liability of defined benefit plans to be recognized in the financial statements corresponds to the present value of the defined benefit obligation (using a discount rate based on long-term Federal Government securities), less past service costs not yet recognized and less the fair value of plan assets that will be used to settle the obligations. Plan assets are maintained by Fundação Corsan.

<b>Breakdown of actuarial liabilities</b>	<b>12/31/2021</b>	<b>12/31/2020</b>
Defined benefit plan	<b>527,920</b>	677,425
Healthcare system IPE-SAÚDE	<b>229,042</b>	251,875
Incentive for voluntary resignation	<b>3,137</b>	14,810
<b>Total</b>	<b>760,099</b>	944,110

<b>Sponsor's expected contribution</b>	<b>2022</b>	<b>2021</b>
Defined benefit plan	<b>121,783</b>	95,202
IPE-SAÚDE assistance system	<b>12,275</b>	10,542
Incentive for voluntary resignation	<b>1,856</b>	7,365
<b>Total</b>	<b>135,914</b>	113,109

During the year ended December 31, 2022, the Company recognized a net variation of R\$ 32,634 arising from the actuarial assessment of the post-employment benefit plan, "IPE SAÚDE" and

“PDV”. This accounting was made based on the technical report prepared by the Company’s external actuary.

**a) Defined benefit plan**

The benefit plan “BD 001” is a supplementary pension plan of the defined benefit modality administered by Fundação Corsan for employees and former employees of the sponsor Corsan, with the objective of supplementing the average actual salary, to which the contribution to the plan will be applied, from the last years of activity in relation to the base value of the benefit attributed by regulation to social security (Fundação Corsan ceiling).

According to the plan’s rules, the benefits offered to participants are as follows: disability retirement, retirement by age, retirement by contribution time, special retirement, annuity for death, sickness benefit, pension, reclusion benefit and annual bonus.

The benefits, calculated based on the average of the last compensations of the participants and the reference value of the Fundação Corsan ceiling, are readjusted in May of each year by the actuarial index of the plan (INPC).

The following are the results of the actuarial assessment concerning the calculation of the liability (assets):

<b>Settlement of recognized (assets) liabilities</b>	<b>12/31/2021</b>	<b>12/31/2020</b>
Actuarial obligations	<b>2,987,164</b>	3,373,558
Fair value of the plan’s assets	<b>(1,931,324)</b>	(2,018,709)
Verified deficit	<b>1,055,840</b>	1,354,849
Percentage of the share under the sponsor’s responsibility (%)	<b>50%</b>	50%
Total recognized actuarial liabilities (assets) net	<b>527,920</b>	677,425
<b>Provisioned actuarial liabilities</b>	<b>527,920</b>	677,425

The changes in the actuarial liabilities during the years ended December 31, 2021 and 2020 were as follows:

<b>Changes in actuarial liabilities (assets)</b>	<b>2021</b>	<b>2020</b>
Net actuarial liabilities (assets) at the beginning of the period	<b>677,425</b>	630,669
Expenses recognized throughout financial statements of the period	<b>73,749</b>	56,572
Employer's contributions at the period	<b>(54,443)</b>	(71,449)
Other comprehensive income	<b>(168,811)</b>	61,633
<b>Actuarial liabilities (assets) at the end of the period</b>	<b>527,920</b>	677,425

The origin of the expense recognized in the statement of income for the year 2021, as well as the projection of the expense to be recognized in the year 2022, are explained in the following table:

<b>Expenses to be recognized at the Financial Statements</b>	<b>2022</b>	<b>2021</b>
Net cost of current service	<b>18,742</b>	27,100
Cost of interest over actuarial obligations	<b>154,956</b>	117,003
Expected yield from the Plan's financial assets	<b>(101,373)</b>	(70,354)
<b>Expenses to be recognized by the employer</b>	<b>72,325</b>	73,749

<b>Evolution of present-value actuarial obligations</b>	<b>2021</b>	<b>2020</b>
Value of actuarial obligations at the beginning of the period	<b>3,373,558</b>	3,308,708
Net cost of current service	<b>27,100</b>	16,642
Effective contributions from participants	<b>29,193</b>	20,709
Interest over actuarial obligations	<b>234,007</b>	219,599
Benefits paid at the period	<b>(199,448)</b>	(179,909)
Actuarial (wins) losses	<b>(477,246)</b>	(12,191)
<b>Value of actuarial obligations at the end of the period</b>	<b>2,987,164</b>	3,373,558

<b>Evolution of the fair price of assets</b>	<b>2021</b>	<b>2020</b>
Fair price of assets at the beginning of the period	<b>(2,018,709)</b>	(2,047,370)
Benefits paid during the period	<b>199,448</b>	179,909
Participant's contributions at the period	<b>(52,984)</b>	(42,852)
Employer's contributions at the period	<b>(54,443)</b>	(71,449)
Expected yield from the assets at the period	<b>(140,709)</b>	(139,739)
Actuarial wins (losses)	<b>136,073</b>	102,792
<b>Fair value of assets at the end of the period</b>	<b>(1,931,324)</b>	(2,018,709)

### Assumptions used to calculate liabilities and projections

The projected unit credit method was adopted to calculate the actuarial obligations, according to the assumptions indicated below:

<b>Economic and financial</b>	<b>2021</b>	<b>2020</b>
Real actuarial discount rate	5.45%	3.69%
Expected real return over assets	5.45%	3.69%
Real growth rate of active employee's salaries	2.85%	2.85%
Real growth of the Plan's benefits during receipt	0.00%	0.00%
Capacity factor over benefits	98.00%	98.00%
Capacity factor over salaries	98.00%	98.00%
Expected inflation	5.03%	3.32%
Nominal discount rate	10.75%	7.13%
Expected nominal return over the Plan's assets	10.75%	7.13%
Nominal growth rate of active employee's salaries	8.02%	6.26%
Nominal growth of the Plan's benefits during receipt	5.03%	3.32%
Salaries readjustment INPC JUN - DEC	1.068%	1.036%
Benefits readjustment INPC JUN - DEC	1.068%	1.036%

<b>Demographic</b>	<b>2021</b>	<b>2020</b>
General mortality	AT-1983 M&F (IAM)	AT-1983 M&F (IAM)
Mortality among disability pension beneficiaries	MI 2006 (M&F)	MI 2006 (M&F)
Admissions into disability pension fund	IAPB-57 FRACA (D10%)	IAPB-57 FRACA (D10%)
Annual turnover rate	Nule	Nule
Family composition	Active: Average Family / Assisted: Real Family	Active: Average Family / Assisted: Real Family

<b>Assumption</b>	<b>Sensitivity analysis</b>	<b>Impact (%)</b>
Discount rate	Increase by 1.0%	(8.97%)
	Decrease by 1.0%	11.07%
Life expectation	Increase by 1 year	1.96%
	Decrease by 1 year	(2.00%)
Real salaries growth	Increase by 1.0%	1.38%
	Decrease by 1.0%	(1.16%)

The sensitivity analysis states what the impact on the present value of the actuarial obligation of the plan would be in the event of a variation of the most significant actuarial assumptions.

**b) Health care system IPE-SAÚDE**

The coverage related to the health care system is provided through the financial contribution established in the “Service Agreement Term”, entered into between the sponsor Corsan and the Instituto de Previdência do Estado do Rio Grande do Sul (IPERGS).

The Company’s monthly financial contribution to IPE-SAÚDE corresponds to 10.44% on the contribution salary of employees linked to Corsan. The Company’s collective agreement assures that 50% of this percentage will be extended to employees who enjoy the retirement benefit provided by Fundação Corsan.

The changes in the actuarial liabilities during the years ended December 31, 2021 and 2020 were as follows:

<b>Changes in actuarial liabilities (assets)</b>	<b>2021</b>	<b>2020</b>
Net actuarial liabilities (assets) at the beginning of the period	<b>251,875</b>	223,033
Expenses recognized throughout financial statements of the period	<b>28,724</b>	24,324
Employer’s contributions at the period	<b>(8,683)</b>	(7,869)
Other comprehensive income	<b>(42,874)</b>	12,387
<b>Net actuarial (assets) liabilities at the end of the period</b>	<b>229,042</b>	251,875

The origin of the expense recognized in the statement of income for the year 2021, as well as the projection of the expense to be recognized in the year 2022, are explained in the following table:




<b>Expenses to be recognized at the Financial Statements</b>	<b>2022</b>	<b>2021</b>
Cost of current service for actuarial revaluation, with interest	<b>8,668</b>	10,848
Cost of interest over actuarial obligations	<b>23,941</b>	17,876
Expenses to be recognized by the employer	<b>32,609</b>	28,724

<b>Evolution of present-value actuarial obligations</b>	<b>2021</b>	<b>2020</b>
Value of actuarial obligations at the beginning of the period	<b>251,875</b>	223,033
Net cost of current service	<b>10,848</b>	8,648
Interest over actuarial obligations	<b>17,876</b>	15,676
Benefits paid at the period	<b>(8,683)</b>	(7,869)
Actuarial losses	<b>(42,874)</b>	12,387
<b>Value of actuarial obligations at the end of the period</b>	<b>229,042</b>	251,875

### Assumptions used to calculate liabilities and projections

<b>Economic and financial</b>	<b>2021</b>	<b>2020</b>
Real actuarial discount rate	5.43%	3.80%
Expected real return over assets	5.43%	3.80%
Real growth rate of active employee's salaries	Not applicable	Not applicable
Health Care Cost Trend Rate (HCCTR)	4.10%	3.75%
Capacity factor over benefits	Not applicable	Not applicable
Capacity factor over salaries	Not applicable	Not applicable
Expected inflation	5.03%	3.32%
Nominal discount rate	10.73%	7.25%
Expected nominal return over the Plan's assets	10.73%	7.25%
Nominal growth rate of active employee's salaries	Not applicable	Not applicable
Nominal growth of the Plan's benefits during receipt	9.34%	7.19%
Salaries readjustment INPC JUN - DEC	1.068%	1.036%
Benefits readjustment INPC JUN - DEC	1.068%	1.036%

<b>Demographic</b>	<b>2021</b>	<b>2020</b>
General mortality	AT-1983 M&F (IAM)	AT-1983 M&F (IAM)
Mortality among disability pension beneficiaries	MI-2006 M&F	MI-2006 M&F
Admissions into disability pension fund	IAPB-57 FRACA (D10%)	IAPB-57 FRACA (D10%)
Annual turnover rate	Nule	Nule
Family composition	Real Family	Real Family
Aging factor	Unidas Research 2018	Unidas Research 2018

Assumption	Sensitivity analysis	Impact (%)
Discount rate	Increase by 0.5% 	(8.47%)
	Decrease by 0.5%	9.70%
Life expectation	Increase by 1 year	4.90%
	Decrease by 1 year 	(4.80%)
HCCTR	Increase by 0.5%	9.52%
	Decrease by 0.5% 	(8.39%)

The above percentage impacts affect the actuarial liabilities of the plan, since there are no guarantor assets.

**c) Incentives for voluntary resignation**

The deadline for adhesions to the Voluntary Resignation Incentive Plan ended on December 31, 2016, when 1,590 employees adhered to the plan. The final deadline for resignations was June 30, 2019, when the last 71 employees were terminated from the Company.

The monthly indemnity is limited to 62 months or occurs when employees complete the grace periods with Fundação Corsan, whichever occurs first. At December 31, 2021, there are 145 employees receiving monthly indemnity.

The amount paid as indemnities of the incentive plan for voluntary resignation in the year ended December 31, 2021 was R\$ 7,648 (R\$ 19,514 at December 31, 2020)

In the year ended December 31, 2021, the expense with voluntary resignations was R\$7,084 (R\$18,861 at December 31, 2020).

For the purposes of Corsan's accounting record, the changes in the actuarial liabilities during the years 2021 and 2020 were as follows:

<b>Changes in actuarial liabilities (assets)</b>	<b>2021</b>	<b>2020</b>
Net actuarial (assets) liabilities at the beginning of the period	<b>14,810</b>	14,473
Expenses recognized throughout financial statements of the	<b>370</b>	309
Employer's contributions at the period	<b>(7,084)</b>	(18,861)
Other comprehensive income	<b>(4,960)</b>	18,889
<b>Actuarial liabilities (assets) at the end of the period</b>	<b>3,137</b>	14,810

The origin of the expense recognized in the statement of income for the year 2021, as well as the projection of the expense to be recognized in the year 2022, are explained in the following table:

<b>Expenses to be recognized at the Financial Statements</b>	<b>2022</b>	<b>2021</b>
Cost of interest over actuarial obligations	<b>112</b>	370
<b>Expenses to be recognized by the employer</b>	<b>112</b>	370

<b>Evolution of present-value actuarial obligations</b>	<b>2021</b>	<b>2020</b>
Value of actuarial obligations at the beginning of the period	<b>14,810</b>	14,473
Interest over actuarial obligations	<b>370</b>	309
Interest expense on actuarial obligations	<b>492</b>	522
Decrease of interest due to the payment of expected benefits	<b>(122)</b>	(213)
Benefits paid at the period	<b>(7,084)</b>	(18,861)
Actuarial (wins) losses	<b>(4,960)</b>	18,889
<b>Value of actuarial obligations at the end of the period</b>	<b>3,137</b>	14,810

### Assumptions used to calculate liabilities and projections

<b>Economic and financial</b>	<b>2021</b>	<b>2020</b>
Real actuarial discount rate	0.00%	0.00%
Expected real return over assets	0.00%	0.00%
Real growth rate of active employee's salaries	2.85%	2.85%
Real growth of the Plan's benefits during receipt	0.00%	0.00%
Capacity factor over benefits	98.00%	98.00%
Capacity factor over salaries	98.00%	98.00%
Expected inflation	5.03%	3.32%
Nominal discount rate	5.03%	3.32%
Expected nominal return over the Plan's assets	5.03%	3.32%
Nominal growth rate of active employee's salaries	8.02%	6.26%
Nominal growth of the Plan's benefits during receipt	5.03%	3.32%
Salaries readjustment INPC JUN - DEC	1.068%	1.036%
Benefits readjustment INPC JUN - DEC	1.068%	1.036%

<b>Demographic</b>	<b>2021</b>	<b>2020</b>
General mortality	AT-1983 M&F (IAM)	AT-1983 M&F (IAM)
Mortality among disability pension beneficiaries	MI-2006 (M&F)	MI-2006 (M&F)
Admissions into disability pension fund	IAPB-57 FRACA (D10%)	IAPB-57 FRACA (D10%)
Annual turnover rate	0%	0%
Family composition	Active: Average Family / Assisted: Real Family	Active: Average Family / Assisted: Real Family

<b>Assumption</b>	<b>Sensitivity analysis</b>	<b>Impact (%)</b>
Life expectation	Increase by 1 year	(0.02%)
	Decrease by 1 year	0.03%
Real salaries growth	Increase by 1.0%	(0.20%)
	Decrease by 1.0%	0.20%

The above percentage impacts affect the actuarial liabilities of the plan, since there are no guarantor assets.

#### **d) Investments**

The return on investment of the Fundação Corsan's plan in 2021 was R\$ 58,862 (R\$ 252,220 in 2020).



## COMPANHIA RIOGRANDENSE DE SANEAMENTO

	Assets allocation at December 31, in %	Assets allocation at December 31, in %	Assets allocation following Law 3,792/2009 – percentage or percentage range
<b>Segment</b>	<b>2021</b>	<b>2020</b>	<b>Limit</b>
Fixed income	73.01%	73.72%	100%
Equity	9.12%	10.97%	70%
Investments abroad	1.66%	-	10%
Structured investments	10.74%	9.77%	20%
Properties portfolio	4.17%	3.96%	20%
Borrowings	1.30%	1.57%	15%
Cash	-	0.01%	-
<b>Guarantee fund</b>	<b>100%</b>	<b>100%</b>	<b>-</b>

### e) Fundação Corsan

#### Legal structure

Fundação Corsan is a closed private pension entity multi-sponsored by Corsan, established as a legal entity of private law, not-for-profit, with administrative and financial autonomy, having as its primary objective the administration and execution of benefit plans of a social security nature.

#### Management of resources and investments

Fundação Corsan assigns to carefully selected financial institutions the management of its financial resources, carrying out daily follow-up of these managers. The management of the Fundação Corsan's investment funds is structured in the form of Fund-managed and outsourced, with the management of investment funds being totally outsourced and the management of properties and loans carried out by the Foundation itself.

#### Investment policy

Fundação Corsan plans and tracks its investments in accordance with the rules set out in CMN Resolution 4661 of May 25, 2018, as well as in conformity with its investment policy – IP.

The IP planning and review process is annual and begins in October with meetings between the investment area, the Investment Committee, Financial Consulting and Executive Board. After structured the IP is submitted by the Executive Board to the Deliberative Board for approval.

### Source of funds

Fundação Corsan Foundation obtains funds from:

- a) the contribution of active and assisted participants;
- b) monthly contribution of sponsors, mainly Corsan;
- c) income from asset applications.

### Administrative funding

The definition of sources of funding to cover administrative expenses is the responsibility of the Deliberative Board and must be expressly provided for in the funding plan and in the annual budget.

### Plan management expenses

Resources intended for administrative funding are established annually, and in the year ended December 31, 2021, the following sources of funding were used: administration fee for loans granted to participants, carrying rate of 7% on contributions made to the Plan of Benefits, the profitability of the assets of the administrative fund, the transfer of the administrative fee of the flow of investment in the percentage basis of 0.27% of the guarantee resources of the technical reserves and, when necessary, reversal of the administrative fund.

## 26. EQUITY

### Accounting Policy:

Dividends and interest on capital: the distribution of dividends and interest on capital to the Company's shareholders is recognized as a liability in the financial statements at year-end based on the Company's bylaws. Any amount that exceeds the minimum required is only provided on the date it is approved by the Board of Directors.

The amount of interest on capital is treated as a dividend and is presented in the financial statements as a reduction of equity as per CVM Resolution 683/12. The tax benefit of interest on capital is recognized in the statement of income.

Earnings per share: basic earnings per share is calculated by dividing the profit for the year attributable to the holders of common and preferred shares by the weighted average number of shares available during the period in accordance with CPC 41/IAS 33.

There are no instruments or agreements for the issuance of common shares and, consequently, there is no event that could dilute the dividends attributable to the Company's shares, therefore, basic and diluted dividends have identical values.

#### a) Share capital

At December 31, 2021, the Company's share capital is R\$1,878,540 (R\$1,682,328 at December 31, 2020), represented as follows:

Shareholders	Common shares	Preferred shares	Total shares	Total capital (%)	Voting capital (%)	Preferred shares (%)
State of Rio Grande do Sul	317,619,422	317,619,422	635,238,844	99.99999370316	99.99999370316	99.99999370316
Municipal Government of Estrela	5	5	10	0.00000157421	0.00000157421	0.00000157421
Municipal Government of Carazinho	3	3	6	0.00000094453	0.00000094453	0.00000094453
Municipal Government of São Marcos	2	2	4	0.00000062968	0.00000062968	0.00000062968
Municipal Government of Muçum	2	2	4	0.00000062968	0.00000062968	0.00000062968
Municipal Government of Rosário do Sul	2	2	4	0.00000062968	0.00000062968	0.00000062968
Municipal Government of Lajeado	2	2	4	0.00000062968	0.00000062968	0.00000062968
Municipal Government of Quaraí	2	2	4	0.00000062968	0.00000062968	0.00000062968
Municipal Government of Cerro Largo	2	2	4	0.00000062968	0.00000062968	0.00000062968
<b>Total</b>	<b>317,619,442</b>	<b>317,619,442</b>	<b>635,238,884</b>	<b>100.000000000</b>	<b>100.000000000</b>	<b>100.000000000</b>

Within the limits of the authorized capital and in accordance with a plan approved by the General Meeting, the Board of Directors may grant stock options to its directors or employees, or to natural persons that provide services to the Company or to a company under its control, as provided for by law.

At December 31, 2020 and December 31, 2019, no stock option plans were granted.



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Capital increases may be decided with the exclusion of the shareholders' right of preference for the subscription of new securities issued by the Company, in the hypotheses provided for in Article 172 of Law 6.404/76.

In April 2021, R\$ 185,388 were contributed to the share capital with resources from the retained earnings reserve, approved by the Company's deliberative bodies, according to the Bylaws. The amount is within the limit authorized by the General Meeting of Shareholders. There was no dilution of shares in this capitalization.

In December 2021, the amount of R\$ 10,824 that was recorded as AFAC was paid-up. In this operation, there was an increase of 4,053,834 shares, of which 2,026,917 were registered common shares and 2,026,917 were registered preferred shares.

### **b) Capital reserves**

Capital reserves include donations of facilities and equipment from private entities and public bodies. In accordance with Law 11,638/07, in 2008 these donations started being recognized in profit or loss and subsequently, donations from public bodies are transferred to the tax incentive reserve.

### **c) Other comprehensive income**

The Company carried out the revaluation of property, plant and equipment items in 1989, 1990, 1993 and 1994. A revaluation reserve was recognized in equity, and the realization is through depreciation and write-offs of the respective assets, whose total balance at December 31, 2021 is R\$ 83,933 (R\$ 85,713 at December 31, 2020), net of tax effects.

With the application of ICPC 01 (R1) – Service Concession Arrangements, the residual balance of property, plant and equipment, including revaluation amounts, was considered as the fair value of the intangible asset related to the concession on the transition date, January 1, 2009, and the revaluation reserve, transferred to the “other comprehensive income” account.

These effects are reversed to retained earnings in the proportion that the assets are depreciated or only in the event of disposal or write-off of the asset. The amount realized against retained earnings in the period totaled R\$ 1,781, net of tax effects (R\$ 2,191 at December 31, 2020).

As prescribed by CVM Resolution 695/2012, any assets or liabilities arising from actuarial gains or losses must be recognized in the financial statements in other comprehensive income, in Equity. At December 31, 2021, the Company recorded an actuarial gain of R\$ 55,668, net of tax effects (loss of R\$56.931 at December 31, 2020).

**d) Shareholder's compensation**

The Company's bylaws provide that 25% of the year's adjusted profit will be allocated to shareholders as minimum dividends, respecting the advantage attributed to preferred shares.

	12/31/2021	12/31/2020
Net income for the year	<b>350,469</b>	1,814,394
( - ) Legal reserve (5%)	<b>(17,523)</b>	(90,720)
( - ) Tax incentives reserve	<b>(117)</b>	(17)
<b>Calculation basis for dividends</b>	<b>332,828</b>	1,723,657
Interest on shareholders' equity attributed to the dividend	<b>83,207</b>	430,914
Realizable profits reserve	-	(333,470)
<b>Total interest and dividends distributed</b>	<b>83,207</b>	97,444

Preferred shares shall not be entitled to vote, but shall enjoy all other rights attributed to common shares on equal terms, plus priority in the reimbursement of the share capital, without premium, in the event of the liquidation of the Company and dividends 10% higher than those paid to common shares, pursuant to item II, Paragraph 1, of Article 17 of Law 6,404/76.

Dividends by type of share are presented as follows:

Dividends / Interest on shareholder's equity	Interest on shareholders' equity attributed to the dividend
Common shares	39,622
Preferred shares	43,585
<b>Total</b>	<b>83,207</b>

The table below demonstrates the interest on capital by share:

Dividends / Interest on shareholder's equity	Quantity	Total payment	Payment per share
Common shares	317,619,442	39,622	0.12475
Preferred shares	317,619,442	43,585	0.13722
<b>Total</b>	<b>635,238,884</b>	<b>83,207</b>	<b>0.26197</b>

During the year ended December 31, 2021, the Company recorded interest on capital of R\$ 83,207 (R\$ 97,444 in the year ended December 31, 2020), using as a basis the long-term rate – TJLP, applied to equity, considering the limit of 50% of the sum of retained earnings and revenue reserves.

In the year ended December 31, 2021, the Board of Directors approved and the General Meeting ratified a proposal by the Management for the distribution of extraordinary dividends, registered in revenue reserves, amounting to R\$ 1,285,614, in line with Article 61, II, b of the Company's bylaws. The amount corresponds to the questioned parcel – pending issuance of court-ordered debt – of the recognized asset deriving from the final and unappealable decision on case No. 93.0015146-0 filed by Corsan against the Federal Government, referring to its federal tax immunity (IRPJ and ITR). The settlement of the dividends payable will occur with the assignment of the procedural position to the controlling shareholder, i.e., the transfer of the right to receive credits in connection to the lawsuit, and with the payment in cash to the minority shareholders, proportionately to their share in equity.

As set forth in Law 9,249/95, the amount recorded was fully deducted in the social contribution calculation. The social contribution for the period was reduced by R\$7,489 (R\$8,770 in the year December 31, 2020) as a result of the deduction of interest on capital credited to shareholders.

#### e) Revenue reserves

##### Legal reserve

In accordance with the Brazilian Corporation Law, it is recognized based on 5% of the profit for the year, limited to 20% of the share capital.

### **Tax incentive reserve**

Based on Article 30 of Law 12,973/14, amended after the enactment of Complementary Law 160, tax incentives granted by States and the Federal District are considered investment grants and cannot be distributed as profits or dividends to shareholders. The adoption of this procedure is the basis for non-taxation of the investment grant by IRPJ and CSLL.

### **Retained profits reserve**

This amount corresponds to the remaining profit after the allocations to legal reserve, tax incentives, dividends and unrealized earnings reserve, plus the recordings made directly in the retained earnings account.

The resources will be applied in projects for the construction and expansion of water supply systems, sewage systems and institutional development, in order to meet the projects foreseen in the Company's budget, based on the capital budget to be approved by the Annual General Meeting.

### **Realizable profits reserve**

The Realizable profits reserve, established in December 31, 2020, amount of R\$ 333,470, comprises the share of the profit that was not realized and that would be distributed as dividends, following approval of the Company's governance bodies.

### **f) Advance for future capital increase**

As provided for by the Bylaws, after construction works are concluded and the correspondent expenditure is demonstrated and approved, the Company records the balance amounts arising from the transfer of resources from the General Budget of the Federal Government – OGU as an advance for future capital increase. In the year ended December 31, 2021, the amount registered in Equity was zero (R\$ 10,824 at December 31, 2020).

**g) Basic and diluted Earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent company by the weighted average number of common and preferred shares outstanding during the year. The table below shows the calculation of earnings per share (in thousands, except amounts per share):

<b>Basic and diluted earnings per share</b>	<b>2021</b>	<b>2020</b>
<b>Numerator</b>		
Profit for the period attributable to owners of the Parent company		
Common shares	166,890	863,997
Preferred shares	183,579	950,397
<b>Denominator</b>		
Weighted average number of common shares	317,619,442	317,619,442
Weighted average number of preferred shares	317,619,442	317,619,442
<b>Basic and diluted earnings per share</b>		
Per common share	<b>0.52544</b>	<b>2.72023</b>
Per preferred share	<b>0.57798</b>	<b>2.99225</b>

**27. RELATED-PARTY TRANSACTIONS AND BALANCES**

Transactions with related parties are disclosed in compliance with CPC 05 (R1)/IAS 24. At December 31, 2021, the related parties are: Government of the State of Rio Grande do Sul, Banco do Estado do Rio Grande do Sul – Banrisul, Companhia de Processamento de Dados do Estado do Rio Grande do Sul – Procergs and Instituto de Previdência do Estado – IPE.

**a) Government of the State of Rio Grande do Sul**

The following amounts refer to transactions between Corsan and the State of Rio Grande do Sul:

	12/31/2021	12/31/2020
Water and sewage bills - balance receivable	<b>36,365</b>	9,943
Income from the State's single cash	-	5,970
Interest on capital payable to the State Government	<b>(83,207)</b>	(345,205)
Proposed dividends payable to the State Government	<b>(1,285,614)</b>	-

The amount billed for water supply and sewage treatment to the State of Rio Grande do Sul during the year ended December 31, 2021 was R\$ 55,725 (R\$ 52,806 at December 31, 2020).

The amount of R\$ 1,285,614 refers to the extraordinary dividend distributed as per described in Note 26.d.

#### **b) Banco do Estado do Rio Grande do Sul – Banrisul**

The amount billed for water supply and sewage treatment during the year ended December 31, 2021 was R\$ 484 (R\$ 403 at December 31, 2020).

The expenses related to the service of collection of water, sewage and service bills and debits/pass-through during the year ended December 31, 2021 was R\$ 7,521 (R\$ 7,877 at December 31, 2020).

#### **c) Companhia de Processamento de Dados do Estado do Rio Grande do Sul – Procergs**

The amounts due to Procergs refer to the contract for the provision of services in the information technology area. The expense for the year ended December 31, 2021 was R\$48,182 (R\$41,450 at December 31, 2020). The balance payable at December 31, 2021 was R\$ 4,151 (R\$ 3,618 at December 31, 2020).

#### **d) Instituto de Previdência do Estado do Rio Grande do Sul – IPE**

The amounts due to the IPE refer to the health care contract of Corsan employees, the amount of the expense in the year ended December 31, 2021 was R\$ 20,714 (R\$ 18,670 at December 31, 2020). The balance payable at December 31, 2021 was R\$ 5,522 (R\$ 4,468 at December 31, 2020).

**g) Key management compensation**

The Company's key management, formed by the Executive Board, Board of Directors, Supervisory Board and Statutory Audit Committee, is established in accordance with Decree 45,273/07 and Resolution 04/09 of the Corporate Governance Committee of the State-owned Companies. Corsan has no policy for share-based payment plan.

	12/312021	12/312020
Compensation and benefits	<b>4,976</b>	3,425
Social charges	<b>679</b>	491
<b>Total</b>	<b>5,655</b>	3,916

**28. NET REVENUE**

**Accounting Policy:**

Provision of services: revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, rebates and discounts.

Unbilled revenues are calculated based on the projected revenue, to which the percentage corresponding to the days of consumption that will compose the billing for the following month is applied, but which, to comply with the accrual basis, are recognized in the month in which there was actual consumption and are recognized as Unbilled revenues. This recognition is made in a segregated manner between water supply and sewage collection services.

Construction contracts: Revenue from construction contracts is recognized in accordance with CPC 47/IFRS 15 – Revenue from Contracts with Customers, according to the percentage of completion (POC) method. The percentage completed is defined as the execution stage based on the physical-financial schedule of each contract.

The costs of contracts are recognized in the statement of income as cost of services provided, when incurred. All costs directly attributable to contracts are considered for measuring the revenue, which follows the cost plus margin method. Revenue is recognized by reference to the



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annual margins contracted or estimated (1.48% at December 31, 2021 and 0.80% at December 31, 2020).

Corsan operates water supply and sewage collection services. The net service revenue is comprised as follows:

	12/31/2021	12/31/2020
Water supply services	<b>3,281,127</b>	3,029,098
Sewage services	<b>260,826</b>	229,537
Construction revenues	<b>310,496</b>	316,509
Deductions from service revenues	<b>(441,785)</b>	(421,691)
	<b>3,410,664</b>	3,153,453

At December 31, 2022, the amount related to unconditional discounts was recorded as deductions from services revenue and corresponds to R\$ 121,830 (R\$ 131,222 at December 31, 2020).

### 29. COSTS, EXPENSES AND OTHER INCOME

As required by CPC 26 (R1)/(IAS 1), the details of the statement of income by nature are as follows:

Costs and expenses by nature	12/31/2021	12/31/2020
Personnel	<b>1,227,803</b>	1,170,058
Materials	<b>134,441</b>	120,586
Electric energy	<b>340,570</b>	295,232
Third party services	<b>440,708</b>	374,101
General	<b>153,602</b>	135,104
Depreciation and amortization	<b>196,423</b>	170,519
Provisions	<b>173,255</b>	90,817
Construction costs	<b>305,963</b>	313,991
Other operating (income) expenses, net	<b>(42,617)</b>	(952,943)
	<b>2,930,148</b>	1,717,465

Classified as:

Cost of services	<b>2,273,988</b>	2,088,042
Selling expenses	<b>161,673</b>	134,418
Administrative expenses	<b>537,104</b>	447,948
Other operating (income) expenses, net	<b>(42,617)</b>	(952,943)
	<b>2,930,148</b>	1,717,465

	12/31/2021	12/31/2020
<b>Other operating revenue</b>	<b>67,740</b>	1,018,528
Grants	<b>14,796</b>	1,138
Revenues recovering	-	12,375
Variation of indemnity of tax immunity	<b>8,945</b>	863,356
Reversal of provision for risks	<b>40,208</b>	129,294
Other operating revenue	<b>3,791</b>	12,365
<b>Other operating expenses</b>	<b>(25,123)</b>	(65,585)
Inspection bodies fees	<b>(19,167)</b>	(17,593)
Write-off of assets	<b>(3,638)</b>	(20,646)
Taxes and fees	<b>(2,318)</b>	(27,346)
<b>Other operating (income) expenses, net</b>	<b>42,617</b>	952,943

### 30. FINANCIAL INCOME (EXPENSES)

#### Accounting Policy:

*Finance income:* finance income is recognized according to the elapsed term, using the effective interest method. When a receivable or financial investment is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument. Subsequently, as time elapses, interest is incorporated into the asset against finance income. This finance income is calculated at the same effective interest rate used to determine the recoverable amount, that is, the original rate of the financial investments or trade receivables.

	12/31/2021	12/31/2020
<b>Financial income</b>	<b>154,479</b>	643,637
Interest Income	<b>38,446</b>	35,926
Monetary adjustment gains	<b>4,552</b>	6,600
Financial income for the realization of adjustment to present value	<b>39,994</b>	36,435
Foreign exchange gains	-	569
Monetary adjustment - court-ordered debts	<b>15,768</b>	11,469
Monetary adjustment - tax immunity	<b>26,472</b>	544,971
Other financial income	<b>29,247</b>	7,667
<b>Financial expenses</b>	<b>(316,747)</b>	(183,208)
Interest and fees on borrowings	<b>(32,965)</b>	(28,982)
Interest and fees on other obligations	<b>(66,946)</b>	(2,855)
Monetary adjustment losses	<b>(206,536)</b>	(145,261)
Financial expenses for the realization of adjustment to present value	<b>(389)</b>	(3,151)
Foreign exchange losses	-	(2,885)
Variation of indemnity of tax immunity	<b>(8,169)</b>	-
Other financial expenses	<b>(1,742)</b>	(74)
<b>Net financial result</b>	<b>(162,268)</b>	460,429

### 31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### Accounting Policy:

Financial assets: the Company classifies its financial assets in the following measurement categories:

- Measured at fair value (either through other comprehensive income or through profit or loss).
- Measured at amortized cost.

The classification depends on the entity's business model for managing financial assets and the contractual terms of cash flows.

For financial assets measured at fair value, gains and losses will be recognized in profit or loss. For investments in equity instruments that are not held for trading, it will depend on the irrevocable option at initial recognition, of accounting for the equity investment at fair value through other comprehensive income.

*Financial liabilities:* Financial liabilities are recognized initially at fair value, net of transaction costs incurred, and are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the total amount payable is recognized in the statement of income using the effective interest method. Interest expense, foreign exchange gains and losses are recognized in profit or loss. The corresponding obligations are classified in current and non-current liabilities according to the term. Securities issued by the Company are not convertible into shares.

*Recognition and derecognition:* Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

*Measurement:* at initial recognition, the Company measures a financial asset at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

*Impairment:* the Company assesses on a prospective basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by CPC 48/IFRS 9, and recognizes the expected lifetime losses from initial recognition of the receivables.

The Company has transactions with financial instruments, the risks of which are managed through financial position strategies and exposure limit systems. All transactions are fully recognized in the accounting records.

The measurement of its financial instruments as well as the risk management are presented below:

### a) Financial instruments

At December 31, 2021 and 2020, the main financial instruments were as follows:

Description	Note	12/31/2021	12/31/2020
Assets			
Fair value through profit or loss			
Financial investments	5.b	54,133	76,545
Amortized cost			
Cash and cash equivalents	5.a	678,979	233,267
Trade receivables	6	489,120	419,140
Financial assets	12	467,661	588,827
Taxes recoverable	8.c	1,324,811	1,430,378
Court-ordered debts	9	338,454	220,154
<b>Total</b>		<b>3,353,158</b>	<b>2,968,311</b>

Description	Note	12/31/2021	12/31/2020
Liabilities			
Amortized cost			
Suppliers		140,159	118,988
Borrowings	18	521,146	587,477
Debentures	19	631,249	4,811
Contractual obligations	21	56,522	13,000
Pass-through agreements	23	86,770	53,895
<b>Total</b>		<b>1,435,846</b>	<b>778,171</b>

The Company adopts the fair value measurement technique and comparison of prices and values observed in the market (level 2).

At December 31, 2021 and December 31, 2020, the fair value of financial instruments approximates the carrying amount.

### b) Derivative financial instruments

The Company has not entered into and has no policy to enter into derivative financial instruments, such as forward contracts, swaps, options, futures, swaps with regret option, flexible options, derivatives embedded in other products, structured operations with derivatives, exotic derivatives and all other operations with derivatives, regardless of the way in which they are contracted.

### **c) Risk management**

Risk factors that can affect the Company's business

The risk management activities follow the Company's risk management policy, and are administered by its officers. The management of these risks is carried out based on the internal control system, which establishes the techniques for measuring and continuously monitoring the exposure.

The Company is exposed to the following risks:

#### **i) Credit risk:**

The credit risk to which the Company is potentially subject to refers to cash and cash equivalents, financial investments and trade receivables. The maximum exposure at December 31, 2021 corresponds to the carrying amounts demonstrated in Notes 5.a, 5.b and 6.

#### *Cash, cash equivalents and financial investments*

The credit risk of these financial assets is considered low because the Company maintains the amounts in investment funds with immediate liquidity and insignificant risk of change in value, and investment funds, respectively, featured as conservative.

#### *Trade receivables*

The exposure related to customers is considered low-risk due to the pulverized client base comprising the whole State in which the Company provides basic sanitation services. The recovery policy dictates that credits are recoverable throughout the debt-prescription term (ten years for private customers and 5 years for public customers), and contemplates the discontinuation of service for the defaulting customer after 45 days of delay.

The level of credit losses is considered normal for the sector and is adequately covered by provisions. The policy for expected credit losses recognition and the changes in provision are described in Note 6.

ii) Liquidity risk:

Liquidity risk represents the decrease in funds available for debt service (substantially borrowings). The Company has cash monitoring policies to avoid any mismatch between trade receivables and payables. As ways of controlling this risk, we can mention: adjustment of the tariff structure to the services provided; implementation of matrix expense management – GMD; improvement in the management of labor liabilities in judicial executions; combating fraud and clandestine connections; implementation of the strategic cost management system – Sisgec, among others.

The table below shows the contractual payments required by the Company’s financial liabilities:

	Projection including future interest			Total
	Up to 1 year	From 1 to 3 years	More than 3 years	
Borrowings	154,934	245,493	489,751	<b>890,178</b>
Taxes in installments	17,108	-	-	<b>17,108</b>
Debentures	13,899	248,986	617,571	<b>880,456</b>
Suppliers	140,159	-	-	<b>140,159</b>
Lease liabilities	23,308	3,582	830	<b>27,720</b>
	<b>349,408</b>	<b>498,061</b>	<b>1,108,152</b>	<b>1,955,621</b>

iii) Market risk:



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Interest rate risk: This risk arises due to the possibility of the Company incurring losses due to fluctuations in interest rates, which would increase the finance costs related to borrowings. The Company continuously monitors the volatility of market interest rates.

Foreign exchange rate risk: This risk arises from the possibility of fluctuations in exchange rates, which may affect the finance cost and the liability balance of borrowing contracts denominated in foreign currency. At December 31, 2021, there are no assets or liabilities indexed to foreign currencies.

### *Interest rate and foreign exchange fluctuation sensitivity analysis*

In order to verify the sensitivity of indices of borrowings to which the Company was exposed at December 31, 2021, three different scenarios were defined and a sensitivity analysis of the fluctuation of these indices was prepared.

Based on the projection of the index of each contract for 2021 (probable scenario), increasing variations of 25% and 50%, respectively, were calculated for such operations. The scenarios do not consider the probable cash flow related to repayments of borrowings.

The maintenance of the sensitivity analysis with the use of variation parameters for scenarios of 25% and 50% are adequate, based on references in industry benchmarks, as well as on BACEN's market expectation publications.

Operation	Risk	2021	Financial gains (losses)				
			25% decrease	50% decrease	Probable scenario	25% increase	50% increase
Borrowing	TR	<b>(209,747)</b>	-	-	-	-	-
Borrowing	TJLP	<b>(125,511)</b>	(5,342)	(4,451)	(6,677)	(8,346)	(10,016)
Borrowing	IPCA	<b>(111,542)</b>	(8,932)	(7,444)	(11,165)	(13,957)	(16,748)
Borrowing	SELIC	<b>(74,346)</b>	(5,442)	(4,535)	(6,803)	(8,503)	(10,204)
Debenture	CDI	<b>(150,367)</b>	(5,317)	(4,431)	(6,646)	(8,308)	(9,969)
Debenture	IPCA	<b>(480,882)</b>	(38,509)	(32,091)	(48,136)	(60,170)	(72,204)
		<b>(1,152,395)</b>	(63,542)	(52,952)	(79,427)	(99,284)	(119,141)
<i>Index</i>	TR		0.00	0.00	0.00	0.00	0.00
	TJLP		4.26	3.55	5.32	6.65	7.98
	IPCA		8.01	6.67	10.01	12.51	15.02
	SELIC		7.32	6.10	9.15	11.44	13.73
	CDI		3.54	2.95	4.42	5.53	6.63

#### d) Capital management

The main objective of capital management is to ensure that capital has a strong credit rating and a problem-free capital ratio, in order to support business and maximize value for the shareholder.

The capital structure or financial risk arises from the choice between equity (capital contributions and retained earnings) and third-party capital that the Company raises to finance its operations. In order to mitigate liquidity risks and to optimize the weighted average cost of capital, the Company constantly monitors the levels of indebtedness according to the market standards and the compliance with covenants set forth under borrowings and debentures agreements.

There were no changes in objectives, policies or processes during the year ended December 31, 2021 and year ended December 31, 2020.

Capital is managed on the basis of the leverage ratio, which corresponds to the net debt divided by total capital plus net debt. The Company includes in the net debt: interest-bearing



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borrowings, trade and other payables, less cash and cash equivalents and financial investments, as shown below:

	Note	12/31/2021	12/31/2020
Borrowings	18	<b>521,146</b>	587,477
Debentures	19	<b>631,249</b>	4,811
Suppliers		<b>140,159</b>	118,988
Taxes and contributions in installments	20	<b>16,140</b>	31,288
Fundação Corsan debt	27.e	-	-
(-) Cash and cash equivalents	5.a	<b>(678,979)</b>	(233,267)
(-) Financial investments	5.b	<b>(54,133)</b>	(76,545)
Net debt		<b>575,582</b>	432,752
Equity and advances		<b>3,222,315</b>	4,043,521
Share capital and net debt		<b>3,797,897</b>	4,476,273
Leverage ratio		<b>15.16%</b>	9.67%

### 32. EVENTS AFTER THE REPORTING PERIOD

On February 8, 2022, the Extraordinary General Meeting approved the regrouping of Company shares, following a proportion of 3 to 1, without changes in the share capital, as well as the conversion of preferred shares into common shares issued by the Company, conditioned to the approval of the price by share in the context of the Public Offering.



## COMPANHIA RIOGRANDENSE DE SANEAMENTO

### Executive Board

ROBERTO CORREA BARBUTI  
Chief Executive Officer

ANDRÉ BELTRÃO FINAMOR  
Chief Operating Officer

ANDRÉ GUTTERRES BORGES  
Chief Expansion Officer

DOUGLAS RONAN CASAGRANDE DA SILVA  
Chief Administrative, Financial and Investor  
Relations Officer

JEAN CARLO FLORES BORDIN  
Chief Commercial and Innovation Officer

LILIANI ADAMI CAFRUNI  
Chief Sustainability Officer

### Board of Directors

MARIO ENGLER PINTO JUNIOR  
Chairman

GIOVANNI FIORESE  
Board Member

HENRIQUE ZANDONÁ  
Board Member

JULIANO HEINEN  
Board Member

KARLA BERTOCCO TRINDADE  
Board Member

LUIZ GUSTAVO DE SOUZA  
Board Member

PAULO ROBERTO MONSCHAU BERTA  
Board Member

ROBERTO CORREA BARBUTI  
Board Member

### Supervisory Board

FELIPE HENRIQUE GIARETTA  
Board Member

KEVIN CHAVES KRIEGER  
Board Member

MARIA BETÂNIA BRAUN  
Board Member

GRAZIELA BOHN FLORES  
**Accountant CRC/RS nº 070280/O-7**