

(A free translation of the original in Portuguese)

Companhia Riograndense de Saneamento – Corsan

Quarterly Information (ITR) at

March 31, 2022

**and report on review of
quarterly information**



(A free translation of the original in Portuguese)

Report on review of quarterly information

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

Introduction

We have reviewed the accompanying interim accounting information of Companhia Riograndense de Saneamento – Corsan ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2022, comprising the balance sheet at that date and the statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended, and explanatory notes.

Management is responsible for the preparation of the interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC) and International Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently did not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.



Companhia Riograndense de Saneamento – Corsan

Other matters

Statement of value added

The quarterly information referred to above includes the statement of value added for the quarter ended March 31, 2022. This statement is the responsibility of the Company's management and is presented as supplementary information under IAS 34. This statement has been subjected to review procedures performed together with the review of the quarterly information for the purpose of concluding whether it is reconciled with the interim accounting information and accounting records, as applicable, and if its form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that this statement of value added has not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and that it is consistent with the interim accounting information taken as a whole.

Porto Alegre, May 11, 2022

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

Rafael Biedermann Mariante
Contador CRC 1SP243373/O-0

BALANCE SHEET
AT MARCH 31, 2022 AND DECEMBER 31, 2021
(In thousands of Reais)

	Note	03/31/2022	12/31/2021
CURRENT ASSETS		2,645,257	2,721,228
Cash and cash equivalents	5.a	670,282	678,979
Trade receivables	6	508,511	484,169
Inventories	7	134,618	115,502
Income taxes and social contributions recoverable	8.c	1,319,256	1,299,397
Court-ordered debts receivable	9	-	129,146
Other receivables	11	12,590	14,035
NON-CURRENT ASSETS		5,386,047	5,121,833
<i>LONG-TERM ASSETS</i>		<i>2,782,884</i>	<i>2,583,930</i>
Financial investments	5.b	57,064	54,133
Trade receivables	6	3,764	4,951
Deferred taxes	8.a	129,814	126,226
Contractual financial assets	12	620,833	638,843
Indemnities for expropriation	10	47,301	46,561
Income taxes and social contributions recoverable	8.c	25,777	25,414
Contractual assets	13	1,518,899	1,463,138
Court-ordered debts receivable	9	364,127	209,308
Other receivables	11	15,305	15,356
<i>INVESTMENTS</i>		<i>791</i>	<i>791</i>
<i>PROPERTY, PLANT AND EQUIPMENT</i>		<i>158,485</i>	<i>157,285</i>
Technical property, plant and equipment	14	137,150	132,957
Right-of-use assets	16.a	21,335	24,328
<i>INTANGIBLE ASSETS</i>	15	<i>2,443,887</i>	<i>2,379,827</i>
TOTAL ASSETS		8,031,304	7,843,061

Accompanying notes are part of the interim financial statements

BALANCE SHEET
AT MARCH 31, 2022 AND DECEMBER 31, 2021
(In thousands of Reais)

	Note	03/31/2022	12/31/2021
CURRENT LIABILITIES		2,022,329	1,968,409
Borrowings	18	113,296	114,427
Debentures	19	5,028	13,899
Suppliers		127,542	140,159
Taxes and contributions payable		30,997	31,847
Taxes and contributions in installments	20	12,330	16,140
Fundação Corsan's debts		17,500	–
Payroll and related charges payable		140,532	140,939
Profit Sharing Program		65,057	53,557
Dividends and interest on capital payable	27.a	1,415,643	1,368,821
Lease liabilities	16.b	17,050	20,668
Contractual obligations	21	46,097	56,522
Other liabilities	22	31,257	11,430
NON-CURRENT LIABILITIES		2,647,480	2,652,337
Borrowings	18	384,195	406,719
Debentures	19	630,999	617,350
Pass-through agreements	23	89,424	86,770
Provisions for tax, civil, environmental and labor risks	24	720,633	718,801
Provision for post-employment benefits	25	756,674	760,099
Deferred taxes	8.b	37,442	36,361
Public-Private Partnership – RMPA	13	23,582	22,423
Lease liabilities	16.b	4,531	3,814
EQUITY		3,350,671	3,211,491
Share capital	26.a	1,867,716	1,867,716
Capital reserves	26.b	17,148	17,148
Revenue reserves	26.e	1,187,026	1,187,026
Other comprehensive income	26.c	139,225	139,601
Retained earnings		139,556	–
Advance for future capital increase	26.f	10,824	10,824
TOTAL EQUITY AND ADVANCE FOR FUTURE CAPITAL INCREASE		3,361,495	3,222,315
TOTAL LIABILITIES AND EQUITY		8,031,304	7,843,061

Accompanying notes are part of the interim financial statements

STATEMENTS OF INCOME
AT MARCH 31, 2022 AND 2021
(In thousands of Reais)

	Note	03/31/2022	03/31/2021
NET REVENUE	28	952,309	844,885
Costs of products sold, services provided and construction	29	(576,425)	(492,465)
GROSS INCOME		375,884	352,420
<i>OPERATING INCOME (EXPENSES)</i>		<i>(149,752)</i>	<i>(150,241)</i>
Selling expenses	29	(44,748)	(32,259)
Administrative expenses	29	(140,876)	(120,262)
Other operating revenue	29	41,700	8,866
Other operating expenses	29	(5,828)	(6,586)
INCOME BEFORE FINANCIAL RESULTS		226,132	202,179
<i>NET FINANCIAL RESULT</i>	<i>30</i>	<i>(27,047)</i>	<i>(32,723)</i>
Financial income		67,416	35,715
Financial expenses		(94,463)	(68,438)
INCOME BEFORE SOCIAL CONTRIBUTION		199,085	169,456
Current social contribution		(16,672)	(23,860)
Deferred social contribution		3,589	8,998
NET INCOME FOR THE PERIOD		186,002	154,594
 <i>BASIC EARNINGS PER SHARE</i>			
PN	26.g	0.30872	0.25659
ON	26.g	0.28065	0.23326
 <i>DILUTED EARNINGS PER SHARE</i>			
PN	26.g	0.30872	0.25659
ON	26.g	0.28065	0.23326

Accompanying notes are part of the interim financial statements



COMPANHIA RIOGRANDENSE DE SANEAMENTO

STATEMENTS OF COMPREHENSIVE INCOME

AT MARCH 31, 2022 AND 2021

(In thousands of Reais)

	03/31/2022	03/31/2021
NET INCOME FOR THE YEAR	186,002	154,594
Other comprehensive income	(376)	(543)
Realization of revaluation reserve	(376)	(543)
COMPREHENSIVE INCOME FOR THE PERIOD	185,626	154,051

Accompanying notes are part of the interim financial statements

STATEMENTS OF CASH FLOWS

AT MARCH 31, 2022 AND 2021

(In thousands of Reais)

	03/31/2022	03/31/2021
Cash flow from operating activities		
Net income before social contribution	199,085	169,456
<i>Adjustments to reconcile net income to net cash from operating activities</i>		
Depreciation and amortization	46,951	44,984
Write-off of property, plant and equipment, intangible and contractual assets	100	398
Allowance for expected credit losses	10,230	8,929
Provisions for tax, civil, environmental and labor risks	(29,135)	5,604
Provision for post-employment benefits	(3,425)	10,896
Provision for Profit Sharing Program	11,500	10,873
Interest and monetary adjustment on borrowings	12,866	11,199
Interest and monetary adjustment on other debts	23,179	145
Borrowing costs	746	-
Monetary adjustment on liabilities	58,409	51,779
Net variation of tax immunity indemnity	-	10,413
Monetary adjustment on Court-ordered debts	(25,673)	(14,134)
Other adjustments to net income	(15)	(155)
Yield from short-term financial investments	(18,407)	(296)
Net present value adjustment of Trade receivables	642	304
Net present value adjustment of financial assets	(10,679)	(9,746)
Construction margin - concession contracts	(1,611)	(737)
Provisions for deferred taxes (Cofins/Pasep)	1,081	(262)
Adjusted net income	275,844	299,650
<i>Increase (decrease) of assets</i>		
(Increase) of trade accounts receivable	(34,026)	(56,278)
(Increase) of inventories	(19,116)	(10,252)
(Increase) of judicial deposits	(27,442)	(15,389)
(Increase) of income from the single cash	-	(1,450)
(Increase) of Compensation for expropriation	(740)	(974)
Decrease of contractual claims and indemnities	-	4,611
(Increase) of taxes recoverable	(20,220)	(17,592)
Decrease of other assets	1,496	277
<i>Increase (decrease) of liabilities</i>		
(Decrease) of contractors and suppliers	(12,617)	(18,242)
(Decrease) increase of taxes and contributions	(849)	18,384
(Decrease) of taxes and contributions - installments	(4,085)	(3,921)
Increase of Fundação Corsan's debts	17,500	-
(Decrease) Increase of Salaries and related charges	(407)	16,014
Increase of Public-Private Partnership - RMPA	1,159	-
(Decrease) of contractual obligations	(10,426)	(835)
Increase of other liabilities	19,826	574
Cash flows from operating activities	185,897	214,577
Social contributions paid	(16,672)	(23,860)
Interest payments	(10,896)	(8,611)
Net cash flows from operating activities	158,329	182,106
<i>Cash flow from investments activities</i>		
Financial investments	15,475	(1,872)
Property, plant and equipment acquisitions	(11,013)	(5,964)
Construction assets acquisitions	(83,253)	(64,784)
Intangible assets acquisitions	(41,923)	(24,348)
Net cash flows used in investing activities	(120,714)	(96,968)
<i>Cash flows from financing activities</i>		
Issuance of financing	4,235	14,426
Financing repayments	(29,860)	(37,263)
Issuance of debentures	-	600,000
Issuance of debentures costs	-	(21,906)
Debentures repayments	(18,872)	(4,843)
Transfer contracts - State Government/Funasa/ANA	2,654	-
Payment of dividends and interest on shareholders' equity	-	(133,792)
Amortization of lease liabilities	(4,469)	(5,511)
Net cash flows (invested in) from financing activities	(46,312)	411,111
Increase (decrease) in cash and cash equivalents	(8,697)	496,249
Cash and cash equivalents at the beginning of the period	670,282	729,516
Cash and cash equivalents the end of the period	678,979	233,267
Increase in cash and cash equivalents	(8,697)	496,249
<i>Non-cash items</i>		
Transfers between financial assets and intangibles	5,670	20,698
Transfers between inventories and intangibles	795	6,048
Capitalized interest	4,368	3,204

Accompanying notes are part of the interim financial statements



COMPANHIA RIOGRANDENSE DE SANEAMENTO

STATEMENTS OF CHANGES IN EQUITY AT MARCH 31, 2022 AND 2021 (In thousands of Reais)

	Share capital	Capital Reserves	Revenue Reserves	Retained earnings/losses	Other comprehensive income	Total Equity
Balance at December 31, 2021	1,878,540	17,148	1,187,026	-	139,601	3,222,315
Adjustment reversals	(10,824)	10,824	-	-	-	-
Initial adjusted balance	1,867,716	27,972	1,187,026	-	139,601	3,222,315
Capital transactions with shareholders	-	-	-	(46,822)	-	(46,822)
Interest on shareholders' equity	-	-	-	(46,822)	-	(46,822)
Total comprehensive income	-	-	-	186,002	-	186,002
Net income for the period	-	-	-	186,002	-	186,002
Internal changes in equity	-	-	-	376	(376)	-
Realization of reserves	-	-	-	376	(376)	-
Balance at March 31, 2022	1,867,716	27,972	1,187,026	139,556	139,225	3,361,495
Balance at December 31, 2020	1,682,328	27,972	2,388,985	-	(55,764)	4,043,521
Adjustment reversals	-	-	-	-	-	-
Initial adjusted balance	1,682,328	27,972	2,388,985	-	(55,764)	4,043,521
Capital transactions with shareholders	-	-	-	154,594	-	154,594
Interest on shareholders' equity	-	-	-	154,594	-	154,594
Total comprehensive income	-	-	-	543	(543)	-
Net income for the period	-	-	-	543	(543)	-
Internal changes in equity	-	-	-	-	-	-
Realization of reserves	-	-	-	-	-	-
Balance at March 31, 2021	1,682,328	27,972	2,388,985	155,137	(56,307)	4,198,115

Accompanying notes are part of the interim financial statements

STATEMENTS OF VALUE ADDED
AT MARCH 31, 2022 AND 2021
(In thousands of Reais)

	03/31/2022	03/31/2021
Revenues	1,065,964	924,451
Products and services	956,379	862,061
Construction revenues	84,864	65,521
Allowance for expected credit losses	(10,230)	(8,929)
Other sources of revenue	34,951	5,798
Raw materials acquired from third parties	(387,322)	(293,253)
Cost of services	(314,390)	(247,511)
Consumed materials, electricity, third-party services and other	(64,181)	(43,206)
Other operating expenses	(8,751)	(2,536)
Gross Value Added	678,642	631,198
Depreciation and amortization	(46,951)	(44,984)
Net Value Added	631,691	586,214
Value added received in transfer	74,109	36,228
Other financial income	67,416	35,715
Donations and subsidies	6,693	513
Total added value to distribute	705,800	622,442
Distribution of added value		
Employees and management	277,052	264,177
Salaries and related charges	192,143	184,916
Severance Indemnity Fund (FGTS)	10,803	9,563
Employee benefits	45,572	45,242
Pension plan	28,534	24,456
Government	143,571	133,180
Federal taxes	138,993	129,177
State taxes	4,481	3,970
Municipal taxes	97	33
Lenders	99,175	70,491
Financial expenses	94,463	68,438
Leases	4,712	2,053
Shareholders	186,002	154,594
Interest on capital	46,822	–
Retained profits	139,180	154,594
Total value added distributed	705,800	622,442

Accompanying notes are part of the interim financial statements



COMPANHIA RIOGRANDENSE DE SANEAMENTO

NOTES TO THE INTERIM FINANCIAL STATEMENT FROM THE MANAGEMENT

PERIOD ENDED MARCH 31, 2022

(All amounts in thousands of Reais unless otherwise stated)

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 307 cities providing sewage service. At March 31, 2022, there are 9 concession contracts expired and subject to legal verifications for regularization before the New Sanitation Legal Framework. The contract of the city of Erechim, as well as the other 9 contracts that are not in force, represent 1.51% and 0.50% of the Company's gross operating revenue, respectively.

New Sanitation Legal Framework

On July 15, 2020, the Federal Law 14,026/2020 was sanctioned, regulated by Decree 10,710, imposing targets of serving 99% of the population with drinking water and 90% with sewage collection and treatment by December 31, 2033.

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 five regulatory agencies. In



COMPANHIA RIOGRANDENSE DE SANEAMENTO

NOTES TO THE INTERIM FINANCIAL STATEMENT FROM THE MANAGEMENT

PERIOD ENDED MARCH 31, 2022

(All amounts in thousands of Reais unless otherwise stated)

March 2022, these regulatory agencies analyzed such requirements and certified both the financial and economic capacity, as well as the effective capacity for meeting universalization goals.

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 Coronavirus (COVID-19)

Since 2020, Corsan has been following the impacts derived from the new Coronavirus (Covid-19) pandemic on a global scale, and adapting its processes and services to better serve its internal and external publics, provided that the sanitation sector provides a core service in fighting the virus, since personal care is the most important measure to prevent potential disease transmission.

Corsan sought to minimize risks while serving its users, even considering some aspects that have adversely affected the Company's activities in the period, such as the increase in the average collection period of trade receivables, which resulted in a need to monitor collection on a daily basis and follow up on default due to its impact on the Company's cash.

Corsan has kept the preventive measures recommended by the health authorities, and during the first quarter of 2022, before the new variant Omicron, Management strengthened the measures to fight Covid through communication and on-site visits. Management understands that the Company's water supply and sewage treatment systems were not affected in the period, and it has not identified any indications of impairment risk for these assets.



COMPANHIA RIOGRANDENSE DE SANEAMENTO

NOTES TO THE INTERIM FINANCIAL STATEMENT FROM THE MANAGEMENT

PERIOD ENDED MARCH 31, 2022

(All amounts in thousands of Reais unless otherwise stated)

2. PRESENTATION OF FINANCIAL STATEMENTS

2.1) Statement of Compliance and Basis of Preparation

The Company's interim financial statements, included in the Quarterly Information Form – ITR for the three-month period ended March 31, 2021, comprise the interim financial information, prepared in accordance with the Technical Pronouncement “CPC 21 (R1) – Interim Financial Reporting”, approved by the Brazilian Securities Exchange Commission (“CVM”) and the International Accounting Standard “IAS 34 – Interim Financial Reporting”, issued by the International Accounting Standard Board (IASB), and should be taken in conjunction with the individual and consolidated financial statements of the year ended December 31, 2021, which were disclosed on March 22, 2022..

The issue of these financial statements was authorized by the Executive Board on May 9, 2022 and by the Board of Directors on May 11, 2022.

2.2) Functional and Presentation Currency

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

At March 31, 2022, the Company does not have foreign currency transactions, and there is no need for a currency translation operation.

2.3) Significant Accounting Policies

The Company has applied the accounting policies based on effective standards and pronouncements to all periods presented in these financial statements and the details are provided in the related Explanatory Notes.



COMPANHIA RIOGRANDENSE DE SANEAMENTO

NOTES TO THE INTERIM FINANCIAL STATEMENT FROM THE MANAGEMENT

PERIOD ENDED MARCH 31, 2022

(All amounts in thousands of Reais unless otherwise stated)

2.3.1) Statement of Cash Flows

The statement of cash flows was prepared using the indirect method and reflect 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". The IFRS do not require the presentation of such statement. 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. These estimates and assumptions are timely revised, and its effects are recognized in the period in which such estimate revisions occurred..

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.



COMPANHIA RIOGRANDENSE DE SANEAMENTO

NOTES TO THE INTERIM FINANCIAL STATEMENT FROM THE MANAGEMENT

PERIOD ENDED MARCH 31, 2022

(All amounts in thousands of Reais unless otherwise stated)

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 three-month period ended March 31, 2022, 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)/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.



COMPANHIA RIOGRANDENSE DE SANEAMENTO

NOTES TO THE INTERIM FINANCIAL STATEMENT FROM THE MANAGEMENT

PERIOD ENDED MARCH 31, 2022

(All amounts in thousands of Reais unless otherwise stated)

Provision for tax, civil, environmental and labor risks

The Company recognizes a provision for tax, civil, environmental and labor claims, and the main related judgments and estimates 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 OR REVISED IFRS

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.

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.

Amendments to 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.



COMPANHIA RIOGRANDENSE DE SANEAMENTO

NOTES TO THE INTERIM FINANCIAL STATEMENT FROM THE MANAGEMENT

PERIOD ENDED MARCH 31, 2022

(All amounts in thousands of Reais unless otherwise stated)

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

	03/31/2022	12/31/2021
Unrestricted bank deposits	647,516	641,196
Restricted bank deposits	22,766	37,783
Total	670,282	678,979

At March 31, 2022, the line item related to unrestricted bank deposits disclosed as Cash and Cash Equivalents includes the balance of R\$376,094, 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.

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b) Financial investments

Bank	Maturity	03/31/2022	12/31/2021
Caixa Econômica Federal - Reserve	2034	49,900	48,570
Banrisul Reserve PPP	2055	7,164	5,563
Total		57,064	54,133

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 three-month period ended March 31, 2022, the return on investment was 2.59% in Banrisul (0.51% in the first quarter of 2021), and 2.59% in Caixa Econômica Federal (0.12% in the first quarter of 2021).

6. TRADE RECEIVABLES
Accounting Policy:

Trade receivables: 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 each billing route, applied to the period between the last reading date 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

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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 establish a provision for losses on the realization of receivables from the controlling shareholder (State of Rio Grande do Sul) due to the history of regularization of debts through reciprocal payments with dividends and interest on capital payable.

Trade receivables are comprised as follows:

	03/31/2022	12/31/2021
Trade receivables - not yet due		
Private	226,248	227,735
Public	9,733	8,335
Trade receivables - past due		
Private	337,508	311,674
Public	45,990	33,494
Unbilled revenue	102,744	108,867
Total trade receivables	722,223	690,105
Adjustment to present value	(2,382)	(3,060)
Allowance for expected credit losses	(207,566)	(197,925)
	512,275	489,120
Current	508,511	484,169
Non-current	3,764	4,951

	03/31/2022		12/31/2021	
	Private	Public	Private	Public
Not yet due	226,248	9,733	227,735	8,335
Past due - 1 to 30 days	72,852	4,506	69,122	5,256
Past due - 31 to 90 days	33,817	8,564	27,983	9,437
Past due - 91 to 180 days	14,340	9,543	13,542	8,577
Past due - more than 181 days	216,499	23,377	201,027	10,224
Total	563,756	55,723	539,409	41,829

The balance of public utilities bills refers to the billing for the provision of water and sewage services to federal, state and municipal bodies and independent government agencies.

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The changes in the allowance for expected credit losses are as follows:

Allowance for expected credit losses	03/31/2022	12/31/2021
Balance at the beginning of the year	(197,925)	(159,003)
Additions	(10,230)	(45,978)
Reversals/realization of loss	589	7,056
Balance at the end of the period	(207,566)	(197,925)

7. INVENTORIES
Accounting Policy:

Storeroom supplies are intended for consumption and maintenance of water and sewage systems and are classified in current assets, as they are expected to be used within twelve months. Inventories are stated at the average cost of acquisition, which does not exceed the net realizable value. Materials intended for use in construction works are classified as contract assets in non-current assets.

Inventories by type of material are as follows:

	03/31/2022	12/31/2021
Water and sewage pipes	99,019	79,216
Treatment/laboratory materials	11,729	12,608
Electrical and mechanical materials	8,169	7,410
Safety and environmental materials	9,152	9,719
Information technology and telecommunications equipment	3,173	2,238
Sundry materials	8,954	9,248
Provision for losses	(5,578)	(4,937)
Total	134,618	115,502



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The changes in the provision for inventory losses are as follows:

Provision for inventory losses	03/31/2022	12/31/2021
Balance at the beginning of the year	(4,937)	(1,906)
Additions	(641)	(3,031)
Reversals	-	-
Balance at the end of the period	(5,578)	(4,937)

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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that taxable profits will be available to allow all or part of the deferred tax asset to 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.

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Reconciliation of effective rate	03/31/2022	03/31/2021
Profit before social contribution (CSLL)	199,085	169,456
Statutory rate	9%	9%
Expected CSLL expense at statutory rate	(17,918)	(15,251)
Effect of CSLL on permanent differences:		
Interest on capital	4,214	-
Other permanent differences	621	390
Social contribution recognized in the statement of income	(13,083)	(14,861)
Current	(16,672)	(23,860)
Deferred	3,589	8,998
Effective rate	6.57%	8.77%

a) Deferred tax assets

Deferred social contribution on temporary differences:	03/31/2022	12/31/2021
Actuarial liability	756,674	760,099
Provision for debts with suspended payment	23,015	21,570
Provision for tax, civil and labor risks	1,151,536	1,122,262
Allowance for expected credit losses	101,180	90,950
Court-ordered debt - Municipal Government of Novo Hamburgo	(111,026)	(93,502)
Revaluation reserve	(58,869)	(58,664)
Effects of the adoption of ICPC 01 - Service Concession Arrangements	(196,995)	(200,713)
Capitalized finance charges	(284,362)	(281,033)
Monetary adjustment - court-ordered debt	(564)	(560)
Other provisions and temporary differences	61,791	42,097
Total temporary differences	1,442,380	1,402,506
Statutory rate	9%	9%
Total net deferred social contribution	129,814	126,226

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b) Deferred tax liabilities

	03/31/2022			12/31/2021		
	Cofins	Pasep	Total	Cofins	Pasep	Total
Deferral - immunity accounting	19,371	3,148	22,519	19,371	3,148	22,519
Deferral - revenue from court-ordered debts	7,384	1,501	8,885	6,357	1,334	7,691
RTT	4,961	1,077	6,038	5,054	1,097	6,151
Liability amount	31,716	5,726	37,442	30,782	5,579	36,361

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	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Income tax recoverable	1,319,256	1,299,397	10,339	10,321
Social contribution recoverable	-	-	15,438	15,093
Total	1,319,256	1,299,397	25,777	25,414

R\$ 1,319,256 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.

The balances recorded in non-current assets are expected to be received as follows, by year:

Year	Tax/Contribution	Valor
2023	Income tax	1,285,614
2024	Income tax	10,339
2025	Social contribution	11,369
2027	Social contribution	2,899
		25,777



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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). The final and unappealable decision on the RE 342314/RS, related to the tax immunity, was issued on May 28, 2020.

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.

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\$ 137.292 at March 31, 2022).

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.

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, 2022, is R\$ 1,319,256, registered in income tax and social contribution recoverable in current assets, due to

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the destination mentioned in note 27.a. The carrying amount, R\$ 816,546, refers to the principal amount of paid taxes, and R\$ 502,710 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.

9. COURT-ORDERED DEBTS RECEIVABLE

Body	Nature	03/31/2022	12/31/2021
Novo Hamburgo ^a	Debt service	15,710	12,494
Novo Hamburgo ^b	Indemnities over equity	173,640	161,465
Novo Hamburgo ^c	Water bills	37,430	35,297
São Gabriel	Taxes	55	52
Federal Government	Taxes	137,292	129,146
		364,127	338,454
Current		-	129,146
Non-current		364,127	209,308

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



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performed in the city of Novo Hamburgo. Up to March 31, 2022, 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:

A final and unappealable decision on the Appeal to the High Court of Justice, RE 342314/RS, related to tax immunity, was issued on May 28, 2020. On April 5, 2021, the Federal Government filed an answer against the satisfaction of the judgment by the Federal Treasury challenging the amount presented by Corsan and acknowledging as due the amount of R\$128,587 (adjusted to R\$ 137,292 at March 31, 2022). Following the enactment of Constitutional Amendment 114, it is not possible to point out with certainty when should occur the payment by the Federal Government.

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 three-month period ended March 31, 2022, no assets were added to property, plant and equipment

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11. OTHER RECEIVABLES

	03/31/2022	12/31/2021
Receivables from municipal governments	2,161	2,175
Advance payment FMGC - Esteio	11,952	11,989
Advance payments	5,871	6,641
Advance on vacation pay	3,748	4,257
Judicial indemnities receivable	1,477	1,477
For services or works provided to third parties	1,797	1,901
Amounts to be offset	209	209
Insurance premiums	395	542
Other receivables	285	200
	27,895	29,391
Current	12,590	14,035
Non-current	15,305	15,356

The amount of R\$ 5,871 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 amount R\$ 11,952 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

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concession. These credits receivable are classified in non-current assets based on the concession termination 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 (WACC).

At March 31, 2022, the Company has R\$ 620,833 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\$ 638,843 at December 31, 2021). This amount was adjusted to the respective present value at initial recognition and was discounted at the weighted average cost of capital, as follows:

	03/31/2022	12/31/2021
Financial assets	1,410,105	1,385,460
(-) Adjustment to present value	(789,272)	(746,617)
Total	620,833	638,843

Changes in financial assets	03/31/2022	12/31/2021
Balance at the beginning of the year	638,843	588,827
Recognition/realization of adjustment to present value	10,679	39,994
Additions	1,316	5,838
Write-offs	-	(4)
Net transfers	(30,005)	4,188
Balance at the end of the period	620,833	638,843



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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 March 31, 2022 is R\$ 32,190.

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 March 31, 2022 is R\$ 3,808.

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 March 31, 2022 is R\$ 292.

The accounting balances at March 31, 2022 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

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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.

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.

Cost	Balance at 12/31/2021	Balance at 12/31/2021	Balance at 12/31/2021
Balance at 12/31/2021	1,437,389	25,749	1,463,138
Additions	94,387	-	94,387
Write-offs and losses	(95)	-	(95)
Transfers	(37,750)	(781)	(38,531)
Balance at 03/31/2022	1,493,931	24,968	1,518,899

Cost	Construction in progress	Inventories for works	Total contract assets
Balance at 12/31/2020	1,144,938	29,222	1,174,160
Additions	68,774	9,437	78,211
Write-offs and losses	(368)	-	(368)
Transfers	(74,938)	(6,048)	(80,986)
Balance at 03/31/2021	1,138,406	32,611	1,171,017

In the three-month period ended March 31, 2022, additions include R\$ 41,063 (R\$ 20,772 at March 31, 2021) for water systems and R\$ 53,324 (R\$ 48,002 at March 31, 2021) for sewage systems.

In the three-month period ended March 31, 2022, 357 works were completed and transferred to Intangible Assets and Financial Assets. The most relevant works added to property, plant and



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equipment in the period refer to expansions of sewage systems, collecting networks and building extensions in the cities of Canoas, Canela, Esteio, Tramandaí and Gravataí.

The amount of borrowing costs capitalized during the three-month period ended March 31, 2022 was R\$ 4,368 (R\$ 3,204 at March 31, 2021).

Public-Private Partnership Metropolitan Region of Porto Alegre

In March 2022 began the phase of service effectiveness assessment, through the measurement of performance indicators. In this period, the partner company invested R\$ 1,433 in expansion, registered under contract assets.

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:

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	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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. 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 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 12/31/2021	22,574	453,136	3,679	479,389
Additions	-	10,487	526	11,013
Write-offs	-	(12)	-	(12)
Transfers	-	(1,560)	(1,110)	(2,670)
Balance at 03/31/2022	22,574	462,051	3,095	487,720
Depreciation				
Balance at 12/31/2021	(20,261)	(326,171)	-	(346,432)
Depreciation	(42)	(4,927)	-	(4,969)
Write-offs	-	7	-	7
Transfers	-	824	-	824
Balance at 03/31/2022	(20,303)	(330,267)	-	(350,570)
Net balance at 12/31/2021	2,313	126,965	3,679	132,957
Net balance at 03/31/2022	2,271	131,784	3,095	137,150

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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	#N/D	Other movable assets	Own sewage systems
Net book value	145,081	9,594	27,752	279,623	462,050
(-) Accumulated depreciation	-126,341	-4,963	-19,292	-179,671	-330,267
Net balance at 03/31/2022	18,740	4,631	8,460	99,952	131,784

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	-	5,916	48	5,964
Write-offs	-	(1,209)	-	(1,209)
Transfers	-	(506)	(16)	(522)
Balance at 03/31/2021	22,574	431,995	2,705	457,274
Depreciation				
Balance at 12/31/2020	(20,023)	(308,294)	-	(328,317)
Depreciation	(84)	(5,656)	-	(5,740)
Write-offs	-	1,186	-	1,186
Transfers	-	191	-	191
Balance at 03/31/2021	(20,107)	(312,573)	-	(332,680)
Net balance at 12/31/2020	2,551	119,500	2,673	124,724
Net balance at 03/31/2021	2,467	119,422	2,705	124,594

The depreciation for the period recognized in the statement of income as cost of service provided was R\$ 3,166 (R\$ 3,172 at March 31, 2021), R\$ 84 (R\$ 319 at March 31, 2021) as selling expenses and R\$ 1,719 (R\$ 2,249 at March 31, 2021) as administrative expenses.



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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.

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)/IFRIC 12 - 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.



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

	Useful life of the 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

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 45 months. The amortization will take place from the start of the operation, with forecast for March 2023. 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.

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Changes in intangible assets:

Cost	Water supply systems	Sewage systems	General use assets	Software licenses	Total intangible assets
Balance at 12/31/2021	1,548,506	1,489,835	321,949	22,254	3,382,544
Additions	9,876	1,409	9,552	7,431	28,268
Write-offs	-	-	-	-	-
Transfers	34,551	29,156	8,695	1,668	72,402
Balance at 03/31/2022	1,592,933	1,520,400	340,196	31,353	3,483,214

Amortization					
Balance at 12/31/2021	(532,934)	(349,470)	(120,313)	-	(1,002,717)
Amortization	(20,514)	(12,463)	(4,444)	-	(37,421)
Write-offs	-	-	-	-	-
Transfers	-	-	(857)	-	(857)
Balance at 03/31/2022	(553,448)	(361,933)	(125,614)	-	(1,040,995)

Net balance at 12/31/2021	1,015,572	1,140,365	201,636	22,254	2,379,827
Net balance at 03/31/2022	1,039,485	1,158,467	214,582	31,353	2,443,887

Cost	Water supply systems	Sewage systems	General use assets	Software licenses	Total intangible assets
Balance at 12/31/2020	1,488,212	1,447,691	290,401	13,919	3,240,223
Additions	3,166	4	4,785	1,908	9,863
Write-offs	-	-	(133)	-	(133)
Transfers	11,038	49,564	1,041	-	61,643
Balance at 03/31/2021	1,502,416	1,497,259	296,094	15,827	3,311,596

Amortization					
Balance at 12/31/2020	(457,202)	(293,939)	(104,563)	-	(855,704)
Amortization	(17,447)	(12,207)	(3,771)	-	(33,425)
Write-offs	-	-	126	-	126
Transfers	-	-	(246)	-	(246)
Balance at 03/31/2021	(474,649)	(306,146)	(108,454)	-	(889,249)

Net balance at 12/31/2020	1,031,010	1,153,752	185,838	13,919	2,384,519
Net balance at 03/31/2021	1,027,767	1,191,113	187,640	15,827	2,422,347



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The amortization for the period recognized in the statement of income as cost of service provided was R\$ 37,421 (R\$ 33,425 at March 31, 2021).

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.

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a) Right-of-use assets

	Properties	Vehicles	IT Equipment	Total
Balance at 12/31/2021	7,469	16,859	-	24,328
New contracts	101	15,906	-	16,007
(-) Write-offs	-	(14,439)	-	(14,439)
(-) Accumulated depreciation	(1,007)	(3,554)	-	(4,561)
Balance at 03/31/2022	6,563	14,772	-	21,335

	Properties	Vehicles	IT Equipment	Total
Balance at 12/31/2020	6,057	33,047	4,677	43,781
Adjustment for remeasurement	24	-	-	24
(-) Accumulated depreciation	(856)	(4,674)	(289)	(5,819)
Balance at 03/31/2021	5,225	28,373	4,388	37,986

b) Lease liabilities

Liabilities	Properties	Vehicles	IT Equipment	Total
Balance at 12/31/2021	7,623	16,859	-	24,482
New contracts	101	15,906	-	16,007
(-) Write-offs	-	(14,439)	-	(14,439)
(-) Payments	(1,102)	(3,648)	-	(4,750)
Realization of adjustment to present value	118	163	-	281
Balance at 03/31/2022	6,740	14,841	-	21,581
Current				17,050
Non-current				4,531

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Liabilities	Properties	Vehicles	IT Equipment	Total
Balance at 12/31/2020	6,133	33,049	4,676	43,858
Adjustment for remeasurement	24	-	-	24
(-) Payments	(909)	(4,708)	-	(5,617)
Realization of adjustment to present value	71	35	-	106
Balance at 03/31/2021	5,319	28,376	4,676	38,371
Current				23,641
Non-current				14,730

c) Maturity schedule of the leases

Maturity	Properties	Vehicles	Total
2022	1,768	11,054	12,822
2023	2,822	4,949	7,771
2024	1,584	-	1,584
2025	880	-	880
2026	297	-	297
	7,351	16,003	23,354
Embedded interest	(611)	(1,162)	(1,773)
Balance of lease liabilities	6,740	14,841	21,581

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:

Cash flow	Nominal	Adjusted to present value
Lease consideration	20,540	18,857
Pasep/Cofins (9,25%)	1,900	1,744



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17. INSURANCE

Corsan has been adopting solutions for risk-transferring and assessing alternatives in the insurance markets connected to its activities, based on parameters established by the Management.

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.

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).

In March 2022, the Company signed a contract for the insurance of Nominated Risks related to its main assets in several locations of the State of Rio Grande do Sul, as well as for the insurance of National Transportation modality.

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.

Borrowings are as follows:

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Institution	Index	Annual	Risk/admin	Last	Current		Non-current	
		interest rate	fee	maturity	03/31/2022	12/31/2021	03/31/2022	12/31/2021
BNDES	TJLP	2.61%	-	15/07/29	44,873	48,026	67,900	77,485
BNDES - FINEM	IPCA	2.78%	2.03%	15/08/38	12,448	12,026	93,192	96,288
BNDES - WC	SELIC	2.50%	-	15/11/23	39,554	38,670	26,657	35,676
BNDES - Avançar Cidades	IPCA	3.00%	2.42%	15/10/38	267	205	2,975	3,023
Caixa Econômica Federal	TR	6.00%	2.50%	15/07/38	13,521	12,929	175,933	176,204
Municipal Government of Encantado	TR	6.00%	2.70%	06/05/30	94	92	671	691
Municipal Government of Osório	TR	6.00%	2.30%	04/08/30	1,826	1,811	12,222	12,558
Municipal Government of Sapiiranga	TR	5.00%	2.70%	15/09/31	335	328	3,116	3,191
Municipal Government of Torres	TR	6.00%	3.00%	05/04/28	378	340	1,529	1,603
Total					113,296	114,427	384,195	406,719

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.

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

Year	Amount
2023	50,330
2024	35,061
2025	36,459
2026	37,977
2027	36,738
Após 2027	187,630
Total	384,195

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

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	BNDES	BNDES FINEM	BNDES CG	BID	CEF	Municipal Governments	Total
Balance at 12/31/2021	125,511	108,314	74,346	3,228	189,133	20,614	521,146
Funding	979	-	-	-	3,256	-	4,235
Payment of principal	(13,730)	(2,443)	(9,797)	-	(3,081)	(809)	(29,860)
Payment of interest	(2,273)	(3,846)	(438)	(100)	(3,925)	(314)	(10,896)
Accrued interest	2,286	3,615	2,100	114	4,071	680	12,866
Balance at 03/31/2022	112,773	105,640	66,211	3,242	189,454	20,171	497,491

	BNDES	BNDES FINEM	BNDES CG	BID	CEF	Municipal Governments	Total
Balance at 12/31/2020	177,812	91,777	108,392	-	187,154	22,342	587,477
Funding	3,041	-	-	-	11,366	19	14,426
Payment of principal	(13,608)	(2,136)	(9,301)	-	(11,359)	(859)	(37,263)
Payment of interest	(2,648)	(3,470)	(621)	-	(1,854)	(18)	(8,611)
Accrued interest and exchange rate change	2,612	3,265	1,117	-	3,887	318	11,199
Balance at 03/31/2021	167,209	89,436	99,587	-	189,194	21,802	567,228

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.



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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 R\$ 300,000 contract 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;

Restrictive contractual clauses – Covenants and guarantees

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.



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In the three-month period ended March 31, 2022, all covenants were complied with.

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.

The balances of debenture contracts at March 31, 2022 are:

	Index	Annual interest rate	Current		Non-current	
			03/31/2022	12/31/2021	03/31/2022	12/31/2021
4th Issue - 2nd series	CDI	2.25%	2,275	5,064	145,585	145,303
4th Issue - 3rd series	IPCA	4.385%	655	2,106	124,183	120,733
4th Issue - 4th series	IPCA	4.833%	2,098	6,729	361,231	351,314
Total			5,028	13,899	630,999	617,350

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

Year	Amount
2023	36,396
2024	36,396
2025	119,047
2026	119,047
2027	82,650
Após 2027	237,463
Total	630,999

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

	4th issue 2nd series	4th issue 3rd series	4th issue 4th series	Total
Balance at 12/31/2021	150,367	122,839	358,043	631,249
Payment	(7,310)	(2,748)	(8,814)	(18,872)
Accrued interest/costs	4,802	4,750	14,098	23,650
Balance at 03/31/2022	147,859	124,841	363,327	636,027

	4th issue 2nd series	4th issue 3rd series	4th issue 4th series	Total
Balance at 12/31/2020	-	-	-	4,811
Funding	144,524	110,801	322,769	578,094
Payment	-	-	-	(4,843)
Accrued interest	-	-	-	32
Balance at 03/31/2021	144,524	110,801	322,769	578,094

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



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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.

20. TAXES IN INSTALLMENTS

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

Tax or Contribution	Interest rate	Last maturity	Current	
			03/31/2022	12/31/2021
Cofins	Selic	12/2022	6,081	7,961
Pasep	Selic	12/2022	1,321	1,728
Social contribution	Selic	12/2022	632	827
Income tax	Selic	12/2022	4,296	5,624
Total			12,330	16,140

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The details of the changes related to taxes in installments to which the Company is a party are shown below:

	Cofins	Pasep	CSLL	IRPJ	Total
Balance at 12/31/2021	7,961	1,728	827	5,624	16,140
Payment	(2,015)	(437)	(209)	(1,424)	(4,085)
Accrued interest	135	30	14	96	275
Balance at 03/31/2022	6,081	1,321	632	4,296	12,330

	Cofins	Pasep	CSLL	IRPJ	Total
Balance at 12/31/2020	15,432	3,350	1,604	10,902	31,288
Payment	(1,933)	(419)	(202)	(1,367)	(3,921)
Accrued interest	55	11	5	41	112
Balance at 03/31/2021	13,554	2,942	1,407	9,576	27,479

21. CONTRACTUAL OBLIGATIONS

The status of contractual obligations is as follows:

	03/31/2022	12/31/2021
Alvorada	1,067	4,267
Canoas	41,000	41,000
Guaíba	1,030	1,030
Ijuí	3,000	4,000
Viamão	-	6,225
Total	46,097	56,522
Current	46,097	56,522

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

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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:

	03/31/2022	12/31/2021
Sesi Agreement	92	60
Deposits and contractual retentions	7,198	7,123
Public-Private Partnership – RMPA	1,094	1,094
Obligations to shareholders	19,859	–
Other payables	3,014	3,153
Total	31,257	11,430

23. PASS-THROUGH AGREEMENTS

The status of pass-through agreements is as follows:

	03/31/2022	12/31/2021
General budget of the Federal Government – OGU	84,987	82,333
Inter-American Development Bank – IDB	784	784
Mercosur Structural Convergence Fund – Focem	3,653	3,653
Total	89,424	86,770

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 March 31, 2022, a total of R\$ 394,210 had been released, referring to 44 contracts with the Ministry of Cities and 08 contracts with the National Health Foundation – Funasa, of which R\$ 2,654 had been released during the three-months period ended March 31, 2022.



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Pursuant to an agreement with the State Government, Corsan was authorized to increase capital, and R\$ 302,489 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.

The R\$ 84,987 registered in non-current liabilities refers to ongoing or nearly finished construction works, and R\$ 10,824 transferred to AFAC derive from pass-through agreements, which had their rendering accounts approved.

b) 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.

c) 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

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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:

	03/31/2022			12/31/2021		
	Provisions	Restricted judicial deposits	Provisions net of judicial deposits	Provisions	Restricted judicial deposits	Provisions net of judicial deposits
Tax, civil and environmental lawsuits	219,623	(52,953)	166,670	205,046	(43,663)	161,383
Labor lawsuits	931,913	(377,950)	553,963	917,216	(359,798)	557,418
Total	1,151,536	(430,903)	720,633	1,122,262	(403,461)	718,801
Current	231,552	(231,552)	-	231,703	(231,703)	-
Non-current	919,984	(199,351)	720,633	890,559	(171,758)	718,801

Changes in the provisions and related judicial deposits in the periods ended March 31, 2022 and 2021:

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	12/31/2021	Additional provisions	Interest and monetary adjustment	Drafts and reversals	03/31/2022
Tax, civil and environmental lawsuits	205,046	1,397	13,519	(339)	219,623
Labor lawsuits	917,216	31,017	44,890	(61,210)	931,913
Subtotal	1,122,262	32,414	58,409	(61,549)	1,151,536
Restricted judicial deposits	(403,461)	(75,875)	-	48,433	(430,903)
Total	718,801	-43,461	58,409	(13,116)	720,633

	12/31/2020	Additional provisions	Interest and monetary adjustment	Drafts and reversals	03/31/2021
Tax, civil and environmental lawsuits	165,672	292	13,965	(5,121)	174,808
Labor lawsuits	694,989	13,046	37,814	(2,614)	743,235
Subtotal	860,661	13,338	51,779	(7,735)	918,043
Restricted judicial deposits	(393,467)	(47,154)	-	31,765	(408,856)
Total	467,194	(33,816)	51,779	24,030	509,187

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 March 31, 2022, this provision amounts to R\$ 7,545 (R\$ 18,749 at December 31, 2021).

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 March 31, 2022, this provision amounts to R\$ 6,499 (R\$ 6,186 at December 31, 2021).

c) Case No. 0190300-60.2004.5.04.0221 filed by Sindiágua. This lawsuit relates to the payment of the nightshift 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



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granting of promotions for seniority, also in payments already made and to be made. The decision is final, and is currently at sentence settlement stage, waiting confirmation of the calculations after the final and unappealable decision. At March 31, 2022, this provision amounts to R\$ 22,213 (R\$ 17,219 at December 31, 2021).

d) Other labor claims – Relate to claims filed by employees, former employees and service providers of the Company, totaling 3,817 claims. At March 31, 2022, the provisions related to other labor claims amount to R\$ 895,656 (R\$ 875,062 at December 31, 2021).

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 counterargument stage. At March 31, 2022, the Company recorded a provision for losses in the amount of R\$ 41,250 (R\$ 41,250 at December 31, 2021).

b) Case No. 5000735-27.2016.8.21.0001 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. The expert's report was concluded in disfavor of Corsan. The proceedings are suspended for reconciliation attempt. 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. 5000486-76.2016.8.21.0001 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, with proceedings suspended for reconciliation attempt. At March 31, 2022, the Company recorded a provision for losses in the amount of R\$ 20,811 (R\$ 19,374 at December 31, 2021).

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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 March 31, 2022, the Company recorded a provision for losses in the amount of R\$ 10,168 (R\$ 9,639 at December 31, 2021).

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 415 lawsuits for which the amount of R\$ 125,882 has been provisioned at March 31, 2022 (R\$117,606 at December 31, 2021).

Possible lawsuits

	03/31/2022	12/31/2021
Labor lawsuits	309,071	295,251
Civil lawsuits	178,397	169,579
Environmental lawsuits	2,335	2,331
Tax lawsuits	6,886	6,784
Total	496,689	473,945

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 March 31, 2022 and December 31, 2021, 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, and the expert report has been contested for being considered inconclusive.



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b) Other labor claims for which the Company has not recorded provisions amount to R\$ 271,204 at March 31, 2022 (R\$ 254,384 at December 31, 2021).

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 March 31, 2022 is R\$ 5,564 (R\$ 5,149 at December 31, 2021).

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 March 31, 2022 and December 31, 2021;

b) Case No. 001/1.17. 0053518-9: 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 March 31, 2022 and December 31, 2021.

c) 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 Pasep 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 March 31, 2022 and December 31, 2021.

d) Other civil, environmental and tax claims for which no provisions were recorded, in the amount of R\$ 165,615, R\$ 2,335 and R\$ 2,228, respectively (R\$ 157,212, R\$ 2,331 and R\$ 2,126 at December 31, 2021).



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25. PROVISION FOR POST-EMPLOYMENT BENEFITS

Accounting Policy:

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 (RI) 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.

	03/31/2022	12/31/2021
Defined benefit plan	518,994	527,920
IPE-SAÚDE assistance system	234,939	229,042
Incentive for voluntary resignation	2,741	3,137
	756,674	760,099

During the three-month period ended March 31, 2022, the Company recognized a net variation of R\$ 27,122 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.



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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 March 31, 2022, the Company's share capital is R\$1,878,540, represented as follows:



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Shareholders	Common shares	Preferred shares	Total shares	Total capital (%)	Voting capital (%)	Preferred shares (%)
State of Rio Grande do Sul	315,592,505	315,592,505	631,185,010	99.99999366271	99.99999366271	99.99999366271
Municipal Government of Estrela	5	5	10	0.00000158432	0.00000158432	0.00000158432
Municipal Government of Carazinho	3	3	6	0.00000095059	0.00000095059	0.00000095059
Municipal Government of São Marcos	2	2	4	0.00000063373	0.00000063373	0.00000063373
Municipal Government of Muçum	2	2	4	0.00000063373	0.00000063373	0.00000063373
Municipal Government of Rosário do Sul	2	2	4	0.00000063373	0.00000063373	0.00000063373
Municipal Government of Lajeado	2	2	4	0.00000063373	0.00000063373	0.00000063373
Municipal Government of Quaraí	2	2	4	0.00000063373	0.00000063373	0.00000063373
Municipal Government of Cerro Largo	2	2	4	0.00000063373	0.00000063373	0.00000063373
Total	315,592,525	315,592,525	631,185,050	100.000000000	100.000000000	100.000000000

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, 2022 and December 31, 2021, no stock option plans were granted.

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.

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



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depreciation and write-offs of the respective assets, whose total balance at March 31, 2022 is R\$ 83,557 (R\$ 83,933 at December 31, 2021), 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\$ 376, net of tax effects (R\$ 543 at March 31, 2021).

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 March 31, 2022 and December 31, 2021,, the Company recorded an actuarial gain of R\$ 55,668, net of tax effects.

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.

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.

During the three-month period ended March 31, 2022, the Company recorded interest on capital of R\$ 46,822, 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.

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\$4,214 as a result of the deduction of interest on capital credited to shareholders.



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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 earnings 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.

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

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advance for future capital increase. In the three-month period ended March 31, 2022 and at December 31, 2021, the amount registered in Equity was R\$ 10,824.

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):

Basic and diluted earnings per share	03/31/2022	03/31/2021
Numerator		
Profit for the period attributable to owners of the Parent company		
Common shares	88,572	73,616
Preferred shares	97,430	80,978
Denominator		
Weighted average number of common shares	315,592,525	315,592,525
Weighted average number of preferred shares	315,592,525	315,592,525
Basic and diluted earnings per share		
Per common share	0.28065	0.23326
Per preferred share	0.30872	0.25659

27. RELATED-PARTY TRANSACTIONS AND BALANCES

Transactions with related parties are disclosed in compliance with CPC 05 (R1)/IAS 24. At March 31, 2022, 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:



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	03/31/2022	12/31/2021
Water and sewage bills - balance receivable	48,602	36,365
Interest on capital payable to the State Government	(130,029)	(83,207)
Proposed dividends payable to the State Government	(1,285,614)	(1,285,614)

The amount billed for water supply and sewage treatment to the State of Rio Grande do Sul during the three-month period ended March 31, 2022 was R\$ 15,552 (R\$ 13,861 at March 31, 2021).

The amount of R\$ 1,285,614 refers to the extraordinary dividend distributed to the revenue reserves account in the year ended March 31, 2021, and corresponds to the credit recognized after the final and unappealable decision issued for Case No. 0015146-0 (tax immunity).

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

The amount billed for water supply and sewage treatment during the three-month period ended March 31, 2022 was R\$ 138 (R\$ 128 at March 31, 2021).

The expenses related to the service of collection of water, sewage and service bills and debits/pass-through during the three-month period ended March 31, 2022 was R\$ 1,806 (R\$ 1,719 at March 31, 2021).

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 amount in the expense for the three-month period ended March 31, 2022 was R\$14,064 (R\$15,773 at March 31, 2021). The balance payable at March 31, 2022 was R\$ 4,722 (R\$ 4,151 at December 31, 2021).

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

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The amounts due to the IPE refer to the health care contract of Corsan employees, the amount of the expense in the three-month period ended March 31, 2022 was R\$ 10,716 (R\$ 10,396 at March 31, 2021). The balance payable at March 31, 2022 was R\$ 5,640 (R\$ 5,522 at December 31, 2021).

e) 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.

	03/31/2022	03/31/2021
Compensation and benefits	969	869
Social charges	133	133
Total	1,102	1,002

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



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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 annual margins contracted or estimated (1.93% at March 31, 2022 and 1.48% at December 31, 2021).

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

	03/31/2022	03/31/2021
Water supply services	913,255	825,550
Sewage services	75,675	64,832
Construction revenues	84,864	65,521
Deductions from service revenues	(121,485)	(111,018)
	952,309	844,885

At March 31, 2022, the amount related to unconditional discounts was recorded as deductions from services revenue and corresponds to R\$ 32,551 (R\$ 28,321 at March 31, 2021).

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:

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Costs and expenses by nature	03/31/2022	03/31/2021
Personnel	301,333	260,953
Materials	50,695	27,084
Electric energy	97,321	83,044
Third party services	124,407	96,313
General	26,966	21,545
Depreciation and amortization	46,951	44,984
Provisions	31,123	46,279
Construction costs	83,253	64,784
Other operating (income) expenses, net	(35,872)	(2,280)
	726,177	642,706

Classified as:

Cost of services	576,425	492,465
Selling expenses	44,748	32,259
Administrative expenses	140,876	120,262
Other operating (income) expenses, net	(35,872)	(2,280)
	726,177	642,706

	03/31/2022	03/31/2021
Other operating revenue	41,701	8,866
Donations and subsidies	6,693	-
Reversal of provision for risks	30,273	7,735
Reversal of provision for post-employment benefit	3,425	-
Other operating revenue	1,310	1,131
Other operating expenses	(5,829)	(6,586)
Inspection bodies fees	(4,189)	(3,769)
Variation of indemnity of tax immunity	-	(2,244)
Write-off of assets	(56)	(312)
Taxes and fees	(1,584)	(261)
Other operating (income) expenses, net	35,872	2,280

30. FINANCE INCOME (COSTS)
Accounting Policy:

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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.

	03/31/2022	03/31/2021
Financial income	67,416	35,715
Income from financial investment	18,407	296
Interest Income	10,730	8,692
Monetary adjustment gains	953	1,742
Financial income for the realization of adjustment to present value	10,679	9,746
Monetary adjustment - court-ordered debts	25,673	14,134
Other financial income	974	1,105
Financial expenses	(94,463)	(68,438)
Interest and fees on borrowings	(8,498)	(7,995)
Interest and fees on other obligations	(26,977)	(365)
Monetary adjustment losses	(58,409)	(51,779)
Financial expenses for the realization of adjustment to present value	(281)	(106)
Variation of indemnity of tax immunity	-	(8,169)
Other financial expenses	(298)	(24)
Net financial result	(27,047)	(32,723)

31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT
Accounting Policy:



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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.



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For trade receivables, the Company applies the simplified approach permitted by CPC 48/IFRS 9, which requires expected lifetime losses to be recognized 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 March 31, 2022, the main financial instruments were as follows:

Description	Note	03/31/2022	12/31/2021
Assets			
<i>Fair value through profit or loss</i>			
Financial investments	5.b	57,064	54,133
<i>Amortized cost</i>			
Cash and cash equivalents	5.a	670,282	678,979
Trade receivables	6	512,275	489,120
Financial assets	12	620,833	638,843
Taxes recoverable	8.c	1,345,033	1,324,811
Court-ordered debts	9	364,127	338,454
Total		3,569,614	3,524,340

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Description	Note	03/31/2022	12/31/2021
<i>Liabilities</i>			
<i>Amortized cost</i>			
Suppliers		127,542	140,159
Borrowings	18	497,491	521,146
Debentures	19	636,027	631,249
Contractual obligations	21	46,097	56,522
Pass-through agreements	23	89,424	86,770
Total		1,396,581	1,435,846

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

At March 31, 2022 and December 31, 2021, 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.



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The Company is exposed to the following risks:

i) Credit risk:

The credit risk to which the Company is potentially subject refers to cash and cash equivalents, financial investments and trade receivables. The maximum exposure at March 31, 2022 corresponds to the accounting balances shown in notes 5.a, 5.b and 6.

Cash and 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 of low risk due to the dispersed base that contemplates a large part of the state where the Company provides basic sanitation services. The recovery policy considers that the credits are recoverable throughout the debt prescription period (ten years for private customers and five years for public customers) and contemplates the interruption of the services to default customers after 45 days past due.

The level of losses on the realization of receivables is considered normal for the industry and is adequately covered by the allowance. The policy on recognition of expected credit losses and the changes in the allowance 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

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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	152,385	198,844	470,113	821,342
Taxes in installments	13,070	-	-	13,070
Debentures	5,028	249,527	622,225	876,780
Suppliers	127,542	-	-	127,542
Fundação Corsan's debts	17,500	-	-	17,500
Lease liabilities	12,822	9,355	1,177	23,354
	328,347	457,726	1,093,515	1,879,588

iii) Market risk:

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 March 31, 2022, there are no other 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 March 31, 2022, 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 2022 (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.

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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	2022	Financial gains (losses)				
			25% decrease	50% decrease	Probable scenario	25% increase	50% increase
Financing	TR	(209,625)	-	-	-	-	-
Financing	TJLP	(112,773)	(6,153)	(5,127)	(7,691)	(9,614)	(11,537)
Financing	IPCA	(108,882)	(5,975)	(4,980)	(7,469)	(9,337)	(11,204)
Borrowings	SELIC	(66,211)	(6,886)	(5,738)	(8,607)	(10,759)	(12,911)
Debentures	CDI	(147,860)	(7,630)	(6,358)	(9,537)	(11,921)	(14,305)
Debentures	IPCA	(488,167)	(26,791)	(22,326)	(33,488)	(41,860)	(50,232)
		(1,133,518)	(53,435)	(44,529)	(66,792)	(83,491)	(100,189)
Index	TR		0.00	0.00	0.00	0.00	0.00
	TJLP		5.46	4.55	6.82	8.53	10.23
	IPCA		5.49	4.57	6.86	8.58	10.29
	SELIC		10.40	8.67	13.00	16.25	19.50
	CDI		5.16	4.30	6.45	8.06	9.68

Sources:

TR - Portal Brasil

TJLP - BNDES

IPCA - FocusReport

SELIC - BACEN

CDI - B3

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.



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There were no changes in objectives, policies or processes during the three-month period ended March 31, 2022 and year ended December 31, 2021.

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

	Note	03/31/2022	12/03/2021
Borrowings	18	497,491	521,146
Debentures	19	636,027	631,249
Suppliers		127,542	140,159
Taxes and contributions in installments	20	12,330	16,140
Fundação Corsan debt		17,500	-
(-) Cash and cash equivalents	5.a	(670,282)	(678,979)
(-) Financial investments	5.b	(57,064)	(54,133)
Net debt		563,544	575,582
Equity and advances		3,361,495	3,222,315
Share capital and net debt		3,925,039	3,797,897
Leverage ratio		14.36%	15.16%



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Executive Board

ROBERTO CORREA BARBUTI
Chief Executive Officer

ANDRÉ GUTTERRES BORGES
Chief Expansion Officer

DANIELA MACHADO
Chief Administrative Officer

DOUGLAS RONAN CASAGRANDE DA SILVA
Chief Financial and Investor Relations Officer

JEAN CARLO FLORES BORDIN
Chief Commercial and Innovation Officer

LILIANI ADAMI CAFRUNI
Chief Sustainability Officer

MILTON INÁCIO CORDEIRO
Chief Operating Officer

Board of Directors

MARIO ENGLER PINTO JUNIOR
Chairman

HENRIQUE ZANDONÁ
Board Member

JULIANO HEINEN
Board Member

KARLA BERTOCCO TRINDADE
Board Member

ROBERTO CORREA BARBUTI
Board Member

Supervisory Board

FELIPE HENRIQUE GIARETTA
Board Member

PAULO ROBERTO DIAS PEREIRA
Board Member

MARIA BETÂNIA BRAUN
Board Member

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